

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF KEJURUTERAAN ASASTERA BERHAD (“KAB” OR THE “COMPANY”) DATED 30 OCTOBER 2017 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)*

### **Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

### **Availability and Location of Paper / Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper / printed copy of the Prospectus directly from the Company, Mercury Securities Sdn Bhd (“**Mercury Securities**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Form is not available in electronic format.

### **Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the initial public offering (“**IPO**”) shares are subject to Malaysian law. Bursa Securities, Mercury Securities and KAB take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the IPO shares outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any IPO shares, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

### **Close of Application**

Applications will be accepted from **10.00 a.m.** on **30 October 2017** and will close at **5.00 p.m.** on **7 November 2017** or such other date(s) as the Board of Directors and Promoters, together with the Sole Underwriter may, in their absolute discretion, mutually decide.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

### **Terms of access to the Website**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

# P R O S P E C T U S



## KEJURUTERAAN ASASTERA BERHAD

(Company No. 420505-H)

(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING OF UP TO 112,000,000 ORDINARY SHARES IN KEJURUTERAAN ASASTERA BERHAD ("SHARES") COMPRISING:-

(A) PUBLIC ISSUE OF 80,000,000 NEW SHARES ("ISSUE SHARES") COMPRISING:-

- 16,000,000 ISSUE SHARES TO THE MALAYSIAN PUBLIC;
- 8,000,000 ISSUE SHARES TO ELIGIBLE PERSONS (AS DEFINED IN THIS PROSPECTUS);
- 56,000,000 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL AND SELECTED INVESTORS; AND

(B) OFFER FOR SALE OF UP TO 32,000,000 EXISTING SHARES ("OFFER SHARES") BY THE OFFEROR (AS DEFINED IN THIS PROSPECTUS) BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL AND SELECTED INVESTORS;

AT AN ISSUE / OFFER PRICE OF RM0.25 PER SHARE PAYABLE IN FULL ON APPLICATION PURSUANT TO THE LISTING OF KEJURUTERAAN ASASTERA BERHAD ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

*Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent*



## MERCURY SECURITIES SDN. BHD.

(Company No. 113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

*Financial Adviser*



## BDO CAPITAL CONSULTANTS SDN. BHD.

(Company No. 405309-T)

(Incorporated in Malaysia under the Companies Act, 1965)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS THAT PROSPECTIVE INVESTORS SHOULD CONSIDER. SEE "RISK FACTORS" IN SECTION 5 OF THIS PROSPECTUS.

**INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK.**

THIS PROSPECTUS IS DATED 30 OCTOBER 2017

## RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTER AND OFFEROR HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN. HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

MERCURY SECURITIES SDN BHD ("**MERCURY SECURITIES**"), BEING OUR PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR INITIAL PUBLIC OFFERING ("**IPO**").

## STATEMENTS OF DISCLAIMER

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SECURITIES COMMISSION MALAYSIA ("**SC**"). THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

OUR COMPANY HAS OBTAINED THE APPROVAL FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING AND QUOTATION OF OUR SHARES. OUR ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU SHOULD NOTE THAT ANY AGREEMENT BY OUR SOLE UNDERWRITER NAMED IN THIS PROSPECTUS TO UNDERWRITE OUR SHARES UNDER THE RETAIL OFFERING IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR SHARES BEING OFFERED.

## OTHER STATEMENTS

COMPANIES LISTED ON THE ACE MARKET MAY HAVE A LIMITED OPERATING HISTORY OR MAY NOT HAVE ANY PROFIT TRACK RECORD PRIOR TO LISTING. SUCH COMPANIES MAY BE OF HIGH INVESTMENT RISK. AS WITH ALL INVESTMENTS, YOU SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER GIVING DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONG OTHERS, THIS PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. YOU ARE STRONGLY RECOMMENDED TO SEEK ADVICE FROM A SECURITIES PROFESSIONAL OR ADVISER.

OUR IPO IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA") AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING OUR IPO FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THIS PROSPECTUS AND OUR IPO ARE SUBJECT TO THE LAWS OF MALAYSIA. THIS PROSPECTUS DOES NOT COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS NOT INTENDED TO BE ISSUED, CIRCULATED OR DISTRIBUTED, AND OUR IPO WILL NOT BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. OUR IPO TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA. WE AND OUR PRINCIPAL ADVISER HAVE NOT AUTHORISED AND TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (*IN PRELIMINARY OR FINAL FORM*) OUTSIDE MALAYSIA. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OR INVITATION TO SUBSCRIBE FOR OR PURCHASE, ANY SECURITIES UNDER OUR IPO IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH AN OFFER IS NOT AUTHORISED OR IS UNLAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF OUR SHARES IN CERTAIN JURISDICTION MAY BE RESTRICTED BY LAW. PERSONS WHO MAY BE IN POSSESSION OF THIS PROSPECTUS ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

WE WILL NOT MAKE OR BE BOUND TO MAKE ANY ENQUIRY BEFORE ANY ACCEPTANCE IN RESPECT OF OUR IPO AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA. WE WILL NOT ACCEPT ANY LIABILITY WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION WITH IT. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER YOUR APPLICATION OF OUR IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OR JURISDICTIONS OF MALAYSIA.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR OUR SHARES WOULD BE IN COMPLIANCE WITH THE TERMS OF OUR IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECT TO. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED OUR IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION WITH IT.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR OUR IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. OUR SHARES ARE ISSUED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. WE AND OUR PRINCIPAL ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION, WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

### **ELECTRONIC PROSPECTUS**

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT <http://www.bursamalaysia.com>.

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF AFFIN BANK BERHAD AT <http://www.affinOnline.com>, ALLIANCE BANK MALAYSIA BERHAD AT <http://www.allianceonline.com.my>, CIMB BANK BERHAD AT <http://www.cimbclicks.com.my>, CIMB INVESTMENT BANK BERHAD AT <http://www.eipocimb.com>, MALAYAN BANKING BERHAD AT <http://www.maybank2u.com.my>, RHB BANK BERHAD AT <http://www.rhbgroup.com> AND PUBLIC BANK BERHAD AT <http://www.pbepbank.com>.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. INTERNET SHARE APPLICATIONS MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT OF THE VALIDITY OR INTEGRITY OF THE ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR PRINCIPAL ADVISER OR THE ISSUING HOUSE, A PAPER / PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER / PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER / PRINTED COPY OF THIS PROSPECTUS, WHICH ARE IDENTICAL TO THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (*REFERRED TO AS "THIRD PARTY INTERNET SITES"*), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

- (I) WE AND OUR PRINCIPAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL IS DOWNLOADED FROM THE THIRD PARTY INTERNET SITES AT YOUR OWN DISCRETION AND RISK. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE THE ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS, WHICH HAS BEEN DOWNLOADED OR OBTAINED FROM THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT LIABLE (*WHETHER IN TORT OR CONTRACT OR OTHERWISE*) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

**INDICATIVE TIMETABLE**

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An indicative timetable for our IPO is set out below:-

| <b>Events</b>   | <b>Date</b>                |
|---|----------------------------|
| Issuance of this Prospectus / Opening date of our IPO | 10.00 a.m. 30 October 2017 |
| Closing date of our IPO                               | 5.00 p.m. 7 November 2017  |
| Balloting of applications                             | 9 November 2017            |
| Allotment of our IPO Shares                           | 15 November 2017           |
| Listing   | 17 November 2017           |

The above dates are tentative and are subject to changes that may be necessary to facilitate the implementation procedures. The application period will open at 10.00 a.m. on 30 October 2017 and close at 5.00 p.m. on 7 November 2017 or such other date(s) as our Directors and Promoter, together with our Sole Underwriter may, in their absolute discretion, mutually decide.

If the closing date of the application is extended, the dates for the balloting, allotment of our IPO Shares and our Listing will be extended accordingly. We will advertise notice of such extension in widely circulated Bahasa Malaysia and English daily newspapers in Malaysia prior to the original closing date of the application.

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**DEFINITIONS**

The following definitions shall apply throughout this Prospectus unless the term is defined otherwise or the context requires otherwise:-

|   |  |
|---|--|
| <b>ADA</b>                              | : Authorised Depository Agent  |
| <b>AESB</b>                             | : Ascension Engineering Sdn Bhd (1052905-T), a previous subsidiary of KAB that was disposed in FYE 2016                                  |
| <b>Application</b>                      | : Application for our Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application                |
| <b>Application Form</b>                 | : Application form accompanying this Prospectus for the Application  |
| <b>ATM</b>                              | : Automated teller machine   |
| <b>Authorised Financial Institution</b> | : Authorised financial institution participating in the Internet Share Application, with respect to payments for our Issue Shares        |
| <b>BDOCC or Financial Adviser</b>       | : BDO Capital Consultants Sdn Bhd (405309-T). Please refer to Section 11.4.2 for the roles of the Financial Adviser.                     |
| <b>Board or Board of Directors</b>      | : Board of Directors of our Company  |
| <b>Bursa Depository</b>                 | : Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities   |
| <b>Bursa Securities</b>                 | : Bursa Malaysia Securities Berhad (635998-W)  |
| <b>CA 1965</b>                          | : Companies Act, 1965  |
| <b>CA 2016 or Act</b>                   | : Companies Act, 2016  |
| <b>CAGR</b>                             | : Compound annual growth rate  |
| <b>CDS</b>                              | : Central Depository System  |
| <b>Choong GS</b>                        | : Choong Gaik Seng, being our Executive Director and one of the Substantial Shareholders   |
| <b>CIDB</b>                             | : Construction Industry Development Board  |
| <b>CMSA</b>                             | : Capital Markets and Services Act, 2007   |
| <b>Constitution</b>                     | : Constitution of our Company  |
| <b>Datin Alicia</b>                     | : Datin Chan Pey Kheng, spouse of Dato' Lai and our General Manager (Finance & Administrative)   |
| <b>Dato' Lai</b>                        | : Dato' Lai Keng Onn, our Managing Director and one of the Substantial Shareholders, who is also the Offeror and the Promoter of our IPO |
| <b>Depositor</b>                        | : A holder of a Securities Account   |
| <b>Director</b>                         | : A member of our Board  |

**DEFINITIONS** *(cont'd)*

|  |   |
|--|---|
| <b>Electronic Prospectus</b>                         | : A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or any electronic storage medium, including but not limited to CD-ROMs ( <i>compact disc read-only memory</i> )   |
| <b>Electronic Share Application</b>                  | : Application for our Issue Shares through a Participating Financial Institution's ATM  |
| <b>Eligible Persons</b>                              | : Collectively, our eligible employees and persons who have contributed to the success of the Company, as further detailed in Section 4.3.1(b) of this Prospectus   |
| <b>EPS</b>   | : Earnings per Share  |
| <b>Executive Director</b>                            | : Our Executive Director, namely Choong GS  |
| <b>FPE</b>   | : Financial period ended 31 May   |
| <b>FYE</b>   | : Financial year ended / ending 31 December   |
| <b>GDP</b>   | : Gross domestic product  |
| <b>GP</b>  | : Gross profit  |
| <b>GST</b>   | : Goods and services tax  |
| <b>IFRS</b>  | : International Financial Reporting Standards issued by the International Accounting Standards Board  |
| <b>IMR Report</b>                                    | : The executive summary of independent market research report dated 10 October 2017 prepared by Smith Zander, as set out in Section 8 of this Prospectus  |
| <b>Independent Market Researcher or Smith Zander</b> | : Smith Zander International Sdn Bhd (1058128-V)  |
| <b>Institutional Offering</b>                        | : Offering of up to 88,000,000 IPO Shares at the IPO Price comprising of 56,000,000 Issue Shares and up to 32,000,000 Offer Shares by way of private placement to institutional and selected investor subject to clawback and reallocation provisions ( <i>see Section 4.3.4 of this Prospectus</i> ) |
| <b>Internet Participating Financial Institution</b>  | : Participating financial institution for Internet Share Application, which is set out in Section 16 of this Prospectus   |
| <b>Internet Share Application</b>                    | : Application for our Issue Shares through an Internet Participating Financial Institution  |
| <b>IPO</b>   | : Initial public offering comprising the Public Issue and Offer for Sale, collectively  |
| <b>IPO Price</b>                                     | : The issue / offer price of RM0.25 per IPO Share payable by you for our IPO Shares   |
| <b>IPO Shares</b>                                    | : Issue Shares and Offer Shares, collectively   |
| <b>Issue Shares</b>                                  | : 80,000,000 new Shares to be made available for application pursuant to the Public Issue   |

**DEFINITIONS** *(cont'd)*

|  |   |   |
|--|---|---|
| <b>Issuing House or Share Registrar</b>    | : | Tricor Investor & Issuing House Services Sdn Bhd (11324-H)  |
| <b>KAB</b>                                 | : | Kejuruteraan Asastera Berhad (420505-H)   |
| <b>KAB Shares or Shares</b>                | : | Ordinary shares in KAB  |
| <b>Key Management</b>                      | : | Key management personnel of the Company comprising Datin Alicia, Goh Kok Boon, Ng Siew King, Chua Ching Jiann, and Lee Yee Looi as well as our Managing Director and Executive Director. Their profiles are set out in Section 9 of this Prospectus |
| <b>Listing</b>                             | : | Admission to the Official List and the listing and quotation of our entire issued share capital on the ACE Market of Bursa Securities   |
| <b>Listing Requirements</b>                | : | ACE Market Listing Requirements of Bursa Securities   |
| <b>LPD</b>                                 | : | 2 October 2017, being the latest practicable date prior to the registration of this Prospectus with the SC  |
| <b>Malaysian Public or Public</b>          | : | Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia  |
| <b>Managing Director</b>                   | : | Our Managing Director, namely Dato' Lai   |
| <b>Market Day</b>                          | : | A day on which Bursa Securities is open for trading in securities   |
| <b>Mercury Securities</b>                  | : | Mercury Securities Sdn Bhd (113193-W), being our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our IPO  |
| <b>MFRS</b>                                | : | Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board  |
| <b>MITI</b>                                | : | Ministry of International Trade and Industry  |
| <b>MSOSH</b>                               | : | Malaysian Society for Occupational Safety and Health  |
| <b>N/A</b>                                 | : | Not applicable  |
| <b>NA</b>                                  | : | Net assets  |
| <b>NBV</b>                                 | : | Net book value  |
| <b>Offer for Sale</b>                      | : | Offer for sale of the Offer Shares by the Offeror, representing approximately up to 10% of the enlarged total number of Shares by way of private placement to institutional and selected investors  |
| <b>Offeror</b>                             | : | The offeror pursuant to the Offer for Sale, namely Dato' Lai. See Section 4.3.2 of this Prospectus for further details  |
| <b>Offer Shares</b>                        | : | Up to 32,000,000 Shares, which are the subject of the Offer for Sale  |
| <b>Official List</b>                       | : | A list specifying all securities which have been admitted for listing and which have not been removed from the ACE Market of Bursa Securities   |
| <b>Participating Financial Institution</b> | : | Participating financial institution for Electronic Share Application, which is set out in Section 16 of this Prospectus   |

**DEFINITIONS** *(cont'd)*

|  |   |   |
|--|---|---|
| <b>PAT</b>                               | : | Profit after taxation   |
| <b>PBT</b>                               | : | Profit before taxation  |
| <b>PE Multiple</b>                       | : | Price-to-earnings multiple  |
| <b>Pink Form Shares</b>                  | : | The 8,000,000 Issue Shares of our Company representing 2.5% of the enlarged total number of Shares at the IPO Price to be issued to the Eligible Persons  |
| <b>PISB</b>                              | : | Puncak Integriti Sdn Bhd (1086822-D), a previous subsidiary of KAB which was disposed in FYE 2015   |
| <b>Prescribed Security</b>               | : | Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provisions of the SICDA and the Rules of Bursa Depository   |
| <b>Promoter</b>                          | : | Refers to Dato' Lai   |
| <b>Prospectus</b>                        | : | This Prospectus dated 30 October 2017 issued by our Company in respect of our IPO   |
| <b>Public Issue</b>                      | : | Invitation by our Company to the Public to subscribe for our Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus  |
| <b>Record of Depositors</b>              | : | A record provided by Bursa Depository to our Company under the Rules of Bursa Depository  |
| <b>Reporting Accountants or SBY</b>      | : | Messrs Siew Boon Yeong & Associates (AF: 0660)  |
| <b>Retail Offering</b>                   | : | Offering of 24,000,000 Issue Shares at the IPO Price comprising:-<br><br>(i) 16,000,000 Issue Shares made available to the Malaysian Public; and<br><br>(ii) 8,000,000 Issue Shares made available to Eligible Persons, subject to clawback and reallocation provisions ( <i>see Section 4.3.4 of this Prospectus</i> ) |
| <b>RM and sen</b>                        | : | Ringgit Malaysia and sen  |
| <b>ROC</b>                               | : | Registrar of Companies  |
| <b>SC</b>                                | : | Securities Commission Malaysia  |
| <b>Securities Account or CDS Account</b> | : | An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor   |
| <b>SICDA</b>                             | : | Securities Industry (Central Depositories) Act, 1991  |
| <b>SME</b>                               | : | Small and medium-sized enterprise   |

**DEFINITIONS** *(cont'd)*

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- Substantial Shareholders** : Refers to Dato' Lai and Choong GS, who prior to the Listing each have an interest (direct and/or indirect) in our Shares which is not less than 5% of the total number of all the voting shares of our Company. Choong GS will cease to hold not less than 5% of the total number of all the voting shares of our Company upon the Listing having occurred
- Underwriting Agreement** : Underwriting agreement dated 11 October 2017 entered into between our Company and Mercury Securities, being our Sole Underwriter for the underwriting of all the 24,000,000 Issue Shares under the Retail Offering. Notwithstanding that, the final number of Issue Shares to be taken up by our Sole Underwriter and/or its nominees shall be such remaining Issue Shares under the Retail Offering not applied for after being subject to clawback and reallocation provisions set out in Section 4.3.4 of this Prospectus

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## GLOSSARY OF TECHNICAL TERMS

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|  |   |   |
|--|---|---|
| <b>AC</b>                              | : | Alternating current, a type of electrical current, in which the direction of the flow of electrons switches back and forth at regular intervals or cycles   |
| <b>CCTV</b>                            | : | Closed circuit television, the use of video cameras to transmit a signal to a specific place on a limited set of monitors   |
| <b>contract</b>                        | : | A contract is a voluntary arrangement entered into between two or more parties that is enforceable by law as a binding legal agreement that may include, agreements, work orders and variation orders                               |
| <b>DC</b>                              | : | Direct current, a type of electrical current which flows consistently in one direction  |
| <b>domestic subcontractor</b>          | : | Subcontractors, other than a nominated subcontractor, that the main contractor subcontracts to carry out part of the works  |
| <b>earthing system</b>                 | : | A grounding system that connects specific parts of an electrical system to the earth's conductive surface for safety and functional purposes  |
| <b>electrical engineering services</b> | : | Installation, testing and commissioning of electrical systems comprising electrical distribution systems, communications and information technology networks and ELV systems  |
| <b>ELV</b>                             | : | Extra low voltage with alternating current (AC) voltage less than 50 volts, or direct current (DC) voltage less than 120 volts  |
| <b>ELV systems</b>                     | : | Systems that operate on extra low voltage, includes security and surveillance systems comprising closed-circuit television (CCTV) systems and alarm systems, public address systems as well as video, voice and data communication. |
| <b>FTTH</b>                            | : | Fibre to the home, the installation and use of optical fibre from a central point directly to individual buildings to provide high speed internet access  |
| <b>generator set</b>                   | : | Combination of an electrical generator and an engine mounted together to form a single piece of equipment that produces electrical power  |
| <b>high voltage</b>                    | : | High voltage in electricity supply refers to more than 1,000 volts of alternating current (AC) or more than 1,500 volts of direct current (DC)  |
| <b>HVAC</b>                            | : | Heating, ventilation and air conditioning, the technology of indoor environmental comfort to provide thermal comfort and acceptable indoor air quality  |
| <b>km</b>                              | : | Kilometre, a unit of measurement of length which is equal to 1,000 metres   |
| <b>liquidated damages</b>              | : | Damages whose amount the parties designate during the formation of a contract for the injured party to collect as compensation upon a specific breach   |
| <b>low voltage</b>                     | : | Low voltage in electricity supply refers to voltages between 50 – 1,000 volts of alternating current (AC) or 120 – 1,500 volts of direct current (DC)   |

**GLOSSARY OF TECHNICAL TERMS** *(cont'd)*

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|  |   |  |
|--|---|--|
| <b>mechanical engineering services</b> | : | Installation, testing and commissioning of heating, ventilation and air conditioning systems; water supply and sanitation; fire protection systems; and escalators and lifts   |
| <b>nominated subcontractor</b>         | : | Subcontractors that are nominated by the project owner, which the main contractor is obliged to appoint as a subcontractor   |
| <b>performance bond</b>                | : | The performance bond acts as a security for the due performance of the contractor's obligations to the awarding party under the relevant contracts   |
| <b>retention sum</b>                   | : | A portion of progress payment to be withheld by the customer for securing the due performance of the subcontractor.  |
| <b>SCORE rating</b>                    | : | SME Competitiveness Rating for Enhancement, an assessment of the performance level of SMEs based on criteria such as financial strength, business performance, human resource, technology acquisition and adoption, certification and market presence. |
| <b>SMATV</b>                           | : | Satellite master antenna television, a system that is used to supply and control the number and type of channels to multiple televisions   |
| <b>switchgears</b>                     | : | In an electric power system, switchgear is the combination of electrical disconnect switches, fuses or circuit breakers used to control, protect and isolate electrical equipment  |
| <b>tender bond</b>                     | : | A bond secured by a bidder for a construction job or similar type of tender-based selection process for the purpose of providing a guarantee to the project owner that the bidder will take on the job if selected                                     |
| <b>trunking</b>                        | : | Metal or plastic casing used to protect cables   |
| <b>variation order</b>                 | : | An alteration to the scope of works in a contract in the form of an addition, substitution or omission from the original scope of contracted works.  |

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## PRESENTATION OF INFORMATION

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All references to “our Company” or “KAB” in this Prospectus are to Kejuruteraan Asastera Berhad. References to “we”, “us”, “our” and “ourselves” are to our Company. Unless the context otherwise requires, references to “management” are to our Directors, Key Management and key technical personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our management.

In this Prospectus, references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. The word “approximately” used in this Prospectus indicates that a number is not exact, but that number is usually rounded off to the nearest hundredth or 2 decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and totals thereof are due to rounding. Other abbreviations used here are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine gender and *vice versa*. Reference to persons shall include corporations.

Any reference to provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (*where the context admits*), be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (*as the case may be*) as modified by any written law or (*if applicable*) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

Any reference to a time or date shall be a reference to a time or date in Malaysia, unless otherwise stated.

References to the “LPD” in this Prospectus are to 2 October 2017, which is the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC.

This Prospectus includes statistical data provided by various third parties and us and cites third party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is acknowledged in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from the report prepared by Smith Zander International Sdn Bhd, an independent market research and consulting firm, for inclusion in this Prospectus.

We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the market and industry in which we operate. Third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurances are or can be given that the estimated figures will be achieved, and you should not place undue reliance on the third party projections cited in this Prospectus.

The information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus and you should not rely on it. If there is any discrepancy between the contents of such website relating to our Company and this Prospectus, the information contained in this Prospectus shall prevail.

## **FORWARD-LOOKING STATEMENTS**

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This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future result, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:-

- our business strategies and potential growth opportunities;
- our plans and objectives for future operations;
- our financial position;
- our financial earnings, cash flows and liquidity;
- the general industry environment, including the supply and demand for our products and services, trends and competitive position;
- our ability to pay dividends; and
- the regulatory environment and the effects of future regulation.

Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 5 of this Prospectus on “Risk factors” and Section 12.3 of this Prospectus on “Significant factors affecting our Company’s financial performance”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

Save as required under Section 238(1) of the CMSA and Paragraph 1.02 of the Prospectus Guidelines (Supplementary and Replacement Prospectus), we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus to reflect any changes in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You are deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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**1. CORPORATE DIRECTORY****DIRECTORS**

| <b>Name</b>  | <b>Address</b>  | <b>Nationality</b> | <b>Profession</b>    |
|--|---|--------------------|----------------------|
| Ferdaus Bin Mahmood<br><i>(Independent Non-Executive Chairman)</i> | A-1-1, Sri TTDI Condominium,<br>Lorong Rahim Kajai 14,<br>Taman Tun Dr. Ismail,<br>60000 Kuala Lumpur,<br>Wilayah Persekutuan | Malaysian          | Company Director     |
| Dato' Lai Keng Onn<br><i>(Managing Director)</i>                   | 13A, Villa Yarl, No. 1,<br>Jalan Awan Selimpat,<br>Taman Yarl,<br>58200 Kuala Lumpur,<br>Wilayah Persekutuan                  | Malaysian          | Entrepreneur         |
| Choong Gaik Seng<br><i>(Executive Director)</i>                    | No. 22, Jalan Rimba Riang<br>9/3A, Kota Damansara,<br>47810 Petaling Jaya,<br>Selangor Darul Ehsan                            | Malaysian          | Entrepreneur         |
| Lu Chee Leong<br><i>(Independent Non-Executive Director)</i>       | Unit C-13A-10, Block C<br>Alam Damai Condominium,<br>Mile 1½ Off Jalan Tuaran,<br>88300 Kota Kinabalu,<br>Sabah               | Malaysian          | Chartered Accountant |
| Tong Siut Moi<br><i>(Independent Non-Executive Director)</i>       | 9, Jalan SE 2B,<br>Sunway Eastwood,<br>Taman Equine,<br>Bandar Putra Permai,<br>43300 Seri Kembangan,<br>Selangor Darul Ehsan | Malaysian          | Chartered Secretary  |

**AUDIT COMMITTEE**

| <b>Name</b>         | <b>Designation</b> | <b>Directorship</b>                |
|---------------------|--------------------|------------------------------------|
| Lu Chee Leong       | Chairman           | Independent Non-Executive Director |
| Ferdaus Bin Mahmood | Member             | Independent Non-Executive Chairman |
| Tong Siut Moi       | Member             | Independent Non-Executive Director |

**REMUNERATION COMMITTEE**

| <b>Name</b>         | <b>Designation</b> | <b>Directorship</b>                |
|---------------------|--------------------|------------------------------------|
| Tong Siut Moi       | Chairman           | Independent Non-Executive Director |
| Ferdaus Bin Mahmood | Member             | Independent Non-Executive Chairman |
| Lu Chee Leong       | Member             | Independent Non-Executive Director |

1. **CORPORATE DIRECTORY** (cont'd)

**NOMINATING COMMITTEE**

| <b>Name</b>         | <b>Designation</b> | <b>Directorship</b>                |
|---------------------|--------------------|------------------------------------|
| Tong Siut Moi       | Chairman           | Independent Non-Executive Director |
| Ferdaus Bin Mahmood | Member             | Independent Non-Executive Chairman |
| Lu Chee Leong       | Member             | Independent Non-Executive Director |

**COMPANY SECRETARIES**

: Joanne Toh Joo Ann (LS 0008574)  
Sia Ee Chin (MAICSA 7062413)

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

Tel No. : +603 2783 9191  
Fax No. : +603 2783 9111

**REGISTERED OFFICE**

: Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

Tel No. : +603 2783 9191  
Fax No. : +603 2783 9111

**HEAD / MANAGEMENT OFFICE**

: No. 18, Jalan Radin Bagus 9  
Bandar Baru Seri Petaling  
57000 Kuala Lumpur  
Malaysia

Tel No. : +603 9055 3812  
Fax No. : +603 9055 3912  
E-mail : [asastera@asastera.com](mailto:asastera@asastera.com)  
Website : [www.asastera.com](http://www.asastera.com)

**PRINCIPAL ADVISER, SPONSOR,  
SOLE UNDERWRITER AND SOLE  
PLACEMENT AGENT**

: Mercury Securities Sdn Bhd  
L-7-2, No 2 Jalan Solaris  
Solaris Mont' Kiara  
50480 Kuala Lumpur  
Malaysia

Tel No. : +603 6203 7559  
Fax No. : +603 6203 7560

**1. CORPORATE DIRECTORY (cont'd)**

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|   |         |   |
|---|---------|---|
| <b>FINANCIAL ADVISER</b>                  | :       | BDO Capital Consultants Sdn Bhd<br>Level 8, BDO @ Menara CenTARa<br>360 Jalan Tuanku Abdul Rahman<br>50100 Kuala Lumpur<br>Malaysia                               |
|   | Tel No. | : +603 2616 2888  |
|   | Fax No. | : +603 2616 2829  |
| <b>AUDITORS AND REPORTING ACCOUNTANTS</b> | :       | Siew Boon Yeong & Associates (AF: 0660)<br>Wisma SBY<br>9-C, Jalan Medan Tuanku<br>Medan Tuanku<br>50300 Kuala Lumpur<br>Malaysia                                 |
|   | Tel No. | : +603 2693 8837  |
|   | Fax No. | : +603 2693 8836  |
| <b>SOLICITORS</b>                         | :       | Mah-Kamariyah & Philip Koh<br>3A07 Block B, Phileo Damansara II<br>15 Jalan 16/11, Off Jalan Damansara<br>46350 Petaling Jaya<br>Selangor Darul Ehsan<br>Malaysia |
|   | Tel No. | : +603 7956 8686  |
|   | Fax No. | : +603 7956 2208  |
| <b>PRINCIPAL BANKERS</b>                  | :       | AmBank (M) Berhad<br>Level 16, Menara Dion<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Malaysia   |
|   | Tel No. | : +603 2026 3939  |
|   | Fax No. | : +603 2381 1780  |
|   |         | AI Rajhi Banking & Investment Corporation<br>(Malaysia) Berhad<br>Level 10B, Chulan Tower<br>No. 3, Jalan Conlay<br>50450 Kuala Lumpur<br>Malaysia                |
|   | Tel No. | : +603 2301 7000  |
|   | Fax No. | : +603 2332 6065  |

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**1. CORPORATE DIRECTORY (cont'd)**

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**ISSUING HOUSE AND SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

Tel No. : +603 2783 9299  
Fax No. : +603 2783 9222

**INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd  
Suite 23-3, Level 23  
Office Suite, Menara 1MK  
1 Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Malaysia

Tel No. : +603 6211 2121  
Fax No. : N/A

**LISTING SOUGHT** : ACE Market of Bursa Securities

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## 2. INTRODUCTION

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This Prospectus is dated 30 October 2017.

No securities will be allotted, issued or offered on the basis of this Prospectus later than 12 months after the date of this Prospectus.

We have registered this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms, with the ROC, who takes no responsibility for its contents. The registration of this Prospectus should not be taken to indicate the SC recommends our IPO or assumes responsibility for the correctness of any statements made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

On 7 September 2017, approval was obtained from Bursa Securities for the listing and quotation of our Shares, including our IPO Shares which are the subject of this Prospectus, on the ACE Market of Bursa Securities. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure in this Prospectus by us and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

**You are advised to make your own independent assessment of our Company and should rely on your own evaluation to assess the merits and risks of our IPO and an investment in us.**

Our Shares will be admitted to the Official List and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

**Pursuant to subsection 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Security. Consequently, the Shares offered in our IPO will be deposited directly with Bursa Depository. Any dealing in our Shares will be carried out in accordance with the provisions of the SICDA and the Rules of Bursa Depository. We will not issue any share certificates to successful applicants.**

If our IPO Shares are not allotted pursuant to the IPO, monies paid in respect of any application for our IPO Shares will be returned to applicants (*without interest or any share of revenue or benefit arising therefrom*) and in accordance with the provision of subsection 243(2) of the CMSA. If such monies are not returned within 14 days after our Company becomes liable to repay it, then in addition to the liability of our Company, the officers of our Company shall be jointly and severally liable to return such monies with interest at the rate of 10% a year or at such other rate as may be prescribed by the SC from the expiration of that period.

Pursuant to the Listing Requirements, our Company is required to comply with the public spread requirement as determined by Bursa Securities, pursuant to which our Company is required to have a minimum of 25% of our Shares for which Listing is sought to be held by at least 200 public shareholders holding not less than 100 Shares each upon completion of our IPO and at the time of Listing. Our Company is expected to achieve this at the time of Listing. If the above requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full (*without interest or any share of revenue or benefit arising therefrom*) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of subsection 243(2) of the CMSA shall apply accordingly.

**2. INTRODUCTION** *(cont'd)*

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In the case of an application by way of the Application Form, you should state your CDS account number in the space provided in the Application Form. If you do not presently have a CDS account, you must open a CDS account with an ADA before making an application for our IPO Shares.

For an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you should provide your CDS account number to a Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application require you to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with an Internet Participating Financial Institution can make an Internet Share Application. Your CDS account number will automatically appear in the electronic IPO online application form. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application or Internet Share Application.

**IF YOU ARE IN ANY DOUBT ABOUT THIS PROSPECTUS OR IN CONSIDERING YOUR INVESTMENT, OR IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

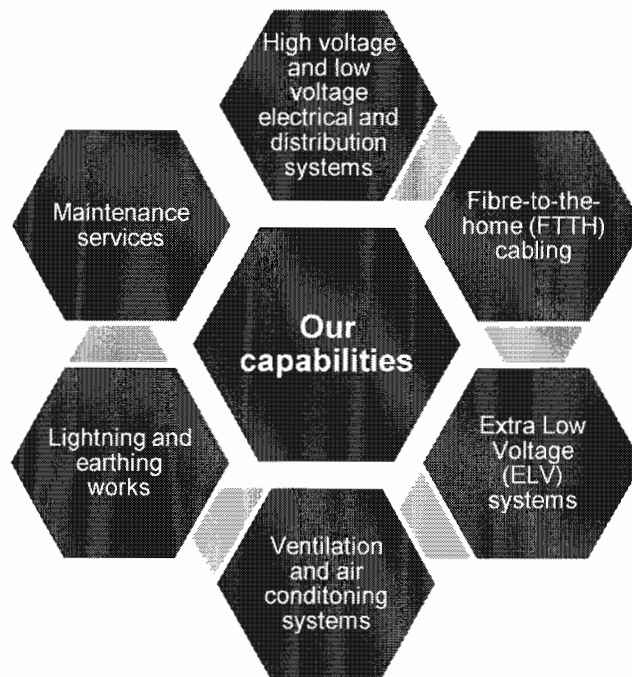
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### 3. SUMMARY

This summary highlights selected information from this Prospectus and may not contain all of the information about us and our IPO which may be important to you. You should read and understand the whole Prospectus before deciding whether to invest in our Shares.

#### 3.1 OVERVIEW

We are principally involved in the provision of electrical and mechanical engineering services. Our customers are primarily main contractors, project owners and property developers in Malaysia's construction industry. Our capabilities are summarised as follows:-



Electrical engineering services is our core business activity and involves the installation, testing and commissioning of electrical systems comprising electrical distribution systems, communications and information technology networks and ELV systems.

We also provide mechanical engineering services where this involves the installation, testing and commissioning of air-conditioning and mechanical ventilation systems.

We further derive revenue from the sale of goods that are used in our projects. Our Company sells materials such as cables, switches, trunking, pipes and electrical accessories which are required for our projects to our subcontractors only, if they so desire to purchase them from us

For further information on our business, see Section 7 of this Prospectus.

#### 3.2 COMPETITIVE STRENGTHS

We believe our competitive strengths and advantages are as follows:-

- (i) We are nominated subcontractors in the majority of projects undertaken

There are primarily 2 types of subcontractors in the construction sector, namely domestic subcontractors and nominated subcontractors. Domestic subcontractors are appointed at the discretion of the main contractor. In contrast, nominated subcontractors are nominated by the project owner, which the main contractor is obliged to appoint as a subcontractor.

### 3. SUMMARY (cont'd)

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Being a nominated subcontractor allows us to have direct negotiations with the project owner on the terms of the subcontract and is less competitive as compared to a public tender. In the majority of the projects, we have been appointed as a nominated subcontractor.

- (ii) We hold the highest class and grade of certifications and an established track record in delivering electrical and mechanical engineering services

We hold Class A, the highest class of electrical contractor certification registered with the Energy Commission Malaysia which allows us to tender for electrical projects exceeding RM1 million. Further, we also hold Grade 'G7' license, the highest grade of license issued by CIDB which allows us to tender for electrical projects with unlimited amount of value.

As such, we are able to tender for various types of electrical and mechanical engineering works in Malaysia's construction sector.

- (iii) We offer comprehensive electrical and mechanical engineering services

With close to 20 years of experience in the electrical and mechanical engineering services industry, we are equipped to undertake a project from procurement up to installation, testing, commissioning and maintenance.

- (iv) We have an experienced management team

Our senior management team possess in-depth knowledge and experience in electrical and mechanical engineering (see Section 9 of this Prospectus for details of our Directors and Key Management). In particular, our Managing Director, Dato' Lai has approximately 26 years of experience in electrical engineering with a focus on electrical systems planning, design, installation, testing and commissioning, business development and project management. Our Executive Director, Choong GS, has approximately 30 years of experience in electrical engineering with a focus on electrical systems planning, design, installation, testing and commissioning and project management.

Some of our Key Management have specialised industry and technical knowledge in electrical and mechanical engineering works and our technicians possess relevant professional qualifications as required for engineering works.

- (v) Delivery of quality services through quality assurance policies and practices and an internal quality assurance audit team

We have adopted a set of quality assurance measures which comprises monitoring, verifying and validating the works and materials to ensure that high quality works and services are delivered to our customers.

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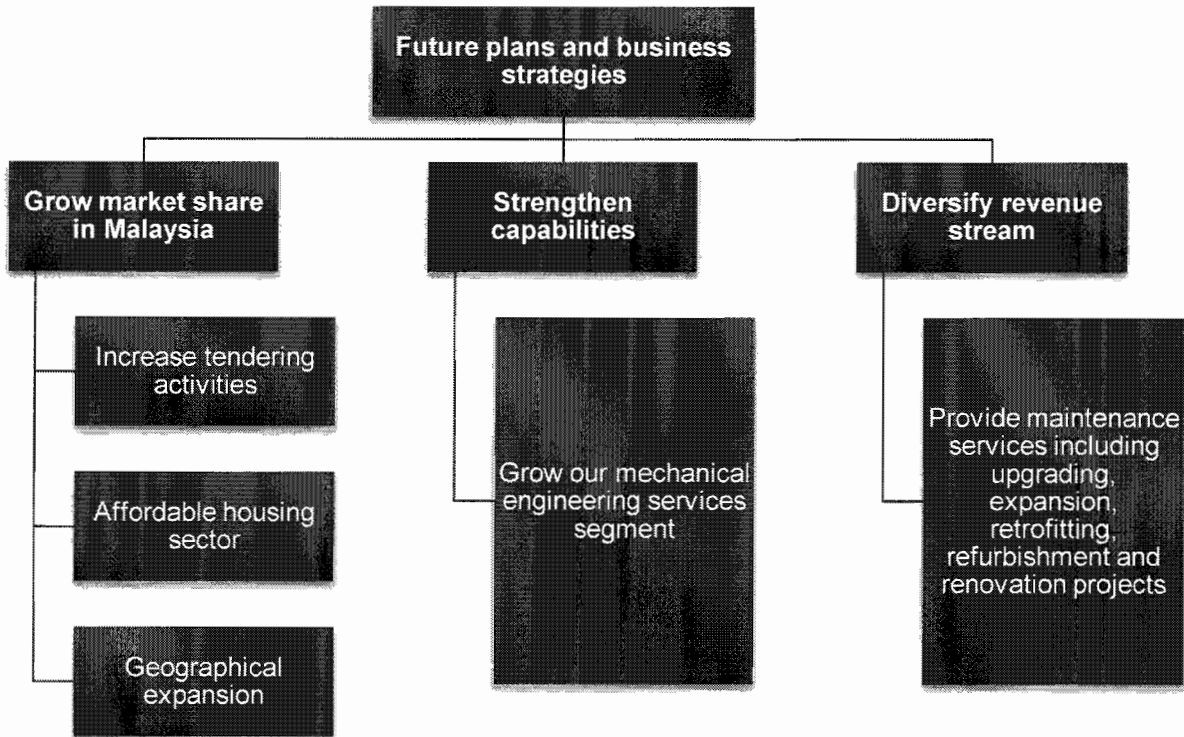
**3. SUMMARY (cont'd)**

In recognition of the quality assurance procedures in place, our quality management system was accredited with the BS EN ISO 9001:2008 certificate by NQA Certification Services (M) Sdn Bhd in 2008. Further, we received the Silver award in occupational safety and health (OSH) implementation from MSOSH in 2012. This award is an acknowledgement for companies that have achieved commendable safety and health records and / or have shown improvement in occupational safety and health processes through sound safety and health management systems. We have also obtained a 3-star SME Competitiveness Rating for Enhancement (“**SCORE**”) rating from SME Corporation Malaysia and MITI in 2010 and from CIDB in 2014. A 3-star rating demonstrates that the SME is semi to fully automated, is able to implement quality system, undertakes product and process improvements, with Intellectual Property registered, is ready for export compliance certification and measures for improvement are recommended

See Section 7.2 of this Prospectus for further details on our competitive strengths and advantages.

**3.3 FUTURE PLANS AND BUSINESS STRATEGIES**

Our future plans and business strategies are as follows:-



(i) Increase tendering activities

We plan to strengthen our market position in Malaysia's electrical and mechanical engineering services industry by tendering for more projects and ensuring steady growth of our operations for large scale residential, commercial and mixed-development projects and we aim to increase our overall share of the domestic market. In order to tender for more projects, we have earmarked proceeds from the IPO for the purpose of increasing our available working capital. By allocating the proceeds for various working capital purposes, including, amongst others, providing performance bonds and tender bonds (both of which are norms in the tender process), our Company will be in a better position to secure more projects and projects of higher value, thereby increasing our market share in Malaysia.

**3. SUMMARY (cont'd)**

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(ii) Affordable housing sector

We see opportunities in the residential property segment, particularly in major urban centres, where a shortfall in affordable housing has prompted the Government of Malaysia to introduce various measures to address such shortfall. The Government's efforts to launch and promote affordable housing programmes nationwide is expected to bode well for the mechanical and electrical engineering services industry, creating demand for mechanical and electrical engineering services in affordable housing projects. Thus far, we have managed to secure projects under the affordable housing programmes such as PR1MA Setapak at Setapak, Kuala Lumpur and Jalilmas at Bukit Jalil, Kuala Lumpur.

(iii) Geographical expansion

Building on our experience and track record for providing electrical and mechanical engineering services in the Central region of Malaysia, and our business relationships with main contractors in the Central region of Malaysia, we intend to utilise a portion of our IPO proceeds to set up a branch office to capture greater market share in the Southern region of Malaysia.

Our Company's expansion plan in the Southern region of Malaysia will bode well for long term business growth, thereby allowing us to realise sustainable growth and generate greater revenue.

(iv) Grow our mechanical engineering services segment

We intend to build our mechanical engineering services further by leveraging on the experience we have gained and track record that we have accumulated in providing electrical engineering services, our past and existing experience in providing mechanical engineering services, and our contacts and business relationships with main contractors and project owners. We intend to focus on the provisioning of air conditioning and mechanical ventilation services.

We will leverage on our capabilities and internal resources to expand our services, and build upon our track record to secure new projects. By increasing our tendering activities, we will be in a position to further enhance our Company's overall revenue and profitability.

(v) Provide maintenance services including upgrading, expansion, refurbishment, retrofitting and renovation projects

Currently, we provide maintenance services to building owners and building operators during the defect liability period for the works implemented by our Company. We intend to expand our maintenance services to include services post expiry of the defect liability period. For cases in which we provided the implementation services, we believe that our Company will be favourably positioned to bid and secure the maintenance services contracts upon the expiry of the defect liability period.

In expanding our income, we will intensify efforts to secure more projects relating to building upgrading, expansion, refurbishment, retrofitting and renovation projects. We expect opportunities to continue to emerge throughout Malaysia as a result of demand for secondhand residential and commercial properties and the need to upgrade electrical and mechanical systems across the lifespan of buildings. We shall strive to increase our Company's revenue from these services by actively bidding for such projects.

See Section 7.3 of this Prospectus for further details on our future plans and business strategies.

### 3. SUMMARY (cont'd)

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#### 3.4 RISK FACTORS

Before investing in our IPO Shares, you should carefully consider all information contained in this Prospectus including but not limited to the following investment considerations and risks:-

##### 3.4.1 Risks affecting our business and operations

- (i) Our operations require us to obtain and maintain certificate of registration with CIDB and with the Energy Commission Malaysia and the loss of such registration could significantly affect our business.
- (ii) The continuity of our order book is not assured and any significant decline in our order book will adversely affect our long term sustainability and growth.
- (iii) We rely on our Directors, Key Management and skilled technicians and employees for our business.
- (iv) We are dependent on the services of our subcontractors to complete our contracts.
- (v) We are liable for liquidated damages if we fail to complete our projects within the stipulated contract period.
- (vi) Our operations are dependent on our ability to obtain adequate bank facilities at competitive rates.
- (vii) We may underestimate our project costs.
- (viii) We are subject to potential defects liability claims.
- (ix) We are subject to workplace hazards and potential workmen's compensation claims and loss and damage to our equipment.

##### 3.4.2 Risks affecting the industry in which we operate

- (i) We are affected by government policies and economic factors that are beyond our control.
- (ii) We are dependent on the construction sector in Malaysia.
- (iii) We face competition from industry players.

##### 3.4.3 Risks affecting our Shares

- (i) There may be delay or failure of our Listing.
- (ii) There has been no prior market for our Shares and it is uncertain whether a sustainable market will ever develop.
- (iii) The interest of our Promoter who controls our Company may not be aligned with the interest of our shareholders.
- (iv) We cannot assure you that we will declare and distribute any amounts of dividends in future.
- (v) The market price and trading volume of our Shares may be volatile.

See Section 5 of this Prospectus for further details on risk factors affecting our business and operations, the industry in which we operate and our Shares.

**3. SUMMARY (cont'd)****3.5 PROMOTER, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**

Our Promoter, Substantial Shareholders, Directors and Key Management are as listed below:-

| <b>Name</b>                            | <b>Designation</b>                         |
|--|--|
| <b><u>Promoter</u></b>                 |  |
| Dato' Lai                              | Promoter                                   |
| <b><u>Substantial Shareholders</u></b> |  |
| Dato' Lai                              | Substantial Shareholder                    |
| Choong GS                              | Substantial Shareholder                    |
| <b><u>Directors</u></b>                |  |
| Ferdaus Bin Mahmood                    | Independent Non-Executive Chairman         |
| Dato' Lai                              | Managing Director                          |
| Choong GS                              | Executive Director                         |
| Lu Chee Leong                          | Independent Non-Executive Director         |
| Tong Siut Moi                          | Independent Non-Executive Director         |
| <b><u>Key Management</u></b>           |  |
| Dato' Lai                              | Managing Director                          |
| Choong GS                              | Executive Director                         |
| Datin Alicia                           | General Manager (Finance & Administrative) |
| Goh Kok Boon                           | Project Director                           |
| Ng Siew King                           | Chief Financial Officer                    |
| Chua Ching Jiann                       | Deputy Senior Project Manager              |
| Lee Yee Looi                           | Human Resource Manager                     |

For further information on our Promoter, Substantial Shareholders, Directors and Key Management, see Section 9 of this Prospectus.

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**3. SUMMARY (cont'd)****3.6 SUMMARY OF HISTORICAL FINANCIAL INFORMATION****3.6.1 Historical statements of profit or loss and other comprehensive income and financial position**

The table below presents the audited statements of profit or loss and other comprehensive income of the Company for FYEs 2014 to 2016 as well as FPE 2017 which have been extracted from the Accountants' Report in Section 13 of this Prospectus.

The audited historical statements of profit or loss and other comprehensive income and financial position should be read in conjunction with the "Management's discussion and analysis of financial performance and financial condition" in Section 12 of this Prospectus and with the Accountants' Report in Section 13 of this Prospectus. The historical financial information included in this Prospectus is based on financial statements that have been prepared in accordance with MFRS and IFRS and have been audited by SBY in accordance with approved standards on auditing in Malaysia.

|   | Audited      |               |               | Unaudited    | Audited                    |
|---|--------------|---------------|---------------|--------------|----------------------------|
|   | FYE 2014     | FYE 2015      | FYE 2016      | FPE 2016     | FPE 2017                   |
|   | RM'000       | RM'000        | RM'000        | RM'000       | RM'000                     |
| Revenue                                       | 56,954       | 87,098        | 93,124        | 37,615       | 43,809                     |
| Cost of sales                                 | (47,969)     | (75,769)      | (77,200)      | (30,899)     | (35,839)                   |
| <b>GP</b>                                     | <b>8,985</b> | <b>11,329</b> | <b>15,924</b> | <b>6,716</b> | <b>7,970</b>               |
| Other operating income                        | 356          | 33            | 459           | 96           | 65                         |
| Administrative expenses                       | (3,580)      | (4,598)       | (6,235)       | (2,568)      | (3,365) <sup>(6)</sup>     |
| <b>Profit from operations</b>                 | <b>5,761</b> | <b>6,764</b>  | <b>10,148</b> | <b>4,244</b> | <b>4,670</b>               |
| Finance costs                                 | (500)        | (504)         | (1,349)       | (477)        | (553)                      |
| <b>PBT</b>                                    | <b>5,261</b> | <b>6,260</b>  | <b>8,799</b>  | <b>3,767</b> | <b>4,117<sup>(6)</sup></b> |
| Tax expense                                   | (1,386)      | (1,712)       | (2,244)       | (904)        | (1,274)                    |
| <b>PAT</b>                                    | <b>3,875</b> | <b>4,548</b>  | <b>6,555</b>  | <b>2,863</b> | <b>2,843</b>               |
| <b>Other comprehensive income</b>             | -            | -             | -             | -            | -                          |
| <b>Total comprehensive income</b>             | <b>3,875</b> | <b>4,548</b>  | <b>6,555</b>  | <b>2,863</b> | <b>2,843</b>               |
| PBT is derived after charging:-               |              |               |               |              |                            |
| - Depreciation                                | 442          | 562           | 721           | 295          | 239                        |
| GP margin <sup>(1)</sup> (%)                  | 15.8         | 13.0          | 17.1          | 17.9         | 18.2                       |
| PBT margin <sup>(2)</sup> (%)                 | 9.2          | 7.2           | 9.4           | 10.0         | 9.4                        |
| PAT margin <sup>(3)</sup> (%)                 | 6.8          | 5.2           | 7.0           | 7.6          | 6.5                        |
| Basic and diluted EPS <sup>(4)(5)</sup> (sen) | 1.21         | 1.42          | 2.05          | 0.89         | 0.89                       |

**Notes:-**

- (1) GP margin is computed based on GP over revenue.
- (2) PBT margin is computed based on PBT over revenue.
- (3) PAT margin is computed based on PAT over revenue.
- (4) Basic and diluted EPS is computed based on PAT divided by the enlarged total number of 320,000,000 Shares after the IPO.
- (5) Our Company does not have any outstanding convertible security.
- (6) The PBT for FPE 2017 is after deducting expenses incurred for the listing of KAB of RM0.50 million which is non-recurrent in nature, for which if excluded, the PBT of KAB for FPE 2017 would have been RM4.62 million.

See Section 12 of this Prospectus for further discussion on our statements of profit or loss and other comprehensive income.

**3. SUMMARY (cont'd)****3.6.2 Summary of statements of cash flows**

The following table sets out a summary of our Company's statements of cash flows for the period under review, and should be read in conjunction with the Accountants' Report in Section 13 of this Prospectus.

|  | <b>Audited</b> |               |               | <b>Unaudited</b> | <b>Audited</b> |
|--|----------------|---------------|---------------|------------------|----------------|
|  | <b>FYE</b>     | <b>FYE</b>    | <b>FYE</b>    | <b>FPE</b>       | <b>FPE</b>     |
|  | <b>2014</b>    | <b>2015</b>   | <b>2016</b>   | <b>2016</b>      | <b>2017</b>    |
|  | <b>RM'000</b>  | <b>RM'000</b> | <b>RM'000</b> | <b>RM'000</b>    | <b>RM'000</b>  |
| Net cash from/ (used in) from operating activities             | 1,065          | (2,705)       | 9,351         | 5,126            | 3,639          |
| Net cash from/(used in) investing activities                   | 1,474          | (3,303)       | 247           | (100)            | (1,307)        |
| Net cash (used in)/from financing activities                   | (2,463)        | 7,712         | (7,765)       | (5,842)          | (2,262)        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>    | <b>76</b>      | <b>1,704</b>  | <b>1,833</b>  | <b>(816)</b>     | <b>70</b>      |
| Cash and cash equivalents at the beginning of the year/period  | 1,682          | 1,758         | 3,462         | 3,462            | 5,295          |
| <b>Cash and cash equivalents at the end of the year/period</b> | <b>1,758</b>   | <b>3,462</b>  | <b>5,295</b>  | <b>2,646</b>     | <b>5,365</b>   |

See Section 12 of this Prospectus for further discussion on our statements of cash flows.

**3.6.3 Selected pro forma statement of financial position**

Presented below is the pro forma statement of financial position of our Company as at 31 May 2017. The pro forma statement of financial position has been prepared on the basis consistent with the accounting policies adopted by our Company, in accordance with MFRS, IFRS and the requirements of the Prospectus Guidelines as issued by the SC.

The pro forma statement of financial position should be read in conjunction with the Reporting Accountants' report on the compilation of the pro forma financial information as set out in Section 12.13 of this Prospectus.

|                                     | <b>Audited</b>   | <b>Pro forma I</b>  | <b>Pro forma II</b>   |
|-------------------------------------|------------------|---------------------|-----------------------|
|                                     | <b>As at</b>     | <b>Immediately</b>  | <b>After IPO and</b>  |
|                                     | <b>31.5.2017</b> | <b>prior to IPO</b> | <b>utilisation of</b> |
|                                     | <b>RM'000</b>    | <b>RM'000</b>       | <b>proceeds</b>       |
|                                     |                  |                     | <b>RM'000</b>         |
| <b>Non-current assets</b>           |                  |                     |                       |
| Property, plant and equipment       | <b>7,426</b>     | <b>7,426</b>        | <b>9,626</b>          |
| <b>Current assets</b>               |                  |                     |                       |
| Trade receivables                   | 26,056           | 26,056              | 26,056                |
| Other receivables and deposits      | 2,714            | 2,714               | 2,714                 |
| Amounts owing by contract customers | 11,556           | 11,556              | 11,556                |
| Fixed deposits with a licensed bank | 4,776            | 4,776               | 4,776                 |
| Cash and bank balances              | 9,263            | 29,263              | 21,963                |

**3. SUMMARY (cont'd)**

|                                      | <b>Audited</b>             | <b>Pro forma I</b>                  | <b>Pro forma II</b>                                  |
|--------------------------------------|----------------------------|-------------------------------------|--|
|                                      | <b>As at<br/>31.5.2017</b> | <b>Immediately<br/>prior to IPO</b> | <b>After IPO and<br/>utilisation of<br/>proceeds</b> |
|                                      | <b>RM'000</b>              | <b>RM'000</b>                       | <b>RM'000</b>  |
| <b>Total current assets</b>          | <b>54,365</b>              | <b>74,365</b>                       | <b>67,065</b>  |
| <b>TOTAL ASSETS</b>                  | <b>61,791</b>              | <b>81,791</b>                       | <b>76,691</b>  |
| <b>Equity</b>                        |                            |                                     |  |
| Share capital                        | 12,000                     | 32,000                              | 32,000   |
| Retained profits                     | 6,967                      | 6,967                               | 3,467  |
| <b>Total equity</b>                  | <b>18,967</b>              | <b>38,967</b>                       | <b>35,467</b>  |
| <b>Non-current liabilities</b>       |                            |                                     |  |
| Hire purchase payables               | 578                        | 578                                 | 578  |
| Term loans                           | 5,168                      | 5,168                               | 3,568  |
| Deferred tax liabilities             | 58                         | 58                                  | 58   |
| <b>Total non-current liabilities</b> | <b>5,804</b>               | <b>5,804</b>                        | <b>4,204</b>   |
| <b>Current liabilities</b>           |                            |                                     |  |
| Trade payables                       | 19,764                     | 19,764                              | 19,764   |
| Other payables and accruals          | 897                        | 897                                 | 897  |
| Amount owing to contract customers   | 7,004                      | 7,004                               | 7,004  |
| Hire purchase payables               | 295                        | 295                                 | 295  |
| Short term borrowings                | 7,865                      | 7,865                               | 7,865  |
| Current tax liabilities              | 1,195                      | 1,195                               | 1,195  |
| <b>Total current liabilities</b>     | <b>37,020</b>              | <b>37,020</b>                       | <b>37,020</b>  |
| <b>TOTAL LIABILITIES</b>             | <b>42,824</b>              | <b>42,824</b>                       | <b>41,224</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>61,791</b>              | <b>81,791</b>                       | <b>76,691</b>  |
| Number of ordinary share ('000)      | 240,000                    | 320,000                             | 320,000  |
| NA per ordinary share (RM)           | 0.08                       | 0.12                                | 0.11 <sup>(1)</sup>                                  |

Note:-

(1) After deducting estimated listing expenses of RM3.5 million.

See Section 12 of this Prospectus for further discussion on our statements of financial position.

**3. SUMMARY (cont'd)****3.6.4 Capitalisation and indebtedness**

The following table summarises our pro forma capitalisation and indebtedness based on the unaudited statement of financial position of our Company as at 31 August 2017 and giving effect to the completion of our IPO and the utilisation of proceeds having occurred on 31 August 2017. The pro forma financial information below does not represent our Company's actual capitalisation and indebtedness as at 31 August 2017 and is provided for illustration purposes only.

|   | Unaudited       | Pro forma                                   |
|---|-----------------|---|
|   | As at 31.8.2017 | After IPO and<br>utilisation of<br>proceeds |
|   | RM'000          | RM'000                                      |
| <b>Indebtedness</b>   |                 |   |
| <u>Current</u>  |                 |   |
| - Term loans  | 697             | 697   |
| - Bank factoring  | 3,607           | 3,607                                       |
| - Bank overdrafts   | 3,854           | 3,854                                       |
| - Hire purchase   | 307             | 307   |
|   | 8,465           | 8,465                                       |
| <u>Non-current</u>  |                 |   |
| - Term loans <sup>(1)</sup>                                   | 4,989           | 3,389                                       |
| - Hire purchase   | 589             | 589   |
|   | 5,578           | 3,978                                       |
| <b>Total indebtedness<sup>(2)</sup></b>                       | <b>14,043</b>   | <b>12,443</b>                               |
| Total shareholders' equity /<br>capitalisation <sup>(3)</sup> | 20,441          | 38,528                                      |
| <b>Total capitalisation and indebtedness</b>                  | <b>34,484</b>   | <b>50,971</b>                               |
| Gearing ratio (times) <sup>(4)</sup>                          | 0.69            | 0.32  |

Notes:-

- (1) Assuming part of the IPO proceeds are used for partial repayment of borrowings drawn down (RM1.60 million for repayment of term loan for working capital purposes).
- (2) Total indebtedness includes current and non-current borrowings. Some of these borrowings are secured against the Company's leasehold building and fixed deposits with licensed banks. Our borrowings are jointly and severally guaranteed by Dato' Lai and Choong GS.
- (3) Including RM1.374 million for prepaid listing expenses and RM0.213 million prepaid for setting up of an additional office in Kuala Lumpur.
- (4) Computed based on total interest-bearing borrowings over our total equity.

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**3. SUMMARY (cont'd)****3.7 PARTICULARS OF OUR IPO**

Our IPO of up to 112,000,000 Shares will be allocated in the following manner: -

|   | Public Issue                |                        | Offer for Sale (up to)      |                        | Total (up to)               |                        |
|---|-----------------------------|------------------------|-----------------------------|------------------------|-----------------------------|------------------------|
|   | <u>No. of Shares ('000)</u> | <u>%<sup>(1)</sup></u> | <u>No. of Shares ('000)</u> | <u>%<sup>(1)</sup></u> | <u>No. of Shares ('000)</u> | <u>%<sup>(1)</sup></u> |
| <b><u>Retail Offering</u></b>                             |                             |                        |                             |                        |                             |                        |
| Malaysian Public (via balloting)                          | 16,000                      | 5.0                    | -                           | -                      | 16,000                      | 5.0                    |
| Eligible Persons  | 8,000                       | 2.5                    | -                           | -                      | 8,000                       | 2.5                    |
| <b><u>Institutional Offering</u></b>                      |                             |                        |                             |                        |                             |                        |
| Private placement to institutional and selected investors | 56,000                      | 17.5                   | 32,000                      | 10.0                   | 88,000                      | 27.5                   |
| <b>Total</b>  | <b>80,000</b>               | <b>25.0</b>            | <b>32,000</b>               | <b>10.0</b>            | <b>112,000</b>              | <b>35.0</b>            |

**Note:-**

(1) Based on the enlarged total number of 320,000,000 Shares after our IPO.

For further information on our IPO, see Section 4 of this Prospectus.

**3.8 UTILISATION OF PROCEEDS**

| <u>Details of utilisation</u>  | <u>Estimated timeframe for utilisation upon Listing</u> | <u>RM'000</u> | <u>%</u>     |
|--|---|---------------|--------------|
| (i) Working capital  | Within 24 months  | 12,100        | 60.5         |
| (ii) Capital expenditure   | Within 18 months  | 2,200         | 11.0         |
| (iii) Setting up a new branch office in Johor Bahru and an additional office in Kuala Lumpur | Within 12 months  | 600           | 3.0          |
| (iv) Repayment of bank borrowings  | Within 12 months  | 1,600         | 8.0          |
| (v) Estimated listing expenses   | Immediate   | 3,500         | 17.5         |
| <b>Total</b>   |   | <b>20,000</b> | <b>100.0</b> |

See Section 4.7 of this Prospectus for further details on utilisation of proceeds from our IPO.

**3.9 DIVIDEND POLICY**

Subject to the considerations as set out in Section 12.12 of this Prospectus, it is our intention to pay dividends in future; however, such payments will depend upon a number of factors, including our Company's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

#### 4. DETAILS OF OUR IPO

##### 4.1 OPENING AND CLOSING OF APPLICATIONS

The application period will open at 10.00 a.m. on 30 October 2017 and close at 5.00 p.m. on 7 November 2017 or such other date(s) as our Directors and Promoter, together with our Sole Underwriter may, in their absolute discretion, mutually decide.

##### 4.2 INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:-

| Events  | Date                       |
|---|----------------------------|
| Issuance of this Prospectus / Opening date of our IPO | 10.00 a.m. 30 October 2017 |
| Closing date of our IPO                               | 5.00 p.m. 7 November 2017  |
| Balloting of applications                             | 9 November 2017            |
| Allotment of our IPO Shares                           | 15 November 2017           |
| Listing   | 17 November 2017           |

The above dates are tentative and are subject to changes that may be necessary to facilitate the implementation procedures. The application period will open at 10.00 a.m. on 30 October 2017 and close at 5.00 p.m. on 7 November 2017 or such other date(s) as our Directors and Promoter, together with our Sole Underwriter may, in their absolute discretion, mutually decide.

If the closing date of the application is extended, the dates for the balloting, allotment of our IPO Shares and our Listing will be extended accordingly. We will advertise notice of such extension in widely circulated Bahasa Malaysia and English daily newspapers in Malaysia prior to the original closing date of the application.

##### 4.3 PARTICULARS OF OUR IPO

Our IPO of up to 112,000,000 Shares will be allocated in the following manner: -

###### 4.3.1 Public Issue

Our Public Issue of 80,000,000 Issue Shares at the IPO Price of RM0.25, payable in full on application, is subject to the terms and conditions of this Prospectus and will be allocated in the following manner:-

###### (a) Malaysian Public (*via balloting*)

16,000,000 Issue Shares (*representing 5% of our enlarged total number of Shares*) to be allocated via balloting, will be made available for Application by the Malaysian Public.

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**4. DETAILS OF OUR IPO (cont'd)****(b) Eligible Persons**

8,000,000 Issue Shares (*representing 2.5% of our enlarged total number of Shares*) will be offered to our eligible employees and persons who have contributed to the success of our Company.

The Pink Form Shares will be allocated to our eligible employees based on the following eligibility criteria as approved by our Board:-

- (i) at least 18 years old;
- (ii) designation and position;
- (iii) length of service; and
- (iv) contribution to our Company.

Our Managing Director and Executive Director do not participate in the Pink Form Share allocation. As such, our independent directors who are entitled for the Pink Form Shares are as follows:-

| <u>Name of Directors</u> | <u>Designation</u>                 | <u>No. of Shares</u> |
|--------------------------|------------------------------------|----------------------|
| Ferdaus Bin Mahmood      | Independent Non-Executive Chairman | 100,000              |
| Lu Chee Leong            | Independent Non-Executive Director | 100,000              |
| Tong Siut Moi            | Independent Non-Executive Director | 100,000              |

The Pink Form Shares to be allocated to business associates of the Company will take into consideration their contribution to the success of our Company.

Details of the Pink Form Share allocation to our eligible employees and persons who have contributed to the success of our Company are as follows:-

|  | <u>Number of persons</u> | <u>Pink Form Share allocation</u> |
|--|--------------------------|-----------------------------------|
| Eligible employees   | up to 100                | 4,000,000                         |
| Persons who have contributed to the success of our Company | up to 40                 | 4,000,000                         |
|  |                          | <b>8,000,000</b>                  |

**(c) Private placement to institutional and selected investors**

56,000,000 Issue Shares (*representing 17.5% of our enlarged total number of Shares*) and up to 32,000,000 Offer Shares (*representing up to 10% of our enlarged total number of Shares*) will be made available by way of private placement to institutional and selected investors.

The Public Issue will increase our issued share capital from RM12,000,000 comprising 240,000,000 Shares to RM32,000,000 comprising 320,000,000 Shares.

#### 4. DETAILS OF OUR IPO (cont'd)

##### 4.3.2 Offer for Sale

The Offeror is offering up to 32,000,000 Offer Shares (representing up to 10% of our enlarged total number of Shares) to be placed out at the IPO Price to institutional investors and selected investors. The details of the Offeror and his shareholdings in our Company before and after our IPO (assuming that all 32,000,000 Offer Shares are fully placed out) are as follows:-

| Name and address of Offeror  | Relationship with the Company for the past 3 years up to LPD | Before the IPO |                  | Offer for Sale (up to) |                  | After the IPO |                  |
|--|--|----------------|------------------|------------------------|------------------|---------------|------------------|
|  |  | No. of Shares  | % <sup>(1)</sup> | No. of Shares          | % <sup>(2)</sup> | No. of Shares | % <sup>(2)</sup> |
| <b>Dato' Lai</b><br>13A, Villa Yarl,<br>No. 1, Jalan Awan Selimpat,<br>Taman Yarl,<br>58200 Kuala Lumpur,<br>Wilayah Persekutuan | Our Promoter, Substantial Shareholder and Managing Director  | 228,000,000    | 95.00            | 32,000,000             | 10.00            | 196,000,000   | 61.25            |

Notes:-

(1) Based on the 240,000,000 issued Shares as at the LPD.

(2) Based on the enlarged total number of 320,000,000 Shares after our IPO.

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#### 4. DETAILS OF OUR IPO (cont'd)

##### 4.3.3 Summary of IPO Shares to be allocated and underwriting

A summary of our IPO Shares allocated under the Retail Offering and Institutional Offering (subject to clawback and reallocation provisions set out in Section 4.3.4 below) is as follows:-

|   | Public Issue                |                        | Offer for Sale (up to)      |                        | Total (up to)               |                        |
|---|-----------------------------|------------------------|-----------------------------|------------------------|-----------------------------|------------------------|
|   | <u>No. of Shares ('000)</u> | <u>%<sup>(1)</sup></u> | <u>No. of Shares ('000)</u> | <u>%<sup>(1)</sup></u> | <u>No. of Shares ('000)</u> | <u>%<sup>(1)</sup></u> |
| <b><u>Retail Offering</u></b>                             |                             |                        |                             |                        |                             |                        |
| Malaysian Public (via balloting)                          | 16,000                      | 5.00                   | -                           | -                      | 16,000                      | 5.00                   |
| Eligible Persons  | 8,000                       | 2.50                   | -                           | -                      | 8,000                       | 2.50                   |
| <b><u>Institutional Offering</u></b>                      |                             |                        |                             |                        |                             |                        |
| Private placement to institutional and selected investors | 56,000                      | 17.50                  | 32,000                      | 10.00                  | 88,000                      | 27.50                  |
| <b>Total</b>  | <b>80,000</b>               | <b>25.00</b>           | <b>32,000</b>               | <b>10.00</b>           | <b>112,000</b>              | <b>35.00</b>           |

**Note:-**

(1) Based on the enlarged total number of 320,000,000 Shares after our IPO.

All 24,000,000 Issue Shares made available under the Retail Offering have been fully underwritten.

The 56,000,000 Issue Shares and up to 32,000,000 Offer Shares made available to institutional and selected investors by way of private placement are not underwritten. Irrevocable undertakings have been or will be obtained from the institutional and selected investors to subscribe for our IPO Shares made available under the private placement.

There is no over-allotment or 'greenshoe' option which will increase the number of our IPO Shares.

##### 4.3.4 Clawback and reallocation

The Retail Offering and Institutional Offering shall be subject to the following clawback and reallocation provisions:-

- (i) if there is an under-application of the Institutional Offering and there is an over-application in the Retail Offering, the IPO Shares not taken up may be clawed back from the Institutional Offering and reallocated to the Retail Offering; and
- (ii) if there is an under-application of the Retail Offering and there is an over-application in the Institutional Offering, the IPO Shares not taken up may be clawed back from the Retail Offering and reallocated to the Institutional Offering.

The clawback and reallocation provisions will not apply in the event there is an over-application in both the Retail Offering and the Institutional Offering at the closing date of our IPO.

#### 4. DETAILS OF OUR IPO (cont'd)

Any Issue Shares allocated to Eligible Persons but not taken up by them shall be made available to other Eligible Persons who have applied for excess Issue Shares (*if any*) in addition to their pre-determined allocation of Issue Shares ("**Excess Shares**"). Such Excess Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:-

- (i) firstly, allocation on a proportionate basis to Eligible Persons who have applied for Excess Shares based on the number of Excess Shares applied for; and
- (ii) secondly, to minimise odd lots.

Any allocated Issue Shares not fully taken up by Eligible Persons will be made available for application by the Malaysian Public under the Retail Offering. Any Issue Shares under the Retail Offering not applied for after being subject to the clawback and reallocation provisions above shall be taken up by our Sole Underwriter and/or its nominees in accordance with the terms and conditions of the Underwriting Agreement.

##### 4.3.5 Share capital

|  | <u>No. of Shares</u>      | <u>RM</u>                |
|--|---------------------------|--------------------------|
| Issued share capital as at the LPD                   | 240,000,000               | 12,000,000               |
| New Shares to be issued pursuant to the Public Issue | 80,000,000                | 20,000,000               |
| <b>Enlarged issued share capital upon Listing</b>    | <b><u>320,000,000</u></b> | <b><u>32,000,000</u></b> |

##### 4.3.6 Classes of shares and ranking

As at the date of this Prospectus and upon completion of our IPO, we have only 1 class of shares, namely ordinary shares in our Company. Our IPO Shares, upon allotment and issuance, will rank *pari passu* in all respects with our existing Shares including voting rights, and will be entitled to all dividends, rights and distributions that may be declared subsequent to the date of allotment of our IPO Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the amount paid up on the Shares held by them, be entitled to share the profits paid out by us as dividends or other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (*if any*), in accordance with our Constitution, after the satisfaction of any preferential payments in accordance with CA 2016 and our liabilities.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy, by attorney or by duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy.

On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have 1 vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have 1 vote for each Share held.

#### 4. DETAILS OF OUR IPO *(cont'd)*

##### 4.3.7 Minimum subscription

There is no minimum subscription amount to be raised from our IPO. However, in order to comply with the public spread requirement of Bursa Securities, the minimum subscription level in terms of number of Shares will be the number of Shares required to be held by public shareholders in order to comply with the 25% public spread requirement under the Listing Requirements or as approved by Bursa Securities.

If the abovesaid public spread requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full *(without interest or any share of revenue or benefit arising therefrom)* and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of subsection 243(2) of the CMSA shall apply accordingly.

#### 4.4 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES

Our Directors and Promoter, together with Mercury Securities have determined and agreed on the IPO Price of RM0.25 per IPO Share after considering the following factors:-

- (i) our competitive strengths and advantages *(see Section 7.2 of this Prospectus)*;
- (ii) our future plans and business strategies *(see Section 7.3 of this Prospectus)*;
- (iii) our Company's financial performance and operating history as set out in Sections 12 and 13 of this Prospectus. Our EPS of 2.05 sen *(based on our audited PAT of RM6.56 million for FYE 2016)* and annualised EPS of 2.13 sen *(based on our audited PAT of RM2.84 million for FPE 2017)* represents implied PE Multiple of approximately 12.2 times and 11.7 times respectively;

Note:-

*The EPS above is computed based on our enlarged total number of 320,000,000 Shares upon Listing.*

- (iv) our pro forma NA per Share of RM0.11 after our IPO, computed based on the audited statement of financial position of our Company as at 31 May 2017 and our enlarged total number of 320,000,000 Shares upon Listing; and
- (v) the market performance of Bursa Securities and anticipated demand for our IPO Shares.

Based on the IPO Price, the total market capitalisation of our Company will be approximately RM80.0 million upon Listing.

#### 4.5 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:-

- (i) to provide us access to the equity capital market for cost effective fund raising for the purposes set out in Section 4.7 below and financial flexibility to pursue growth opportunities;
- (ii) to enhance our Company's profile. We will be more exposed to press and analyst coverage upon Listing, which is expected to enhance our profiling, thus assisting our business and marketing development;

**4. DETAILS OF OUR IPO (cont'd)**

- (iii) to obtain the listing and quotation of our entire enlarged issued share capital on the ACE Market of Bursa Securities to provide an opportunity for the investing community to participate in the future performance of our Company by way of equity participation; and
- (iv) to establish liquidity for our Shares.

**4.6 DILUTION**

Dilution is the amount by which the IPO Price exceeds our pro forma NA per Share after our IPO. Our NA per Share immediately before adjusting for our IPO was RM0.08, based on our latest audited NA as at 31 May 2017 and the number of Shares outstanding immediately prior to our IPO of 240,000,000 Shares.

Upon issuance of the Issue Shares and after adjusting for effects of the utilisation of gross proceeds raised from our IPO, our pro forma NA per Share as at 31 May 2017 would be RM0.11 per Share based on our Company's enlarged total number of 320,000,000 Shares. This represents an immediate increase in NA per Share of RM0.03 to our existing shareholders and an immediate dilution in NA per Share of RM0.14, representing a 56.0% dilution to our new investors.

The following table illustrates such dilution on a per Share basis:-

|  | <u>RM</u> |
|--|-----------|
| IPO Price  | 0.25      |
| Audited NA per Share as at 31 May 2017, before adjusting for our IPO       | 0.08      |
| Pro forma NA per Share as at 31 May 2017, after adjusting for our IPO      | 0.11      |
| Increase in NA per Share to existing shareholders                          | 0.03      |
| Dilution in NA per Share to new investors                                  | 0.14      |
| Dilution in NA per Share to new investors as a percentage to the IPO Price | 56.0%     |

The following table summarises the acquisition of our Shares by our Promoter, Offeror, Directors, Key Management, Substantial Shareholders and persons connected with them from the date of our incorporation up to the LPD and the average cost per Share to them:-

| <b>Promoter, Offeror, Directors,<br/>Key Management, Substantial<br/>Shareholders and persons<br/>connected with them</b> | <b>No. of Shares<br/>before IPO</b> | <b>Total consideration<br/>(RM)</b> | <b>Average cost per<br/>Share<br/>(RM)</b> |
|---|-------------------------------------|-------------------------------------|--|
| Dato' Lai   | 228,000,000                         | 11,400,000                          | 0.05                                       |
| Choong GS   | 12,000,000                          | 600,000                             | 0.05                                       |
| <b>Total</b>  | <b>240,000,000</b>                  | <b>12,000,000</b>                   |  |

Since the date of our incorporation up to the LPD, our Promoter, Offeror, Directors, Key Management and Substantial Shareholders and persons connected with them have not entered into any transaction which grants them the right to acquire any of our Shares.

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**4. DETAILS OF OUR IPO (cont'd)****4.7 UTILISATION OF PROCEEDS**

| <b>Details of utilisation</b>  | <b>Estimated timeframe for utilisation upon Listing</b> | <b>RM'000</b> | <b>%</b>     |
|--|---|---------------|--------------|
| (i) Working capital:-  | Within 24 months  | 12,100        | 60.5         |
| - Project costs and expenses   |   | 7,500         | 37.5         |
| - Purchase of materials and components   |   | 2,600         | 13.0         |
| - Human resources expenses   |   | 2,000         | 10.0         |
| (ii) Capital expenditure   | Within 18 months  | 2,200         | 11.0         |
| (iii) Setting up a new branch office in Johor Bahru and an additional office in Kuala Lumpur | Within 12 months  | 600           | 3.0          |
| (iv) Repayment of bank borrowings  | Within 12 months  | 1,600         | 8.0          |
| (v) Estimated listing expenses   | Immediate   | 3,500         | 17.5         |
| <b>Total</b>   |   | <b>20,000</b> | <b>100.0</b> |

As set out in Section 7.3 of this Prospectus, our future plans and business strategies are as follows:-

- (i) Grow our market share in Malaysia by increasing tendering activities, focusing on affordable housing sector and geographical expansion;
- (ii) Strengthen our capabilities by growing our mechanical engineering services segment; and
- (iii) Diversifying our revenue stream by providing maintenance services including upgrading, expansion, refurbishment, retrofitting and renovation projects.

To support these strategies, the gross proceeds of RM20.0 million from our Public Issue are expected to be utilised for the following purposes:-

**4.7.1 Working capital**

We expect to use approximately RM12.1 million of our IPO proceeds raised for the purpose of boosting our available working capital. By allocating the proceeds for various working capital purposes, our Company will be in a stronger position to secure more projects for the reasons as set out below. Following thereto, this supports our business strategy of increasing our market share in Malaysia via increasing tendering activities.

**(i) Project costs and expenses**

We plan to allocate approximately RM7.5 million for tender bonds, tender deposits, performance bonds and on-site expenses:-

| <b>Project costs and expenses</b>                      | <b>Estimated cost (RM'000)</b> |
|--|--------------------------------|
| Tender deposits, tender bonds and/or performance bonds | 6,400                          |
| On-site expenses                                       | 1,100                          |
|  | <b>7,500</b>                   |

**4. DETAILS OF OUR IPO (cont'd)**

Our Company's ability to secure more project tenders lies in our financial strength. Our customers typically require us to provide tender deposits, tender bonds and/or performance bonds, usually in the form of bank guarantees representing a certain percentage of the contract sum. Tender bonds and performance bonds are commonly required in the construction industry as a means of securing a customer against the performance of a contractor against its contractual obligations.

Further, we also use our own funds to carry out works on-site. On-site expenses include setting up site office, workers quarters and establish temporary supply of electricity.

**(ii) Purchase of materials and components**

We plan to allocate approximately RM2.6 million of the proceeds for the purchase of materials and components required for our business as follows:-

| <b>Type of materials and components</b>          | <b>Estimated cost<br/>(RM'000)</b> |
|--|------------------------------------|
| Cables and electrical accessories                | 2,500                              |
| Lighting and fixtures, generator sets and drills | 100                                |
|  | <b>2,600</b>                       |

**(iii) Human resources expenses**

Apart from growing market share, our future plans also involve strengthening our capabilities and diversifying our revenues via growing our mechanical engineering services, and introducing our maintenance services segment. Hence we plan to boost our workforce by hiring approximately 20 additional technicians as well as 15 additional operational staff to support the expected growth of our existing and new business segments. This requires allocating approximately RM2.0 million for human resources expenses which includes staff remuneration, welfare and training expenses.

Our requirement for working capital will increase in tandem with the anticipated growth of our business following our business strategy to grow our market share, strengthening our capabilities and diversifying our revenue stream. As such, we had allocated more than half of our IPO proceeds for the purpose of working capital in anticipation of more projects being secured.

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#### 4. DETAILS OF OUR IPO (cont'd)

##### 4.7.2 Capital expenditure

Following our plans to grow our market share, we intend to allocate RM2.2 million of the proceeds for our capital expenditure requirements. The purchases of the motor vehicles, machinery, equipment and tools as well as the purchase of office equipment, computers and software will support our Company's plans to tender and complete more projects.

##### (i) Purchase of motor vehicles, machinery, equipment and tools

We are planning to purchase the following to support our business activities:-

| <b>Machinery/ equipment / tools</b>  | <b>Estimated cost<br/>(RM'000)</b> |
|--|------------------------------------|
| Motor vehicles including lorries, vans, motorcycles  | 450                                |
| Machinery including excavators, skylift and forklift   | 620                                |
| Equipment and tools including voltage stabilisers, meters, testers, scaffoldings, cutters and etc. | 680                                |
|  | <b>1,750</b>                       |

##### (ii) Purchase of office equipment, computers and software

We intend to utilise RM450,000 of the proceeds for the purchase of personal computers, notebooks, printers, plotters and software licenses which will assist our day-to-day operations, to assist us in the preparation of our tenders submissions as well as for the implementation of our work and services and for monitoring of our work progress. The office equipment, computers and software will be used in our new branch office in Johor Bahru and our office in Kuala Lumpur as detailed in Section 4.7.3 below.

##### 4.7.3 Setting up a new branch office in Johor Bahru and an additional office in Kuala Lumpur

We intend to allocate RM350,000 of the proceeds to set up a new branch office in Johor Bahru and RM250,000 of the proceeds to rent an additional office in Kuala Lumpur. We intend to set up the new offices within 12 months of obtaining the IPO proceeds. The breakdown of the costs are as follows:-

|                           | <b>Johor Bahru office<br/>Estimated cost<br/>(RM'000)</b> | <b>Kuala Lumpur office<br/>Estimated cost<br/>(RM'000)</b> |
|---------------------------|---|--|
| Rental                    | 60  | 50   |
| Renovation costs          | 180   | 100  |
| Furniture and fittings    | 70  | 60   |
| Utilities and maintenance | 40  | 40   |
|                           | <b>350</b>  | <b>250<sup>(1)</sup></b>                                   |

**Note:-**

(1) As at the LPD, we have utilised approximately RM0.213 million, of which will be reimbursed from the IPO proceeds, for setting up an additional office in Kuala Lumpur.

In view of the prospects of the electrical and mechanical engineering service industry in the Southern region of Malaysia and to better position ourselves to capture opportunities which may arise in the Southern region of Malaysia, we intend to set up a new branch office located within that region. The new branch office in Johor Bahru will further facilitate our participation in tenders and projects in that region.

#### 4. DETAILS OF OUR IPO (cont'd)

We also plan to expand our work force by hiring an additional 35 staff as detailed in Section 4.7.1 (iii) above. As set out in Section 7.20.2, the rental for the office located at No. 16-2, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur measuring approximately 190 square metres ceased on 15 October 2017 and we have commenced the rental of the office at No. 20-3, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur measuring approximately 474 square metres from 1 August 2017. The rental of the larger office space is to cater for the additional employees expected to be hired to augment our business expansion plans.

##### 4.7.4 Repayment of bank borrowings

We intend to allocate approximately RM1.6 million of the proceeds towards the repayment of the outstanding amount of the term loan facility from AmBank (M) Berhad. The tenure of this term loan is 5 years commencing from May 2015 and was obtained for our Company's working capital purposes.

The increase in our total equity from issuance of new Shares under the Public Issue coupled with the proposed repayment will reduce our overall gearing level from 0.73 times to 0.35 times based on the pro forma statements of financial position as at 31 May 2017 as set out in Section 12.13 of this Prospectus. The proposed repayment of the bank borrowings is expected to result in annual interest savings of approximately RM142,000 per annum based on an interest rate of 8.85% per annum. However, the actual interest savings may vary depending on the then applicable interest rate.

##### 4.7.5 Estimated listing expenses

Our listing expenses are estimated to be as follows:-

|  | <u>RM'000</u>       |
|--|---------------------|
| Professional fees  | 2,450               |
| Fees to authorities  | 70                  |
| Estimated underwriting, placement and brokerage fees                         | 720                 |
| Printing, advertisement and other incidental charges relating to our Listing | 260                 |
| <b>Total</b>   | <b><u>3,500</u></b> |

We will bear all fees and expenses incidental to our Listing as indicated above, which includes professional fees, fees to authorities, underwriting commission, placement and brokerage fees, printing, advertisement and other expenses.

If the actual listing expenses are higher than estimated, the shortfall will be funded out of our Company's internally generated funds. Conversely, if the actual listing expenses are lower than estimated, the surplus will be utilised for working capital purposes (as set out in Section 4.7.1 above).

The Offeror will bear all expenses relating to the Offer for Sale.

Pending the eventual utilisation of proceeds from the Public Issue for the abovementioned purposes, the funds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments.



#### 4. DETAILS OF OUR IPO *(cont'd)*

##### 4.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

For the services of our Sole Underwriter and Sole Placement Agent in managing the distribution of the IPO Shares, we will pay a non-refundable management fee at the rate of 0.5% of the total value of all the IPO Shares under both Retail Offering and Institutional Offering. The management fee is subject to GST.

###### 4.8.1 Brokerage fee

We will pay brokerage fee for the 16,000,000 Issue Shares under the Retail Offering *(as set out in Section 4.3.1(a) above)* at the rate of 1.0% of the IPO Price in respect of successful applications that bear the stamp of participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia and/or the Issuing House. The brokerage fee is subject to GST.

###### 4.8.2 Underwriting commission

Our Sole Underwriter has agreed to underwrite all the 24,000,000 Issue Shares under the Retail Offering *(as set out in Sections 4.3.1(a) and (b) above)*. Notwithstanding that, the final number of Issue Shares to be taken up by our Sole Underwriter and/or its nominees shall be such remaining Issue Shares under the Retail Offering not applied for after being subject to clawback and reallocation provisions set out in Section 4.3.4 above. We are obliged to pay our Sole Underwriter an underwriting commission at the rate of 2.5% of the total value of the Issue Shares underwritten at the IPO Price. The underwriting commission is subject to GST.

###### 4.8.3 Placement fee

Our Sole Placement Agent has agreed to place out 56,000,000 Issue Shares *(as set out in Section 4.3.1(c) above)* and up to 32,000,000 Offer Shares *(as set out in Section 4.3.2 above)*, both under the Institutional Offering.

We are obliged to pay a placement fee at the rate of 2.5% of the total value of the Issue Shares successfully placed out to investors at the IPO Price. The placement fee is subject to GST. The Offeror will bear the expenses incurred in relation to the Offer for Sale.

##### 4.9 UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, our Sole Underwriter has agreed to underwrite all the 24,000,000 Issue Shares under the Retail Offering. Notwithstanding that, the final number of Issue Shares to be taken up by our Sole Underwriter and/or its nominees shall be such remaining Issue Shares under the Retail Offering not applied for after being subject to clawback and reallocation provisions set out in Section 4.3.4 above. Details of the underwriting commission are set out in Section 4.8.2 above.

The salient terms of the Underwriting Agreement are as follows:-

- (1) The obligations of the Sole Underwriter under the Underwriting Agreement shall be further conditional upon the fulfilment and/or satisfaction of the following ("**Conditions Precedent**"):-
  - (i) the approval of the Listing from Bursa Securities, the clearance and registration of registrable prospectus with the SC and the lodgement of registrable prospectus with the ROC respectively together with copies of all documents required under Section 155 of CA 2016 prior to the issuance of this Prospectus to the Public and shall remain in full force and effect up to the date of Listing;

**4. DETAILS OF OUR IPO (cont'd)**

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- (ii) the issuance of this Prospectus (*including advertisement of this Prospectus and all other procedures, requirements, letters and documents*) required under the CMSA, Prospectus Guidelines of the SC and Section 155 of CA 2016 to the Public within 1 month from the date of the Underwriting Agreement or such extension as consented by the Sole Underwriter and shall remain in full force and effect up to the date of Listing and all conditions of the approval by Bursa Securities and the SC have been complied with;
- (iii) there having been, as at any time up to and including the IPO closing date or date of the Listing, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Company or in the prospects, future financial condition or business or operations of our Company (*which in the reasonable opinion of the Sole Underwriter is or will be material in the context of the issue of the underwritten Shares and/or the IPO*) from that set forth in this Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties, covenants and/or undertakings, if they are repeated on and as of the date of Listing;
- (iv) the issue, offering and subscription of the underwritten Shares in accordance with the provisions in the Underwriting Agreement and this Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (*whether or not having the force of law*) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (*including Bursa Securities and the SC*);
- (v) all necessary approvals and consents required in relation to the IPO including but not limited to shareholders and governmental approvals having been obtained and are in full force and effect;
- (vi) the Sole Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses;
- (vii) the delivery to the Sole Underwriter prior to the date of registration of this Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors of our Company and the shareholders approving the Underwriting Agreement, this Prospectus, the IPO and authorising the execution of the Underwriting Agreement and the issuance of this Prospectus; and (ii) a certificate dated the date of this Prospectus signed by duly authorised officers of our Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as set out in (iii) above;
- (viii) the delivery to the Sole Underwriter on the IPO closing date and the date of Listing of such reports and confirmations from our Board as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Company or the occurrence of any event rendering, untrue or incorrect, to a material extent any representations, warranties, covenants and/or undertakings as though they have been given and/or made on such dates; and

**4. DETAILS OF OUR IPO (cont'd)**

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- (ix) the Sole Underwriter being satisfied that our Company will, following completion of the IPO, be admitted to the Official List of Bursa Securities and our entire issued share capital will be listed and quoted on the ACE Market of Bursa Securities without undue delay.
- (2) In the event any of the Conditions Precedent are not satisfied within 2 months from the date of the Underwriting Agreement or such extension as consented by the Sole Underwriter, the Sole Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to our Company not later than 3 Market Days after the IPO closing date and upon such termination, our Company and the Sole Underwriter shall be released and discharged from their obligations save for our Company's obligations (*see Section 4.9(4) below*) and none of the parties shall have a claim against the other save for antecedent breaches by our Company and claims arising therefrom. Each party shall in such event return any and all monies paid to the other under the Underwriting Agreement within 72 hours of the receipt of such notice (*except for monies paid by our Company for the payment of the expenses and our Company shall remain liable to pay the underwriting commission to the Sole Underwriter*). The Sole Underwriter reserves the right to waive or modify any of the Conditions Precedent and such waiver or modification shall not prejudice the Sole Underwriter's rights under the Underwriting Agreement.
- (3) The Sole Underwriter may by notice in writing to our Company given at any time on or before the allotment and issuance of the Issue Shares, terminate and cancel and withdraw its commitment to underwrite the 24,000,000 Issue Shares if:-
- (i) there is any breach by our Company of any of the representations, warranties, covenants or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach is given to our Company, or by the IPO closing date, whichever is earlier, or withholding of information of a material nature from the Sole Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have a Material Adverse Effect (*as defined at the end of this Section*);
- (ii) there shall have occurred, happened or come into effect in the reasonable opinion of the Sole Underwriter any material change and/or any development which would have or can reasonably be expected to have a Material Adverse Effect;
- (iii) there shall have occurred, happened or come into effect any of the following circumstances:-
- (a) any material adverse change, or any development involving a prospective change, in national or international monetary, financial and capital market, economic, legal, regulatory, industrial or political conditions (*including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas*), taxation rules, foreign exchange controls, currency exchange rates or the occurrence of any combination of any of the foregoing;

**4. DETAILS OF OUR IPO (cont'd)**

- (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Sole Underwriter (*including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents*), which in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have a Material Adverse Effect;
- (c) the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:-
  - (aa) on or after the date of the Underwriting Agreement;
  - (bb) prior to the IPO closing date; and
  - (cc) prior to the allotment of our Issue Shares,

lower than 90% of the level of the Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 Market Days or the occurrence of any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event;
- (d) the suspension of trading of all securities on Bursa Securities, establishment of minimum prices and/or any other material form of general restriction or moratorium in trading of securities or securities settlement / clearing or any moratorium on banking activities or foreign exchange being imposed for at least 3 consecutive Market Days in or affecting Malaysia; or
- (e) in the event of national, regional or international disorder, outbreak of war or the declaration of a state of national emergency, epidemics, insurrection, armed conflict or calamity / crisis in Malaysia;
- (iv) there is failure on the part of our Company to perform any of our obligations contained in the Underwriting Agreement;
- (v) any matter which arose immediately before the date of this Prospectus would have constituted a material and adverse omission in the context of our IPO;
- (vi) any event, act or omission which gives or is likely to give rise to any liability which will have a Material Adverse Effect on our Company pursuant to the indemnities contained under the Underwriting Agreement;
- (vii) the Listing does not take place by 31 December 2017 or such later date as the Sole Underwriter at its sole and absolute discretion, may agree in writing or approval of Bursa Securities for the Listing and/or the IPO is withdrawn or is subject to conditions which are not acceptable to the Sole Underwriter;
- (viii) the issuance by Bursa Securities, the SC, the ROC or any other regulatory or governmental body in Malaysia, of any stop order or ruling (*or revocation of any ruling previously made*), the effect of which is to prevent the issue and the listing and quotation of the entire issued share capital of the Company on the ACE Market of Bursa Securities and/or the revocation / non-renewal of any license or permit necessary to conduct the business and operations of the Company prior to the date of Listing;

#### 4. DETAILS OF OUR IPO (cont'd)

- (ix) the non-registration of the Prospectus with the SC and/or non-lodgement of the Prospectus with the ROC (*whether or not due to revocation, suspension, withdrawal or lapse of the approvals from Bursa Securities and/or the SC*), the non-fulfilment of conditions imposed to the satisfaction of Bursa Securities, the SC and/or other relevant authorities or the registration and/or lodgement of any amendment, supplement or replacement to the Prospectus with the SC and/or the ROC without the prior written approval of the Sole Underwriter; or
  - (x) there is any formal investigation, proceeding or inquiry by or before any court or governmental or regulatory authority against the Company, major shareholders, directors and key management which had been disclosed to the Public, announced or otherwise appear in the media, for which the Company has not been able to provide an explanation to the satisfaction of the Sole Underwriter.
- (4) Upon such notice(s) being given, the Sole Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of our obligations and liabilities for the payment of the underwriting commission, costs and expenses already incurred prior to or in connection with such termination, for the payment of any taxes, duties or levies or such outstanding fees, and for any antecedent breach, and our undertaking to indemnify the Sole Underwriter.

For the purpose of this Section, a "**Material Adverse Effect**" means in the reasonable opinion of the Sole Underwriter, a material adverse effect or material adverse change or any development involving a prospective material adverse effect or change (*whether or not arising in the ordinary course of business*) on:-

- (i) the condition (*financial or otherwise*), results of operations, prospects, earnings, business, management, undertakings, properties or assets of our Company;
- (ii) the ability of our Company to perform in any respect its obligations under or with respect to, or consummate the transactions contemplated by this Prospectus and/or under the Underwriting Agreement;
- (iii) the success of the IPO and/or the distribution of the Issue Shares or dealings of the Shares in the secondary market after the date of Listing; or
- (iv) the ability of our Company to conduct our business as a going concern.

#### 4.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

Pursuant to subsection 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Security. Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through CDS (*which is operated by Bursa Depository*). This will be effected in accordance with the provisions of SICDA and the Rules of Bursa Depository. Accordingly, our Company will not deliver share certificates to the subscribers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain the Shares in CDS Accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as the shareholders of our Company in respect of the number of Shares credited to their respective CDS Accounts.

**4. DETAILS OF OUR IPO (cont'd)**

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Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

All Shares held in CDS Accounts shall not be withdrawn from the CDS except in the following instances:-

- (i) to facilitate a share buy-back;
- (ii) to facilitate conversion of non-equity securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List of Bursa Securities;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

Trading for shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares shall trade under the odd lot market. Settlement and payment of trades done on a "ready" basis on Bursa Securities generally takes place on the 3<sup>rd</sup> Market Day following the transaction date.

It is expected that our Shares will not commence trading on Bursa Securities until about 10 Market Days after the close of our IPO. Holders of our Shares will not be able to sell or otherwise deal in our Shares (*except by way of book-entry transfers to other CDS Accounts in circumstances which do not involve a change in beneficial ownership*) prior to the commencement of trading on Bursa Securities.

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## 5. RISK FACTORS

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**IN EVALUATING AN INVESTMENT OF OUR IPO SHARES, YOU SHOULD CAREFULLY CONSIDER ALL INFORMATION CONTAINED IN THIS PROSPECTUS INCLUDING BUT NOT LIMITED TO THE FOLLOWING INVESTMENT CONSIDERATIONS AND RISKS.**

### 5.1 RISKS AFFECTING OUR BUSINESS AND OPERATIONS

#### 5.1.1 **Our operations require us to obtain and maintain certificate of registration with CIDB and with the Energy Commission Malaysia and the loss of such registration could significantly affect our business**

In order to operate our business, we are required to obtain and hold valid certificate of registration issued by CIDB which allows us to tender for projects of unlimited value for categories comprising general building works, air-condition system, fire prevention and protection system, sound system, low voltage installation, special lighting system, internal telecommunications system, external telecommunication system, and general electrical works; we are also registered with the Energy Commission Malaysia as a Class A electrical contractor which allows us to tender for electrical projects exceeding RM1 million.

In order to maintain such certificate of registration, we are required to comply with the relevant restrictions and conditions imposed by various government authorities. Failure to do so may result in our registration to be downgraded, suspended or cancelled. When seeking for renewal of such certificate of registration upon its expiry, delay or refusal to renew may occur.

If we are unable to maintain or renew our certificate of registration with CIDB and/or the Energy Commission Malaysia, we will be restricted or prohibited from providing electrical and/or mechanical engineering services, thereby resulting in the suspension of our core business operations. In such event, our business, financial position, results of operations and prospects may be materially and adversely affected.

As at the LPD, we have not faced any failure in maintaining or renewing our certificate of registration with CIDB or the Energy Commission Malaysia.

#### 5.1.2 **The continuity of our order book is not assured and any significant decline in our order book will adversely affect our long term sustainability and growth**

Our business is dependent on contracts awarded to us on a project-to-project basis. There is no assurance that we are able to continually secure contracts from one project to another. In the industry in which we operate, contracts are commonly awarded based on competitive bidding. As such, for every contract we wish to secure, we have to bid competitively against other providers of electrical and mechanical engineering services and there is a risk that we will not be able to secure every contract that we bid for. Any prolonged failure to replenish and grow our order book will adversely affect our long term sustainability and business growth.

Our order book comprises balance of contract revenue to be recognised totaling approximately RM216.91 million as at 31 May 2017 and approximately RM210.0 million as at the LPD. There can be no assurance that we will be able to sustain such level of order book in the future. In addition, our order book is subject to the risk of unexpected project delays, cancellations or scope adjustments which may occur from time to time, and which could reduce the value of our order book.

**5. RISK FACTORS** *(cont'd)*

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**5.1.3 We rely on our Directors, Key Management and skilled technicians and employees for our business**

Our continued success, future business growth and expansion depend on the contributions of our executive directors and other key management personnel (see Sections 9.1.2, 9.2.2 and 9.3.2 of this Prospectus for their profiles). Our executive directors play a crucial role in our daily operations as well as charting, formulating and implementing strategies to drive the future growth of our Company. Further, we require certified, skilled and experienced technicians and employees to plan, manage and execute the projects undertaken by us. As such, the loss of any executive directors and other key management personnel may be disruptive to our current operations and future growth of our business, as this may affect our ability to compete with our competitors and the business and financial performance of our Company may ultimately be adversely affected.

Therefore, our ability to retain and attract competent and skilled personnel is crucial for our continued success, future business growth and expansion. To retain and attract competent and skilled personnel, we have in place incentive schemes, on-the-job training programmes and career advancement opportunities for our employees. We also have in place a management succession plan (see Section 9.8.2 of this Prospectus for further details).

**5.1.4 We are dependent on the services of our subcontractors to complete our contracts**

We regularly engage third party labour subcontractors to provide electricians and technicians in order to avoid employing a large permanent workforce under the Company. This allows us to maintain a lower operating cost base, in view that our business is project-based.

We appoint our subcontractors after shortlisting suitable candidates by taking into consideration the project requirements as well as assessing the quotations submitted by the candidates and our past working experiences and relationship with the candidates. Upon negotiation on the pricing and scope of works or bills of quantities, we enter into formal contracts with the subcontractors to ensure the terms and conditions for the collaboration are predefined before the commencement of any work.

Since our subcontractors do not have a direct contractual relationship with our customers, we are subject to the risks associated with any sub-optimal performance, late performance or poor performance by our subcontractors. Further, we are also subject to the risk of our subcontractors employing illegal foreign workers and any adverse changes in foreign labour policies may also cause a shortage of foreign labour supply.

These may adversely affect our ability to complete our projects based on the agreed time schedule and to the specifications required, which in turn may render us liable to potential claims for liquidated damages by our customers.

Although we may attempt to seek compensation from the relevant subcontractors in such event, we may be required to compensate our customers prior to receiving any compensation from the relevant subcontractors, if at all. If no corresponding claim can be asserted against a subcontractor, or the claim amount cannot be recovered in full, we may be required to bear some or all the costs of the claims, in which case our financial performance could be materially and adversely affected.



## 5. RISK FACTORS *(cont'd)*

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Subcontractor failures are generally in the form of delays or poor workmanship that does not meet the contract's specifications. This may result from their lack of financial resources, quality workforce, lack of skilled labourers and/or supervision. In order to monitor the performance of our subcontractors, we have put in place inspection processes by our Company's site representative to ensure that the work provided by our subcontractors meets the contract specification.

### 5.1.5 **We are liable for liquidated damages if we fail to complete our projects within the stipulated contract period**

The timely completion of projects that we undertake is dependent on various external factors inherent in our industry which are beyond our control including, amongst others, the timely receipt of requisite licenses, permits or regulatory approvals, availability of equipment and labour, availability of financing at reasonable rates and terms as well as satisfactory performance of the appointed subcontractors.

Delays can often also arise in projects due to customer delays and variations in project implementation timelines, which are also beyond our control. There can be no assurance that we will be able to substantiate and obtain the extensions of time required from our customers to complete our contracted works and avoid the imposition of liquidated damages.

Any adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which may result in our customers imposing liquidated damages on us that could affect our profitability and cash flows.

During the last 3 FYEs and up to the LPD, we have not encountered any imposition of liquidated damages from our customer on us as a result of delay in the completion of the projects in the past.

### 5.1.6 **Our operations are dependent on our ability to obtain adequate bank facilities at competitive rates**

We rely on bank guarantees for our submission of tender bonds and performance bonds and these bank guarantees may be funded through our bank facilities. A tender bond provides assurance to our customer that we will proceed with the contract upon acceptance of the tender by our customer and is usually submitted as part of the tender documents. Upon our acceptance of the contract awarded by our customer, the tender bond will be replaced by the performance bond. A performance bond provides assurance to our customer that we will complete the project satisfactorily.

The tender bond amount is usually specified in the tender document as determined by the customer, while the performance bond is generally 5.0% of the total contract sum awarded. The validity of the tender bond depends on the tender validity period, whereas the performance bond will only expire after the issuance of the Certificate of Practical Completion. Both tender bonds and performance bonds are issued to our customers in the form of bank guarantees.

Such bank guarantees are used for all aspects of the project contract life cycle from the start of the tender process to the expiration of our liability towards the customer in accordance with the terms of each respective contract. Tenure requirements for these bank guarantees are structured to match the underlying contracts with the respective counterparties. If we are unable to secure adequate credit facilities at competitive rates for bank guarantees, our cash flows, operations, growth and expansion plans will be adversely affected.

## 5. RISK FACTORS (cont'd)

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We face the risk of our customers calling on the tender bonds and performance bonds should we fail to meet our contractual obligations. If any significant calls take place simultaneously, this would have a material adverse effect on our working capital and in turn, have a material effect on our business, financial position, results of operations and/or prospects. Nevertheless, we have not experienced any calls during the last 3 FYEs and up to the LPD.

As at the LPD, bank guarantees issued for contract works being carried out by us amounted to approximately RM4.0 million.

### 5.1.7 We may underestimate our project costs

All of our order book are based on fixed price contracts where the price is determined upfront at the time of bidding for the project. As this price is based on our estimates of the project costs at the time of bidding, we may underestimate the project costs in tendering or bidding for a project.

In some cases, our underestimation of the project costs results from our underestimation of the complexity of work. Further, as our projects can take up to 36 months to complete, the actual project costs incurred may also increase significantly due to certain factors which are beyond our control, such as increased project implementation period, increase in the costs of labour and equipment as well as changes in rules and regulations.

In such events, we may incur cost overruns which will affect our cash flow and financial performance. We have not experienced any material cost overruns in the projects that we have undertaken in the last 3 FYEs and up to the LPD. However, there can be no assurance that we will not experience any cost overruns in the future.

### 5.1.8 We are subject to potential defects liability claims

A defects liability period is imposed on us in relation to the contracts that we secured. The defects liability period commences upon issuance of the Certification of Practical Completion and generally covers a period of between 12 to 28 months.

We bear the costs associated with any claims by our customers and these are charged as our costs of sales for the respective projects. Any material defects liability claims by our customers could have a material adverse effect on our operations, cash flows and financial results.

During the last 3 FYEs and up to the LPD, we have not experienced any claims which has materially affected our financial performance.

### 5.1.9 We are subject to workplace hazards and potential workmen compensation claims and loss and damage to our equipment

We are exposed to operational and environmental risks such as fire, accidents and other risks which may affect our business operations. Such risks leave our employees and subcontractors exposed to potential hazards such as bodily injuries and loss of life. In addition, we are also exposed to the risk of loss and damage to our equipment arising from, amongst others, fire, accidents, theft and improper usage.

## 5. RISK FACTORS (cont'd)

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We maintain insurance coverage at levels that are customary in the industry in which we operate in to protect against various losses and liabilities. Whilst the main contractor will typically provide some insurance coverage for us, we have also taken up additional insurance where we deemed coverage was insufficient. We have taken up workmen compensation insurance which provides insurance coverage to our workers involved in the projects at the construction sites and contractors' all risk insurance to manage any losses which may arise. The insurance that we purchase may also cover certain risks of our subcontractors.

We have not encountered any cases of accidents resulting in loss of life at the project sites and we have not experienced any loss or damage to our machinery and equipment which had a material adverse effect on our operations or financial performance. Nonetheless, there can be no assurance that none of the above incidents will not occur in the future. If any of the above incidents were to occur, we may suffer from significant hikes in project costs and our ability to perform our contractual obligations may be adversely affected. In turn, this could materially and adversely affect our business operations and financial performance.

There can be no assurance that our existing insurance coverage is sufficient to compensate for claims arising from any of the above incidents. If we incur substantial liability and the associated damages are not fully covered by our existing insurance coverage or exceed policy limits, our business operations and financial performance may be adversely affected.

### 5.2 RISKS AFFECTING THE INDUSTRY IN WHICH WE OPERATE

#### 5.2.1 We are affected by government policies and economic factors that are beyond our control

Our Company may be affected by any adverse changes in the government policies. Introduction of new laws and regulations may impose and/or increase restrictions on the construction sector, as well as mechanical and electrical engineering services industry in Malaysia. It may also result in changes to financial and banking policies and guidelines.

Changes in government policies may affect our Company's ability to continue its operations in the industry, for example changes in CIDB or the Energy Commission Malaysia licensing requirements may result in our Company not being able to renew our licenses. Consequently, our Company may not be qualified to secure any projects.

In addition, Bank Negara Malaysia may introduce new policies or revise current policies that may affect overnight policy rates (which in turn will affect lending rates charged by banks in Malaysia) or affect repatriation of funds into and from Malaysia. These may affect the overall economy of the country. Bank Negara Malaysia may also revise its credit policy, which may influence banks to revise their lending policies accordingly. Changes in financial and banking policies may affect our Company's ability to secure financing for its operations and/or increase in cost of financing, which may in turn affect its ability to secure and deliver projects and/or increase our Company's cost of operations respectively.

Any widespread and/or prolonged economic slowdown will affect businesses and consumer confidence which will in turn affect the spending trend, either from the public or private sector. Economic factors include factors such as unemployment rates, GDP and inflation rates that may affect public expenditure and/or private expenditure, thereby affecting the economy in general. Economic downturns may cause a decline in demand for our Company's services and solutions.

**5. RISK FACTORS (cont'd)**

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There can be no assurance that changes in any of the abovementioned risks will not have a material adverse effect on our business operations and financial performance.

**5.2.2 We are dependent on the construction sector in Malaysia**

We are dependent on the construction sector as the prospects of the industry in which our Company operates are correlated to the performance of the construction sector, which in turn is dependent on the state of the Malaysian economy. Any downturn in the Malaysian economy in general would lead to a decrease in the demand for properties which would in turn lead to a decrease in property-related construction activities due to weaker consumer demand. This may affect the overall demand of our Company's services which will in turn affect our Company's financial performance.

The construction sector is affected by, amongst others, the political stability (where it affects business and consumer confidence, and ultimately investments or expenditure for construction-related activities) and economic condition of the country which is dependent on factors such as inflation, labour supply as well as labour and raw material cost. Furthermore, construction activities are also susceptible to risks such as rise in financing cost, fluctuating demand for properties as well as possible property cooling measures implemented by the government.

According to the IMR Report, the construction sector in Malaysia, as measured by the value of projects awarded, grew from RM60.9 billion in 2006 to RM178.8 billion in 2014 at a CAGR of 14.4%. In 2015, the construction sector in Malaysia experienced a dip in terms of awarded project value to RM141.9 billion from RM178.8 billion in 2014. Subsequently in 2016, the awarded construction project value rose to RM229.0 billion. The fall in awarded project values in 2015 was largely due to the slowdown in demand in the property market.

There can be no assurance that any adverse change in the construction sector will not have a material adverse effect on our business operations and financial performance going forward.

**5.2.3 We face competition from industry players**

The electrical and mechanical engineering services industry in Malaysia is competitive, owing to the large pool of industry players that compete for public and private residential, commercial and industrial, and infrastructure projects in the country.

For the periods under review, electrical engineering services contributed to the majority of our revenue. According to the IMR Report, electrical engineering services in Malaysia, measured in terms of total value of awarded electrical projects for new development projects as well as refurbishment and maintenance projects for residential, commercial, industrial and infrastructure development, was RM8.4 billion in 2016. During this same period, our Company was awarded electrical engineering services projects amounting to RM 138.7 million and thereby garnered a market share of approximately 1.7% in Malaysia based on the total value of awarded electrical engineering services projects. As stated in the IMR Report, the total value of mechanical and electrical projects awarded in 2016 was RM62.5 billion and there are over 100 industry players in Malaysia's mechanical and electrical engineering services industry.

There can be no assurance that competition from industry players will not have a material adverse effect on our financial performance in the future.

## 5. RISK FACTORS *(cont'd)*

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### 5.3 RISKS AFFECTING OUR SHARES

#### 5.3.1 Delay or failure of our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:-

- (i) our Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to be discharged of its obligations thereunder;
- (ii) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25% of our Shares for which Listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing; or
- (iii) the revocation of approvals from the relevant authorities prior to our Listing and/or admission to the Official List for whatever reason.

If any of the above events occurs, investors will not receive any of our IPO Shares and we will return in full (*without interest or any share of revenue or benefit arising therefrom*) all monies paid in respect of any application for our IPO Shares in compliance with subsection 243(2) of the CMSA. However, if our IPO Shares have already been issued and allotted to investors, we can only repay the monies paid in respect of our IPO Shares by a cancellation of our IPO Shares pursuant to a capital reduction exercise in accordance with Section 116 or 117 of CA 2016. Such a capital reduction exercise, will require us to, amongst others, (i) obtain a special resolution from our shareholders and (ii) obtain confirmation by the High Court of Malaya in accordance with Section 116 of CA 2016 or undertake a capital reduction exercise with the benefit of a supporting solvency statement in accordance with Section 117 of CA 2016. Therefore, there is a risk that monies paid in respect of our IPO Shares cannot be recovered in a timely manner.

#### 5.3.2 No prior market for our Shares and it is uncertain whether a sustainable market will ever develop

Prior to our IPO, there has been no public market for our Shares. Hence, there is a risk that upon Listing, an active market for our Shares may not develop, or if developed, whether such a market can be sustained. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares. The IPO Price was determined after taking into consideration various factors and we believe that a variety of factors could cause our Share price to fluctuate which may adversely affect the market price of our Shares.

Therefore, there is a risk of whether the IPO Price will correspond to the price at which our Shares will trade on the ACE Market of Bursa Securities upon our Listing and also a risk that the market price of our Shares may decline below the IPO Price.

#### 5.3.3 The interest of our Promoter who controls our Company may not be aligned with the interest of our shareholders

Our Promoter will hold a controlling interest in our enlarged issued share capital upon Listing. As a result, he will be able to, in the foreseeable future, have effective control over the business direction and management of our Company including the election of directors, the timing and payment of dividends as well as having voting control and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless he and persons connected with him are required to abstain from voting either by requirement of law and/or by the relevant guidelines or regulations.

## **5. RISK FACTORS (cont'd)**

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Therefore, there is a risk of whether the interests of our Promoter will be aligned with those of our other shareholders.

### **5.3.4 Payment of dividends**

In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but are not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, capital expenditure plans, loan covenants and compliance with regulatory requirements. Whilst we endeavour to make dividend payments, there is a risk of us not being able to pay any dividends in the future as a result of the factors stated above. See Section 12.12 of this Prospectus for further information on our dividend policy.

### **5.3.5 Share price volatility and volume of our Shares**

The performance of Bursa Securities is also very much dependent on external factors such as the performance of the regional and global bourses and the inflow or outflow of foreign funds besides internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

It is expected that there will be about 10 Market Days after the close of our IPO before the commencement of trading of our Shares on Bursa Securities. We cannot assure you that there will be no event or occurrence that will have an adverse impact on the securities market, our industry or us specifically during this period that would adversely affect the market price of our Shares when they begin trading.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:-

- (i) material variations in our financial performance and operations;
- (ii) success or failure of our key management team in implementing business and growth strategies;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- (v) additions or departures of our key management personnel;
- (vi) fluctuations in stock market prices and volumes; or
- (vii) involvement in litigation.

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## 6. INFORMATION ON OUR COMPANY

### 6.1 OUR COMPANY

Our Company was incorporated in Malaysia under CA 1965 as a private limited company on 24 February 1997 under the name of Kejuruteraan Asastera Sdn. Bhd. On 26 May 2017, our Company was converted into a public limited company and assumed our present name of Kejuruteraan Asastera Berhad.

Our principal activity is the provision of electrical and mechanical engineering services in Malaysia.

### 6.2 SHARE CAPITAL

#### 6.2.1 Issued share capital

Our issued share capital as at the date of this Prospectus is RM12,000,000.00 comprising 240,000,000 Shares.

#### 6.2.2 Details of the issuance and allotment of our Shares

Changes to our issued share capital since the date of our incorporation up to the date of this Prospectus are as follows:-

| <u>Date of allotment / subdivision</u> | <u>No. of ordinary shares allotted</u> | <u>Then par value (RM)</u> | <u>Consideration</u>  | <u>Cumulative no. of ordinary shares allotted</u> | <u>Cumulative issued share capital (RM)</u> |
|--|--|----------------------------|-----------------------|---|---|
| 24.02.1997                             | 2                                      | 1.00                       | Subscribers           | 2   | 2.00  |
| 11.08.1997                             | 49,998                                 | 1.00                       | Cash                  | 50,000  | 50,000.00                                   |
| 4.10.2000                              | 50,000                                 | 1.00                       | Cash                  | 100,000   | 100,000.00                                  |
| 28.07.2001                             | 50,000                                 | 1.00                       | Cash                  | 150,000   | 150,000.00                                  |
| 24.02.2003                             | 226,500                                | 1.00                       | Cash                  | 376,500   | 376,500.00                                  |
| 15.04.2004                             | 100,000                                | 1.00                       | Cash                  | 476,500   | 476,500.00                                  |
| 16.11.2007                             | 100,000                                | 1.00                       | Cash                  | 576,500   | 576,500.00                                  |
| 14.05.2014                             | 423,500                                | 1.00                       | Cash                  | 1,000,000   | 1,000,000.00                                |
| 18.05.2017                             | -                                      | -(1)                       | 20 for 1 share split  | 20,000,000  | 1,000,000.00                                |
| 29.05.2017                             | 220,000,000                            | -(1)                       | Bonus issue of shares | 240,000,000                                       | 12,000,000.00                               |

Note:-

(1) No par value with effect from 31 January 2017.

There were no outstanding warrants, options, convertible securities or uncalled capital in respect of the Shares in our Company as at the date of this Prospectus. In addition, there was no discount, special term or instalment payment term in respect of the payment of the consideration for the allotment of the Shares in our Company above. As at the LPD, KAB is not involved in any bankruptcy, receivership or similar proceedings.

## 7. BUSINESS OVERVIEW

### 7.1 PRINCIPAL BUSINESS ACTIVITIES AND SERVICES

Our Company is principally involved in the provision of electrical and mechanical engineering services in Malaysia.

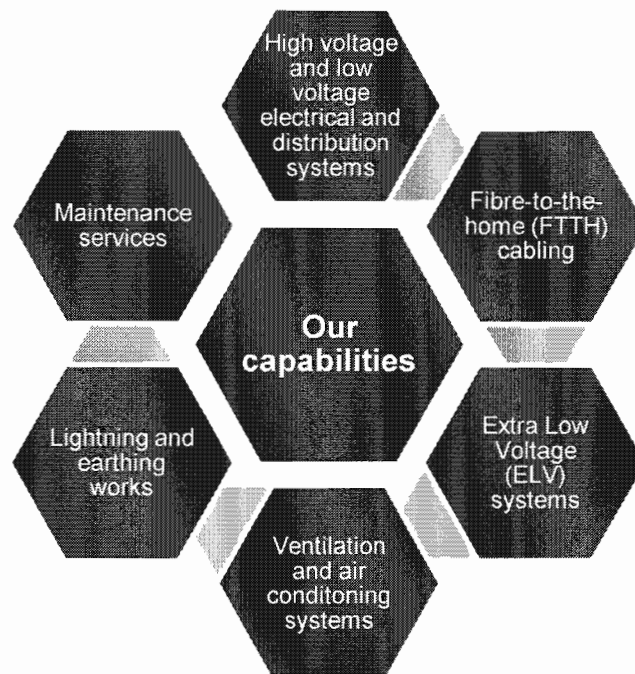
Electrical engineering services is our core business activity and involves the installation, testing and commissioning of electrical systems comprising electrical distribution systems, communications and information technology networks and ELV systems. For the past 3 FYEs 2014, 2015 and 2016 as well as FPE 2017, electrical engineering services contributed to 87.5%, 92.5%, 92.9% and 87.2% of our revenue respectively.

We also provide mechanical engineering services where this involves the installation, testing and commissioning of air-conditioning and mechanical ventilation systems. While electrical engineering services contributed to the majority of our revenue for the periods under review, our Company has the capability and has in the past secured mechanical engineering services contracts. We had in 2010 and in 2016 secured projects relating to the provision of mechanical engineering services. Our customers may award mechanical engineering services projects to us as part of our electrical engineering services contracts or on a standalone basis.

We further derive revenue from the sale of goods that are used in our projects. Our Company sells materials such as cables, switches, trunking, pipes and electrical accessories which are required for our projects to our subcontractors only, if they so desire to purchase them from us.

#### Types of services

Our capabilities encompass the following types of electrical and mechanical engineering services:-



Electrical engineering services is our core business activity and involves the installation, testing and commissioning of electrical systems comprising:-



## 7. BUSINESS OVERVIEW (cont'd)

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- Electrical services

We are involved in the installation, testing and commissioning of electrical distribution systems. The electrical distribution system comprises networks of electrical cables and equipment for electricity supply and distribution systems, lighting systems, and earthing and lightning systems in a building or site, carried out in accordance with our customers' specifications and relevant safety standards.

We are also involved in the installation of high voltage transformers, switchgears, low voltage systems as well as main switchboards which receive electricity supply directly from Tenaga Nasional Berhad. We further install cables and connections to electrical switchboards. Our electrical works include the installation of cables, electrical wiring and trunking, supply and installation of switchboards, power outlets, lighting system, telephone and data networking systems and related electrical equipment and accessories.

We also install earthing systems that would prevent any dangerous over voltages or excessive current on devices that can conduct electricity. The earthing system also provides a secondary means for lightning protection, remove excessive electrical current and to reduce or eliminate power surges in household electrical appliances.

- FTTH services

We are involved in the installation, testing and commissioning of communications and information technology networks including those related to fibre optic cabling for data and voice communication.

We provide fibre optics network infrastructure for FTTH projects. Fibre optic networks are mediums of transmission for communication systems and information technology networks which provide high speed data connection between different parts of a building.

- ELV services

We are involved in the installation, testing and commissioning of ELV systems including but not limited to access control, car park system and gate barrier, CCTV, SMATV, security and alarm system, sound system, public address and intercommunication systems.

Our mechanical engineering services relate to the installation, testing and commissioning of air-conditioning and mechanical ventilation systems.

- Air-conditioning and mechanical ventilation systems

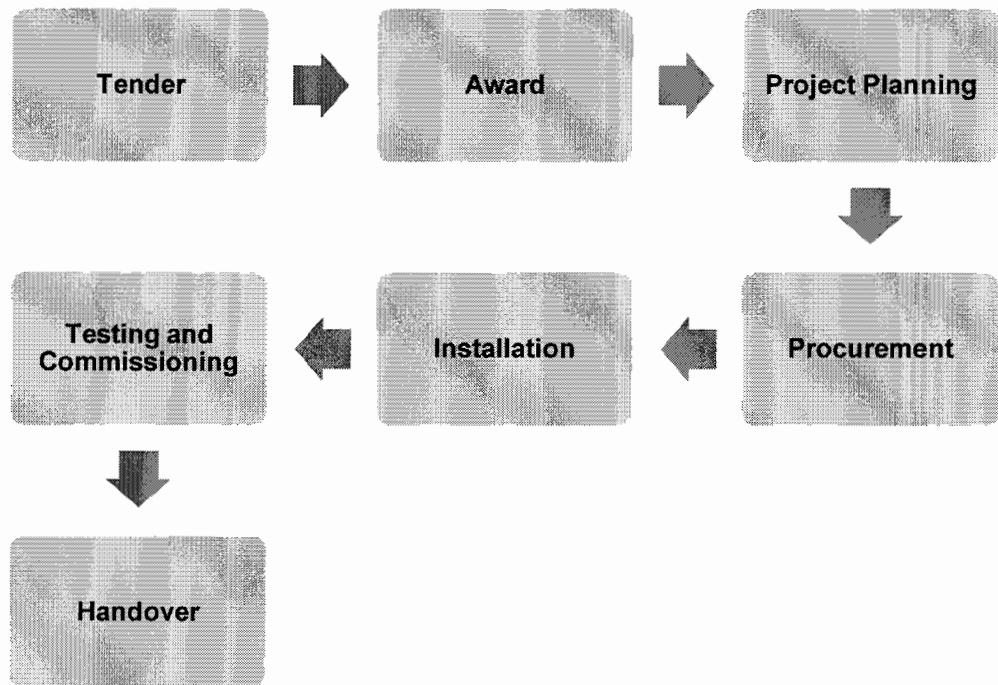
We install, test and commission air-conditioning, heating, mechanical ventilation and exhaust air systems within a building, and this includes the provision of all pipework, ductwork, air-conditioning units, ventilation fans and associated accessories.

The electrical and mechanical engineering services projects that we undertake comprise electrical works relating to new building development and also relating to the renovation or upgrading of existing buildings. Our projects encompass new construction, new development or renovation of a wide range of residential, commercial, mixed development, social amenities and infrastructure properties.

### **Overview of process flow**

We are equipped to undertake a project right from the tendering stage to the handover stage (as well as maintenance services, if required) summarised as follows:-

**7. BUSINESS OVERVIEW (cont'd)**



(a) Tender

When a property development project is open for tender for delivery of electrical and mechanical engineering services, KAB will prepare the tender documents to bid for the project. As part of the tender, we may also be required to provide a tender bond.

(b) Award

The tender bond provided during the tender stage will then be replaced with a performance bond upon securing / award of the project.

(c) Project planning

Upon appointment, we prepare a detailed work implementation plan comprising the detailed shop drawings (implementation blueprint) and the preparation of the method statement which sets out the comprehensive steps for the implementation of specific works to be undertaken and will typically encompass work sequence, safety procedures, quality processes and logistics. We also review and comment on the engineering design provided by the customer to ensure practicality and efficiency of the engineering design at the site.

We also work with the customer's project management team or the consultant appointed by the customer on the scope and the details of the project to ensure that our detailed work implementation plan is practical, efficient and meets the customer's requirements

(d) Procurement

Upon completion of the project planning stage, we will then procure the materials to be used for our projects. We develop the procurement plan and project budget so as to enable us to monitor the time and cost expended for each task to ensure efficient execution. We also scrutinise the materials' technical specifications and follow up with approval from the customer to ensure compliance with customer's requirements.

## 7. BUSINESS OVERVIEW (cont'd)

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We procure materials such as cables, switchgears, transformer, generator sets and electrical accessories for use in our projects. We also procure certain loose materials such as cables, switches, trunking and electrical accessories for sale to our subcontractors for them to use in the installation stage of our project if they choose to make such requests.

(e) Installation

We use subcontractors for the manual and labour works to assist us during the installation stage, and we do supply them loose materials, if specified in the subcontracting agreement.

We outsource labour services to our subcontractors because:-

- (i) it minimises our need to employ and maintain a large workforce and special skilled labour in certain specialised areas;
- (ii) it gives us flexibility to opt for the better performing and cost competitive subcontractors to maintain cost effectiveness in carrying out the projects that we have secured; and
- (iii) it assists us to mitigate our cost commitment during downtime.

The provision of loose materials such as cables, switches, trunking and electrical accessories to our subcontractors serves to alleviate our task of managing loose materials for each project, as the cost of such materials will then be accountable by the subcontractor, which in turn translates to ease of management by our Company as well as reduced wastages.

Suitable subcontractors are identified to be invited for bidding. We will evaluate all bids received and appoint the subcontractors based on the bidder's capacity, capability, bidding price, track record of quality and timely delivery. Further, we continually review and update the budget based on the progress of the project.

These subcontractors assist our installation works in the manual aspects of the installation stage and perform their labour services in accordance to the work programmes that we devise. We have put in place routine inspections by our site supervisors on the work performed by our subcontractors and also monitoring of materials delivered on site conducted by our Company's site representative to ensure that materials used and installation works performed are based on our project's contract specification.

Throughout the installation process, we will, amongst others:-

- Coordinate activities of our staff and subcontractors that we engage on site, and other parties that may be working within the same vicinity;
- Monitor the site progress and coordinate with other contractors employed by the project owner / main contractor to ensure that we are able to deliver our services in a timely manner and report on critical issues and any causes of delay, and recommend remedial / mitigating action;
- Monitor installation works to ensure that the project cost is in accordance with the approved budget and advise the customer of any requirement for a variation including any potential cost increments;
- Prepare list of defective works and outstanding works, and issue recommendation to the customer;

## 7. BUSINESS OVERVIEW (cont'd)

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(f) Testing and commissioning

Prior to handover, we will undertake a full test run of the entire system and complete the necessary inspections to ensure that there are no deficiencies in the systems, materials or workmanship. In the event of any issues, we will report and monitor the remediation of any defects or deficiencies, including results of quality control tests to ensure that our services are completed in accordance to the specifications set by the customer.

(g) Handover

Our project implementation is deemed completed upon issuance of the Certificate of Practical Completion by the project that is engaged by the building owner/operator/consultant.

We place importance on ensuring that our services meet the quality requirements determined by our customers. Throughout the entire project implementation process, we will:-

- Monitor all staff and subcontractor that we engage on site, to ensure compliance to the prescribed safety and environmental policy / programmes implemented;
- Ensure that all works are performed in accordance with the prescribed guidelines and policies to minimise inconvenience to the public within the affected areas; and
- Make recommendations to the customer for any changes to the approved electrical and mechanical engineering drawings, specifications and/or work programme which will benefit the customer or the project.

Please refer to Section 7.9 for further details on our process flow.

### **Our customers**

A call for tender of our services may come from main contractors, project owners and property developers, who become our customers upon successfully securing the tender.

There are primarily 2 types of subcontractors in the construction sector, namely domestic subcontractors and nominated subcontractors. Domestic subcontractors are appointed at the discretion of the main contractor. In contrast, nominated subcontractors are nominated by the project owner, which the main contractor is obliged to appoint as a subcontractor.

All contracts relating to our appointment for a project (including those where we were appointed as nominated subcontractor) is between us and the main contractor. We may be appointed as nominated subcontractor based on the project owner's familiarity with us, our past experiences and track record of provision of services, resources and/or financial strength.

In the majority of projects that we have participated in, we have been appointed as a nominated subcontractor; while in other projects, we have been appointed as a domestic subcontractor.

Our customers contract electrical and mechanical engineering works to us on a project basis, and we bill progress billings to our customers based on milestones as set out in the relevant projects' letter of award/contract.

Our services involve projects in the public and private sectors, where our capabilities extend to delivering these services for residential, commercial and mixed development properties, as well as social amenities and infrastructure properties.

**7. BUSINESS OVERVIEW (cont'd)****Top 10 projects by contract value**

The table below shows the top 10 projects by contract value secured by KAB in the past 3 financial years and up to LPD in descending order:-

|     | <b>Project scope</b>  | <b>Project duration</b>                       | <b>Contract value<sup>(1)</sup><br/>(RM million)</b> | <b>Order book<br/>(Estimated<br/>balance of<br/>contract<br/>revenue to be<br/>recognised) as<br/>at the LPD (RM<br/>million)</b> |
|-----|---|---|--|---|
| 1.  | Electrical, FTTH and telephone services at EkoCheras, Cheras, Kuala Lumpur                                  | October 2016 to August 2018                   | 41.4   | 38.1  |
| 2.  | Electrical, FTTH and telephone services at H2O Residences, Ara Damansara, Selangor                          | July 2015 to December 2017 <sup>(1)</sup>     | 24.3   | 6.8   |
| 3.  | Electrical, FTTH and telephone services at Cybersquare, Cyberjaya, Selangor                                 | February 2014 to August 2016                  | 24.0   | -   |
| 4.  | Electrical services for Savanna Apartment (Block A, B and E) at Sepang, Selangor                            | October 2014 to August 2017 <sup>(2)</sup>    | 23.6   | 0.7   |
| 5.  | Electrical services for Savanna Apartment (Block C and D) at Sepang, Selangor                               | November 2014 to December 2017 <sup>(1)</sup> | 23.4   | 1.2   |
| 6.  | Electrical, FTTH and telephone services at Lakeville Residence (Package 2 and 3), Taman Wahyu, Kuala Lumpur | January 2016 to January 2019                  | 23.2   | 15.3  |
| 7.  | Electrical and telephone services for Astoria Ampang at Jalan Ampang, Kuala Lumpur                          | January 2017 to October 2020                  | 23.2   | 23.0  |
| 8.  | Electrical, FTTH and ELV services for Jalilmas and The Havre at Bukit Jalil, Kuala Lumpur                   | April 2017 to July 2019                       | 20.7   | 19.8  |
| 9.  | Electrical and telephone services at M-City (Package 2), Jalan Ampang, Kuala Lumpur                         | January 2013 to December 2015                 | 17.7   | -   |
| 10. | Electrical services at Mesahill Phase 1 and 2 at Nilai, Negeri Sembilan                                     | April 2015 to May 2017                        | 17.5   | -   |

**Notes:-**

(1) *In the midst of obtaining an extension of time.*

(2) *Services performed by KAB has been completed, pending the issuance of the Certificate of Practical Completion from the project architect*

## 7. BUSINESS OVERVIEW *(cont'd)*

### 7.2 OUR COMPETITIVE STRENGTHS AND ADVANTAGES

Our Company's competitive strengths are as follows:

**(i) We are nominated subcontractors in the majority of projects undertaken**

There are primarily 2 types of subcontractors in the construction sector, namely domestic subcontractors and nominated subcontractors. Domestic subcontractors are appointed at the discretion of the main contractor. In contrast, nominated subcontractors are nominated by the project owner, which the main contractor is obliged to appoint as a subcontractor.

Our customers are primarily main contractors, project owners and property developers in Malaysia's construction industry. In the majority of the projects, we have been appointed as a nominated subcontractor.

Our appointment as nominated subcontractor may be based on several factors which include the project owners' familiarity with us, our past working experiences, track record, resources and/or financial strength.

We have been appointed as a nominated subcontractor for approximately 69.8% of our total number of projects secured in the last 3 financial years and up to LPD. Being a nominated subcontractor allows us to have direct negotiations with the project owner on the terms of the subcontract and is less competitive as compared to a public tender. Upon successful negotiation, the project owner instructs the main contractor to appoint us as nominated subcontractor for the services to be provided.

Whilst we were appointed as a nominated subcontractor in a majority of the projects secured, we also managed to secure 30.2% of projects in the last 3 financial years and up to LPD through the main contractors as domestic subcontractors. This demonstrates our Company's ability to gain recognition from both property developers and project owners as well as from the main contractors.

**(ii) We hold the highest class and grade of certifications and an established track record in delivering electrical and mechanical engineering services**

We hold Class A, the highest class of electrical contractor certification registered with the Energy Commission Malaysia which allows us to tender for electrical projects exceeding RM1 million. Further, we also hold Grade 'G7' license, the highest grade of license issued by CIDB which allows us to tender for projects with unlimited amount of value for the following categories:-

- (i) General building works;
- (ii) Air-condition system;
- (iii) Fire prevention and protection system;
- (iv) Sound system;
- (v) Low voltage installation;
- (vi) Special lighting system;
- (vii) Internal telecommunications system;
- (viii) External telecommunication system;
- (ix) General electrical works;
- (x) Building automation system;
- (xi) Uninterrupted power supply system;
- (xii) High voltage installation;
- (xiii) Street lights and traffic lights;
- (xiv) Overhead low voltage lines;
- (xv) Low voltage power generator;
- (xvi) Underground low voltage cables; and

## 7. BUSINESS OVERVIEW (cont'd)

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(xvii) Airport runway lighting.

As such, we are able to tender for various types of electrical and mechanical engineering works in Malaysia's construction sector. Our customers are primarily main contractors, project owners and property developers in Malaysia's construction industry.

Since inception in 1997 up to LPD, we have completed over 50 projects for residential, commercial, mixed development, social amenities and infrastructure property projects. Our works relates to new building development as well as retrofitting/renovation or upgrading of existing buildings.

Given our knowledge, expertise and track record in electrical and mechanical engineering and the range of the relevant licenses we hold, we are able to secure contracts for the entire range of properties in both the private and public sectors.

**(iii) We offer comprehensive electrical and mechanical engineering services**

With close to 20 years of experience in the electrical and mechanical engineering services industry, we are equipped to undertake a project from procurement up to installation, testing, commissioning and maintenance.

Arising from our capabilities to provide solutions from procurement to commissioning in relation to the services which we specialise in, we are well-positioned to bid for projects as we offer the entire range of services as a single vendor. These attributes have helped us secure projects in the past and further assist our Company to compete for future projects. Please refer to Section 7.1 for the list of the top 10 projects by contract value that has been secured by our Company for the past 3 FYEs up to LPD.

**(iv) We have an experienced management team**

Our senior management team possess in-depth knowledge and experience in electrical and mechanical engineering (*see Section 9 of this Prospectus for details of our Directors and Key Management*). In particular, our Managing Director, Dato' Lai has approximately 26 years of experience in electrical engineering with a focus on electrical systems planning, design, installation, testing and commissioning, business development and project management. Our Executive Director, Choong GS, has approximately 30 years of experience in electrical engineering with a focus on electrical systems planning, design, installation, testing and commissioning and project management.

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**7. BUSINESS OVERVIEW** (cont'd)

Dato' Lai and Choong GS are supported by a team of Key Management comprising:-

| <b>Key Management</b> | <b>Position held</b>                       | <b>Qualifications</b>  | <b>Years of relevant working experience</b> |
|-----------------------|--|--|---|
| Datin Alicia          | General Manager (Finance & Administrative) | Sijil Pelajaran Malaysia   | 20 years                                    |
| Goh Kok Boon          | Project Director                           | Bachelor of Applied Science (Honours) in Electrical Engineering from University of Windsor, Canada               | 20 years                                    |
| Ng Siew King          | Chief Financial Officer                    | Bachelor of Commerce (Accounting and Finance) from University of Melbourne, Australia                            | 17 years                                    |
| Chua Ching Jiann      | Deputy Senior Project Manager              | Bachelor of Engineering (Electrical and Electronic) from University of Hertfordshire, United Kingdom             | 11 years                                    |
| Lee Yee Looi          | Human Resource Manager                     | Bachelor of Business (International Business Management/Human Resource) from Charles Sturt University, Australia | 8 years                                     |

Some of our Key Management have specialised industry and technical knowledge in electrical and mechanical engineering works and our technicians possess relevant professional qualifications as required for engineering works. They are expected to continue to play an important role in the future development of our Company through their ability to understand the industry and anticipate growth areas within the industry.

We consider our employees as our core assets. We seek to provide career opportunities and shall continue to invest in the further development of our employees.

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**7. BUSINESS OVERVIEW** (cont'd)

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**(v) Delivery of quality services through quality assurance policies and practices and an internal quality assurance audit team**

We are committed to provide quality works and services, which are instrumental in fostering our industry reputation.

We have adopted a set of quality assurance measures which comprises monitoring, verifying and validating the works and materials to ensure that high quality works and services are delivered to our customers. Our Quality Management Department is responsible for ensuring that our Company's quality procedures are adopted and strictly adhered to across projects that we undertake. They undertake internal quality audits, monitoring and measurement of processes, monitoring and measurement of project performance, analysis and preventive action where applicable, for improvement of our work quality. Our Quality Management Department is led by our Executive Director.

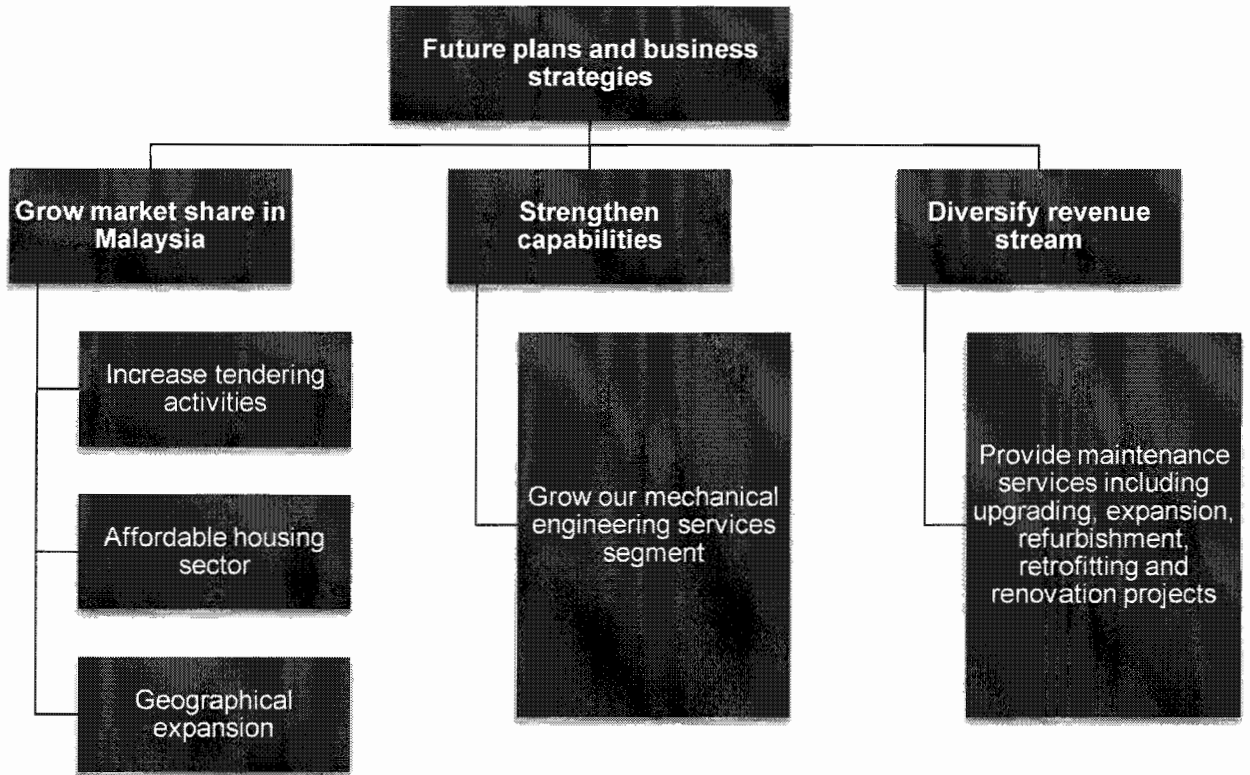
In recognition of the quality assurance procedures in place, our quality management system was accredited with the BS EN ISO 9001:2008 certificate by NQA Certification Services (M) Sdn Bhd in 2008. Further, we received the Silver award in occupational safety and health (OSH) implementation from MSOSH in 2012. This award is an acknowledgement for companies that have achieved commendable safety and health records and / or have shown improvement in occupational safety and health processes through sound safety and health management systems. We have also obtained a 3-star SCORE rating from SME Corporation Malaysia and MITI in 2010 and from CIDB in 2014. A 3-star rating demonstrates that the SME is semi to fully automated, is able to implement quality system, undertakes product and process improvements, with Intellectual Property registered, is ready for export compliance certification and measures for improvement are recommended

We believe that our commitment to quality will allow us to deliver quality services in a timely manner and within budget, thereby enhancing our market reputation and strengthen our market position.

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## 7. BUSINESS OVERVIEW *(cont'd)*

### 7.3 FUTURE PLANS AND BUSINESS STRATEGIES



#### (i) Increase tendering activities

For the periods under review, electrical engineering services contributed to the majority of our revenue. According to the IMR Report, we have a market share of 1.7% in Malaysia in 2016 based on the total value of awarded electrical engineering services projects awarded to our Company in the FYE 2016 versus the total value of electrical projects awarded in the construction sector during the same period. In 2016, the total value of electrical engineering services projects awarded in Malaysia was registered at RM8.4 billion. During this same period, our Company was awarded projects amounting to RM138.7 million.

We plan to strengthen our market position in Malaysia's electrical and mechanical engineering services industry by tendering for more projects and ensuring steady growth of our operations for large scale residential, commercial and mixed-development projects and we aim to increase our overall share of the domestic market. In order to tender for more projects, we have earmarked proceeds from the IPO for the purpose of increasing our available working capital. By allocating the proceeds for various working capital purposes, including, amongst others, providing performance bonds and tender bonds (both of which are norms in the tender process), our Company will be in a better position to secure more projects and projects of higher value, thereby increasing our market share in Malaysia.

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## 7. BUSINESS OVERVIEW *(cont'd)*

### (ii) Affordable housing sector

We see opportunities in the residential property segment, particularly in major urban centres, where a shortfall in affordable housing has prompted the Government of Malaysia to introduce various measures to address such shortfall. The Government's efforts to launch and promote affordable housing programmes nationwide is expected to bode well for the mechanical and electrical engineering services industry, creating demand for mechanical and electrical engineering services in affordable housing projects. Thus far, we have managed to secure projects under the affordable housing programmes such as PR1MA Setapak at Setapak, Kuala Lumpur as well as Jalilmas at Bukit Jalil, Kuala Lumpur.

According to the IMR Report, the Government of Malaysia has committed to playing a major role in meeting the housing needs for targeted groups in urban and rural areas by continuing successful existing programmes, that include programmes under the Program Bantuan Rumah for the poor, and programmes for low-income and middle-income households such as the Rumah Mesra Rakyat 1Malaysia, Program Perumahan Rakyat, Perumahan Rakyat 1Malaysia, and 1Malaysia Civil Servants Housing, as well as programmes for second-generation FELDA and FELCRA settlers. Financing schemes such as My First Home Scheme, Youth Housing Scheme and MyHome will also be enhanced to improve access and affordability for low-income and middle-income households.

We intend to capture the opportunities created by the abovementioned national residential property projects and expand our domestic market reach. The overall growth prospects in Malaysia will enable us to maintain our growth and strengthen our position in the domestic electrical and mechanical industry.

### (iii) Geographical expansion

Historically, we have focused on securing projects in the Central region of Malaysia, particularly in Kuala Lumpur and Selangor. As a result, we have derived approximately 99.0%, 98.7% and 98.3% of our Company's revenue in the FYEs 2014, 2015 and 2016 respectively from the Central region.

Building on our experience and track record for providing electrical and mechanical engineering services in the Central region of Malaysia, and our business relationships with main contractors in the Central region of Malaysia, we intend to utilise a portion of our IPO proceeds to set up a branch office to capture greater market share in the Southern region of Malaysia.

The state of Johor is a key driver for the high commercial property transactions in the Southern region as the launch of the Iskandar Malaysia masterplan in 2006 has resulted in intensified business activities in the state, thus creating strong demand for commercial properties. Approximately 63.3% of the total value of residential construction projects awarded in 2016 was for the Central region while an additional 14.8% was for the Southern region, comprising the states of Malacca and Johor. Awarded commercial and industrial construction projects were strongest in the Central region (40.8% of total value of commercial and industrial construction), followed by the Southern region (25.4% of total value of commercial and industrial construction) during the same year.

*(Source: IMR Report)*

Our Company's expansion plan in the Southern region of Malaysia will bode well for long term business growth, thereby allowing us to realise sustainable growth and generate greater revenue.

## **7. BUSINESS OVERVIEW** *(cont'd)*

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### **(iv) Grow our mechanical engineering services segment**

In the past 3 financial years up to 2016, the provision of mechanical engineering services was not an area of focus of our Company even though we first provided such services in 2010. During this period, we focused on our electrical engineering services projects and started the provisioning of ELV and FTTH services to our customers.

Following the positive response where we managed to secure contracts for the provision of ELV and FTTH services as a packaged service in addition to our electrical engineering services, our Company plans to replicate the provisioning of mechanical engineering services. We intend to focus on the provisioning of air conditioning and mechanical ventilation services as an added service offering that can be offered in addition to our electrical engineering services besides offering it on a standalone basis.

Further, our Grade 'G7' license issued by CIDB which allows us to tender for projects with unlimited amount of value for various mechanical engineering works would also facilitate the offering of mechanical engineering services by us.

We intend to build our mechanical engineering services further by leveraging on the experience we have gained and track record that we have accumulated in providing electrical engineering services, our past and existing experience in providing mechanical engineering services, and our contacts and business relationships with main contractors and project owners.

We will leverage on our capabilities and internal resources to expand our services, and build upon our track record to secure new projects. By increasing our tendering activities, we will be in a position to further enhance our Company's overall revenue and profitability.

### **(v) Provide maintenance services including upgrading, expansion, refurbishment, retrofitting and renovation projects**

Currently, we provide maintenance services to building owners and building operators during the defect liability period for the works implemented by our Company. We intend to expand our maintenance services to include services post expiry of the defect liability period. For cases in which we provided the implementation services, we believe that our Company will be favourably positioned to bid and secure maintenance services contracts upon the expiry of the defect liability period.

In expanding our income, we will intensify efforts to secure more projects relating to building upgrading, expansion, refurbishment, retrofitting and renovation. We expect opportunities to continue to emerge throughout Malaysia as a result of demand for secondhand residential and commercial properties and the need to upgrade electrical and mechanical systems across the lifespan of buildings. We shall strive to increase our Company's revenue from these services by actively bidding for such projects.

Our scope of works for maintenance services may vary based on the needs of our customers, comprising building energy consumption and technical assessments, electrical and mechanical systems inspection, replacement as well as repair works. Our customers can select a monthly, quarterly or annual service and maintenance cycle based on their needs.

We expect opportunities to continue to emerge throughout Malaysia as a result of the continued growth in the construction sector. We believe that we will be well positioned to secure maintenance services contracts for projects in which we had implemented electrical and mechanical engineering systems.

## **7. BUSINESS OVERVIEW** *(cont'd)*

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### **7.4 INFORMATION ON OUR COMPANY**

#### **7.4.1 Our History**

Our Company was incorporated in Malaysia under the CA 1965 on 24 February 1997 as a private limited company under the name of Kejuruteraan Asastera Sdn Bhd by our Managing Director Dato' Lai as its 50% shareholder, together with another shareholder who has since fully disposed his shareholdings. Since 2013, Dato' Lai and Choong GS have been holding our equity in the proportion of 95% and 5% respectively.

In 2013, we acquired 80% equity interest in AESB, a company principally involved in the provision of extra low voltage products and services. In 2014, we acquired the entire equity interest in PISB, a dormant company. In 2015, we disposed of the entire shareholding in PISB and PISB ceased to be a subsidiary after the disposal. In 2016, we disposed of the entire shareholding in AESB and AESB ceased to be a subsidiary after the disposal. Following the disposal of PISB and AESB, we no longer have any subsidiary companies.

Our Company was converted to a public company and assumed our current name of Kejuruteraan Asastera Berhad on 26 May 2017.

We are principally involved in the provision of electrical and mechanical engineering services, comprising the installation, testing and commissioning of electrical distribution systems, communications and information technology networks, ELV systems, as well as air-conditioning and mechanical ventilation systems. Mechanical and electrical systems are critical in allowing properties to be habitable and to perform its intended function in a safe and efficient manner while providing comfort to users.

In 1998, we were registered with the Energy Commission Malaysia as a Class A electrical contractor which allows us to tender for electrical projects exceeding RM1 million. In the following year, we were registered with the CIDB as a Grade 'G7' license holder, which allows us to tender for projects with unlimited amount of value for categories comprising general building works, air-condition system, fire prevention and protection system, sound system, low voltage installation, special lighting system, internal telecommunications system, external telecommunication system, and general electrical works.

We secured our first project for the provision of electrical engineering services for residential apartments at Kawasan "M", Hulu Klang Ampang, Selangor, for Perbadanan Kemajuan Negeri Selangor in 1999. Between 1999 and 2000, we were involved in other electrical engineering projects at Sungai Buloh and Hulu Langat, Selangor.

In 2000, we expanded the provision of our electrical engineering services from residential properties to commercial properties when we secured a project to deliver electrical engineering services for premises located at Menara Keck Seng in Kuala Lumpur.

In 2004, we made our first foray into the education building sector when we secured a project to deliver electrical engineering services at student apartments on the campus of Universiti Tenaga Nasional at Kajang, Selangor.

We achieved a milestone in 2008 when our quality management system was accredited with the BS EN ISO 9001:2008 certificate by NQA Certification Services (M) Sdn Bhd for the scope of mechanical and electrical engineering installation and maintenance services. This achievement was a validation of the quality management system that we have adopted in our Company.

## 7. BUSINESS OVERVIEW *(cont'd)*

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In 2010, we secured our first refurbishment project to deliver electrical engineering services for UE3 shopping mall at Cheras, Kuala Lumpur. In the same year, we ventured into the East Coast region of Malaysia when we were engaged for electrical engineering services at the affordable housing programme developments in Kuala Terengganu and Pulau Duyung Besar. The year 2010 was a milestone year for our Company as we diversified into the provision of mechanical engineering services. This was when our Company was appointed for, amongst others, the provision of air conditioning and mechanical ventilation services for residential property developments at Kajang 2 – Phase 1, Kajang, Selangor.

Subsequently in 2011, we secured a project for electrical and mechanical engineering services at Hillpark Phase 2, Semenyih, Selangor.

We secured our first FTTH project in 2012 at TTDI Adina at Shah Alam, Selangor.

In 2013, we secured a project in the hospitality industry to deliver electrical engineering services at Journal Hotel, off Jalan Sultan Ismail, Kuala Lumpur.

In 2014, we secured our first contract for the provision of ELV services at UriiKL Malaysia Institute of Aviation Technology campus at Subang, Selangor.

Further in 2016, we secured a contract for the provision of electrical engineering and FTTH services at EkoCheras, Cheras, Kuala Lumpur. With a contract value of RM41.44 million, this is our Company's largest project in terms of contract value up to LPD. In the same the year, we also secured our first infrastructure related project to provide electrical engineering services and ELV services at supervision building and rest and service area (RSA) at Segambut toll plaza at Section 1, Sri Damansara Link, Duta – Ulu Kelang Expressway Phase 2, Kuala Lumpur.

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## 7. BUSINESS OVERVIEW *(cont'd)*

### 7.4.2 Awards, Certifications and Recognitions

Our Company has achieved the following awards, certifications and recognitions:-

| Year | Awards / certifications   | Awarding party                         | Description   |
|------|---|--|---|
| 2008 | BS EN ISO 9001:2008   | NQA Certification Services (M) Sdn Bhd | Quality management system for the scope of mechanical and electrical engineering installation and maintenance services  |
| 2010 | 3-star SCORE* rating  | SME Corporation Malaysia and MITI      | An assessment of the performance level of SMEs based on criteria such as financial strength, business performance, human resource, technology acquisition and adoption, certification and market presence.                          |
| 2012 | Silver award in occupational safety and health (OSH) implementation | MSOSH                                  | An acknowledgement for companies that have achieved commendable safety and health records and / or have shown improvement in occupational safety and health processes through sound safety and health management systems.           |
| 2014 | 3-star SCORE* rating<br>Certificate of Achievement                  | CIDB                                   | An assessment of the performance level of local and foreign contractors based on criteria such as financial strength, business performance, human resource, technology acquisition and adoption, certification and market presence. |

*\*SCORE ratings range from zero (0)-star to 5-star, with 3-star rating demonstrating that the SME is semi to fully automated, is able to implement quality system, undertakes product and process improvements, with Intellectual Property registered, is ready for export compliance certification and measures for improvement are recommended.*

These awards serve as industry recognition of our Company's achievement in the electrical and mechanical engineering services industry, and demonstrate our commitment in providing quality services to our customers.

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**7. BUSINESS OVERVIEW** (cont'd)**7.5 KEY ACHIEVEMENTS/MILESTONES**

The key achievements/milestones of our Company are as follows:-

| <b>Year</b> | <b>Key Achievements/Milestones</b>   |
|-------------|--|
| 1997        | <ul style="list-style-type: none"> <li>Incorporation of our Company under the name of Kejuruteraan Asastera Sdn Bhd</li> </ul>   |
| 1998        | <ul style="list-style-type: none"> <li>Registered with Energy Commission Malaysia as a Class A electrical contractor</li> </ul>  |
| 1999        | <ul style="list-style-type: none"> <li>Registered with the CIDB as a Grade 'G7' license holder</li> <li>Secured our first project for the provision of electrical engineering services for residential apartments at Kawasan "M", Hulu Klang Ampang, Selangor</li> </ul>   |
| 2008        | <ul style="list-style-type: none"> <li>Accredited with the BS EN ISO 9001:2008 certificate by NQA Certification Services (M) Sdn Bhd for the scope of mechanical and electrical engineering installation and maintenance services</li> </ul>   |
| 2010        | <ul style="list-style-type: none"> <li>Secured our first refurbishment project to deliver electrical engineering services for UE3 shopping mall at Cheras, Kuala Lumpur</li> <li>Diversified into the provision of mechanical engineering services: Appointed for the provision of, amongst others, air conditioning and mechanical ventilation services for residential property developments at Kajang 2 – Phase 1 , Kajang, Selangor</li> </ul> |
| 2012        | <ul style="list-style-type: none"> <li>Secured our first FTTH project in 2012 at TTDI Adina at Shah Alam, Selangor</li> </ul>  |
| 2014        | <ul style="list-style-type: none"> <li>Secured our first contract for the provision of ELV services at UniKL Malaysia Institute of Aviation Technology campus at Subang, Selangor,</li> </ul>  |
| 2016        | <ul style="list-style-type: none"> <li>Secured our largest contract value at RM41.4 million as at the LPD for the provision of electrical engineering and FTTH services at EkoCheras, Cheras, Kuala Lumpur</li> </ul>  |
| 2017        | <ul style="list-style-type: none"> <li>Converted to Kejuruteraan Asastera Berhad</li> </ul>  |

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