



MESTRON
HOLDINGS BERHAD

(Company No. 1280732-K)
(Incorporated in Malaysia under the Companies Act 2016)

www.mestron.com.my



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PROSPECTUS

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ADVISER, SPONSOR, UNDERWRITER
AND PLACEMENT AGENT



M&A SECURITIES SDN BHD
(15017-H)

(A WHOLLY-OWNED SUBSIDIARY OF INSAS BERHAD)
(A PARTICIPATING ORGANISATION OF BURSA
MALAYSIA SECURITIES BERHAD)



INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

- (I) PUBLIC ISSUE OF 158,000,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:
 - 39,500,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 8,750,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES;
 - 30,750,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
 - 79,000,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA
- (II) OFFER FOR SALE OF 79,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.16 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED 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 THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS THAT YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 122.

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.

Our Directors, Promoters and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. 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.

M&A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), 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 IPO.

Admission to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") is not to be taken as an indication of the merits of our IPO, our Company, or our shares.

This Prospectus, together with the Application Form (as defined herein), has also been lodged with the ROC (as defined herein), who takes no responsibility for its contents.

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 ("CMSA") for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to our Group (as defined herein).

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 person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our Shares (as defined herein) on 18 February 2019. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be 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 whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The Securities Commission ("SC") has on 11 March 2019 approved the resultant equity structure under the equity requirement for public listed companies pursuant to our Listing (as defined herein).

Our securities are classified as Shariah compliant by the Shariah Advisory Council of SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of SC. The new status will be released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to 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 or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

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.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the 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 (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or Issuing House (as defined herein), a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the 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:

- (a) We and our Adviser do not endorse and is not affiliated in any way with the Third Party Internet Sites and is not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs 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 of any data, information, files or other material provided by such parties; and

- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our 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 an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be 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 an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults 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.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to our Listing is set out below:

Event	Date
Issuance of this Prospectus/Opening of Application	23 May 2019
Closing Date	3 June 2019
Balloting of the Application	10 June 2019
Allotment of IPO Shares to successful applicants	17 June 2019
Date of Listing	18 June 2019

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to "Mestron Holdings" and the "Company" in this Prospectus are to Mestron Holdings Berhad (1280732-K). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or one decimal places (for percentages) or one ringgit or one sen (for currency). Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" and "Technical Glossary" appearing after this section. Words denoting the singular only 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 companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated 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 report(s) prepared by the IMR. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus.

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FORWARD LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains 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, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, 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 Management's current view 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 "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) Demand for our products;
- (b) Our business strategies;
- (c) Our future plans;
- (d) Our financial position;
- (e) Our future earnings, cash flows and liquidity; and
- (f) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (a) The economic, political and investment environment in Malaysia and globally; and
- (b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Section 8 - Risk Factors" and "Section 10 - Financial Information". 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 date of this Prospectus.

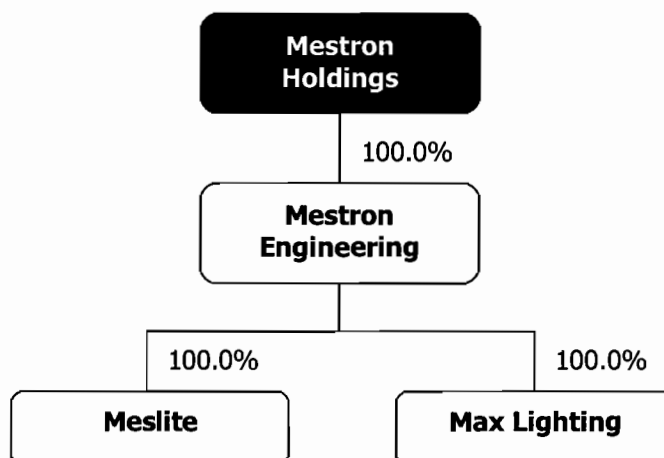
DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

"Mestron Holdings" or "Company"	:	Mestron Holdings Berhad (1280732-K)
"Mestron Holdings Group" or "Group"	:	Mestron Holdings and its subsidiaries, collectively
"Mestron Engineering"	:	Mestron Engineering Sdn Bhd (591970-X), a wholly owned subsidiary of Mestron Holdings
"Meslite"	:	Meslite Sdn Bhd (903519-A), a wholly owned subsidiary of Mestron Engineering
"Max Lighting"	:	Max Lighting Solution Sdn Bhd (1177145-X), a wholly owned subsidiary of Mestron Engineering

A diagrammatic illustration of our Group structure is as follows:



GENERAL:

"ACE Market"	:	ACE Market of Bursa Securities
"Act"	:	Companies Act 2016
"ADA"	:	Authorised Depository Agent
"Adviser" or "Sponsor"	:	M&A Securities
"Agricultural Land A"	:	A piece of agricultural land measuring 0.1704 hectares bearing a land title of PM 7562 , Lot 16379, Mukim Dengkil, Daerah Sepang, Negeri Selangor
"Agricultural Land B"	:	A piece of agricultural land measuring 0.1942 hectares bearing a land title of PM 8591, Lot 16380, Mukim Dengkil, Daerah Sepang, Negeri Selangor

DEFINITIONS (Cont'd)

"Application"	:	The application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	:	The printed application form for the application of our IPO Shares accompanying this Prospectus
"ATM"	:	Automated Teller Machine
"Board"	:	Board of Directors of Mestron Holdings
"BS"	:	British Standard
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CAGR"	:	Compound annual growth rate
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"CF/CCC"	:	Certificate of fitness for occupation or certificate of completion and compliance issued by local authorities or principal submitting person (whichever is applicable)
"Closing Date"	:	The date adopted in the Prospectus as the last date for acceptance and receipt of Application
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	Constitution of our Company
"Depository Rules"	:	The Rules of Bursa Depository and any appendices thereto
"Director"	:	Either an executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"EBIT"	:	Earnings before interest and taxation
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	:	Application for our IPO Shares through a Participating Financial Institution's ATM
"EN"	:	European Standard
"EPS"	:	Earnings per share

DEFINITIONS (Cont'd)

"FYE(s)"	:	Financial year(s) ended/ending 31 December, as the case may be
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR" or "PROVIDENCE"	:	Providence Strategic Partners Sdn Bhd (1238910-A), our Independent Market Researcher
"IMR Report"	:	Independent Market Research Report dated 7 May 2019 titled "The Street Lighting, Construction and Telecommunications Industries"
"Internet Participating Financial Institution(s)"	:	Participating financial institution(s) for Internet Share Application as listed in Section 14
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising our Public Issue and Offer for Sale
"Internet Share Application"	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
"IPO Price"	:	Our issue/offer price of RM0.16 per Share pursuant to our Public Issue and Offer for Sale
"IPO Share(s)"	:	The Issue Share(s) and Offer Share(s), collectively
"Issue Share(s)"	:	New Share(s) to be issued pursuant to our Public Issue
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
"JKR"	:	Jabatan Kerja Raya, Malaysia
"Light Industrial Land"	:	A piece of light industrial land measuring approximately 0.5522 hectare bearing a land title of PM 7561, Lot 16393, Mukim Dengkil, Daerah Sepang, Negeri Selangor, which is located opposite of our Main Manufacturing Facility that we intend to acquire
"Listing"	:	Listing of and quotation for our entire enlarged share capital of RM56,880,001.90 comprising 790,000,000 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"Listing Scheme"	:	Comprising our Public Issue, Offer for Sale and Listing, collectively
"LPD"	:	30 April 2019, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M&A Securities Sdn Bhd (15017-H)
"M&E"	:	Mechanical and electrical
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia

DEFINITIONS (Cont'd)

"Market Day(s)"	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MFRS"	:	Malaysian Financial Reporting Standards
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of International Trade and Industry, Malaysia
"MT"	:	Metric tonne
"NA"	:	Net assets
"NBV"	:	Net book value
"Offer for Sale"	:	The offer for sale by the Selling Shareholders of 79,000,000 Offer Shares at our IPO Price by way of private placement to selected investors
"Offer Shares"	:	Existing Shares to be offered pursuant to the Offer for Sale
"Official List"	:	The list specifying all securities which have been admitted for listing of Bursa Securities and not removed
"Participating Financial Institutions"	:	Participating financial institutions for Electronic Share Application as listed in Section 14
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-to-earnings multiple
"Pink Form Allocations"	:	The allocation of 8,750,000 Issue Shares to our eligible Directors and employees
"Placement Agent"	:	M&A Securities
"Promoters"	:	Collectively, Por Teong Eng and Loon Chin Seng
"Prospectus"	:	This prospectus dated 23 May 2019 in relation to our IPO
"Public Issue"	:	The public issue of 158,000,000 Issue Shares at our IPO Price
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission Malaysia
"Selling Shareholders"	:	Collectively, Por Teong Eng and Loon Chin Seng, who are undertaking the Offer for Sale
"Share(s)" or "Mestron Holdings Share(s)"	:	Ordinary share(s) in Mestron Holdings

DEFINITIONS (Cont'd)

"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991
"SIRIM"	:	Standard and Industrial Research Institute of Malaysia
"sq ft"	:	Square feet
"Underwriter"	:	M&A Securities
"Underwriting Agreement"	:	The underwriting agreement dated 30 April 2019 entered into between our Company and M&A Securities pursuant to our IPO
"USA"	:	United States of America
"Vendors"	:	Collectively, Por Teong Eng and Loon Chin Seng

Our restructuring

"Acquisition of Max Lighting"	:	Acquisition by Mestron Engineering for the remaining 30.0% equity interest, comprising 60,000 ordinary shares in Max Lighting for a purchase consideration of RM134,907 which was wholly satisfied by cash.
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The Acquisition of Max Lighting was completed on 25 April 2019 and resulted in Max Lighting becoming a wholly-owned subsidiary of Mestron Engineering

"Acquisition of Meslite"	:	Acquisition by Mestron Engineering for the remaining 40.0% equity interest, comprising 200,000 ordinary shares in Meslite for a purchase consideration of RM358,320 which was wholly satisfied by cash.
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The Acquisition of Max Lighting was completed on 25 April 2019 and resulted in Meslite becoming a wholly-owned subsidiary of Mestron Engineering

"Acquisition of Mestron Engineering"	:	Acquisition by Mestron Holdings of the entire share capital of Mestron Engineering for a purchase consideration of RM31,599,999.90 which was wholly satisfied by the issuance of 631,999,998 new Shares at an issue price of RM0.05 per Share.
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The Acquisition of Mestron Engineering was completed on 25 April 2019 and resulted in Mestron Engineering becoming a wholly owned subsidiary of Mestron Holdings

"Acquisitions"	:	Collectively, the following: (i) Acquisition of Max Lighting; (ii) Acquisition of Meslite; and (iii) Acquisition of Mestron Engineering
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DEFINITIONS (Cont'd)

Properties owned by our Group

- "Adjacent Land" : A piece of leasehold industrial land adjacent to our Main Manufacturing Facility located at Lot 16405, Mukim Dengkil, Daerah Sepang, Negeri Selangor under Geran 150625. It is currently utilised as our storage area for products and raw materials
- "Alam Puchong Land" : A piece of vacant industrial lot located at No 10, Jalan PP 11/3, Alam Perdana Industrial Park, Taman Putra Perdana, 47130 Puchong, Selangor Darul Ehsan that we intend to dispose
- "Investment Property A" : A freehold 1 ½ storey linked factory owned by Mestron Engineering located at No 41, Jalan Meranti Jaya 12, Taman Perindustrian Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan. It is currently being rented out to third party
- "Investment Property B" : A freehold 1 ½ storey linked factory owned by Meslite located at No 39, Jalan Meranti Jaya 12, Taman Perindustrian Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan. It is currently being rented out to third party
- "Main Manufacturing Facility" : Our main factory and head office located at PT 50102, Jalan MU 1/9, Seksyen 10, Taman Perindustrian Meranti Utama, 47120 Puchong, Selangor Darul Ehsan
- "Meslite's Factory" : A freehold 1 ½ storey linked factory located at No 15, Jalan Imp 1, Taman Industri Meranti Perdana, 47120 Puchong, Selangor Darul Ehsan. It is currently utilised as Meslite's factory for the manufacturing of decorative compound light poles

Currencies

- "AUD" : Australian Dollar
- "BND" : Brunei Dollar
- "NZD" : New Zealand Dollar
- "RM" and "sen" : Ringgit Malaysia and sen respectively
- "SGD" : Singapore Dollar
- "USD" : United States Dollar

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TECHNICAL GLOSSARY

This glossary contains an explanation of certain technical terms used throughout this Prospectus in connection with our business. The terminologies and their meanings may not correspond to the standard industry usage of these terms.

"aerodynamic"	:	Refers to a shape of an object that can reduce drag from air or wind moving past the object
"bending"	:	A process of shaping steel plates into a curve or angle
"BS EN 40 – 5:2002"	:	An international standard used for structural steel street light poles, which is adopted in Malaysia
"camera pole"	:	A steel pole used to support traffic surveillance and security monitoring cameras
"concrete footing"	:	A concrete foundation embedded into the ground which can support the weight of the steel pole above ground
"CNC machinery"	:	Computer Numerical Control machines, a machine executed and/or commanded by computers to perform tasks in high precision manner such as milling and cutting of steel materials
"decorative light pole"	:	Light poles that are aesthetically designed in accordance to customers' specifications and typically used on private roads or walkways in residential and commercial developments
"flange"	:	An object with an external or internal rim used to strengthen or attach the steel poles in place
"foundation bolts and nuts"	:	An anchor bolt used to fasten the poles into the concrete footing
"galvanising"	:	A surface treatment process to prevent rust and abrasions, extends the life of the surface and improves the safety of the steel poles
"GRUPPE"	:	Brand of outdoor lighting products supplied by Gruppe Lighting Solution Sdn Bhd
"high mast pole"	:	A steel pole that has high load capacity or is able to support multiple outdoor lighting products
"ISO 9001:2008"	:	An international certification of quality management systems, awarded by International Organisation for Standardisation
"junction box"	:	An enclosure housing and protecting electrical wiring
"large pole"	:	Steel poles which ranges from 12 meters to 50 meters in height. For the purposes of this Prospectus, telecommunication monopoles and high mast poles are classified as large poles
"lighting specialist"	:	Lighting product manufacturers with established outdoor lighting product brands for street lighting purposes
"mid-hinge collapsible pole"	:	A steel pole with a collapsible arm to allow for ease of maintenance as height is adjustable

TECHNICAL GLOSSARY (Cont'd)

"mining light pole"	:	A steel light pole or column installed at mining sites
"NIKKON"	:	Brand of outdoor lighting products supplied by Success Electronics & Transformer Manufacturer Sdn Bhd (subsidiary of Success Transformer Corporation Berhad)
"octagonal"	:	A shape made of a combination of 8 straight lines which closes to form the sides
"oscillation"	:	The movement of back and forth in a regular rhythm
"OSRAM"	:	Brand of outdoor lighting products supplied by OSRAM (M) Sdn Bhd
"oil and gas light pole"	:	A steel light pole or column installed on offshore oil and gas platforms
"outdoor lighting bulb"	:	A glass bulb inserted into the socket of a lamp which forms part of an outdoor lighting product
"outdoor lighting product"	:	A lighting product used outdoors which provides light when connected to an electricity source
"polygonal"	:	A shape of an object made of a combination of straight lines which closes to form the sides
"QA/QC"	:	Quality assurance and control
"service door"	:	A fibreglass or steel door on the steel pole that enables maintenance of electrical products
"shearing"	:	A process where steel plates are cut to produce steel plates of different lengths
"specialised contractors"	:	Contractors specialised in the engineering, procurement and construction of telecommunication infrastructure, oil and gas offshore platforms or mining sites
"specialty pole"	:	The steel pole product comprising camera pole, high mast pole, mid-hinge collapsible pole, traffic pole, telecommunication monopole, oil and gas light pole and mining light pole
"standard street light pole"	:	Street light poles that are tapered octagonal shape and typically used on public and private roads, highways and pedestrian walkways
"standard outdoor lighting"	:	An outdoor lighting product used on standard and decorative street light poles
"steel pipes"	:	Hollow tubes made from steel
"steel plates"	:	Thin and flat pieces of steel, typically more than 3 millimetre

TECHNICAL GLOSSARY (Cont'd)

"street lighting"	:	Refer to the full set of a street light pole and outdoor lighting product, which is used to illuminate public and private roads, highways, pedestrian walkways and bridges
"street light pole"	:	Steel column used to support outdoor lighting products which are typically installed on public and private roads, highways, pedestrian walkways and bridges
"steel pole"	:	Steel column used to support outdoor lighting products or other electrical products (such as cameras, traffic light signals and antennas) and houses cables and wiring for these outdoor lighting and electrical products
"tack"	:	A process to temporarily hold steel plates/sheets in the proper location, alignment and distance apart
"tapered"	:	Thickness of an object which gradually becomes narrower towards one end
"telecommunication monopole"	:	A steel pole used to support antenna mounting hardware and platforms for telecommunication applications
"traffic pole"	:	A steel pole used to support traffic light signals
"winch"	:	A mechanical device that is used to adjust the tension of a wire/cable
"2D"	:	Two-dimensional, appearing to have two dimensions such as width and height
"3D"	:	Three-dimensional, appearing to have three dimensions such as width, height and depth

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Gender)	Designation	Address	Nationality
Tajul Arifin bin Mohd Tahir (M)	Independent Non-Executive Chairman	No. 10E-2-1-4, Sri Kinabalu Section 10 Wangsa Maju 53300 Kuala Lumpur	Malaysian
Por Teong Eng (M)	Managing Director	No. 41, Jalan Puteri 9/1B Bandar Puteri 47100 Puchong Selangor Darul Ehsan	Malaysian
Loon Chin Seng (M)	Executive Director	No. 9, Jalan BK 8/1D Bandar Kinrara 47180 Puchong Selangor Darul Ehsan	Malaysian
Leong Peng Phooi (M)	Independent Non-Executive Director	No. 68, Jalan Putra Indah 9/8 Putra Heights 47650 Subang Jaya Selangor Darul Ehsan	Malaysian
Phang Sze Fui (F)	Independent Non-Executive Director	No. 17, Jalan PP4/12 Taman Putra Prima 47130 Puchong Selangor Darul Ehsan	Malaysian

Notes:

M refers to male

F refers to female

AUDIT & RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Phang Sze Fui	Chairwoman	Independent Non-Executive Director
Tajul Arifin bin Mohd Tahir	Member	Independent Non-Executive Chairman
Leong Peng Phooi	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Tajul Arifin bin Mohd Tahir	Chairman	Independent Non-Executive Chairman
Phang Sze Fui	Member	Independent Non-Executive Director
Leong Peng Phooi	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

NOMINATION COMMITTEE

Name	Designation	Directorship
Tajul Arifin bin Mohd Tahir	Chairman	Independent Non-Executive Chairman
Phang Sze Fui	Member	Independent Non-Executive Director
Leong Peng Phooi	Member	Independent Non-Executive Director

REGISTERED OFFICE : Suite 10.02, Level 10
The Gardens South Tower,
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone number: +603-2298 0263

HEAD OFFICE : PT 50102, Jalan MU 1/9,
Seksyen 10,
Taman Perindustrian Meranti Utama,
47120 Puchong,
Selangor Darul Ehsan

Telephone number: +603-8069 1815

EMAIL ADDRESS AND WEBSITE : Email address: info@mestron.com.my
Website: www.mestron.com.my

COMPANY SECRETARY : **Tan Tong Lang (MAICSA 7045482)**
(Chartered Secretary)

Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone number: +603-2298 0263

**ADVISER, SPONSOR,
UNDERWRITER AND PLACEMENT
AGENT** : **M&A Securities Sdn Bhd (15017-H)**

Level 11, No. 45 & 47, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone number: +603-2284 2911

1. CORPORATE DIRECTORY (Cont'd)

- SOLICITORS FOR OUR IPO** : **Ben & Partners**
7-2, Level 2
Block D2
Dataran Prima
Jalan PJU 1/39
47301 Petaling Jaya
Selangor Darul Ehsan

Telephone number: +603-7805 2922
- ISSUING HOUSE AND SHARE REGISTRAR** : **Tricor Investor & Issuing House Services Sdn Bhd (11324-H)**

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone number: +603-2783 9299
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO** : **Grant Thornton Malaysia (AF 0737)**

Level 11
Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Telephone number: +603-2692 4022

Partner: Lian Tian Kwee
Approval number: 02943/05/2019 (J)
(Chartered Accountant, Malaysian Institute of Accountants, Member of Malaysian Institute of Certified Public Accountants)
- INDEPENDENT MARKET RESEARCHER** : **Providence Strategic Partners Sdn Bhd (1238910-A)**

67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan

Telephone number: +603-7625 1769

Executive Director: Melissa Lim Li Hua
(Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia)
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : Approved by Shariah Advisory Council of SC

2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 18 February 2019, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submission of the following information with respect to the moratorium on the shareholdings of the Promoters to Bursa Depository: <ul style="list-style-type: none"> (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares 	Complied
2.	Approvals from other relevant authorities have been obtained for implementation of the Listing	Complied
3.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of Listing Requirement	To be complied
4.	Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of Mestron Holdings on the first day of listing	To be complied
5.	Any director of the Company who has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company	Complied
6.	In relation to the public offering to be undertaken by Mestron Holdings, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: <ul style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche, in the format prescribed; and (iv) Disclosure of placees who become substantial shareholders of Mestron Holdings arising from the public offering, if any. 	To be complied
7.	Mestron Holdings/M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission to the Official List of the ACE Market.	To be complied

2. APPROVALS AND CONDITIONS (Cont'd)

2.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 11 March 2019, approved the resultant equity structure of Mestron Holdings under the equity requirement for public listed companies pursuant to our Listing subject to the following condition:

No.	Details of conditions imposed	Status of compliance
1.	Mestron Holdings to allocate Shares equivalent to at least 12.5% of its enlarged issued share capital at the point of Listing to Bumiputera investors. This includes the Shares offered under the balloted public offer portion, of which at least 50.0% are to be offered to Bumiputera investors.	To be complied

The effect of our Listing on our equity structure is as follows:

Category of shareholders	As at 26 October 2018		After the Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera	-	-	⁽¹⁾ 98,750,000	12.5
Non-Bumiputera	2	100.0	691,250,000	87.5
Malaysian	2	100.0	790,000,000	100.0
Foreigners	-	-	-	-
Total	2	100.0	790,000,000	100.0

Note:

- (1) Based on the assumption that the Shares allocated to Bumiputera investors shall be fully subscribed as follows:

Category	No. of Shares
Bumiputera public investor via balloting	19,750,000
Private placement to identified Bumiputera investors approved by MITI	79,000,000
Total	98,750,000

The Shariah Advisory Council of the SC had, vide its letter dated 28 March 2019 classified our Shares as shariah-compliant based on the audited combined financial statement of FYE 2017.

2.1.3 MITI

The MITI had, vide its letter dated 28 March 2019, taken note and has no objection to our Listing.

2.2 MORATORIUM ON OUR SHARES

In accordance with Paragraph 3.19 of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Mestron Holdings Shares held by our Promoters as follows:

2. APPROVALS AND CONDITIONS (Cont'd)

- (a) The moratorium applies to the entire shareholdings of our Promoters after the Offer for Sale for a period of 6 months from the date of our admission to the ACE Market ("First 6-Month Moratorium");
- (b) Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Promoters' aggregate shareholdings amounting to at least 45.0% of our total number of issued ordinary shares remain under moratorium for another period of 6 months ("Second 6-Month Moratorium"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of those Mestron Holdings Shares held under moratorium.

Details of our Promoters and their Shares which will be subject to the abovementioned moratorium, as set out below:

Promoters	Moratorium shares during the First 6-Month Moratorium⁽¹⁾		Moratorium shares during the Second 6-Month Moratorium	
	No. of Shares	⁽²⁾%	No. of Shares	⁽²⁾%
Por Teong Eng	276,500,000	35.0	177,750,000	22.5
Loon Chin Seng	276,500,000	35.0	177,750,000	22.5
	553,000,000	70.0	355,500,000	45.0

Notes:

- (1) After the Offer for Sale.
- (2) Based on the enlarged share capital of 790,000,000 Shares after the Public Issue.

The moratorium has been fully accepted by our Promoters, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the moratorium period.

The moratorium restrictions are specifically endorsed on the share certificates representing the Shares under moratorium held by the Promoters to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

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3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS OF THE IPO

Our IPO is subject to the terms and conditions of this Prospectus and the allocation of the IPO Shares shall be in the following manner:

Allocation	No. of Shares	% ⁽¹⁾
Public Issue		
Malaysian Public ⁽²⁾	39,500,000	5.0
Eligible Directors and employees	8,750,000	1.1
Private placement to selected investors	30,750,000	3.9
Private placement to Bumiputera investors approved by MITI	79,000,000	10.0
Offer for sale		
Private placement to selected investors	79,000,000	10.0
Enlarged number of Shares upon Listing	790,000,000	
IPO Price per Share (RM)	RM0.16	
Market capitalisation ⁽³⁾	RM126,400,000	

Notes:

- (1) Based on our enlarged share capital of 790,000,000 Shares after the IPO.
- (2) 19,750,000 Shares will be set aside strictly for Bumiputera public investor.
- (3) Based on our IPO Price and our enlarged share capital of 790,000,000 Shares upon Listing.

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters. Further details of the moratorium are set out in Section 2.2 of this Prospectus. Save for the moratorium imposed on the Shares held by our Promoters, there is no other moratorium imposed on our Shares.

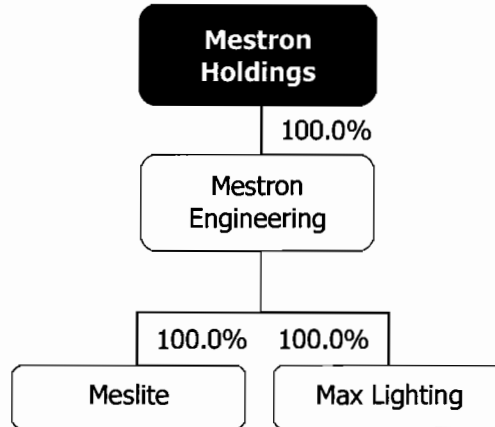
Further details on our IPO are set out in Section 4.3.

3.2 GROUP STRUCTURE AND BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 18 May 2018 as a public limited company under the name of Mestron Holdings Berhad. Our Company was incorporated as a special purpose vehicle to facilitate the listing of Mestron Engineering and its subsidiaries namely, Meslite and Max Lighting on the ACE Market.

3. PROSPECTUS SUMMARY (Cont'd)

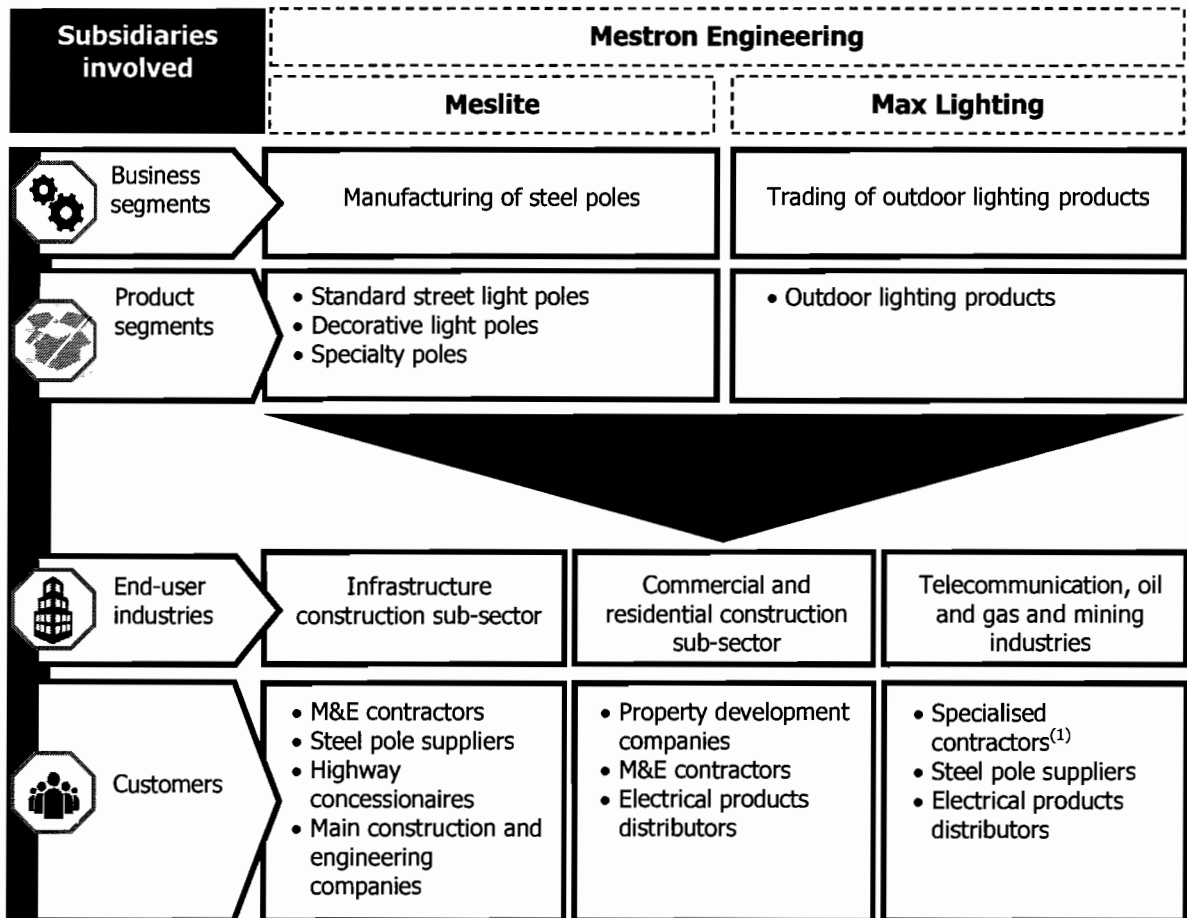
Our corporate structure upon Listing is shown in the diagram below.



Our Company is an investment holding company. Through our subsidiaries, we are principally involved in the following activities:

- (i) Manufacturing of steel poles comprising standard street light poles, decorative light poles and specialty poles; and
- (ii) Trading of outdoor lighting products.

The following diagram illustrates our Group's business segments:



3. PROSPECTUS SUMMARY (Cont'd)

Note:

- (1) Refers to contractors specialised in the engineering, procurement or construction of telecommunication infrastructure or oil and gas offshore platforms or mining sites.

Our principal market is Malaysia, which contributes 83.1% to 92.7% of our total sales for FYE 2015 to 2018. We also export our steel poles to international markets, primarily to Australia, Singapore and Korea.

Further details of our Group and our business model are set out in Section 6 of this Prospectus.

3.3 COMPETITIVE POSITION

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:

- (a) **We have in-depth technical expertise and are committed to delivering quality products.** We are able to propose optimal structural designs to our customers using our structural engineering software and through our technical knowledge and experiences in steel pole manufacturing. We also place emphasis on product quality and have committed to consistently manufacture quality steel poles that meet the requirements of our customers.
- (b) **We have a comprehensive range of steel pole products** such as standard street light poles, decorative light poles and specialty poles. We also distribute outdoor lighting products of various international brands to complement our offering on steel poles. As such, our customers can opt to purchase all components of street lighting products (namely street light pole and related accessories as well as outdoor lighting) from us, as opposed to sourcing these components from multiple suppliers.
- (c) **We are well-equipped with a fleet of machinery and equipment that are essential in the manufacturing process of steel poles,** allowing us to maintain precision in the manufacturing process of our products and minimising manufacturing defect and production lead time. Thus, we are able to ensure timely delivery on our customers' orders.
- (d) **We have an experienced management and technical team** led by our Promoters who is also our Managing Director and Executive Director, both of them has more than 19 years of experience in the steel pole industry.

Further details of our competitive positions are set out in Section 6.9.

3.4 BUSINESS STRATEGIES

A summary of our business strategies are set out below:

- (a) **We intend to expand our revenue stream from our specialty pole business segment.**

Specifically, we intend to expand the sales of high mast and telecommunication monopole products.

3. PROSPECTUS SUMMARY (Cont'd)

To implement this initiative, we intend to continuously automate our manufacturing processes for high mast poles and telecommunication monopoles through the acquisition of additional machinery and equipment for our manufacturing processes. The automation of our manufacturing processes will enable us to increase our production efficiency, thus allowing us to cater for increasing sales from these 2 product segments.

(b) **We plan to enhance our presence and increase our market share in the street light pole industry in Malaysia.**

We intend to expand our Main Manufacturing Facility and acquire additional machinery and equipment to enhance our manufacturing capabilities and enable us to capitalise on the anticipated growth in the street light pole industry in Malaysia.

According to the IMR Report, the street light pole industry in Malaysia is expected to grow at a CAGR of 9.8%, from RM212.60 million in 2018 to reach RM256.10 million in 2020.

(c) **We plan to expand our geographical presence to international markets.**

We intend to expand our geographical reach to new international markets such as Brunei, Sri Lanka and New Zealand through the supply of steel poles to these markets. We may appoint local electrical product distributors or lighting specialists in the respective country as master distributors to facilitate the marketing activities of our Group in these markets, as well as provide on-site and off-site technical support.

Further details on our business strategies are set out in the Section 6.19.

3.5 RISK FACTORS

An investment in our Shares is subject to risks. A summary of some of the more important risks is set out below. A more detailed description of the risks associated with our Group and IPO can be found in the Section 8.

Investors should read and understand all the risk factors before making a decision to invest in our Shares.

(a) **We face competition from other industry players**

The street lighting industry in Malaysia is a niche industry comprising a handful of local industry players. We face competition from both new and existing industry players. We also face competition from other industry players that were recognised by JKR as approved supplier of street light poles in securing orders for public road projects. The competition that we face from other industry players may impact our sales and profitability as we may be forced to be more price competitive to secure sales orders.

3. PROSPECTUS SUMMARY (Cont'd)

(b) **We are subject to fluctuations in the price of raw materials.**

The price of our main raw materials namely, steel plates and steel pipes fluctuates according to global steel prices, which is subject to the demand and supply conditions of steel in the global market, prices of raw materials for the production of steel such as coal and iron and prevailing energy costs. Any fluctuations on the global steel prices may lead to a rise in our cost of production as well as our carry cost for maintaining our inventories. If we are unable to pass on this increase in raw material to our customers, we will bear the increasing costs and this may have a material impact on our financial results.

(c) **The lack of long-term contracts may result in the fluctuation of our Group's performance.**

Our Group's sales are mainly based on purchase orders and occasionally other forms of confirmed orders due to the nature of our business and prevailing customer practices. Any adverse economic conditions, or slowdowns in the industries in which our customer operate, may negatively impact our sales and consequently our financial performance.

(d) **We are subject to risk on the maintenance or renewal of products certifications and registrations.**

Our standard street light poles have been certified by SIRIM QAS International Sdn Bhd to be compliant with BS EN 40 – 5:2002. Based on this certification, our standard street light poles have been registered by JKR to be approved for use as street lighting. We may not be able to sell our standard street light poles if we are unable to renew or maintain the above certification and registration. This will affect our sales and financial performance.

(e) **Our business is exposed to sudden and unexpected equipment failures, flood, fires and burglary, which may lead to interruptions in our business operations.**

Our Group's manufacturing activities are heavily dependent on our machinery and equipment. Unexpected events such as damages and operating failure in the machinery and equipment, floods, fires and burglary in our manufacturing facilities will interrupt our manufacturing activities and consequently cause delay in our production schedules and timely delivery of our products to our customers. This could adversely impact our business operation and financial performance. Further, the occurrence of unforeseen event such as floods, fire and burglary on our manufacturing facilities may result in an immediate financial loss.

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3. PROSPECTUS SUMMARY (Cont'd)**3.6 DIRECTORS AND KEY SENIOR MANAGEMENT**

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Tajul Arifin bin Mohd Tahir	Independent Non-Executive Chairman
Por Teong Eng	Managing Director
Loon Chin Seng	Executive Director
Leong Peng Phooi	Independent Non-Executive Director
Phang Sze Fui	Independent Non-Executive Director
Key Senior Management	
Lee Chun Heng	Head of Sales and Marketing
Tan Hock Choon	Production Manager
Lai Jian Hong	Chief Financial Officer
Neo Yeung Tat	Technical Manager

Further details of the aforementioned persons are set out in Section 5.

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3. PROSPECTUS SUMMARY (Cont'd)**3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

The details of our Promoters and substantial shareholders in our Company before and after our IPO are as follows:

Name	Nationality	⁽¹⁾ Before IPO			After IPO				
		Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	⁽²⁾ %	%
Por Teong Eng	Malaysian	316,000,000	50.0	-	-	276,500,000	35.0	-	-
Loon Chin Seng	Malaysian	316,000,000	50.0	-	-	276,500,000	35.0	-	-
		632,000,000	100.0	-	-	553,000,000	70.0	-	-

Notes:

⁽¹⁾ Based on the share capital of 632,000,000 Shares after the Acquisition of Mestron Engineering and the transfer of 2 subscriber shares in Mestron Holdings to our Promoters, but before the IPO.

⁽²⁾ Based on our enlarged share capital of 790,000,000 Shares after the IPO.

Further details of the aforementioned persons are set out in Section 5.

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3. PROSPECTUS SUMMARY (Cont'd)

3.8 UTILISATION OF PROCEEDS

The estimated gross proceeds arising from the Public Issue of approximately RM25.28 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	⁽¹⁾Estimated timeframe for utilisation	RM'000	%
Expansion of our Main Manufacturing Facility and acquisition of manufacturing machineries and equipment	24 months	13,000	51.4
Working capital	12 months	5,180	20.5
Repayment of bank borrowings	6 months	4,000	15.8
Estimated listing expenses	1 month	3,100	12.3
		25,280	100.0

Note:

⁽¹⁾ From the date of listing of our Shares.

Detailed information on our utilisation of proceeds is set out in Section 4.8.

The gross proceeds arising from the Offer for Sale of approximately RM12.64 million shall accrue entirely to the Selling Shareholders.

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

3.9.1 Financial highlights

The following key historical financial data for FYE 2015 to 2018 have been extracted from the Accountant Report included in Section 11 of this Prospectus.

The following key historical financial data should be read in conjunction with Section 10 and Section 11 of this Prospectus.

	Audited			
	FYE 2015	FYE 2016	FYE 2017	FYE 2018
	RM'000	RM'000	RM'000	RM'000
Revenue	40,540	44,374	60,747	63,680
GP	6,377	12,427	20,195	20,912
PBT	2,367	7,161	11,500	12,202
PAT	2,176	5,280	8,538	9,307
GP margin ⁽¹⁾ (%)	15.7	28.0	33.2	32.8
PBT margin ⁽²⁾ (%)	5.8	16.1	18.9	19.2
PAT margin ⁽³⁾ (%)	5.4	11.9	14.1	14.6

3. PROSPECTUS SUMMARY (Cont'd)

Notes:

- (1) GP margin is calculated based on GP divided by revenue.
- (2) PBT margin is calculated based on PBT divided by revenue.
- (3) PAT margin is calculated based on PAT divided by revenue.

There were no exceptional or extraordinary items during the financial years under review. Our audited financial statements for the financial years under review were not subject to any audit qualifications. During the financial years under review, we recorded our Listing expenses as other receivables. These expenses will be expensed out to our statement of profit or loss after our Listing. Our total Listing expenses (excluding underwriting, placement and brokerage fees) is estimated to be RM2.40 million. The recognition of such expenses after our Listing in our statement of profit or loss will reduce our profits for FYE 2019.

3.9.2 Operational highlights

Our revenue was mainly derived from the manufacturing of steel poles, which had accounted for 64.6% to 73.6% of our revenue for FYE 2015 to 2018.

Our sales volume (in units) and revenue for each of our product segments for the FYE 2015 to 2018 are as follows:

	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	unit	RM'000	unit	RM'000	unit	RM'000	unit	RM'000
Manufacturing								
Standard street light poles	16,325	13,068	15,615	12,541	19,345	17,313	14,814	13,276
Decorative light poles	4,992	9,503	5,564	9,757	7,143	12,830	7,962	14,565
Specialty poles	12,135	7,277	17,865	9,777	17,147	9,908	15,042	13,292
	33,452	29,848	39,044	32,075	43,635	40,051	37,818	41,133
Trading								
Outdoor lighting products	8,888	10,692	7,717	12,299	10,664	20,696	7,296	3,090
Total revenue		40,540		44,374		60,747		63,680

3.10 DIVIDENDS

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries, present or future. The payment of dividends or other distributions by our subsidiaries will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant.

Further details of our dividends are set out in Section 10.14.

4. PARTICULARS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION

The period for Application will open at 10.00 a.m. on 23 May 2019 and will remain open until at 5.00 p.m. on 3 June 2019. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 IMPORTANT TENTATIVE DATES

Event	Date
Issuance of this Prospectus/Opening of Application	23 May 2019
Closing Date	3 June 2019
Balloting of the Application	10 June 2019
Allotment of our IPO Shares to successful applicants	17 June 2019
Date of Listing	18 June 2019

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.3 DETAILS OF OUR IPO

4.3.1 Listing Scheme

(i) Public Issue

A total of 158,000,000 Issue Shares, representing 20.0% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

(a) Malaysian Public

39,500,000 Issue Shares, representing 5.0% of our enlarged share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (aa) 19,750,000 Issue Shares made available to public investors; and
- (bb) 19,750,000 Issue Shares made available to Bumiputera public investors.

(b) Our eligible Directors and employees

8,750,000 Issue Shares, representing 1.1% of our enlarged share capital, will be reserved for our eligible Directors and employees under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3.

(c) Private placement to selected investors

30,750,000 Issue Shares, representing 3.9% of our enlarged share capital after the IPO, have been reserved for private placement to selected investors.

(d) Private placement to Bumiputera investors approved by MITI

79,000,000 Issue Shares, representing 10.0% of our enlarged share capital after the IPO, have been reserved for private placement to selected Bumiputera investors approved by MITI.

4. PARTICULARS OF OUR IPO (Cont'd)

Upon completion of our Public Issue, our share capital will increase from RM31,600,001.90 comprising 632,000,000 Shares to RM56,880,001.90 comprising 790,000,000 Shares.

The basis of allocation for the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid market for our Shares. There is no over-allotment or 'greenshoe' option that will result in an increase in the number of our IPO Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

(ii) Offer for sale

The Selling Shareholders will undertake an offer for sale of 79,000,000 Offer Shares, representing 10.0% of our enlarged share capital by way of private placement to selected investors at our IPO Price. The Offer for Sale is subject to the terms and conditions of this Prospectus.

(iii) Listing

Upon completion of our IPO, our Company's entire share capital of RM56,880,001.90 comprising 790,000,000 Shares shall be listed on the ACE Market.

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4. PARTICULARS OF OUR IPO (Cont'd)**4.3.2 Selling Shareholders**

The details of the Selling Shareholders and their relationship with our Group are as follows:

Name / Address	Relationship with our Group	As at the LPD		Offer Shares		After IPO	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾
Por Teong Eng / No. 41, Jalan Puteri 9/1B Bandar Puteri 47100 Puchong Selangor Darul Ehsan	Promoter, substantial shareholder and Managing Director	316,000,000	50.0	39,500,000	6.3	276,500,000	35.0
Loon Chin Seng / No. 9, Jalan BK 8/1D Bandar Kinrara 47180 Puchong Selangor Darul Ehsan	Promoter, substantial shareholder and Executive Director	316,000,000	50.0	39,500,000	6.3	276,500,000	35.0

Notes:

⁽¹⁾ Based on the share capital of 632,000,000 Shares after the Acquisition of Mestron Engineering and the transfer of the 2 subscriber shares in Mestron Holdings to Por Teong Eng and Loon Chin Seng, but before the IPO.

⁽²⁾ Based on our enlarged share capital of 790,000,000 Shares after the IPO.

Further details of the Selling Shareholders, who are also our Promoters, substantial shareholders and Directors can be found in Sections 5.1 and 5.2.

4. PARTICULARS OF OUR IPO (Cont'd)**4.3.3 Pink Form Allocations**

We have allocated 8,750,000 Issue Shares to our eligible Directors and employees under the Pink Form Allocations as follows:

Category	No. of eligible persons	Aggregate no. of Issue Shares allocated
Eligible Directors	3	420,000
Eligible employees	34	8,330,000
	37	8,750,000

The criteria for allocation to our eligible Directors are based on amongst others, the length of their service and their anticipated contributions to our Group. Our Executive Directors, Por Teong Eng and Loon Chin Seng have opted out of the Pink Form Allocations as they are also the Selling Shareholders.

The criteria for allocation to our eligible employees (as approved by our Board) are based on the following factors:

- The employee must be at least 18 years of age;
- The employee must have his/her employment confirmed in writing; and
- The employees' seniority, position, length of service and contribution to our Group.

Details of the proposed allocation to our Directors and key senior management are as follows:

Name	Designation	No. of Issue Shares allocated
<u>Directors</u>		
Tajul Arifin bin Mohd Tahir	Independent Non-Executive Chairman	160,000
Leong Peng Phooi	Independent Non-Executive Director	130,000
Phang Sze Fui	Independent Non-Executive Director	130,000
<u>Key senior management</u>		
Lee Chun Heng	Head of Sales and Marketing	1,220,000
Tan Hock Choon	Production Manager	175,000
Lai Jian Hong	Chief Financial Officer	130,000
Neo Yeung Tat	Technical Manager	395,000
		2,340,000

Pink Form Allocations which are not accepted by certain eligible Directors and employees will be re-allocated to the other eligible Directors mentioned in the table above and employees at the discretion of our Board.

4. PARTICULARS OF OUR IPO (Cont'd)

4.3.4 Underwriting arrangement

Our Underwriter will underwrite 48,250,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 109,750,000 Issue Shares and 79,000,000 Offer Shares available for application by selected investors will not be underwritten and have been placed out by our Placement Agent.

Any of our Issue Shares which are not subscribed for by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement. If all of our Issue Shares offered to the Malaysian Public are oversubscribed, Issue Shares not subscribed for under the Pink Form Allocations, if any, will be made available for application by the Malaysian Public. Our Board will ensure that any excess Issue Shares will be allocated on a fair and equitable manner. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

4.3.5 Minimum and over-subscription

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

In the event of an over-subscription, acceptance of Applications by the Malaysian Public shall be subject to ballot to be conducted in a manner approved by our Board.

In the event that there is an under-subscription of IPO Shares to be placed out, such under-subscription will be adjusted to the size of the Offer for Sale. For avoidance of doubt, the Public Issue will take priority over the Offer for Sale in the event of an under-subscription of IPO Shares.

4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

Upon completion of our IPO, our share capital would be as follows:

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	632,000,000	⁽¹⁾ 31,600,002
To be issued pursuant to our Public Issue	158,000,000	25,280,000
Enlarged share capital upon our Listing	790,000,000	⁽¹⁾56,880,002

Note:

⁽¹⁾ Rounded up to the nearest RM1.

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank *pari passu* amongst one another.

The Issue Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

4. PARTICULARS OF OUR IPO (Cont'd)

The Offer Shares rank *pari passu* in all respects with our existing ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the number of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Constitution.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney or by other duly authorised representative. Every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each ordinary share held.

4.5 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (a) PE Multiple of approximately 13.6 times based on our audited combined EPS of 1.18 sen for FYE 2018, calculated based on our audited combined PAT of the Company of RM9.31 million for FYE 2018 and our enlarged share capital of 790,000,000 Shares upon Listing;
- (b) Our pro forma consolidated NA per Share as at 31 December 2018 after our IPO and utilisation of proceeds of RM0.07;
- (c) Our historical financial track record for the past FYE 2015 to 2018, summarised as follows:

	<u>FYE 2015</u>	<u>FYE 2016</u>	<u>FYE 2017</u>	<u>FYE 2018</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	40,540	44,374	60,747	63,680
GP	6,377	12,427	20,195	20,912
PAT	2,176	5,280	8,538	9,307

- (d) Our competitive positions as set out in Section 6.9; and
- (e) Our Group's business strategies as further described in Section 6.19.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 8 before deciding to invest in our Shares.

4.6 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and our enlarged share capital of 790,000,000 Shares upon Listing, our total market capitalisation is estimated to be RM126,400,000 upon Listing.

4. PARTICULARS OF OUR IPO (Cont'd)

4.7 DILUTION

Dilution is the amount by which our IPO Price exceeds the pro forma consolidated NA per Share immediately after our IPO.

Our pro forma consolidated NA per Share after adjusting for Acquisitions and before Public Issue was RM0.06, based on the number of Shares in issue of 632,000,000 Shares. After giving effect to the Acquisitions and Public Issue including adjustments for the utilisation of IPO proceeds, our pro forma consolidated NA per Share as at 31 December 2018 is RM0.07, based on the number of Shares in issue of 790,000,000 Shares.

This represents an immediate increase in the pro forma consolidated NA per Share to our existing shareholders of RM0.01, and an immediate dilution in the pro forma consolidated NA per Share of RM0.09 to our new public investors. The following table illustrates such dilution on a per Share basis:

	RM
Pro forma consolidated NA per Share as at 31 December 2018 after the Acquisitions	0.06
Pro forma consolidated NA per Share as at 31 December 2018 after the Public Issue and utilisation of IPO proceeds	0.07
Increase in pro forma consolidated NA per Share attributable to existing shareholders	0.01
IPO Price	0.16
Dilution in the pro forma consolidated NA per Share to our new investors	0.09
Dilution in the pro forma consolidated NA per Share as a percentage of our IPO Price	56.3%

Further details of our pro forma consolidated NA per Share as at 31 December 2018 is set out in Section 12.

The following table shows the average effective cost per Share paid by our existing shareholders for our Shares since our incorporation up to the date of this Prospectus:

Shareholders	⁽¹⁾ No. of Shares received	Total consideration	Average effective cost per Share
		RM	RM
Por Teong Eng	316,000,000	15,799,999.95	0.05
Loon Chin Seng	316,000,000	15,799,999.95	0.05
	632,000,000	31,599,999.90	0.05

Note:

- (1) Issued pursuant to the Acquisition of Mestron Engineering and the transfer of 1 subscriber share each in Mestron Holdings to Por Teong Eng and Loon Chin Seng respectively.

4. PARTICULARS OF OUR IPO (Cont'd)

Save for the:

- (i) Transfer of 2 subscriber shares in Mestron Holdings to Por Teong Eng and Loon Chin Seng; and
 - (ii) Shares received by our Promoters pursuant to the Acquisition of Mestron Engineering,
- there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

4.8 UTILISATION OF PROCEEDS**4.8.1 Public Issue**

The gross proceeds arising from the Public Issue of approximately RM25.28 million shall accrue entirely to us and will be utilised in the following manner:

Utilisation of proceeds	Reference	⁽¹⁾ Estimated timeframe for utilisation	RM'000	%
Expansion of our Main Manufacturing Facility and acquisition of manufacturing machineries and equipment	(a)	24 months	13,000	51.4
Working capital	(b)	12 months	5,180	20.5
Repayment of bank borrowings	(c)	6 months	4,000	15.8
Estimated listing expenses	(d)	1 month	3,100	12.3
			25,280	100.0

Note:

- (1) From the date of listing of our Shares.

Pending the utilisation of the proceeds to be raised from our Public Issue as aforementioned, the funds will be placed as deposits with licensed financial institutions as our Directors may deem appropriate.

(a) Expansion of our Main Manufacturing Facility and acquisition of manufacturing machineries and equipment

To support our future expansion plans highlighted in Section 6.19, we have allocated RM13.00 million from the proceeds for the following:

- (aa) Our Main Manufacturing Facility is currently built on a piece of industrial land measuring 120,190 sq ft which is owned by Mestron Engineering. Our Group also own the Adjacent Land that we currently utilise as our storage area for products and raw materials. We intend to amalgamate the titles of these 2 lands to facilitate the expansion of our Main Manufacturing Facility. The amalgamation of the title of these 2 lands will result in these 2 lands being registered to a single title. This allows us to remove the setback requirement in between both lands in order to optimise the expanded production floor space and provide direct connectivity between the expanded facility and our new and existing production floor space.

4. PARTICULARS OF OUR IPO (Cont'd)

We have submitted the application for amalgamation to Pejabat Tanah/Daerah Sepang on 28 March 2019 and anticipate the approval for amalgamation by second quarter of 2019. The estimated cost for the amalgamation is approximately RM0.35 million and shall be fully funded via our internally generated funds. As at the LPD, the said application is still pending the approval by Pejabat Tanah/Daerah Sepang.

We plan to expand our Main Manufacturing Facility to accommodate our future business growth. The expansion of our Main Manufacturing Facility to the Adjacent Land will increase our current production floor space measuring approximately 55,000 sq ft by approximately 41,300 sq ft.

The expanded production floor space will allow us to maximise our production capacity for large poles such as telecommunication monopoles and high mast poles which generally have a height of up to 50 meters. Our current production set-up is not optimised for the production of large poles due to limited production floor space. Large poles that are undergoing manufacturing processes (or work-in-progress poles) presently need to be constantly shifted in and out of the production floor space to allow ample space for the manufacturing of other steel poles, in order to prevent any potential safety hazards on our production floor. This has resulted in a longer production time to manufacture these large poles and restricted us to maximise our production capacity for these large poles. The additional production floor space will provide us with sufficient floor space to facilitate the manufacturing of large poles without the need to constantly shift the work-in-progress for large poles in and out of our production floor space. This would allow us to optimise our production floor for the manufacturing of large poles.

The total construction costs for our expansion estimated at RM5.00 million shall be fully funded from the proceeds of our Public Issue, details of which are as follows:

<u>Type of construction works</u>	<u>Estimated cost</u> <u>RM'000</u>
Foundation work	400
Steel and concrete structure	3,000
Roofing work	650
M&E works	400
Plumbing works	100
Overhead crane	450
	<u>5,000</u>

The construction cost for our expansion was estimated based on contractors' quotations. In the event of any construction cost over-run, we will utilise our internally generated funds to meet the shortfall from the amount allocated from our Public Issue.

We plan to commence the construction work by second half of 2019 and expect completion by second half of 2021.

4. PARTICULARS OF OUR IPO (Cont'd)

- (ab) In line with the proposed expansion of production floor space, we plan to acquire additional manufacturing machineries and equipment which are expected to cost RM8.00 million and shall be fully funded from the proceeds of our Public Issue, as detailed below:

Type of machineries and equipment	Function	No. of units	Total estimated cost RM'000
Auto seam-Welding machines	For welding of steel pole	3	1,550
Shearing machine	For cutting of steel plates	1	1,550
Plasma cutting machine	For precision cutting of large steel plates and pipes	2	1,500
Fiber laser cutting machine	For precision cutting of smaller steel plates and pipes	1	650
Robotic welding machine	For welding of flange plate	3	700
Coil slitting line	For uncoiling, slitting and recoiling of coils	1	2,050
			8,000

The estimated cost for the acquisition of additional manufacturing machineries and equipment is inclusive of the installation cost and was derived based on suppliers' quotations. In the event of actual cost of the manufacturing machineries and equipment is higher than estimated, we will utilise our internally generated funds to meet the shortfall from the amount allocated from the Public Issue.

These manufacturing machineries and equipment will be able to increase the automation of our manufacturing process and improve operating capacity for large poles such as high mast and telecommunication monopoles. As at the LPD, certain manufacturing process (such as seam welding) for large poles still requires the use of manual labour. The use of automated machines will enable us to increase the efficiency in terms of shorter production time and improve the finishing of our specialty poles.

The expanded manufacturing facility, when completed, will increase our production capacity of steel poles by approximately 5,700 MT per annum to approximately 11,400 MT per annum. Further, it will also enhance our manufacturing capability for specialty poles particularly, high mast poles and telecommunication monopoles. Please refer to Section 6.19.1 for more details. The expanded manufacturing facility is expected to be fully operational within 3 months from completion of the construction works for our expansion and acquisition of additional manufacturing machineries and equipment.

(b) Working capital

RM5.18 million of the proceeds are earmarked for the purchase of raw materials such as steel plates and steel pipes to support our expansion in capacity under Section 4.8.1(a). Steel plates and steel pipes are the main raw materials that we use in our manufacturing operations and constituted 31.7% to 39.4% of the total cost of sales of our manufacturing segment for FYE 2015 to 2018.

4. PARTICULARS OF OUR IPO (Cont'd)

The allocation of the proceeds for the purchase of raw materials was arrived at after considering the additional raw materials required to support our business strategies to grow our revenues as set out in Section 6.19. The proceeds will enable us to purchase such raw materials in larger quantities for each order and enjoy bulk discount of between 3.0% to 5.0% from our suppliers. We have reserved a designated storage area in our Main Manufacturing Facility to store the steel plates and steel pipes to be purchased. In the event where we did not fully utilise the allocated funds for the purchase of steel plates and steel pipes, we will utilise the excess amount to purchase other supplies such as foundation bolts and nuts, junction boxes and concrete footing.

(c) Repayment of bank borrowings

RM4.00 million of the proceeds will be used to partly repay one of our banking facility obtained from a financial institution in 2016 for the acquisition of the Adjacent Land that we currently utilise as our storage area for products and raw materials. This land is earmarked as part of our expansion plans on our Main Manufacturing Facility as set out in Sections 4.8.1(a) and 6.19. As at the LPD, the outstanding term loan facility amounted to approximately RM4.59 million. The details of the loan facility are as follows:

Type of facility	Maturity Date	Interest Rate
Term loan	1 February 2037	4.87% per annum ⁽¹⁾

Note:

⁽¹⁾ Based on base lending rate of 6.97% as at the LPD minus 2.10%

The repayment of the abovementioned loan facility is expected to have a positive financial impact on our Group with interest savings of approximately RM0.19 million per annum based on the interest rate stated above. However, the actual interest savings may vary depending on the then applicable interest rate. The abovementioned repayment of the loan facility will not be subjected to any early repayment penalty. We will reduce the bank borrowings within 6 months from the date of Listing.

(d) Estimated listing expenses

An amount of RM3.10 million is allocated to meet the estimated cost for our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our working capital. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our working capital.

The following summarises the estimated expenses incidental to our Listing to be borne by us:

Description	RM'000
Professional fees ⁽¹⁾	2,100
Underwriting, placement and brokerage fees	700
Fees payable to authorities	90
Printing and advertising fees and other incidental costs	210
Total	3,100

4. PARTICULARS OF OUR IPO (Cont'd)

Note:

- (1) Includes advisory fees for, amongst others, our Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.

4.8.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM12.64 million which will accrue entirely to the Selling Shareholders and we will not receive any of the proceeds.

The Selling Shareholders shall bear all the expenses such as stamp duty, placement fee, registration and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.35 million.

4.9 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSIONS

4.9.1 Brokerage fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

4.9.2 Placement commission

We are obliged to pay our Placement Agent a placement fee of 2.5% of the value of those Issue Shares to be placed out to selected investors and Bumiputera investors approved by MITI by our Placement Agent at our IPO Price. The placement fees of 2.5% of the value of those Offer Shares to be placed out to investors selected by our Placement Agent at our IPO Price will be borne entirely by the Selling Shareholders.

4.9.3 Underwriting arrangement and commission

Our Underwriter will underwrite 48,250,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 2.5% of the total value of the underwritten Shares at our IPO Price.

4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with the Underwriter, to underwrite 48,250,000 Issue Shares ("Underwritten Shares") as set out in Section 4.3.4.

The following are the salient terms contained in the Underwriting Agreement:

Conditions

- (1) The obligations of the Underwriter to underwrite the Underwritten Shares is conditional on the performance by the Company of its obligations under the Underwriting Agreement and conditional on the following ("Conditions"):
- (a) The registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO with the SC and its lodgement with the ROC by the issuance date of the Prospectus;

4. PARTICULARS OF OUR IPO (Cont'd)

- (b) The approval of Bursa Securities for the admission of the Company to the Official List and the listing of and quotation for its entire issued share capital on the ACE Market being obtained on terms acceptable to the Underwriter and the approvals of Bursa Securities remaining in full force and effect and that all conditions (except for any which can only be complied with after the IPO has been completed) have been complied with;
- (c) The launching of Prospectus taking place within 3 months from the date of the Underwriting Agreement or such other later date as the Underwriter and the Company may from time to time agree in writing;
- (d) There is no occurrence of any material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that subsequent to the date of the Underwriting Agreement; or there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings by the Company materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by the Company;
- (e) The IPO not being prohibited or impeded by any statute, order, rule, directive, guidelines (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Issue Shares and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the IPO and/or listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market have been obtained and are in force up to the Closing Date;
- (f) All necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities, required for or in connection with the execution of the Underwriting Agreement and the issue of Shares under the IPO and any other matters contemplated have been or will be unconditionally obtained by its due date or if granted subject to conditions, such conditions will be fulfilled to the reasonable satisfaction of the Underwriter by its due date and remain in full force and effect;
- (g) The Underwriter being satisfied that the Company has complied with and that the IPO is in compliance with the policies, guidelines and requirements of SC and Bursa Securities and all revisions, amendments and/or supplements to it;
- (h) The Underwriter receiving a copy duly certified by a Director or secretary of the Company to be a true and accurate copy and in full force and effect, of a resolution of the Directors:
 - (i) approving the Prospectus, the Underwriting Agreement and the transactions contemplated by it;
 - (ii) authorising the issuance of the Prospectus;
 - (iii) authorising a person to sign and deliver the Underwriting Agreement on behalf of the Company; and

4. PARTICULARS OF OUR IPO (Cont'd)

- (i) The delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board of Directors as the 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 the Group nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties as though they have been given and/or made on such date;
 - (j) The Underwriter being satisfied that the Company will, following completion of the Public Issue be admitted to the Official List and its issued share capital listed and quoted on the ACE Market without undue delay;
 - (k) There not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the undertakings by the Company contained in the Underwriting Agreement;
 - (l) The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("Index") being not lower than 90% of the level of the Index as at the date of the Underwriting Agreement for at least 3 consecutive Market Days between the date of the Underwriting Agreement and the Closing Date, both dates inclusive;
 - (m) There not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to the Listing or in connection with the Group which is still subsisting or unresolved to the satisfaction of the Underwriter; and
 - (n) The Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions thereof and upon the Underwriter's (in this regard, in its capacity as the Placement Agent for the Issue Shares to be placed out via private placement) receipt of the full subscription monies for the Issue Shares to be placed out via private placement on or before the last date for payment.
- (2) Subject to compliance by the Company with the Act, the Company is required to return to the Underwriter the consideration paid for those Underwritten Shares duly underwritten by the Underwriter within 3 Market Days from the date of receipt of the notice given by the Underwriter to the Company and the Company shall, on receipt by the Underwriter of the payment consideration, be entitled to the return of those Underwritten Shares underwritten by the Underwriter. Should any of the payment consideration remain unpaid pursuant to this clause after 30 days of such notice, the Underwriter shall be entitled to charge late payment interest at the rate of 1% per month calculated on a daily basis from the date of receipt of the notice up to full and actual payment thereof. Any indulgence granted by the Underwriter in respect of the payment consideration payable herein should not constitute a waiver of or prejudice the rights of the Underwriter and the Underwriter shall be released and discharged from their obligations save for the Company's obligations and none of the parties shall have a claim against the other save for antecedent breaches by the Company and claims arising therefrom. The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.

4. PARTICULARS OF OUR IPO (Cont'd)

Termination

- (3) Notwithstanding anything contained in this Underwriting Agreement, the Underwriter may after consultation with the Company in such manner as the Underwriter shall reasonably determine by notice in writing to the Company given at any time before the Underwriter is discharged or required to carry out its obligation under the Underwriting Agreement, terminate and withdraw its commitment under the Underwriting Agreement upon the occurrence of any of the following:
- (a) There is any material breach by the Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within 10 Market Days from the date the Company is notified by the Underwriter of such breach; or
 - (b) There is withholding of material information by the Company which in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Shares issued or offered under the IPO; or
 - (c) any of the Conditions under the Underwriting Agreement are not duly satisfied by the Closing Date; or
 - (d) there is failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement; or
 - (e) the approval of Bursa Securities in respect of the IPO or the approval-in-principle of Bursa Securities for the listing and quotation of its entire issued share capital on the ACE Market is withdrawn; or
 - (f) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or Group from that set out in the Prospectus which is material in the context of the offering of the Issue Shares and/or the Listing or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the representations, warranties and undertakings the Underwriting Agreement as though given or made on such date; or
 - (g) the closing date of the application of the Issue Shares does not occur within 3 months from the date of the Underwriting Agreement, subject to the extension of Closing Date which is approved by the Underwriter; or
 - (h) the Company or any of its subsidiaries becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or
 - (i) The occurrence of any *force majeure* event including, but not limited to the following:

4. PARTICULARS OF OUR IPO (Cont'd)

- (i) any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rate (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regards to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or
- (ii) any new law or any change in the existing laws, regulations, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority; or
- (iii) any event or series of events beyond the reasonable control of the Underwriter (including but not limited to, acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion, hurricanes/typhoons, tsunami, widespread diseases, acts of war, sabotage, acts of God etc); or
- (iv) any imposition of moratorium, suspension or material restriction on trading of securities on ACE Market due to exceptional financial circumstances or otherwise; or
- (iv) any material adverse change in financial conditions. For this purpose, a material adverse change in the stock market condition shall mean the Index is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of the Underwriting Agreement and prior to the allotment of the Issue Shares, lower than 90% of the level of Index at the last close of normal trading on the relevant exchange 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
- (v) any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business and/or financial position of the Group; or
- (vi) in the event that the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriter;

which would have or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or Group, the success of the IPO, or the distribution or sale of the Issue Shares or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

4. PARTICULARS OF OUR IPO (Cont'd)

- (4) Upon such notice(s) being given, the 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 the Company shall remain liable in respect of its obligations and liabilities for the payment of the 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 its undertaking to indemnify the Underwriter.

4.11 TRADING AND SETTLEMENT IN SECONDARY MARKET

Our Shares will be admitted to the Official List of the ACE Market and an official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the ACE Market. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are authorised or lawful to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions 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. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with M&A Securities as our Adviser, Sponsor, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

4. PARTICULARS OF OUR IPO (Cont'd)

You must have a CDS Account when applying for our IPO Shares. In the case of an application by way of Application Form, you must state your CDS Account number in the space provided in the Application Form. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares. Please refer to Section 14 for further details on the procedures for application for our IPO Shares.

In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

In the case of an Application by way of Internet Share Application, only an applicant who has a CDS Account and an existing account to their internet financial services with the Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS Account number to the Internet Participating Financial Institutions by keying your CDS Account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS****5.1.1 Promoters' and substantial shareholders**

The shareholdings of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

Name	Nationality	Before IPO ⁽¹⁾			After IPO ⁽²⁾		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Por Teong Eng	Malaysian	316,000,000	50.0	-	-	276,500,000	35.0
Loon Chin Seng	Malaysian	316,000,000	50.0	-	-	276,500,000	35.0

Notes:

(1) Based on the share capital of 632,000,000 Shares after the Acquisition of Mestron Engineering and the transfer of 2 subscriber shares in Mestron Holdings to our Promoters, but before the IPO.

(2) Based on the enlarged share capital of 790,000,000 Shares after the IPO.

Our Promoters and substantial shareholders do not have different voting rights from the other shareholders of our Group after the IPO. The profiles of Por Teong Eng and Loon Chin Seng who are our Promoters, substantial shareholders and Directors are set out in Section 5.2.2.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.1.1.2 Changes in the Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and substantial shareholders' respective shareholdings since our incorporation on 18 May 2018 are as follows:

Promoters/ substantial shareholders	As at incorporation				After the Acquisition of Mestron Engineering ⁽²⁾				After IPO ⁽³⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Por Teong Eng	-	-	-	-	316,000,000	50.0	-	-	276,500,000	35.0	-	-
Lee Chun Heng ⁽¹⁾	1	50.0	-	-	-	-	-	-	(4) 1,220,000	0.2	-	-
Lok Siew Wai ⁽¹⁾	1	50.0	-	-	-	-	-	-	(4) 105,000	*	-	-
Loon Chin Seng	-	-	-	-	316,000,000	50.0	-	-	276,500,000	35.0	-	-

Notes:

- * Less than 0.1%
- (1) The 2 subscriber shareholders of our Company are our Group's employees.
- (2) Including the transfer of 2 subscriber shares in Mestron Holdings to our Promoters.
- (3) Based on the enlarged share capital of 790,000,000 Shares after the IPO.
- (4) Assuming they fully subscribe their respective entitlements under Pink Form Allocations.

5.1.3 Persons exercising control over the corporation

Save for our Promoters, we are not aware of any other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

5.1.4 Benefits paid or intended to be paid

Save for the dividends paid to our Promoters as disclosed in Section 10.14 and our Directors' remuneration and benefits as disclosed in Section 5.5.1, there is no amount and benefit that has been or is intended to be paid or given to our Promoters or substantial shareholders within the 2 years preceding the date of this Prospectus.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**5.2 DIRECTORS****5.2.1 Directors' shareholdings**

The shareholdings of our Directors in our Company as at the LPD and after our IPO are set out below:

Name	Designation/ Nationality	As at the LPD ⁽¹⁾				After IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tajul Arifin bin Mohd Tahir	Independent Non-Executive Chairman / Malaysian	-	-	-	-	(3) 160,000	*	-	-
Por Teong Eng	Managing Director / Malaysian	316,000,000	50.0	-	-	276,500,000	35.0	-	-
Loon Chin Seng	Executive Director / Malaysian	316,000,000	50.0	-	-	276,500,000	35.0	-	-
Leong Peng Phooi	Independent Non-Executive Director / Malaysian	-	-	-	-	(3) 130,000	*	-	-
Phang Sze Fui	Independent Non-Executive Director / Malaysian	-	-	-	-	(3) 130,000	*	-	-

Notes:

* Less than 0.1%

(1) Based on the share capital of 632,000,000 Shares after the Acquisition of Mestron Engineering and the transfer of 2 subscriber shares in Mestron Holdings to our Promoters, but before the IPO.

(2) Based on the enlarged share capital of 790,000,000 Shares after the IPO.

(3) Assuming our Directors fully subscribe for their respective entitlements under the Pink Form Allocations.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.2.2 Profiles of directors

The profiles of our Directors are as follows:

(i) Tajul Arifin bin Mohd Tahir
Independent Non-Executive Chairman

Tajul Arifin bin Mohd Tahir, aged 51, is our Independent Non-Executive Chairman. He was appointed to our Board on 15 October 2018, and is the Chairman of our Remuneration Committee and Nomination Committee. He is also a member of our Audit and Risk Management Committee.

He graduated with a Bachelor of Science in Business Administration from Saint Louis University, St Louis, Missouri, USA in 1989.

Upon his graduation, he was involved in a number of part time and freelance jobs in the hospitality as well as the food and beverage industry in USA during the period from 1989 to 1991. He returned to Malaysia and began his career in 1991 when he joined MIDF Consultancy and Corporate Services Sdn Bhd (now known as Tricor Investor & Issuing House Services Sdn Bhd) as a Public Issue Officer where he was responsible for running daily operational activities such as liaising between clients, advisors and authorities as well as coordinating balloting functions for initial public offering exercises.

In 1996, he was promoted to Assistant Manager and subsequently to Manager in 2002, where his role was extended to supervising a team of public issue officers. In 2008, he was promoted to Associate Director, where he was responsible for maintaining and expanding network with the stakeholders in the initial public offering market as well as review and introduce value added services to the company's client.

He left Tricor Investor & Issuing House Services Sdn Bhd as Associate Director in 2016 to provide freelance consulting work.

In March 2018, he co-founded 5 Pillars Ventures Sdn Bhd, a venture capital management company licensed and registered by the SC to undertake venture capital activities in Malaysia.

Presently, he serves as the Independent Non-Executive Director of ADF Capital Berhad and holds directorships in several private limited companies, details of which are disclosed in Section 5.2.3.

(ii) Por Teong Eng
Promoter, substantial shareholder and Managing Director

Por Teong Eng, a Malaysian, aged 46, is our Promoter, substantial shareholder and Managing Director. He was appointed to our Board on 15 October 2018. He is primarily responsible for the overall strategy and corporate direction of our Group. He is also responsible for overseeing the manufacturing and procurement operations of our Group.

He has 18 years of working experience in the steel pole industry in Malaysia with in-depth knowledge on steel pole manufacturing.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

He graduated with a Bachelor of Mechanical Engineering from University Teknologi Malaysia in 1997. Upon his graduation in 1997, he started his career with Global Engineering Center Sdn Bhd as a Design Engineer where he was involved in the design and development of various industrial products.

In 2000, he left Global Engineering Center Sdn Bhd and joined Galvapole Industries Sdn Bhd as a Production Engineer, where he was responsible for the overall planning on the manufacturing operation of steel poles, design of steel poles' structure as well as supervising production workers.

In 2002, he left Galvapole Industries Sdn Bhd and founded Mestron Engineering in the same year. He was instrumental to the formation and growth of our Group's business. Together with our Executive Director, Loon Chin Seng, they developed our Group from a small scale light pole manufacturer to a supplier of steel poles for various high-profile construction projects such as East Klang Valley Expressway project, Coastal Highway Southern Link project, LRT Ampang line extension project, Sungai Buloh – Kajang MRT line project and Bukit Jalil National Sport Complex refurbishment project.

(iii) Loon Chin Seng

Promoter, substantial shareholder and Executive Director

Loon Chin Seng, Malaysian, aged 43, is our Promoter, substantial shareholder and Executive Director. He was appointed to our Board on 15 October 2018. He is primarily responsible for managing and implementing our Group's business development plans and strategies, as well as overseeing the sales, marketing and administrative functions of our Group.

He has 19 years of working experience in the steel pole industry with in-depth knowledge on the sales and marketing of steel poles and outdoor lighting products.

He graduated with a Diploma in Business Administration in 1995 and an Advanced Diploma in Business Administration in 1996 from Stamford College Malaysia, under a programme accredited by The Association of Business Executives, United Kingdom. He subsequently furthered his studies on a part-time basis and obtained a Master of Business Administration from Heriot-Watt University, United Kingdom in 1999.

In 1997, he started his career as Credit and Marketing Officer in UOL Factoring Sdn Bhd, where he was responsible for conducting customer credit assessment as well as the sales and marketing activities of financial services such as factoring and trade financing.

In 1999, he left UOL Factoring Sdn Bhd and joined Galvapole Industries Sdn Bhd as Administrative and Marketing Executive where he was primarily involved in customer credit evaluation and the sales and marketing of steel poles manufactured by the company. He was subsequently promoted to Assistant Sales Manager in 2005 where he was responsible for leading and overseeing the sales and marketing team as well as liaise with overseas customers for the sales of steel poles.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2006, he left Galvapole Industries Sdn Bhd and joined Mestron Engineering in the same year, assuming his role as the Executive Director. He was instrumental to the expansion of our Group's business to international markets such as Singapore and Australia. Together with our Managing Director, Por Teong Eng, they developed our Group from a small scale light pole manufacturer to a supplier of steel poles for various high-profile construction projects such as East Klang Valley Expressway project, Coastal Highway Southern Link project, LRT Ampang line extension project, Sungai Buloh – Kajang MRT line project and Bukit Jalil National Sport Complex refurbishment project.

(iv) Leong Peng Phooi

Independent Non-Executive Director

Leong Peng Phooi, aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 15 October 2018 and is also a member of our Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

He completed his Malaysian Certificate of Education (equivalent to Sijil Pelajaran Malaysia, Form 5) at St. Xavier's Institution, Penang in 1974. Upon completing his secondary education, he took on several part time and freelance jobs before joining General Instrument (M) Sdn Bhd in 1981 as a Maintenance Technician where he was involved in the maintenance and trouble-shooting of machineries used in the manufacturing of semiconductor.

He left General Instrument (M) Sdn Bhd in 1983 and joined ESAB (M) Sdn Bhd in the same year as a Technician, where he was involved in the maintenance, functional checks and repair of welding and cutting equipment. Subsequently in 1987, he was promoted to the position of Sales and Marketing Manager, where he was responsible for managing the sales and marketing team and overseeing the sales and marketing activities of the company. In 1994, he left ESAB (M) Sdn Bhd and joined Galvapole Industries Sdn Bhd in the same year as Sales and Marketing Manager. During his tenure in Galvapole Industries Sdn Bhd, he was responsible for planning, improving and implementing the sales and marketing policies of the company as well as managing and monitoring the performance of the sales and marketing team.

In 2007, he resigned from Galvapole Industries Sdn Bhd to take a sabbatical from work to attend to his family matters. In 2010, he joined Alpine Pipe Manufacturing Sdn Bhd, a manufacturer of steel materials such as steel sections (i.e. steel materials in various size and shape used for steel fabrication) and steel pipes, as an Export Manager, where he was responsible for planning and coordinating the international sales of steel pipes and related accessories. In 2011, he retired from his career due to his decision to spend more time with his family members.

In 2014, he decided to re-enter the workforce and rejoined Alpine Pipe Manufacturing Sdn Bhd, as Research and Development Manager, where he was responsible for overseeing the development of new products, as well as overseeing the sales and marketing functions of the company. He currently still holds the position of Research and Development Manager at Alpine Pipe Manufacturing Sdn Bhd. Alpine Pipe Manufacturing Sdn Bhd does not manufacture steel poles and as such is not in competition with our Group. Hence, his involvement in Alpine Manufacturing Sdn Bhd does not result in a conflict of interest situation with our Group.

Presently, he does not hold directorship in any other public listed companies or private limited companies.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(v) Phang Sze Fui
Independent Non-Executive Director

Phang Sze Fui, aged 47, is our Independent Non-Executive Director. She was appointed to our Board on 15 October 2018 and is also the Chairwoman of our Audit and Risk Management Committee as well as a member of our Remuneration Committee and Nomination Committee.

She obtained her Advanced Diploma in Commerce from Tunku Abdul Rahman College in 1997. In 1998, she obtained her professional accounting qualification from the Association of Chartered Certified Accountants, United Kingdom. She has been a member of the Malaysian Institute of Accountants since 2009 and a fellow member of the Association of Chartered Certified Accountants, United Kingdom since 2005.

She began her career as Accounts Executive in Seawood Trading Company in 1992. She subsequently started working with the company on a part-time basis from 1993 until her departure in 1995 to pursue her studies in Tunku Abdul Rahman College. During her tenure with the company, she was involved in the handling of accounting records and related administrative matters. From 1995 to 1997, she pursued her studies on a full-time basis.

Upon obtaining her diploma, she returned to work in 1997 by joining Baker Tilly Monteiro Heng as Audit Assistant, where she was primarily involved in various statutory audit assignments. She was subsequently promoted to Senior Audit Manager, Associate Director of Transaction Reporting Division and Executive Director of Transaction Reporting Division in 2005, 2007 and 2011 respectively. During her tenure there, she undertook various responsibilities including leading the audit team to conduct audit and special assignments, liaising with stakeholders, conducting training, ensuring compliance with auditing and accounting standards as well as regulatory requirements and expanding the growth of the Transaction Reporting Division. She left the firm in 2015.

In 2016, she joined Dolphin Application Sdn Bhd (a subsidiary of Dolphin International Berhad, which is listed on the Main Market of Bursa Securities) as Corporate Affairs Director responsible for supervising corporate exercises, handling special projects, overseeing investor relations and public relations matters, improving internal control systems and reporting structure, overseeing compliance matters and liaising with stakeholders. She left Dolphin Application Sdn Bhd in 2017 to pursue her own business venture, Avia Alliance Sdn Bhd, a business and accounting consultancy firm.

She currently sits on the Board of Directors of SDS Group Berhad and Kim Teck Cheong Consolidated Berhad, where she was appointed as the Independent Non-Executive Director of both companies in September 2018.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**5.2.3 Principal business performed outside our Group**

Save as disclosed below, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

(i) Tajul Arifin bin Mohd Tahir

Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
Present involvement						
1. Wawasan Hartamas Sdn Bhd	Dormant	Independent and Non-Executive Director	22 February 2011	-	-	-
2. ADF Capital Berhad	Investment holding company	Independent and Non-Executive Director	27 July 2016	-	-	-
3. Mesti Perkasa Sdn Bhd	Investment holding of business consulting businesses and provision of management services	Shareholder	-	-	0.5	-
4. 5 Pillars Ventures Sdn Bhd	Venture capital management company	Executive Director	12 March 2018	-	20.0	-
5. Peerhealth Malaysia Sdn Bhd	Provision of healthcare-related services	Independent and Non-Executive Director	1 June 2017	-	-	-
6. Eresos Corporation Sdn Bhd	Investment holding in quoted and unquoted shares	Shareholder	-	-	25.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
7. Thenar Technology Sdn Bhd	Development, sales and licensing of software and electronic commerce solution	Independent and Non-Executive Director	26 October 2018	-	-	-
8. Padiyo Sdn Bhd	Dormant	Independent and Non-Executive Director	31 July 2018	-	-	-
<u>Past involvement</u>						
1. Tekad Mulia Sdn Bhd	Investment holding company	Independent and Non-Executive Director	30 December 2009	20 November 2013	-	-
2. Padiyo Solution Sdn Bhd	Dormant	Independent and Non-Executive Director	30 November 2018	16 January 2019	-	-
(ii) Por Teong Eng						
Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Past involvement</u>						
1. Des Neon Advertising Sdn Bhd	Dissolved. It was previously involved in the supply, design and installation of advertising products	Non-Independent and Non-Executive Director	20 February 2008	Dissolved	10.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
2. Kejuruteraan Sepakat Maju Sdn Bhd	Provision of electrical and general engineering services	Independent and Non-Executive Director	2 June 2014	30 June 2016	-	-
3. Mestron Marketing Sdn Bhd	Dissolved. It was previously involved in trading of lighting products	Executive Director	30 August 2010	Dissolved	50.0	-
(iii) Loon Chin Seng						
Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Past involvement</u>						
1. Mestron Marketing Sdn Bhd	Dissolved. It was previously involved in trading of lighting products.	Executive Director	10 March 2009	Dissolved	50.0	-
(iv) Phang Sze Fui						
Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	% of shareholdings held (direct)	% of shareholdings held (indirect)
<u>Present involvement</u>						
1. Avia Alliance Sdn Bhd	Business and accounting consultancy services	Executive Director	18 July 2017	-	100.0	-

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
2. Kim Teck Cheong Consolidated Berhad	Investment holding company with subsidiaries involved in the provision of distribution and warehousing services	Independent and Non-Executive Director	28 September 2018	-	-	-
3. SDS Group Berhad	Investment holding company	Independent and Non-Executive Director	4 September 2018	-	-	-
4. IWC Performance Innovations Sdn Bhd	Wholesale of goods and information technology services	Non-Independent and Non-Executive Director	17 December 2018	-	3.0	-
5. Heng Hup Chiho Recycling (Malaysia) Sdn Bhd	Recycling, import and export of metal and non-metal materials	Independent and Non-Executive Director	1 February 2019	-	-	-
Past involvement						
1. Biogas Sulpom Sdn Bhd	Manufacturer, processors and supplier of biogas	Executive Director	14 December 2016	15 August 2017	-	-

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

It is the Director's fiduciary duty to avoid conflict. Our Directors are required to attend courses which provide guidelines to them on their fiduciary duties. To mitigate any possible conflict of interest situation in the future, our Directors will declare to our Nomination Committee and our Board, their interests in other companies at the onset and as and when there are changes in their respective interests in the companies outside of our Group. Our Nomination Committee will first evaluate if such Director's involvement give rise to an actual or potential conflict of interest with our Group's business after the disclosure provided by such Director. After a determination has been made on whether that there is an actual or potential conflict of interest, our Nomination Committee will then:

- (a) immediately inform our Board of the conflict of interest situation;
- (b) make recommendations to our Board to direct the conflicted Director to:
 - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director); and
 - (ii) abstain from all Board deliberation and voting in the matter that has given rise to the conflict of interest.

In relation to (b) above, the conflicted Director shall be absent from any Board discussion relating to the recommendation of our Nomination Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary responsibility to our Group, our Nominating Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

Where there are related party transactions between our Group with our Directors (or person connected to them) or companies in which our Directors (or person connected to them) have an interest, our Audit and Risk Management Committee will, amongst others, supervise and monitor such related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 9.1.1 for the procedures to be taken to ensure that related party transactions (if any) are undertaken on arm's length basis.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**5.3 KEY SENIOR MANAGEMENT****5.3.1 Key senior management's shareholdings**

The shareholdings of our key senior management in our Company before and after our IPO are set out below:

Name	Designation/ Nationality	Before IPO			After IPO ⁽¹⁾⁽²⁾		
		Direct		Indirect	Direct		Indirect
		No. of Shares	%	No. of Shares	No. of Shares ⁽²⁾	%	No. of Shares
Lee Chun Heng	Head of Sales & Marketing/ Malaysian	-	-	-	1,220,000	0.2	-
Tan Hock Choon	Production Manager/ Malaysian	-	-	-	175,000	*	-
Lai Jian Hong	Chief Financial Officer/ Malaysian	-	-	-	130,000	*	-
Neo Yeung Tat	Technical Manager/ Malaysian	-	-	-	395,000	0.1	-

Notes:

* Less than 0.1%

⁽¹⁾ Based on the enlarged share capital of 790,000,000 Shares after the IPO.

⁽²⁾ Assuming that our key senior management will fully subscribe for their respective entitlements under the Pink Form Allocations.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.3.2 Profiles of key senior management

The profiles of our key senior management are as follows:

(i) Lee Chun Heng
Head of Sales and Marketing

Lee Chun Heng, Malaysian, aged 45, is our Head of Sales and Marketing and is responsible for the overall sales and marketing activities of our Group.

He obtained his Certificate of Business Studies from Stamford College Malaysia in 1996. Upon graduation in 1996, he started his career with Resorts World Berhad (now known as Genting Malaysia Berhad), a leisure and hospitality company, as Marketing Assistant. During his tenure, he was responsible for the advertising and marketing activities of the company.

In 2002, he left Resorts World Berhad (now known as Genting Malaysia Berhad) as a Marketing Manager and joined his family company, Syarikat Perniagaan Meng Tuck, a used-car dealer, as Sales and Marketing Manager where he was responsible in managing the sales and marketing operation of the company. In 2005, he left Syarikat Perniagaan Meng Tuck and joined Signage Universe Sdn Bhd, an advertising and events company, as Sales and Marketing Manager. In 2008, he left Signage Universe Sdn Bhd and joined M Stage Asia Sdn Bhd, an event management company, as Marketing Manager. During his tenure, he was involved in planning and organising events and road shows for multinational companies.

In 2009, he left M Stage Asia Sdn Bhd and joined our Group as our Sales and Marketing Manager. Subsequently in 2015, he was promoted to his current roles as the Head of Sales and Marketing. He brings with him over 22 years of experience in sales and marketing.

Presently, he does not hold directorship in any other public listed companies or private limited companies.

(ii) Tan Hock Choon
Production Manager

Tan Hock Choon, Malaysian, aged 39, is our Production Manager and is responsible for overseeing our manufacturing activities.

He graduated with a Bachelor of Mechanical Engineering from Universiti Kebangsaan Malaysia in 2004. Upon graduation in 2004, he began his career with Malayawata Steel Berhad (now known as Ann Joo Resources Berhad), as a Procurement Engineer where he was involved in overseeing the sourcing and procurement of engineering consumable parts, equipment and external services used in the manufacturing process.

In 2006, he left Malayawata Steel Berhad and joined Galvapole Industries Sdn Bhd as Production Engineer, where he was responsible for the overall manufacturing planning for steel poles, design of steel poles' structure for various applications as well as supervising production workers in the overall manufacturing operation. He was promoted to Senior Production Engineer in 2008, and later to Factory Manager in 2012. During his tenure with Galvapole Industries Sdn Bhd, he was responsible for the overall management of the production facility and was involved in quality assurance, machinery inspection and maintenance as well as the process improvement activities for the production operation.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2016, he left Galvapole Industries Sdn Bhd and joined Impact Renewable Solutions Sdn Bhd, a company focusing on renewable energy solutions, as Production Manager, where he was responsible for overseeing the material procurement, research & development activities and overall production processes of solar thermal products.

In 2017, he left Impact Renewable Solutions Sdn Bhd and joined our Group in his present position as Production Manager where he is responsible in managing our manufacturing facility to ensure minimal interruption in our manufacturing operation. He brings with over 14 years of experience in management of manufacturing facilities and manufacturing operations.

Presently, he does not hold directorship in any other public listed companies or private limited companies.

(iii) Lai Jian Hong
Chief Financial Officer

Lai Jian Hong, Malaysian, aged 27, is our Chief Financial Officer and is responsible for handling our Group's overall finance functions including the monitoring of financial performance and results, financial reporting, treasury management and tax compliance.

He graduated with a Bachelor of Arts in Accounting and Finance from University of the West of England, United Kingdom in 2013. He obtained his associate membership in the Association of Chartered Certified Accountants, United Kingdom in May 2018 and membership in the Malaysian Institute of Accountants in September 2018.

He began his career as an Administrative Executive in his family company, Orbiting Scientific & Technology Sdn Bhd, a distributor of advanced scientific instruments and laboratory accessories, on part-time basis while pursuing his tertiary education and professional affiliation of Association of Chartered Certified Accountants, United Kingdom from 2010 to 2015. During his tenure in Orbiting Scientific & Technology Sdn Bhd, he was mainly responsible in handling the company's accounting records, preparation of annual budget and sales forecast, formulating internal control practices, credit control for accounts receivables and other administrative matters.

In 2015, he left Orbiting Scientific & Technology Sdn Bhd and joined Grant Thornton Malaysia as an Audit Associate and was promoted to Senior Audit Associate in 2016, where he was involved in statutory audit assignments and special audit assignments for corporate exercises in Malaysia. In April 2018, he was promoted to Audit Supervisor where his role was extended to leading and monitoring a team of audit associates in various audit assignments. He left the firm in July 2018.

During his tenure in Grant Thornton Malaysia, he was also involved in the audit assignment of our financial statements for FYE 2015 to 2017 from April 2018 up to his departure in July 2018, as part of our IPO process.

In August 2018, he was recruited to join our Group as Finance and Accounts Manager given his understanding of our business operations gained from his involvement in the audit process of our Group. In April 2019, he was promoted to his current position as the Chief Financial Officer of our Group.

Presently, he does not hold directorship in any other public listed companies or private limited companies.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(iv) Neo Yeung Tat
Technical Manager

Neo Yeung Tat, Malaysian, aged 28, is our Technical Manager and is responsible for overseeing the design and development of our products. He graduated with a Bachelor of Engineering in Mechanical Engineering from INTI International University in 2014 and a Master of Engineering in Mechanical Engineering from University of Bradford, United Kingdom in 2015.

Upon graduation in 2015, he joined our Group as Technical Design Engineer. During his tenure, he was involved in the evaluation and enhancement of pole designs, preparation of street lighting simulation reports and addressing various technical issues. In 2018, he was promoted to his present position to lead our technical team.

Presently, he does not hold directorship in any other public listed companies or private limited companies.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**5.3.3 Principal business performed outside our Group**

Save as disclosed below, none of our key senior management has any other principal directorship and/or principal business activities performed outside our Group as at the LPD:

(i) Lai Jian Hong

Company	Principal activities	Involvement/ Position held	Date of appointment	Date of resignation	shareholdings held (direct)	% of shareholdings held (indirect)
----------------	-----------------------------	---------------------------------------	--------------------------------	--------------------------------	--	---

Present involvement

- | | | | | | | |
|----|--|---|-------------|---|------|---|
| 1. | Orbiting Scientific & Technology Sdn Bhd | Distributor of advanced scientific instruments and laboratory accessories | Shareholder | - | 20.0 | - |
|----|--|---|-------------|---|------|---|

The involvement of our key senior management for the business activities outside our Group does not give rise to any conflict of interest situation with our business. Their involvement in such business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

5.4 RELATIONSHIPS AND/OR ASSOCIATIONS

There are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at the LPD.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.5 DIRECTORS' AND KEY SENIOR MANAGEMENT'S REMUNERATION AND BENEFITS

5.5.1 Directors' remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2018 and 2019 are as follows:

FYE 2018	Directors' fees	Salaries	Bonuses	Benefits-in-kind and allowance	Total
Director	RM'000	RM'000	RM'000	RM'000	RM'000
Tajul Arifin bin Mohd Tahir ⁽²⁾	10	-	-	-	10
Por Teong Eng	-	540	-	-	540
Loon Chin Seng	-	540	-	-	540
Leong Peng Phooi ⁽²⁾	6	-	-	-	6
Phang Sze Fui ⁽²⁾	13	-	-	-	13

Proposed for FYE 2019	Directors' fees	Salaries	Bonuses ⁽¹⁾	Benefits-in-kind and allowance	Total
Director	RM'000	RM'000	RM'000	RM'000	RM'000
Tajul Arifin bin Mohd Tahir ⁽²⁾	60	-	-	-	60
Por Teong Eng	-	600	-	-	600
Loon Chin Seng	-	600	-	-	600
Leong Peng Phooi ⁽²⁾	36	-	-	-	36
Phang Sze Fui ⁽²⁾	78	-	-	-	78

Notes:

⁽¹⁾ The bonuses for FYE 2019 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.

⁽²⁾ Appointed in October 2018.

The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Director's fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 13.1 for further details.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.5.2 Key senior management's remuneration and benefits

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for FYE 2018 and 2019 are as follows:

FYE 2018	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
Key senior management	RM'000	RM'000	RM'000
Lee Chun Heng	250 - 300	0 - 50	250 - 300
Tan Hock Choon	100 - 150	-	100 - 150
Lai Jian Hong ⁽¹⁾	0 - 50	0 - 50	0 - 50
Neo Yeung Tat	50 - 100	0 - 50	50 - 100

Proposed for FYE 2019	Remuneration band (in bands of RM50,000)		
	Remuneration ⁽²⁾	Benefits-in-kind	Total
Key senior management	RM'000	RM'000	RM'000
Lee Chun Heng	300 - 350	0 - 50	300 - 350
Tan Hock Choon	150 - 200	-	150 - 200
Lai Jian Hong	100 - 150	0 - 50	100 - 150
Neo Yeung Tat	50 - 100	0 - 50	50 - 100

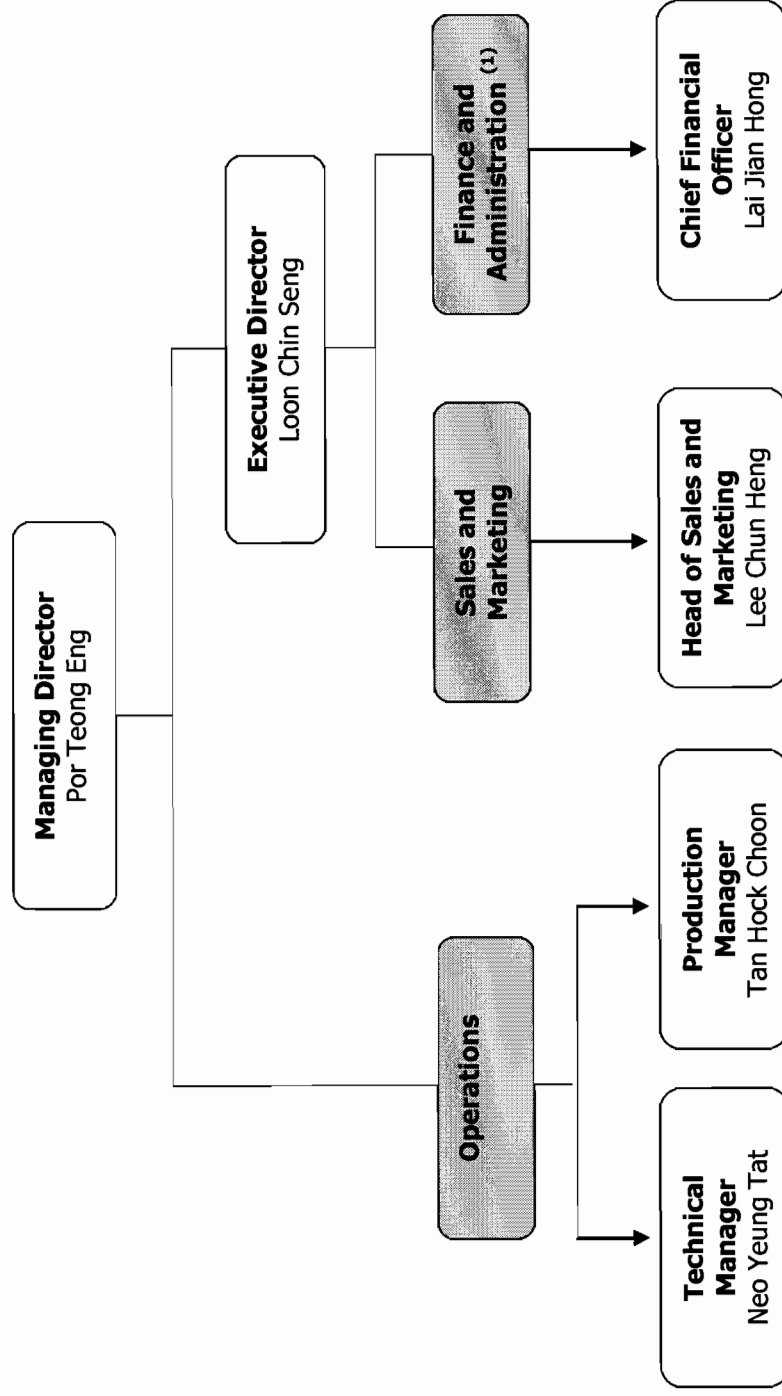
Notes:

- (1) Lai Jian Hong joined our Group as Finance and Accounts Manager in August 2018.
- (2) The bonuses for FYE 2019 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group.

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.6 MANAGEMENT REPORTING STRUCTURE



Note:

(1) Prior to the recruitment of our Chief Financial Officer, Lai Jian Hong in August 2018, the finance function of our Group was under the purview of our Executive Director, Loon Chin Seng and supported by 2 Account Executives.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.7 BOARD PRACTICE

5.7.1 Board

Our Board has adopted the following responsibilities for effective discharge of its functions:

- (a) To provide leadership and oversee the overall conduct of our Group's businesses to ensure that our businesses are being properly managed;
- (b) To review and adopt strategic plans for our Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;
- (c) To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard our Group's reputation, and our employees and assets and to ensure compliance with applicable laws and regulations;
- (d) To ensure that our Company has effective Board committees as required by the applicable laws, regulations, rules, directives and guidelines and as recommended by the Malaysian Code of Corporate Governance;
- (e) To review and approve our annual business plans, financial statements and annual reports;
- (f) To monitor the relationship between our Group and our management, shareholders and stakeholders, and to develop and implement an investor relations programme or shareholders' communications policy for our Group; and
- (g) To appoint our Board committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by our Board committees and deliberate on the recommendations thereon.

In accordance with our Constitution, an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election. This is provided always that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

All of our Directors were only appointed to our Board in October 2018 and have served for less than 1 year as at the LPD. All our Directors will retire and be eligible for re-election at our forthcoming first annual general meeting. Thereafter, at every subsequent annual general meeting, one-third of our Directors at that time, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election.

The members of our Board are set out in Section 5.2.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

5.7.2 Audit and Risk Management Committee

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility to oversee our Group's accounting and financial reporting matters as well as lead our strategic direction in the management of our business risks, including oversight on the establishment and implementation of a risk management framework and reviewing the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management. The Audit and Risk Management Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) To review and recommend our quarterly and annual financial statements for approval by our Board before announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group;
- (d) To consider the major findings of internal investigations and management's response;
- (e) To perform such other functions as may be requested by our Board;
- (f) To oversee and recommend the risk management policies and procedures of our Group;
- (g) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- (h) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (i) To set reporting guidelines for management to report to the committee on the effectiveness of our Group's management of its business risks;
- (j) To review the risk profile of our Group and to evaluate the measures taken to mitigate the business risks;
- (k) To review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite; and

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

- (l) To perform the oversight function over the administration of the whistleblowing policy that is approved and adopted by the Board to protect the values of transparency, integrity, impartiality and accountability where the Group conducts its business and affairs to enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds the Group's credibility to all our stakeholders.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

The members of our Audit and Risk Management Committee as at the LPD are as follows:

Name	Designation	Directorship
Phang Sze Fui	Chairwoman	Independent Non-Executive Director
Tajul Arifin bin Mohd Tahir	Member	Independent Non-Executive Chairman
Leong Peng Phooi	Member	Independent Non-Executive Director

The Nomination Committee and our Board will review the composition, performance and effectiveness of our Audit and Risk Management Committee annually.

5.7.3 Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To recommend a framework of remuneration for Directors for the Board's approval. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain Directors of calibre, and yet not excessive. The framework should cover all aspects of remuneration including Director's fee, salaries, allowance, bonuses, options and benefit-in-kind;
- (b) To recommend specific remuneration packages for Executive Directors including our Managing Director. The remuneration package should be structured such that it is competitive. Salary scales drawn up should be within the scope of the general business policy and not be dependent on short-term performance to avoid incentives for excessive risk-taking. As for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board;
- (c) To ensure the establishment of a formal and transparent procedure for developing policies, strategies and framework for the remuneration of Executive Directors; and
- (d) To perform any other functions as defined by the Board.

The recommendations of our Remuneration Committee are subject to the approval of our Board.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

The members of our Remuneration Committee as at the LPD are as follows:

Name	Designation	Directorship
Tajul Arifin bin Mohd Tahir	Chairman	Independent Non-Executive Chairman
Phang Sze Fui	Member	Independent Non-Executive Director
Leong Peng Phooi	Member	Independent Non-Executive Director

5.7.4 Nomination Committee

The Nomination Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To assist our Board in the effective discharge of its responsibility to ensure that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (c) To evaluate the effectiveness of our Board and the relevant Board committees; and
- (d) To ensure an appropriate framework and succession planning for our Board.

The recommendations of our Nomination Committee are subject to the approval of our Board.

The members of our Nomination Committee as at the LPD are as follows:

Name	Designation	Directorship
Tajul Arifin bin Mohd Tahir	Chairman	Independent Non-Executive Chairman
Phang Sze Fui	Member	Independent Non-Executive Director
Leong Peng Phooi	Member	Independent Non-Executive Director

5.8 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements (contracts for services) entered into between the companies within our Group, with our Directors or key senior management.

5.9 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors or key senior management is or has been involved in any of the following events (whether within or outside Malaysia):

- (a) In the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or a member of key senior management;

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (b) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) In the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) In the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) In the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) Being the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (h) Has any unsatisfied judgment against him.

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6. INFORMATION ON OUR GROUP

6.1 INCORPORATION AND HISTORY OF OUR GROUP

6.1.1 Overview of our Group

Our Company was incorporated in Malaysia on 18 May 2018 under the Act as a public limited company under our present name, Mestron Holdings Berhad. Our Company was incorporated as a special purpose vehicle to facilitate the listing of Mestron Engineering and its subsidiaries on the ACE Market.

On 12 October 2018, we entered into a conditional share sale agreement to acquire 100.0% equity interest in Mestron Engineering. The Acquisition of Mestron Engineering was completed on 25 April 2019. Thereafter, Mestron Engineering became a wholly owned subsidiary of our Company and its subsidiaries, namely Meslite and Max Lighting became indirect wholly owned subsidiaries of our Company. Further details on the Acquisition of Mestron Engineering and our corporate structure are set out in Section 6.2.

Our Company is an investment holding company. Through our subsidiaries, we are principally involved in the following activities:

- (i) Manufacturing of steel poles comprising standard street light poles, decorative light poles and specialty poles; and
- (ii) Trading of outdoor lighting products.

6.1.2 Background and history of our business

The history of our Group can be traced back to the establishment of Mestron Engineering in 2002. During that time, most major street light pole manufacturing companies in Malaysia were focused on the manufacturing of standard street light poles, which required less or minimal customisation or design. Realising the market potential for decorative light poles in Malaysia, Por Teong Eng and Loon Chin Seng established Mestron Engineering and ventured into customised or decorative steel pole manufacturing. However, one of the co-founders (now our Executive Director), Loon Chin Seng decided to withdraw himself from the venture in the same year and continued with his full time employment due to personal reasons. As such, our business during our formative years was mainly spearheaded by our Managing Director, Por Teong Eng up until Loon Chin Seng re-joined our Group as Executive Director in 2006 to spearhead our Group's business development activities. Since then, our Group's business operations were jointly led by our Promoters.

Since incorporation, our Group has achieved the following milestones:

Manufacturing segment

- **We have developed from a small scale light pole manufacturer to a supplier of steel poles for various high-profile construction projects**

Between 2002 and 2008, we manufactured and distributed decorative light poles and standard street light poles on a small-scale basis as we supplied in small quantities for private roads and walkways, or as a contract manufacturer for other street light pole manufacturers. Our sales at the time were mostly secured through electrical product distributors, construction companies and other street light pole manufacturers.

6. INFORMATION ON OUR GROUP (Cont'd)

In 2009, our street light pole products were certified by SIRIM QAS International Sdn Bhd to be compliant with BS EN 40 – 5:2002, the official standard used for structural steel street light poles in Malaysia. In the same year, we also obtained approval from JKR for our products to be used on public roads in Malaysia. We later obtained our ISO 9001:2008 certification from Lloyd's Register Quality Assurance for the design and manufacture of lighting poles in 2010.

Our accreditations allowed us to supply standard street light poles for public roads and highways, and sizeable infrastructure projects in Malaysia. Between 2009 and 2010, we supplied both standard and decorative street light poles and specialty poles for Jalan Coastal in Sabah, the Danga Bay and Larkin Bus Terminal projects in Johor, as well as the Stadium Kuala Pilah project in Negeri Sembilan.

Further, our accreditations also helped us to secure sizeable decorative light pole orders for major residential and commercial developments. Our first major sale of decorative and standard street light poles was for a residential development project in Bandar Sri Sendayan in Seremban, Negeri Sembilan in 2010. This was the first order we received from a property developer, and thereafter our property developer clientele expanded as we supplied to Eco Majestic Sdn Bhd (a subsidiary of Eco World Development Berhad), GME-CI (GIBS2) Joint Venture (which is part of Gamuda Berhad) and MKH Building Materials Sdn Bhd (a subsidiary of MKH Berhad).

In view of the growth in demand for our decorative light pole, Meslite was established in 2010 to expand our decorative light pole segment to include the manufacture of decorative compound light poles, which were mainly used on pedestrian walkways and bridges.

Sales of our standard street light pole and decorative light poles continue to grow between 2011 and 2015 as we continued to secure orders for these products for residential, commercial and infrastructure projects in Malaysia.

We started supplying standard street light poles for highways, including the East Klang Valley Expressway and Coastal Highway Southern Link in 2016.

Our business continued growing in 2016 and 2017. We supplied light poles for several key residential township developments in Malaysia including Eco Majestic in 2016, as well as Eco Summer, Eco Spring and Hill Park Town in 2017. We also secured orders of standard street light poles for several other high-profile projects including the LRT Ampang line extension project, the Sungai Buloh – Kajang MRT Line and the Bukit Jalil National Sports Complex refurbishment project in 2017.

In 2018, we secured orders of light poles for key residential township developments in Malaysia including Eco Forest, Diamond City Semenyih and Gamuda Gardens.

- **We expanded our specialty pole product range, allowing us to serve other end-user industries**

Since the start of our business, we have, on the request of our regular customers, supplied camera and traffic poles. We were able to fulfil these requests as the technical expertise required to manufacture these poles did not differ significantly from the expertise required for standard street light poles and decorative light poles.

6. INFORMATION ON OUR GROUP (Cont'd)

In 2006, we began to expand our range of specialty poles to include mining light poles, when we secured an order from an Australia-based light pole supplier. Our first order of mining light poles were in the form of mid-hinge collapsible poles. The technical expertise required to manufacture mining light poles does not differ significantly from standard street light poles. However, mining light poles may require customisation in accordance to the mining site condition to allow for ease of maintenance and mounting.

When we relocated to our Main Manufacturing Facility in 2016 from our previous manufacturing facility located at Taman Perindustrian Meranti Permai, Puchong, we acquired a new press brake machine which enabled us to automate the manufacturing of pole sections of up to 12 meters in length. This enabled us to manufacture large poles, which are commonly used as telecommunication monopoles, oil and gas light poles and high mast poles.

We secured our first order for oil and gas light poles from a Korea-based specialised contractor in 2016. Similar to mining light poles, the manufacture of oil and gas light poles does not require any special technical expertise but require customisations in accordance to the oil and gas platform conditions to allow for ease of maintenance and mounting.

In 2017, we secured our first sale for telecommunication monopoles from a contractor to one of the major telecommunication companies in Malaysia.

- **We expanded our operating capacity and manufacturing capabilities to accommodate our business expansion**

Mestron Engineering commenced manufacturing steel poles out of a rented light industrial lot measuring 2,000 sq ft in Pusat Bandar Puchong, with an operating capacity of approximately 150 MT per annum. As described above, the rented manufacturing facility facilitated the manufacture of our steel poles on a small scale basis from 2002 to 2008.

To accommodate for increasing demand of our steel poles, Mestron Engineering acquired additional machinery and moved to a larger rented manufacturing facility in Taman Mas Sepang, Puchong measuring approximately 7,600 sq ft in 2004. With the expansion of our manufacturing facility, we were able to increase our operating capacity to approximately 460 MT per annum. With machinery to undertake steel plate rolling, shearing and bending processes, we were able to semi-automate our key manufacturing processes which were previously performed manually. This allowed us to undertake more orders and reduce reliance on manual labour, enabling us to increase production efficiency and minimise wastages.

In 2006, we further expanded our operating capacity when Mestron Engineering acquired additional machinery and relocated to a larger rented manufacturing facility with a built-up area of approximately 37,300 sq ft in Taman Perindustrian Meranti Permai, Puchong. Our expansion and acquisition of additional machinery for steel shearing and bending provided us with additional capacity to manufacture camera, traffic and mid-hinge collapsible poles (collectively categorised as specialty poles). As we could not fully undertake the manufacture of larger poles (e.g. high mast and oil and gas light poles) in-house, we outsourced the manufacturing of these poles as and when we received orders. Our operating capacity in 2006 was approximately 1,800 MT per annum. As we begin to secure orders for public roads and highways, and sizeable infrastructure projects in 2009, we acquired more machinery and expanded our workforce to increase our operating capacity. Between 2009 and 2015, our operating capacity of this manufacturing facility ranged between 3,300 MT and 3,500 MT per annum.

6. INFORMATION ON OUR GROUP (Cont'd)

In 2016, Mestron Engineering acquired and relocated the manufacturing activities for our standard and decorative street light poles as well as specialty poles to our Main Manufacturing Facility in order to accommodate the growth in business activities. Our Main Manufacturing Facility has a land area and built-up area of 120,190 sq ft and 61,518 sq ft respectively, and is equipped with a robotic cutting machine, 3 CNC machineries as well as a press brake machine which has the capability to manufacture large poles. Consequently, our operating capacity of our Main Manufacturing Facility grew to approximately 5,230 MT per annum.

In the following year, Mestron Engineering set up its storage area at the Adjacent Land which was acquired by Mestron Engineering in the same year. In the past, our storage area had limited space as it shared the same premise as our manufacturing facilities. With a larger premise and additional storage area to house our inventories of raw materials and products, we were able to streamline our manufacturing activities and expand our operating capacity for all product segments.

In 2010, Meslite was established to undertake the manufacturing of decorative compound light poles as we expand our decorative light pole segment. Decorative compound light poles are smaller than decorative light poles, and are typically used on pedestrian walkways and bridges. The technical expertise required in the manufacture of decorative compound light poles does not differ from decorative light poles. In view of that, we rented a separate manufacturing facility with a built-up area of approximately 7,904 sq ft in Taman Perindustrian Meranti Jaya, Puchong for the manufacturing operations of Meslite. The operating capacity of this manufacturing facility was approximately 330 MT per annum. We later relocated our decorative compound light pole manufacturing activities to Investment Property A and Investment Property B which were acquired by Mestron Engineering and Meslite respectively in 2012. The Investment Property A and Investment Property B had a combined built-up area of approximately 5,702 sq ft and an operating capacity of approximately 240 MT per annum.

In 2017, we relocated our manufacturing facility for decorative compound light poles when Meslite acquired Meslite's Factory with a larger built-up area of 10,563 sq ft, as business for this product segment grew. In line with the expansion of our manufacturing facility for decorative compound light poles, our operating capacity for this segment grew to approximately 440 MT per annum. The previous premise, namely Investment Property A and Investment Property B are currently being rented out to third party.

- **We penetrated the international markets**

We secured our first export sale in 2006 when we received an order for mining light pole, which was in the form of mid-hinge collapsible poles from a light pole supplier in Australia. We subsequently expanded the geographical coverage of our market to include Singapore, when we secured sale of standard street light poles from a light pole supplier based in Singapore in the same year.

We continued to secure orders from the international markets over the years, from countries such as Brunei, Korea, Myanmar, Sri Lanka and Maldives.

6. INFORMATION ON OUR GROUP (Cont'd)

Trading segment

- **We increased our revenue stream to include trading of outdoor lighting products**

We saw the potential of offering outdoor lighting products to complement our existing steel pole range of products and started our outdoor lighting products trading segment in 2010. By offering outdoor lighting products such as standard outdoor lighting and outdoor lighting bulbs, we are able to enhance our competitiveness in the street lighting industry as we can offer our customers the convenience of dealing with a single supplier for all their street lighting needs.

Max Lighting was later established in 2016 to expand our range of outdoor lighting brands.

Our Group are currently the authorised distributor for GRUPPE, NIKKON and OSRAM brands of outdoor lighting products.

Please refer to Section 6.6 for further details of our Group's business.

6.1.3 Shareholding changes of our subsidiaries

Mestron Engineering

Mestron Engineering was initially incorporated on 10 September 2002 as a shelf company. Our Promoters acquired Mestron Engineering on 25 September 2002 to venture into the light pole manufacturing business. However, Loon Chin Seng subsequently withdrew from this venture in the same year to remain at his full-time employment at that point of time. In view of this, Por Teong Eng identified a financial investor, Lee Woon Kee to acquire the shareholdings of Loon Chin Seng on 24 October 2002. Since then, the ownership of Mestron Engineering has gone through several changes which include the entry of a new financial investor, Phua Chiu Keng in place of Lee Woon Kee in 2004.

In 2006, Loon Chin Seng decided to re-join Por Teong Eng in their initial plan to establish the light pole manufacturing business and acquired 60.0% equity interest in Mestron Engineering from Phua Chiu Keng and joined the company as its Executive Director.

In 2008, our Promoters invited our customer, Longmont Management Pty Ltd (now known as Auspole Products Pty Ltd) to take up a 10.0% equity interest in Mestron Engineering. Longmont Management Pty Ltd was one of our major customers during that time.

In 2012, Longmont Management Pty Ltd decided to exit from Mestron Engineering, and its 10.0% equity interest in Mestron Engineering was acquired equally by our Promoters.

In preparation for our Listing, we have acquired the entire equity interest of Mestron Engineering on 25 April 2019, further details of which are set out in Section 6.2.

The changes in the shareholding structure of Mestron Engineering since its incorporation up to the LPD are set out in Section 13.4.1.

6. INFORMATION ON OUR GROUP (Cont'd)**Meslite**

Meslite was incorporated on 7 June 2010 to expand our decorative light pole product segment by undertaking the manufacturing of decorative compound light poles. The shareholdings of Meslite were initially held by Pee Kok Keong⁽¹⁾ and our Managing Director, Por Teong Eng. Our Executive Director, Loon Chin Seng subsequently became a shareholder of Meslite on 21 April 2016 through the subscription of 150,000 new ordinary shares, representing 30.0% equity interest in Meslite for a cash consideration of RM150,000.

Note:

- ⁽¹⁾ Pee Kok Keong joined Meslite since its incorporation and is mainly responsible for the technical operations of Meslite due to his expertise in the manufacturing operation of decorative compound light poles. He possessed over 25 years of working experience in the manufacturing of decorative light poles.

On 3 April 2018, our Group undertook an internal reorganisation whereby our Promoters collectively transferred their 60.0% equity interest in Meslite to Mestron Engineering for an aggregate cash consideration of RM300,000, based on their original cost of investment of RM1 per ordinary share in Meslite.

On 25 April 2019, Mestron Engineering acquired the remaining 40.0% equity interest in Meslite from Pee Kok Keong for a cash consideration of RM358,320, making Meslite a wholly owned subsidiary of our Group. The cash consideration of RM358,320 was derived at after taking into consideration the audited NA of Meslite as at 30 June 2018 of RM895,801.

The changes in the shareholding structure of Meslite since its incorporation up to the LPD are set out in Section 13.4.2.

Max Lighting

Max Lighting was incorporated on 26 February 2016 to expand our outdoor lighting product trading business. Initially, 2 members of Mestron Engineering's management team namely, Lee Chun Heng (Head of Sales and Marketing) and Mohd Faizal Bin Mohd Noor (Sales and Marketing Manager) and the brother of Loon Chin Seng, Loon Chin Meng were identified to spearhead the business development activities of Max Lighting. As such, they were the initial shareholders of Max Lighting together with our Executive Director, Loon Chin Seng. Por Teong Eng subsequently became a shareholder of Max Lighting in 10 August 2016 through the subscription of 40,000 new ordinary shares, representing 20.0% equity interest in Max Lighting for a cash consideration of RM40,000.

On 16 March 2018, our Group undertook an internal reorganisation whereby Mestron Engineering acquired 70.0% equity interest in Max Lighting from Loon Chin Seng, Loon Chin Meng and Lee Chun Heng for an aggregate cash consideration of RM140,000 while Por Teong Eng and Mohd Faizal Bin Mohd collectively disposed the remaining 30.0% equity interest in Max Lighting to Lee Yong Kong⁽¹⁾ for an aggregate cash consideration of RM60,000. The consideration was derived based on their respectively original cost of investment of RM1 per ordinary share in Max Lighting. Following their divestment, Lee Chun Heng and Mohd Faizal Bin Mohd returned to their respective roles at Mestron Engineering while Loon Chin Meng departed from Max Lighting to pursue his personal business interest in mechanical engineering consulting business, which is not in competition with the business activities of our Group.

6. INFORMATION ON OUR GROUP (Cont'd)

Note:

- (1) We recruited Lee Yong Kong in April 2017 to spearhead Max Lighting's business development activities due to his experience in the trading of outdoor lighting products. He possessed over 20 years of working experience in the trading business of outdoor lighting products.

On 25 April 2019, Mestron Engineering acquired the remaining 30.0% equity interest in Max Lighting from Lee Yong Kong for RM134,907, making Max Lighting a wholly owned subsidiary of our Group. The cash consideration of RM134,907 was derived after taking into consideration the audited NA of Max Lighting as at 30 June 2018 of RM449,691.

The changes in the shareholding structure of Max Lighting since its incorporation up to the LPD are set out in Section 13.4.3.

6.1.4 Share capital

As at the LPD, our share capital is RM31,600,001.90 comprising 632,000,000 Shares. The movements in our share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration / Type of issue RM	Cumulative share capital RM
18 May 2018	2	2/ Subscribers' shares	2
12 April 2019	631,999,998	31,599,999.90/ Issued pursuant to the Acquisition of Mestron Engineering	⁽¹⁾ 31,600,002

Note:

- (1) Rounded up to the nearest RM1

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Upon completion of our IPO, our enlarged share capital will be increased to RM56,880,001.90 comprising 790,000,000 Shares from the issuance of 158,000,000 Issue Shares.

6.2 DETAILS OF OUR RESTRUCTURING

To formalise our listing group in preparation of our Listing, we have undertaken the Acquisitions.

6.2.1 Acquisition of Meslite

On 25 April 2019, Mestron Engineering acquired the remaining 200,000 ordinary shares, representing 40.0% equity interest in Meslite from Pee Kok Keong for a cash purchase consideration of RM358,320. The purchase consideration was arrived after taking into consideration the audited NA of Meslite as at 30 June 2018 of RM895,801.

6. INFORMATION ON OUR GROUP (Cont'd)**6.2.2 Acquisition of Max Lighting**

On 25 April 2019, Mestron Engineering acquired the remaining 60,000 ordinary shares, representing 30.0% equity interest in Max Lighting from Lee Yong Kong for a cash purchase consideration of RM134,907. The purchase consideration was arrived at after taking into consideration the audited NA of Max Lighting as at 30 June 2018 of RM449,691.

6.2.3 Acquisition of Mestron Engineering

On 25 April 2019, we acquired the entire equity interest in Mestron Engineering comprising 2,500,000 ordinary shares for a purchase consideration of RM31,599,999.90 which was arrived at after taking into consideration the audited total equity attributable to the owners of Mestron Engineering as at 30 June 2018 of RM31,659,338. The purchase consideration for the Acquisition of Mestron Engineering was satisfied by the issuance of 631,999,998 new Shares to the Vendors at an issue price of RM0.05 each.

The details of the Vendors and the number of Shares issued to them pursuant to the Acquisition of Mestron Engineering are as follows:

Vendors	No. of shares acquired	% of share capital	Purchase consideration RM	No. of Shares issued
Loon Chin Seng	1,250,000	50.0	15,799,999.95	315,999,999
Por Teong Eng	1,250,000	50.0	15,799,999.95	315,999,999
	2,500,000	100.0	31,599,999.90	631,999,998

The new Shares issued pursuant to the Acquisition of Mestron Engineering rank equally in all respects with our existing Shares including the voting rights and will be entitled to all rights and dividends and other distributions, the entitlement date of which are subsequent thereof.

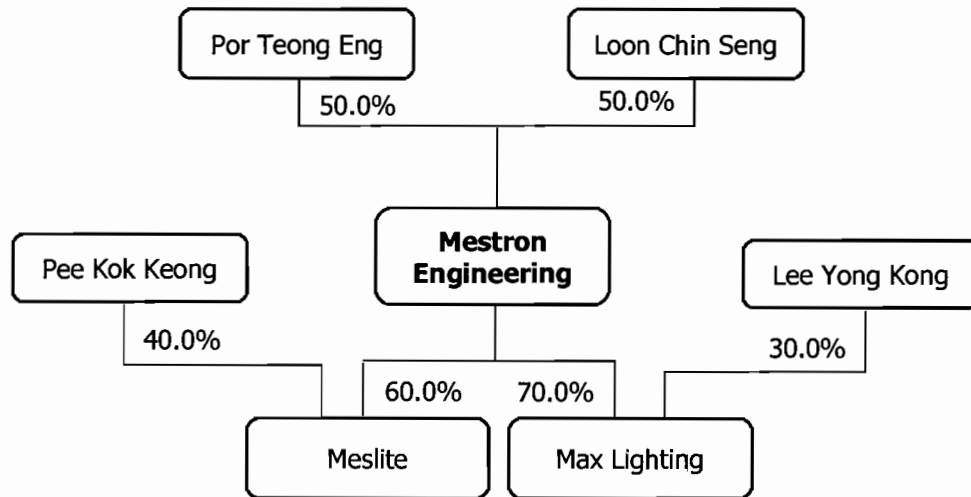
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6. INFORMATION ON OUR GROUP (Cont'd)

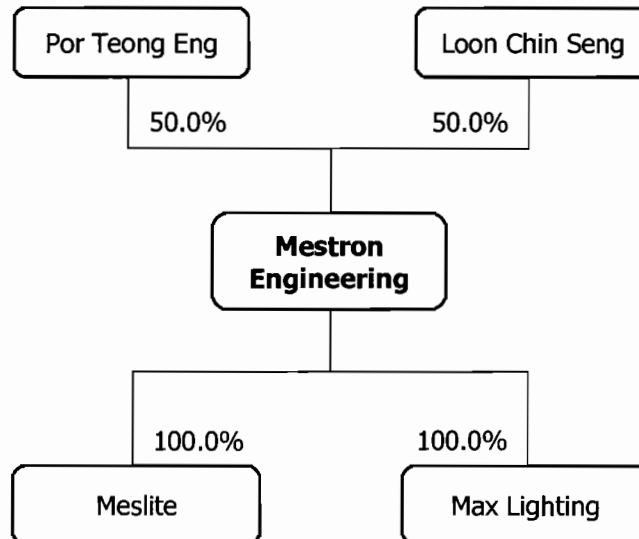
6.2.4 Group structure

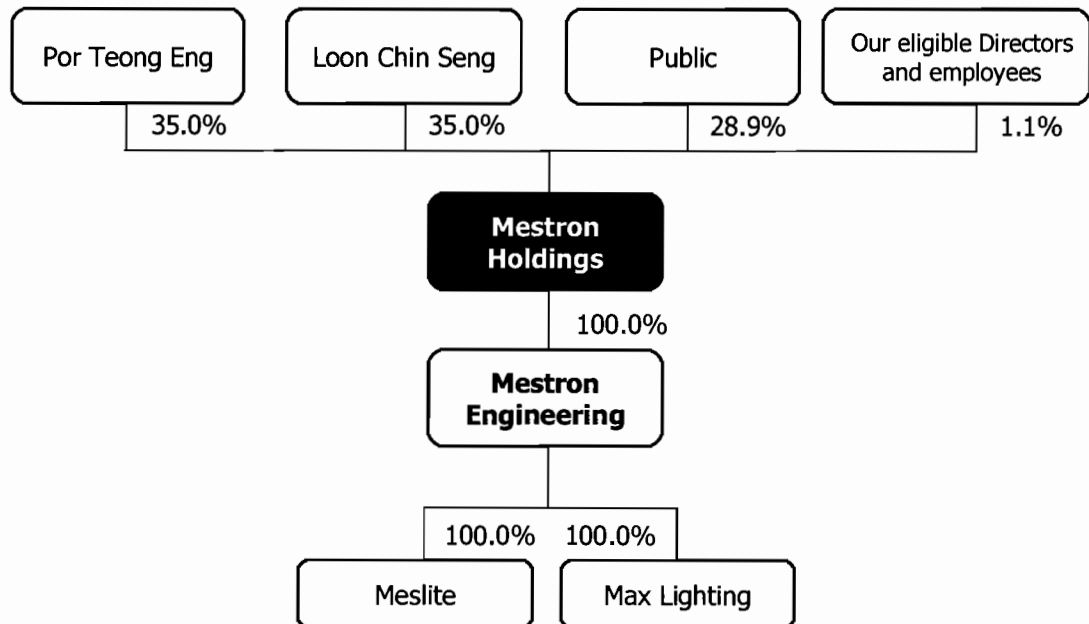
Our Group structure before and after the Acquisitions is as follows:

Before the Acquisitions



After the Acquisition of Meslite and Acquisition of Max Lighting but before the Acquisition of Mestron Engineering



6. INFORMATION ON OUR GROUP (Cont'd)**After the Acquisitions, Public Issue and Offer for Sale****6.3 SUBSIDIARIES**

As at the LPD, our subsidiaries are as follows:

Company	Company No.	Date / Place of incorporation	Principal place of business	Effective equity interest %	Principal activities
<u>Direct subsidiary</u>					
Mestron Engineering	591970-X	10 September 2002 / Malaysia	Malaysia	100.0	Manufacturing of steel poles as well as trading of outdoor lighting products
<u>Subsidiaries of Mestron Engineering</u>					
Meslite	903519-A	7 June 2010 / Malaysia	Malaysia	100.0	Manufacturing of decorative compound light poles
Max Lighting	1177145-X	26 February 2016 / Malaysia	Malaysia	100.0	Trading of outdoor lighting products

6. INFORMATION ON OUR GROUP (Cont'd)**6.4 MATERIAL INVESTMENTS AND DIVESTITURES**

Save as disclosed below, there were no other material investment made by us for the past 4 FYE 2015 to 2018 and up to the LPD:

Description	At cost				1 January
	FYE 2015	FYE 2016	FYE 2017	FYE 2018	2019 up
	RM'000	RM'000	RM'000	RM'000	till the LPD
					RM'000
Capital work-in-progress	(1) 5,885	(3) 2,426	(4) 1,334	214	-
Computer	4	67	20	58	17
Freehold building	-	-	(5) 2,830	-	-
Furniture and fittings	115	45	12	4	-
Leasehold land	-	-	(6) 6,850	59	-
Motor vehicles	(2) 1,500	441	364	(7) 857	-
Office equipment	3	33	32	20	8
Production machinery	537	1,353	188	862	82
Office renovation	-	-	19	432	-
Total	8,044	4,365	11,649	2,506	107

Notes:

- (1) Consist of work-in-progress for the construction of our Main Manufacturing Facility and milestone payment of RM2.89 million for the purchase of Alam Puchong Land that are under development. The Alam Puchong Land was originally purchased with the intention to construct our manufacturing facility for steel poles (save for decorative compound light poles). However, as we have identified a larger piece of land where our Main Manufacturing Facility is currently built on, the Alam Puchong Land was left vacant, which we intend to dispose.
- (2) Consists of the purchase of 2 company cars for our Promoters, 3 company cars for our sales and marketing personnel and a forklift.
- (3) Consists of work-in-progress for the construction of our Main Manufacturing Facility, which was completed in first half of 2016.
- (4) Consist of work-in-progress such as construction of fence, gates, concrete flooring and drainage works for the Adjacent Land as well as the final milestone payment of RM0.53 million for the purchase of Alam Puchong Land.
- (5) Consist of the purchase of Meslite's Factory by Meslite.
- (6) Consist of the purchase of the Adjacent Land which is currently our storage area.
- (7) Consist of the purchase of 5 company cars for our sales and marketing personnel and 2 forklifts.

The above material investments were made within Malaysia and primarily financed by a combination of hire purchase financing, term loans and internally generated funds.

6. INFORMATION ON OUR GROUP (Cont'd)

Save as disclosed below, there were no other material capital divestitures and write-offs (including interest in other corporations) made by our Group for the past 4 FYE 2015 to 2018 and up to the LPD:

Description	At NBV				1 January 2019 up till the LPD RM'000
	FYE 2015	FYE 2016	FYE 2017	FYE 2018	
	RM'000	RM'000	RM'000	RM'000	
Leasehold land and building	⁽¹⁾ 3,067	-	-	⁽³⁾ 1,477	-
Motor vehicles	⁽²⁾ 141	-	*	⁽⁴⁾ 131	⁽⁵⁾ *
Total	3,208	-	*	1,608	*

Notes:

* Negligible

(1) Being the disposal of a 3-storey semi-detached factory located at No. 23, Jalan MJ 16, Taman Industri Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan for a cash disposal consideration of RM3,380,000.

(2) Consist of the disposal of 2 company cars.

(3) Being the disposal of Agricultural Land A and Agricultural Land B to our Promoters for an aggregate cash consideration of RM1.45 million.

(4) Consist of the disposal of 2 company cars and 1 forklift.

(5) Consist of 1 forklift which was fully depreciated during FYE 2018.

The above capital divestitures were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or are obsolete.

Save as disclosed in Section 6.15 and our plan to utilise part of our proceeds to expand our Main Manufacturing Facility as set out in Section 4.8 of the Prospectus, we do not have any firm commitment to undertake any other material investments and divestiture as at the LPD.

6.5 PUBLIC TAKE-OVERS

Since our incorporation up to the LPD, there were:

- (a) no public take-over offers by third parties in respect of our Shares; and
- (b) no public take-over offers by our Company in respect of other companies' shares.

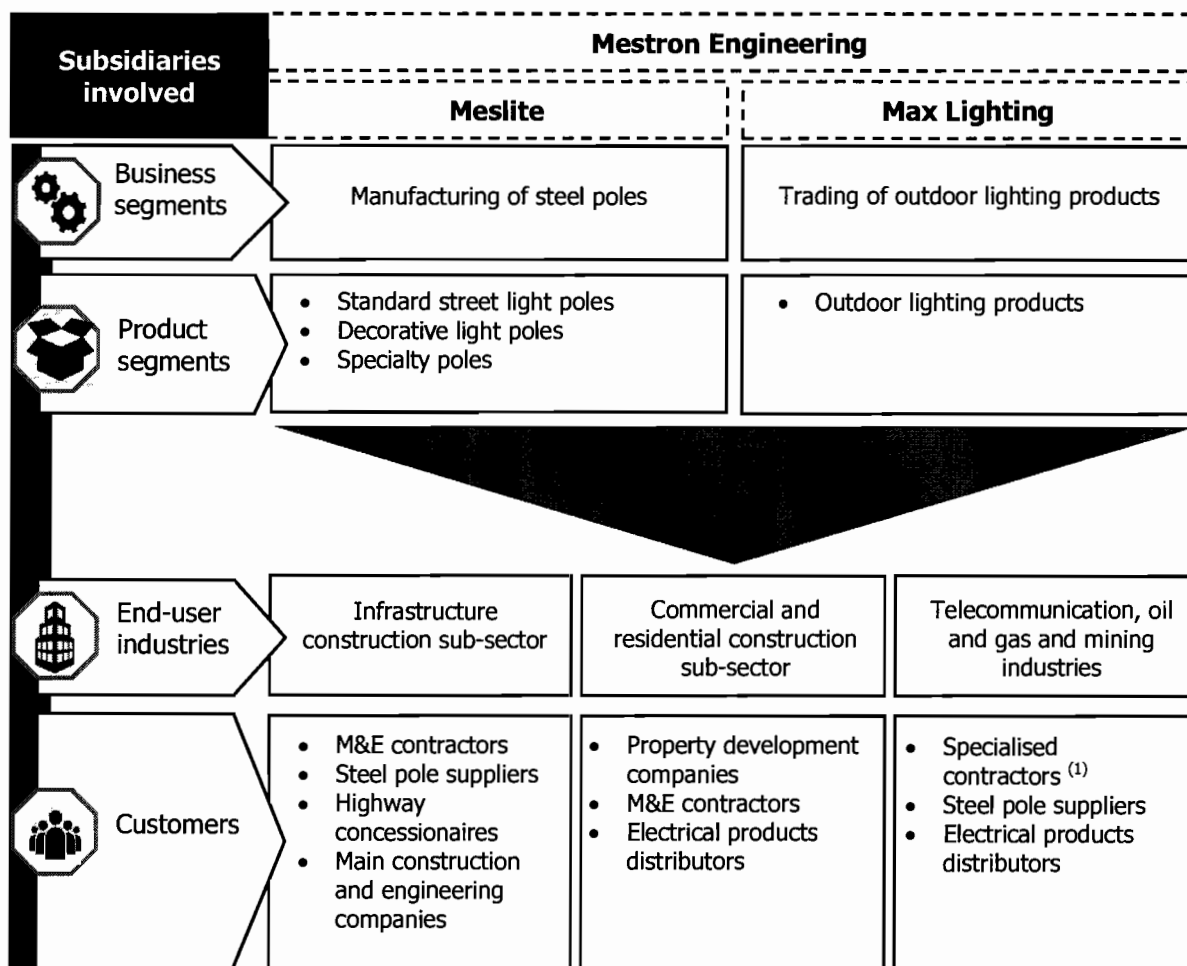
6. INFORMATION ON OUR GROUP (Cont'd)

6.6 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS

6.6.1 Principal business activities

We are principally involved in the manufacturing of steel poles as well as trading of outdoor lighting products. We supply our products to M&E contractors, property development companies as well as specialised contractors in the telecommunication, oil and gas and mining industries for their onward installation of our products. In addition, we also sell our products through electrical product distributors and steel pole suppliers. In certain occasions, we secure orders directly from highway concessionaires and main construction and engineering companies.

The following diagram illustrates our Group's business segments:



Note:

(1) Refers to contractors specialised in the engineering, procurement or construction of telecommunication infrastructure or oil and gas offshore platforms or mining sites.

6. INFORMATION ON OUR GROUP (Cont'd)

6.6.2 Our products

We are a manufacturer of steel poles. To complement our street light pole products, we are also involved in the trading of outdoor lighting products.

Our range of products can be categorised as follows:

(i) Steel poles

Steel poles are steel columns used to support outdoor lighting products and other electrical products (such as cameras, traffic light signals and antennas). These poles also house cables and wiring for these outdoor lighting and electrical products.

Some of our steel poles are customised in accordance to customers' specifications in terms of height, length and design. Further, we are also able to provide value-added services to our customers by advising them on the size, material, design and height required to support the number of outdoor lighting products. This analysis is performed through the use of structural engineering design software that we acquired from external software provider, namely PLS-POLE and STAAD.Pro.

As and when required by our customers, these poles are galvanised and/or powder coated with an anti-stick coating to enhance physical properties as well as prevent corrosion and adhesion of adhesives (such as tapes, stickers and vinyl used for advertisements and posters).

Our steel poles can be broadly categorised into the following usages:

- (i) Street light poles that are used to illuminate public and private roads, highways, pedestrian walkways and bridges to support traffic and public safety and traffic flow. These poles comprise standard street light poles and decorative light poles.

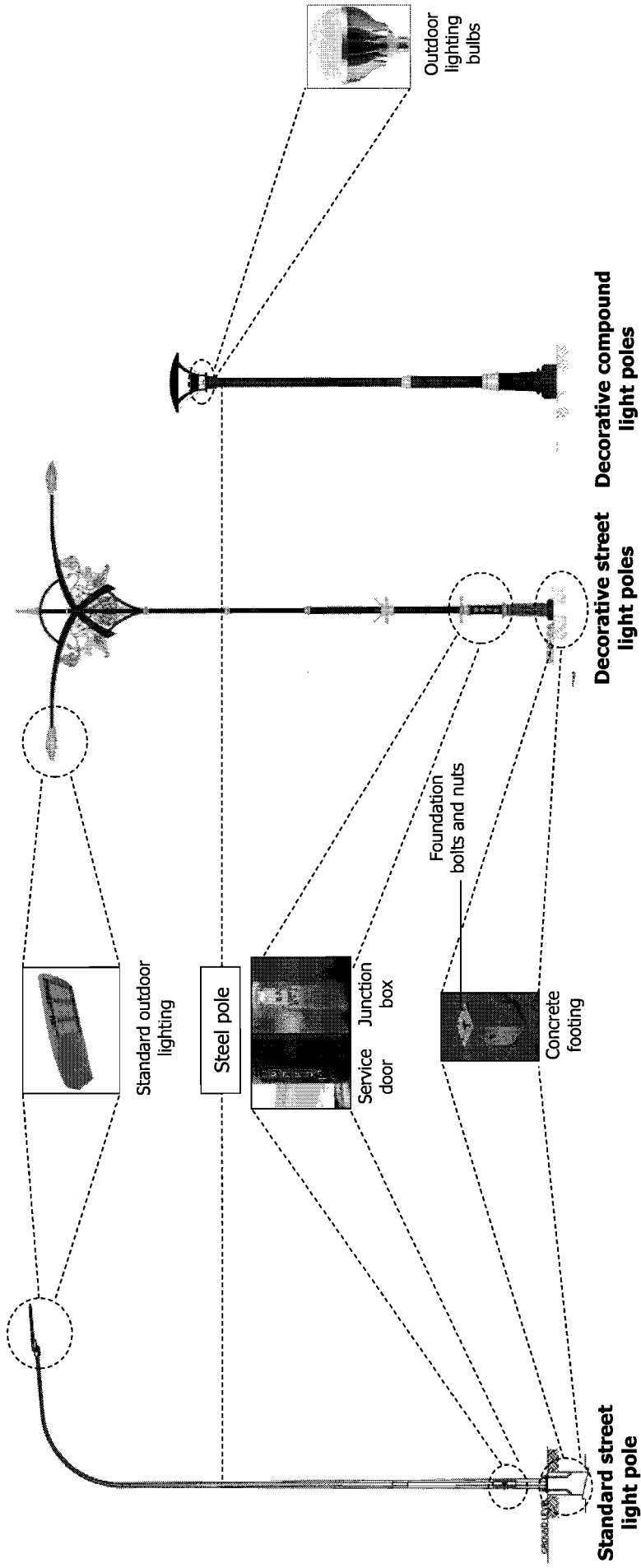
Our standard street light poles comply with specifications by JKR, enabling them to be used on public roads and highways. Standard street light poles can also be used on private roads and in residential and commercial developments. Standard street light poles are also the most commonly used street light poles to be used on roads and highways.

Decorative light poles comprise decorative street light poles and decorative compound light poles. These poles are not required to comply with specifications by JKR. It is typically used on private roads, pedestrian walkways and bridges. Nevertheless, they can also be used on public roads and highways provided that they are approved by JKR.

- (ii) Specialty poles are poles which are tailored to our customer's specification and design and have a variety of usages such as supporting telecommunication hardware, traffic monitoring and signalling system, security monitoring system as well as illuminating oil and gas platforms and mining sites. These poles comprise telecommunication monopole, high mast poles, camera poles, traffic poles, mid-hinge collapsible as well as oil and gas and mining light poles.


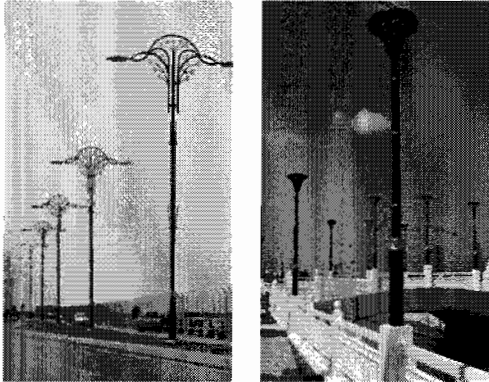
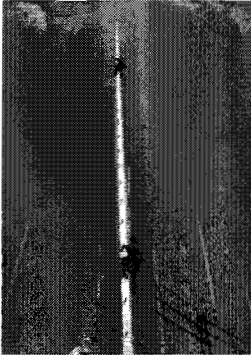
6. INFORMATION ON OUR GROUP (Cont'd)

The following diagram illustrates the components of a typical standard and decorative street light pole and decorative compound light pole:



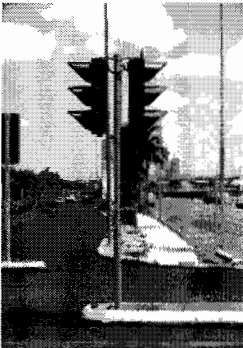



6. INFORMATION ON OUR GROUP (Cont'd)


The types of steel poles we manufacture are summarised below:

Key Products	Description
<p><u>Street light pole</u></p> <p>Standard street light pole</p> 	<ul style="list-style-type: none"> • Most commonly used on public roads, highways and pedestrian walkways • Tapered octagonal shape • Requires compliance with JKR's specifications and BS EN 40 – 5:2002
<p>Decorative street light pole</p> 	<ul style="list-style-type: none"> • Decorative light pole comprises: <ul style="list-style-type: none"> - Decorative street light pole: Typically used on private roads in residential and commercial developments. In certain cases, it can also be used on public roads and highways. - Decorative compound light pole: Typically used on pedestrian walkways and bridges • Aesthetic designs are in accordance to customers' specifications
<p><u>Specialty pole</u></p> <p>Telecommunication monopole</p> 	<ul style="list-style-type: none"> • Used to support antenna mounting hardware and platforms for telecommunication applications

6. INFORMATION ON OUR GROUP (Cont'd)

Key Products	Description
<p>High mast pole</p> 	<ul style="list-style-type: none"> • Has a high load capacity (able to support multiple outdoor lighting products) • Has the capability of being lowered to the ground via an electrically operated winch system to allow for periodic maintenance • Typically used in infrastructure construction sub-sector
<p>Camera pole</p> 	<ul style="list-style-type: none"> • Used to support traffic surveillance and security monitoring cameras • Typically in an aerodynamic polygonal shape to reduce the oscillation effect of wind which affects image quality
<p>Traffic pole</p> 	<ul style="list-style-type: none"> • Used to support traffic light signals
<p>Mid-hinge collapsible pole</p> 	<ul style="list-style-type: none"> • Allow for ease of maintenance as height is adjustable • Used in situations where access to maintenance is restricted • Typically used in construction industry, oil and gas sector as well as mining sector

6. INFORMATION ON OUR GROUP (Cont'd)

Key Products	Description
<p>Oil and gas, and mining light poles</p> 	<ul style="list-style-type: none"> • Used on offshore oil and gas platforms or in mining sites • Mounted along handrails and walls

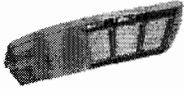
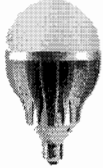
As and when required, our steel poles are sold together with related accessories which include, amongst others:

- Service door : A fibreglass or steel door on the steel pole that enables maintenance of electrical products
- Junction box : An enclosure housing and protecting electrical wiring
- Concrete footing : A concrete foundation embedded into the ground which can support the weight of the steel pole above ground
- Foundation bolts and nuts : An anchor bolt used to fasten the poles into the concrete footing

(ii) Outdoor lighting products

Lighting products refer to devices that provide light when connected to an electricity source and forms part of street lighting. To complement our steel poles, we are also involved in the trading of outdoor lighting products. We normally sell our outdoor lighting products to our steel pole customers.

We distribute outdoor lighting products of different international brands, types and specifications (in terms of types, wattage and safety features). Our outdoor lighting products can be broadly categorised as follows:

Standard outdoor lighting	Outdoor lighting bulbs
 <ul style="list-style-type: none"> • Used in standard street light poles and decorative street light poles 	 <ul style="list-style-type: none"> • Used in lanterns as part of decorative light poles

6. INFORMATION ON OUR GROUP (Cont'd)

Our Group are the authorised distributor for the following brands of outdoor lighting products:

Brands	Companies within our Group with authorised distributorship	Suppliers
"GRUPPE"	Max Lighting	Gruppe Lighting Solution Sdn Bhd ⁽¹⁾
"NIKKON"	Mestron Engineering	Success Transformer Marketing Sdn Bhd (subsidiary of Success Transformer Corporation Berhad) ⁽¹⁾
"OSRAM"	Max Lighting	OSRAM (M) Sdn Bhd ⁽²⁾

Notes:

- (1) Not subject to any material terms and conditions or requirements (i.e. minimum purchase commitment) and have no expiry date.
- (2) Not subject to any material terms and conditions or requirements (i.e. minimum purchase commitment) but subjected to yearly renewal by OSRAM (M) Sdn Bhd. The renewal will be granted by OSRAM (M) Sdn Bhd at its own discretion after taking into consideration its previous business dealings with our Group.

The authorised distributorships arrangement from the abovementioned suppliers are non-exclusive and includes technical support (i.e. issuance of simulation report to advise our customer in terms of luminance and number of outdoor lighting products required in order to achieve the desired visibility level) as well as competitive pricing for products sourced.

6.7 PRINCIPAL MARKETS

Our principal market is Malaysia. We also export our steel pole products to international markets, primarily to Australia, Singapore and Korea. The breakdown of our sales revenue by geographical location for the past 4 FYE 2015 to 2018 are as follows:

Geographical location	FYE 2015		FYE 2016		FYE 2017		FYE 2018	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	34,991	86.3	36,857	83.1	56,325	92.7	58,999	92.7
Australia	3,666	9.1	3,735	8.4	2,083	3.4	1,171	1.8
Singapore	1,836	4.5	2,696	6.1	1,234	2.1	628	1.0
Korea	-	-	750	1.7	459	0.8	2,282	3.6
Others ⁽¹⁾	47	0.1	336	0.7	646	1.0	600	0.9
Total Revenue	40,540	100.0	44,374	100.0	60,747	100.0	63,680	100.0

Note:

- (1) Others include Brunei, Myanmar, Sri Lanka and Maldives.

6. INFORMATION ON OUR GROUP (Cont'd)

Our revenue derived from the Malaysian market increased from 86.3% in FYE 2015 to 92.7% in FYE 2018 as a result of the increase in production capacity following our relocation to the Main Manufacturing Facility in April 2016, which allowed us to increase our participation in local infrastructures projects such as East Klang Valley Expressway and Coastal Highway Southern Link.

Our revenue contribution from Australia decreased from 8.4% in FYE 2016 to 1.8% in FYE 2018 mainly due the slowdown in mining industries in Australia and the reduction in sales to one of our major Australia customer, namely Auspole Products Pty Ltd. We no longer have any transaction with Auspole Products Pty Ltd subsequent to October 2016 as the management of Auspole Products Pty Ltd that we liaise with have departed from the company and joined a new company, namely Pole Industries Pty Ltd (our active customer as at LPD).

The revenue contribution from Singapore experienced a decrease from 6.1% in FYE 2016 to 1.0% in FYE 2018 mainly due to the slowdown in the construction industry in Singapore. As per the IMR Report, the total construction industry in Singapore experienced a decline post-2014 and this was largely witnessed in the commercial, and industrial construction sub-sectors, which recorded negative CAGRs of 12.6% and 5.9% respectively between 2015 and 2018.

The revenue contribution from Korea experienced an increase from 1.7% in FYE 2016 to 3.6% in FYE 2018 due to orders of oil and gas light poles secured from a new customer in Korea, namely Cooper Korea Ltd during FYE 2018.

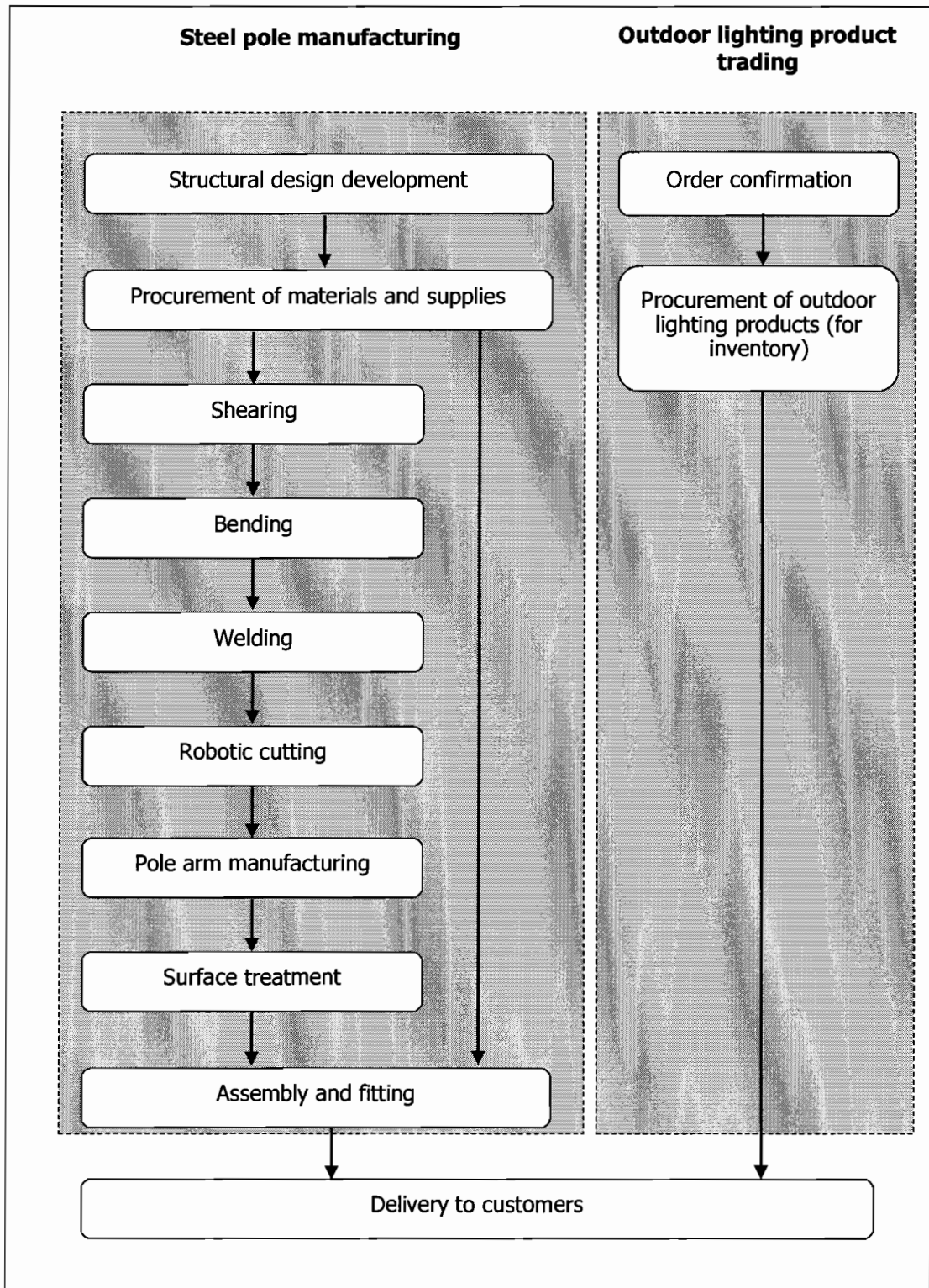
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6. INFORMATION ON OUR GROUP (Cont'd)

6.8 DESCRIPTION OF OUR OPERATIONS

6.8.1 Our business processes

The process flow for our Group's steel pole manufacturing and trading of outdoor lighting products are illustrated as below:



6. INFORMATION ON OUR GROUP (Cont'd)

Steel pole manufacturing

Upon confirmation of a purchase order, we will undertake the following processes for steel pole manufacturing:

(i) Structural design development

While the design of our standard street light poles is fixed, the design of our decorative light poles is typically based on the conceptual designs provided by our customers. Both of these pole types may be tailored in accordance to the height and size required by our customers. We use a computer-aided structural engineering application, i.e. STAAD.Pro to assess the structural integrity and optimise the structural design of our standard street light poles and decorative light poles.

As specialty poles have different uses and specifications, its structural design differs on a case-to-case basis. For these poles, we use PLS-POLE, a more advanced computer-aided structural engineering application, to determine the structural design of the pole based on its proposed usage and environment.

This design will then be presented to the customer for approval. Once approved, the design will then be drawn in AutoCAD, a drafting software application, for use in our manufacturing processes.

(ii) Procurement of raw materials and supplies

Our raw materials are mainly steel materials (i.e. steel plates and steel pipes), while supplies include steel pole related accessories such as foundation bolts and nuts, junction boxes and concrete footing.

Upon the order confirmation, our procurement team will check our inventories on the availability of the raw materials and supplies required to fulfil the orders. If the raw materials and supplies are available, the respective parts will be sent to the manufacturing facility for the following processes. If the raw materials and supplies are not available, our procurement team will purchase the required raw materials and supplies from our suppliers.

Once we receive these materials and supplies, our QA/QC team will carry out inspection to ensure that the raw materials and supplies are free from defects and the volume and specifications are as per our purchase order.

(iii) Shearing

Prior to shearing the steel plates, these materials will be measured according to the desired size and marked with cutting line as per design plans. Once a steel plate has been sheared, an inspection will be performed on the steel plate to ensure that it is accordance to the specifications and drawings.

(iv) Bending

The steel plate will then undergo a bending process. The steel plate will first be marked in accordance with the design plans to determine the bending line. The bending process uses a press brake machine to shape the plate in accordance with the marked bending line. Upon completion, an inspection will be performed on the steel plate to ensure that they are in line with the specifications and drawings.

6. INFORMATION ON OUR GROUP (Cont'd)

(v) Welding

Upon bending, the shaped steel plate will be tacked to hold the steel plates in place until the welding is complete. Inspection will be performed on the tacking to ensure the steel plates are properly aligned as per the specifications and drawings.

Thereafter, the steel plate will undergo welding to permanently join the steel plates ends, thus forming a steel pole. The welding process will be carried out using a semi-automated welding machine. An inspection is then performed on the steel pole to ensure that they are in accordance to the specifications and drawings.

(vi) Robotic cutting

The steel pole will subsequently undergo precision cutting to form an opening which will serve as the service door. Precision cutting is carried out using a robotic cutting machine.

Upon completion of the robotic cutting process, service door and accessories such as door hinges, earth lug and door stiffeners are installed.

(vii) Pole arm manufacturing

Whenever required, the arm of the pole will be manufactured, which are custom fitted for the steel poles, to form the complete product. The manufacturing of the arm undergoes similar process as the steel pole, from shearing, bending and lastly, welding.

(viii) Anti-corrosion surface treatment

As required by our customers, the steel poles will undergo the following anti-corrosion surface treatments:

(a) Galvanising

The galvanizing process is outsourced to third party service providers. Galvanizing process prevents rust and abrasions, extends the life of the surface and improves the safety of the steel poles.

(b) Powder coating

Galvanising is typically performed prior to powder coating. As the steel poles are exposed to extreme heat during the welding and galvanizing processes, the steel poles may need to undergo a straightening process before being powder coated and/or assembled.

Powder coating treatments are also outsourced to third party service providers. They are conducted to enhance the aesthetic aspects of the steel poles and are usually performed for decorative light poles by applying a layer of anti-stick coating which prevents the adhesion of adhesives (such as tapes, advertisement stickers and vinyl) on the poles.

(ix) Assembling and fitting

If required by the customer, the steel poles can be assembled with accessories such as junction boxes and service door.

6. INFORMATION ON OUR GROUP (Cont'd)

(x) Delivery

The final product will be packed before it is delivered to our customers as per their delivery instructions. The final product may either be delivered to the customer right after completion or temporarily warehoused in our premise pending delivery while waiting for our customers to make the necessary logistics arrangements and prepare the site for installation of our final products. The delivery of our final product to our overseas customers will be handled by us or the customers, depending on the delivery instruction of the overseas customer. We typically utilise shipping agents or logistics companies to handle the delivery of our final products to the respective countries and the delivery cost will be charged to our overseas customers.

We also provide our customers with a warranty period of 1 year whereby we will replace any defective products free of charge and bear re-installation costs (for products that have been installed).

Outdoor lighting products trading**(i) Order confirmation**

Our customer will share the specification required (e.g. desired visibility level, road/highway length and width) with lighting specialist (i.e. lighting product manufacturers with established outdoor lighting brands for street lighting purposes). A simulation report will then be issued by the lighting specialist to advise our customer in terms of luminance and number of outdoor lighting products required in order to achieve the desired visibility level. An order will be placed with us by our customer based on the output of the simulation report.

(ii) Procurement of products and inventory management

Once our customer confirms the order for outdoor lighting products, our procurement team will purchase the required products from the lighting specialists.

(iii) Delivery

The final product will be delivered to our customers as per their delivery instructions.

The warranty for defective outdoor lighting products is provided to our customers by the lighting specialist that we procured our outdoor lighting products from.

6.8.2 Quality control and quality assurance procedures

We place strong emphasis on our manufacturing quality to ensure that our products comply with the local and international standards.

In Malaysia, our standard street light poles must comply with specifications required by JKR in order for it to be used on public roads. Our customers also seek steel poles that are certified to be compliant with BS EN 40 - 5:2002, the official standard used for structural steel street light poles in Malaysia.

6. INFORMATION ON OUR GROUP (Cont'd)

We presently comply with the following local and international standards:

Standard/ Certificate	Certification body	Year first awarded	Latest year renewed	Scope/Description of certification
ISO 9001:2008 EN ISO 9001:2008 BS EN ISO 9001:2008 BS ISO 9001:2008	Lloyd's Register Quality Assurance	26 June 2010	21 December 2017, expiring on 25 June 2019	Design and manufacture of light poles
Product Certification Licence	SIRIM QAS International Sdn Bhd	16 January 2009	10 December 2018, expiring on 16 January 2020	Compliant with BS EN 40 – 5:2002
Product registration	JKR	4 May 2009	1 March 2017, expiring on 15 June 2020	Products that are licensed to be used by JKR are lighting columns (hot dip galvanised steel) up to 12-meter in height

Our routine QA/QC activities are led by our Production Manager and are carried out throughout the manufacturing process, as described below:

QA/QC procedure	Description
After receipt of materials procured	<p>Our QA/QC team will perform visual inspections on materials, supplies and outdoor lighting products upon receipt, to ensure that specifications and quality are as per our purchase order, whereby:</p> <ul style="list-style-type: none"> • there is no shortfall in volume of materials and supplies ordered; and • there are no surface defects (such as dents or scratches). <p>Our QA/QC team will also perform measurement inspection on a random sampling basis to ensure:</p> <ul style="list-style-type: none"> • the length of steel materials are as per our purchase order; and • dimensions of materials and supplies meet our specifications. <p>Materials and supplies that are out of our required specifications will be returned and replaced by our suppliers.</p>
In-process QA/QC checks at every stage of manufacturing process	<p>In-process QA/QC inspections checks will be performed at the end of every stage of the following manufacturing process:</p> <ul style="list-style-type: none"> • Shearing process; • Bending process; • Welding process; • Robotic cutting process; and • Surface treatment process

6. INFORMATION ON OUR GROUP (Cont'd)

QA/QC procedure	Description
	<p>These QA/QC inspections are to ensure that there are no surface defects and that the technical specifications (dimensions and hole positioning) meets the design specifications.</p> <p>Should there be a mismatch with design specifications, the materials will be reworked.</p>
Final inspection or pre-delivery inspection	<p>Inspections on the final product will be performed to ensure the product meets customer's specifications in terms of:</p> <ul style="list-style-type: none"> • dimensions of final products (size, height, thickness and design); • design of final product; • quantity of products ordered; and • products are well-packed to prevent damages during delivery.

6.8.3 Technology used

Save as disclosed below, there are no other technologies used or to be used by our Group:

(a) Computer-aided software applications

We design our steel poles using computer-aided structural engineering software applications, i.e. STAAD.Pro and PLS-POLE for the design of our steel poles. These applications generate the 3D model of the steel poles and performs structural analysis on the model design.

STAAD.Pro is typically used during the structural design development stage for our standard street light poles and decorative light poles. The analysis generated through this application allows us to analyse the structural integrity of the steel pole in terms of size, material and height based on the number of lighting products the pole is required to support. This enables us to optimise the steel pole structure.

Meanwhile, we use PLS-POLE during the structural design development stage for high mast, telecommunication monopoles, mid-hinged collapsible poles as well as oil and gas and mining light poles. This application allows us to produce 3D analysis of the design to:

- analyse the structural integrity of the steel poles with complicated structures; and
- assess if the structure is capable of withstanding wind load and distribution of load based on its proposed usage and environment.

We also use a computer-aided design drafting software application, i.e. AutoCAD to draft the approved design of our steel poles. AutoCAD assists in the development of precise 2D and 3D fabrication drawings used during the manufacturing process.

(b) CNC and robotic cutting machinery

CNC and robotic cutting machinery are machinery equipped with programmable commands encoded in a software programme.

6. INFORMATION ON OUR GROUP (Cont'd)

CNC machinery increases the precision of manufacturing curved geometries, which includes tapered octagonal shapes that are typically found on standard street light poles. It also allows for the automation of repeatable or routine processes such as shearing and bending. As this machinery facilitate faster and more precise cutting and bending processes, production efficiency can be increased and wastages can be minimised.

We also use robotic cutting machinery for the cutting of service door opening on steel poles. This process requires high precision machining in order to ensure the service door fits the door opening. As such, robotic cutting machinery is used as it increases process accuracies, thereby minimising wastages and time taken to rework any errors.

6.8.4 Key machinery and equipment

A summary of the key machinery and equipment owned and used by us are set out below:

Machinery and equipment	Functions	No. of units	Average age ⁽¹⁾	NBV as at 31 December 2018
			Years	RM'000
Press brake machine	For bending of steel plate	6	10.75	785
Cutting machine	For shearing of steel plate	5	7.00	193
CNC plasma cutting	For shearing of flange plate	4	7.30	284
Electric overhead crane	For lifting and moving heavy materials	3	4.00	110
Robotic cutting machine	For cutting of service door opening	1	2.00	134
Automatic seam welding machine	For welding of steel pole	2	1.00	195
Plasma cutting machine	For precision cutting of large steel plates and pipes	7	5.57	86
Profiling machine	For bending of steel pipe and hollow tube	2	11.50	- ⁽²⁾
Welding machine	For welding of flange plate and brackets	6	10.67	46
Hydraulic PowerPack	For straightening of steel pole and bending arm	5	8.60	13
Sawing machine	For cutting of steel pipe and hollow	2	9.00	21
			Total	1,867

All of the above machinery and equipment are located at our Main Manufacturing Facility and Meslite's Factory. Our Group do not rent any machineries and equipment for our manufacturing operation.

Notes:

- (1) Average age of machinery and equipment is computed based on the age of each machinery and equipment. The age is computed starting from the year our Group purchased the machinery and equipment and up to LPD.
- (2) These machinery and equipment have been fully depreciated prior to 31 December 2018. However, they are still in good condition as we perform regular maintenance and replace any worn out machines parts to maintain its performance.

6. INFORMATION ON OUR GROUP (Cont'd)

As set out in Section 4.8.1 and Section 6.19.1, we intend to acquire new machinery to automate our manufacturing processes and expand our operating capacity in line with the expansion of our Main Manufacturing Facility.

6.8.5 Operating capacities and output

Our manufacturing facilities are shared across most of our product offerings as we do not have a single production line for each of our product category. For example, our shearing, bending, welding and robotic cutting machine is used in the production of our standard street light poles, decorative light poles and compound poles as well as specialty poles. Hence, our operating capacities and utilisation rates for these products are dependent on the production planned based on our customers' purchase orders.

Our maximum annual operating capacity and utilisation rates (computed based on assumptions set out below) for past 4 FYE 2015 to 2018 are set out below:

	⁽¹⁾ Maximum annual capacity	Annual actual production	Utilisation rate
	MT	MT	%
FYE 2015	3,694	3,296	
<i>Standard street light pole</i>	1,797	1,777	98.9
<i>Decorative light pole</i>	899	877	97.6
<i>Specialty pole</i>	998	642	64.3
FYE 2016	4,435	3,481	
<i>Standard street light pole</i>	2,122	1,657	78.1
<i>Decorative light pole</i>	1,048	854	81.5
<i>Specialty pole</i>	1,265	970	76.7
FYE 2017	5,670	3,990	
<i>Standard street light pole</i>	2,885	2,134	74.0
<i>Decorative light pole</i>	1,460	1,060	72.6
<i>Specialty pole</i>	1,324	796	60.1
FYE 2018	5,670	3,912	
<i>Standard street light pole</i>	2,885	1,712	59.3
<i>Decorative light pole</i>	1,460	1,208	82.7
<i>Specialty pole</i>	1,324	⁽²⁾ 992	75.0

Notes:

- (1) The increase in maximum annual capacity for FYE 2015 to 2018 was mainly due to the relocation of our main manufacturing operations to the Main Manufacturing Facility in April 2016.
- (2) The increase in the annual actual production (MT) for specialty poles from 796MT in FYE 2017 to 992MT in FYE 2018 despite the decrease in unit of specialty poles sold during FYE 2018 is due to more larger specialty pole such as telecommunication monopoles and high mast poles being sold during FYE 2018.

6. INFORMATION ON OUR GROUP (Cont'd)

We typically take an average duration of approximately 1 hour to manufacture a single batch of 14 standard street light poles, without taking into account any waiting time for receipt of raw materials and supplies as well as third party service providers to complete their galvanising and powder coating services.

The average duration taken to manufacture decorative light pole and specialty pole vary in accordance to the design and specifications. On average, we typically take approximately 1 hour to manufacture 2 decorative light poles. For specialty poles such as camera poles, traffic light poles, mid-hinge collapsible poles and oil and gas and mining light poles, we typically take an average duration of approximately 1 hour to manufacture a single batch of 14 poles. For large poles such as telecommunication, high mast poles and large oil and gas light poles, we typically take an average duration of 16 hours to manufacture 1 pole.

Maximum operating capacity is calculated based on maximum number of units that can be manufactured in an hour based on the following assumptions:

Assumptions	FYE 2015	FYE 2016	FYE 2017	FYE 2018
Available production floor space (sq ft)	35,000	47,500	60,000	60,000
- Mestron Engineering's facility (sq ft)	30,000	42,500	55,000	55,000
- Meslite's facility (sq ft)	5,000	5,000	5,000	5,000
Number of daily working hours	10 hours	10 hours	10 hours	10 hours
Number of working days	312	312	312	312

The maximum operating capacity is calculated as follows:

$$\begin{array}{l}
 \text{Maximum} \\
 \text{annual} \\
 \text{capacity}
 \end{array}
 =
 \begin{array}{l}
 \text{Maximum MT of steel} \\
 \text{poles that can be} \\
 \text{manufactured within} \\
 \text{the available} \\
 \text{production floor} \\
 \text{space in 1 hour}
 \end{array}
 \times
 \begin{array}{l}
 \text{Number of daily} \\
 \text{working hours} \\
 \text{allocated for a} \\
 \text{particular product} \\
 \text{segment}
 \end{array}
 \times
 \begin{array}{l}
 \text{Number of working} \\
 \text{days}
 \end{array}$$

6.8.6 Interruptions to business and operations

Our Group has not experienced any interruption in our operations which had a significant effect on our operations during the past 12 months preceding the LPD.

6.9 COMPETITIVE POSITION

6.9.1 We have in-depth technical expertise and are committed to delivering quality products

We place emphasis on product quality and committed to consistently manufacture quality steel poles that meet the requirements of our customers. Further, we are able to propose optimal structural designs to our customers using our structural engineering software and through our in-depth technical knowledge in steel pole manufacturing. This is a value-added service to our customers as it provides them with the assurance of our product quality and functionality.

Our technical expertise and efforts in quality control are demonstrated by the fact that our design and manufacturing processes comply with ISO 9001:2008 from Lloyd's Register Quality Assurance. We have also been certified to comply with the local compliance standards, having attained the certification by SIRIM QAS International Sdn Bhd and registered our street light pole products with JKR. Since 2013, we are also recognised by Projek Penyelenggaraan

6. INFORMATION ON OUR GROUP (Cont'd)

Lebuhraya Berhad ("PROPEL") (now known as Edgenta PROPEL Berhad), a major highway maintenance service provider in Malaysia, as a supplier of street light poles.

In order to be recognised as a supplier to PROPEL, we have had to undergo a supplier selection process where we were subjected to audit assessments to ensure we comply with PROPEL's requirements. This involves the submission of information which includes our Group's shareholding, financial and banking facility, past and present sales orders, product certification by SIRIM QAS International Sdn Bhd as well as information on our manufacturing plant, machinery and equipment. We will then be assessed based on these information furnished to PROPEL. Our recognition as a supplier to PROPEL is subject to periodic audit assessment which typically is over a period of every 3 years. Our last assessment was conducted in 2018.

In addition, we are able to comply with street light pole requirements of international customers, as seen from our ability to secure orders from international customers. These customers are required to comply with the local regulations in their country and will thus only source street light poles from manufacturers that are able to supply poles that meet the relevant specifications.

We believe our technical expertise and commitment to strict quality control standards have been and will continue to be vital in establishing our reputation as a steel pole manufacturer.

6.9.2 We have a comprehensive range of steel pole products

Our steel pole products comprise standard street light poles, decorative light poles and specialty poles. To complement our steel poles, we also distribute outdoor lighting products. Some of our customers' projects such as property development require a variety of steel pole products to be installed.

Our ability to provide a comprehensive range of steel pole products will allow our Group to cross sell our products to our customers. From our customers' perspective, the ability to source most of its steel pole requirements from a single supplier will eliminate the cost and inconvenience of dealing with multiple suppliers.

6.9.3 We are well-equipped with a fleet of machinery and equipment, enabling us to enhance our manufacturing capabilities and production efficiency

Our manufacturing facility is equipped with machinery and equipment that can facilitate most of the manufacturing process of our products such as shearing, bending, welding and cutting. Our Group also has the added ability to provide steel bending processes for steel plates of up to 12 meters in length with our press brake machine. This allows us to manufacture large poles, such as telecommunication monopoles, high mast poles as well as oil and gas light poles. By having these machinery and equipment to carry out our manufacturing processes, we are able to maintain the precision in the manufacturing of our products and thus minimising manufacturing defects and production lead time, allowing us to ensure timely delivery on our customers' orders.

At present, we only outsource galvanising and powder coating processes to third party service providers as we do not have the in-house technical expertise and equipment to undertake these processes. Outsourcing these processes is thus more cost effective and we can leverage on third party service providers' expertise in this area.

We believe that our commitment to production efficiency has accorded us with an established track record in the street lighting industry in Malaysia. Over the years, we have supplied our products for use in notable projects such as the East Klang Valley Expressway and Danga Bay Coastal Highway.

6. INFORMATION ON OUR GROUP (Cont'd)

6.9.4 We have an experienced management and technical team

We have been operating in the steel pole manufacturing business for more than 17 years and outdoor lighting trading business for more than 9 years. Throughout these years, we have been led by an experienced and dedicated management and technical team.

Our Managing Director, Por Teong Eng, and Executive Director, Loon Chin Seng have played key roles in steering the growth and success of our Group. Both of them have over 19 years of experience in the street lighting industry. Their experience, expertise and passion for our Group's business have been instrumental to our Group's current day achievements.

In addition, we have a capable technical team and production team led by our Managing Director, Por Teong Eng and supported by our Technical Manager, Neo Yeung Tat and Production Manager, Tan Hock Choon. All of them were trained as qualified engineers with an average of 11 years of experience in steel pole manufacturing.

Our technical and production teams' experience in steel pole manufacturing provide us with a comprehensive understanding of our customers' requirements. This enables us to consistently provide reliable service to our customers and effectively deliver customised steel poles in accordance to customer requirements.

Our Group believes that the experience of our management team and technical knowledge of our technical team will enable us to continue to expand our business as well as market presence.

6.10 SEASONAL OR CYCLICAL EFFECTS

Our operations are not significantly affected by seasonal/cyclical effects. Our customers generally operate throughout the year, albeit marginal slowdown during festive periods as most of our customers do not operate during these periods. Nevertheless, the impact of the marginal slowdown is unlikely to be significant to our Group.

6.11 TYPES, SOURCES AND AVAILABILITY OF MATERIALS

Our principal raw materials for our manufacturing operations are steel plates and steel pipes which are readily available and sourced from local suppliers. The prices of our raw materials have fluctuated during the financial years under review as a result of demand and supply conditions. Kindly refer to Section 8.1.1 for additional details on the impact of raw materials price fluctuations.

We generally take into account supplier lead time to prevent potential major disruptions to our production. We have developed policies and procedures that guide our selection of suppliers. All selected suppliers are evaluated in terms of pricing, range and technical specifications of raw materials, ability to meet our quality requirements and ability to deliver on our order in a timely manner.

6.12 BUSINESS DEVELOPMENT AND MARKETING ACTIVITIES

Our business development activities are executed by our Sales and Marketing team. As at the LPD, our Sales and Marketing team consists of 7 personnel and are led by our Executive Director, Loon Chin Seng who is assisted by our Head of Sales and Marketing. The Sales and Marketing team are principally responsible for developing sales of our Group's products, as well as maintaining relationships with our customers.

6. INFORMATION ON OUR GROUP (Cont'd)

We secure our sales by approaching our customers directly, and through referrals as detailed below:

(i) Direct approach

Our active participation in networking with local town councils, consulting engineers, property development companies, M&E contractors, highway concessionaires, main construction and engineering companies and specialised contractors allows us to create awareness of our brand in both local and international markets. We also invite prospective customers to view our manufacturing facility to showcase our stringent quality processes and manufacturing capabilities.

While we may not secure orders directly from town councils and consulting engineers, these parties are decision makers in determining suppliers for large or high-profile infrastructure projects.

As product quality is a key decision factor for potential customers to procure our products, the sales of our products include providing these potential customers with in-depth knowledge of our manufacturing capabilities and product quality. As such, we believe this approach to be the most effective approach as our face-to-face interactions with these parties allows us to deliver the necessary technical information and descriptions, and illustrate our expertise accurately.

In the past, we have successfully secured high profile projects, as detailed in Section 6.1 of this Prospectus, via this approach.

(ii) Referrals from business associates

We also secure new customers through referrals from our business associates. These business associates include steel pole suppliers and electrical product distributors that do not have the manufacturing capability to supply some of our pole products.


We may also secure new customers through referrals from town councils, construction consultants and architects. In some cases, we also participate in the initial project planning and development stage of construction projects with town councils, construction consultants and architects. This participation provides us with the opportunity to attain knowledge of the project and required product specifications, thus allowing us to provide suitable and tailored advice relating to our products to our customers.

In addition, we also create awareness and educate potential customers through our website, corporate profile and video.

We have a corporate website at <http://www.mestron.com.my/> which provides immediate searchable information on our Group and details of our products. In addition, we also circulate our corporate profile to our prospective customers from time to time. This profile consists of information about our involvement in major projects, manufacturing capabilities and various accreditations of our products.

6. INFORMATION ON OUR GROUP (Cont'd)**6.13 INTELLECTUAL PROPERTIES**

As at LPD, we have registered the following trademarks with the Intellectual Property Corporation of Malaysia:

No.	Trademark	Applicant	Class no.	Description	Application No.	Status as at the LPD / Registration validity
(i)		Mestron Engineering	11	Apparatus for lighting, electric lamps, lamps, lighting apparatus and installations, light bulbs, electric, light diffusers, light-emitting diodes, safety lamps, street lamps/standard lamps.	2018061155	Registered/ 30 May 2018 to 30 May 2028
(ii)	"MESTRON"	Mestron Engineering	11	Apparatus for lighting, electric lamps, lamps, lighting apparatus and installations, light bulbs, electric, light diffusers, light-emitting diodes, safety lamps, street lamps/standard lamps.	2018061159	Registered/ 30 May 2018 to 30 May 2028

6.14 LICENCES AND PERMITS

Save as disclosed below, there are no other licences and permits which our Group is materially dependent on for our business or profitability as at the LPD:

Licence/ Issuing authority/ Registration no.	Date of issue/ Date of expiry	Nature of approval or licences	Material conditions imposed	Compliance status
Mestron Engineering/ MITI/ A 021411	7 June 2018/ Not applicable	Manufacturing license for our Main Manufacturing Facility	<ul style="list-style-type: none"> Any disposal of shares in the company shall be notified to MITI and MIDA. The company is required to train Malaysian citizens to ensure transfer of technology and expertise at all rank positions. The company must carry out the project as approved and in accordance with the relevant laws and regulations in Malaysia. 	Complied

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, we have 85 foreign workers and all 85 of the foreign workers have valid working permits.

6.15 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company or our subsidiaries for the 4 FYE 2015 to 2018 and up to the LPD:

- (i) The sale and purchase agreement dated 28 August 2017 for the purchase by Mestron Engineering of the Light Industrial Land from Karumas Development Sdn Bhd, for a total cash purchase consideration of RM4,755,040. The acquisition is pending registration of transfer of title as at the LPD;
- (ii) Form 32A (Form of Transfer of Securities) dated 16 March 2018 in respect of the acquisition of 140,000 ordinary shares, representing 70.0% equity interest in Max Lighting from Loon Chin Seng, Loon Chin Meng and Lee Chun Heng by Mestron Engineering on 16 March 2018 for an aggregate cash consideration of RM140,000;
- (iii) Form 32A (Form of Transfer of Securities) dated 3 April 2018 in respect of the acquisition of 300,000 ordinary shares, representing 60.0% equity interest in Meslite from our Promoters on 3 April 2018 for an aggregate cash consideration of RM300,000;
- (iv) The sale and purchase agreement dated 4 June 2018 for the sale by Mestron Engineering of Agricultural Land A to Por Teong Eng and Loon Chin Seng, for a total cash disposal consideration of RM690,000. The disposal was completed on 7 November 2018;
- (v) The sale and purchase agreement dated 4 June 2018 for the sale by Mestron Engineering of Agricultural Land B to Por Teong Eng and Loon Chin Seng, for a total cash disposal consideration of RM760,000. The disposal was completed on 7 November 2018;
- (vi) The sale and purchase agreement dated 26 November 2018 for the sale by Mestron Engineering of Alam Puchong Land to Sunteck Aluminium & Trading Sdn Bhd, for a total disposal consideration of RM5,500,000. We have received earnest deposit of RM110,000 and the payment upon signing of the sale and purchase agreement of RM275,000 from the purchaser. The said sale and purchase agreement became unconditional on 26 March 2019 after the delivery and receipt of a certified true copy of the State Authority's approval on the transfer of land title by Mestron Engineering to the purchaser on the same date. Thereafter, the purchaser shall pay the balance payment within 90 days from the unconditional date (i.e. by 24 June 2019). The disposal is pending the balance payment from the purchaser as at the LPD;
- (vii) The share sale agreement dated 12 October 2018 entered into between our Company and the Vendors for the Acquisition of Mestron Engineering. The acquisition was completed on 25 April 2019;
- (viii) The share sale agreement dated 22 January 2019 entered into between Mestron Engineering and Pee Kok Keong for the Acquisition of Meslite. The acquisition was completed on 25 April 2019.;

6. INFORMATION ON OUR GROUP (Cont'd)

- (ix) The share sale agreement dated 22 January 2019 entered into between Mestron Engineering and Lee Yong Kong for the Acquisition of Max Lighting. The acquisition was completed on 25 April 2019; and
- (x) The underwriting agreement dated 30 April 2019 entered into between our Company and M&A Securities for the underwriting of 48,250,000 Issue Shares for an underwriting commission of 2.5% of the IPO Price multiplied by the number of Issue Shares being underwritten.

6.16 RESEARCH AND DEVELOPMENT

Due to the nature of our business, we are not required to undertake and have not undertaken any research and development activities.

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6. INFORMATION ON OUR GROUP (Cont'd)**6.17 PROPERTIES OF OUR GROUP**

The details of material properties owned by our Group are as follows:

No.	Registered owner	Title details	Postal address	Category of land use/ Tenure/ Expiry of lease	Description and existing use	Date of issuance of CCC/CF	Age of building	Total land		NBV as at 31 December 2018 RM'000	Major encumbrances
								area/ Built-up area	sq ft		
(i)	Mestron Engineering	Lot 122823 Mukim Dengkil Daerah Sepang Negeri Selangor Held under Pajakan Mukim 11252	PT50102, Jalan Meranti MU 1/9, Seksyen 10, Taman Perindustrian Meranti Permai, 47120 Puchong, Selangor Darul Ehsan	Industrial/ Leasehold/ 99 years expiring on 4 March 2085 (unexpired lease term of approximately 67 years as at the LPD)	Our Main Manufacturing Facility comprising a single storey factory and adjoining office building	24 January 2019 ⁽¹⁾	4 years	120,190/ 61,518	8,192	Charged to Public Bank Berhad	
		Lot 16732, Mukim Dengkil Daerah Sepang Negeri Selangor Held under Geran 150625	No 41, Jalan Meranti Jaya 12, Taman Perindustrian Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan	Industrial/ Freehold	1 ½ storey linked factory, currently being rented out to third party.	23 September 1999	20 years	2,002/ 2,851	640	Charged to Public Bank Berhad	

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered owner	Title details	Postal address	Category of land use/ Tenure/ Expiry of lease	Description and existing use	Date of issuance of CCC/CF	Age of building	Total land area/ Built-up area sq ft	NBV as at 31 December 2018 RM'000	Major encumbrances
(iii)	Mestron Engineering	Lot 16405 Mukim Dengkil Daerah Sepang Negeri Selangor Held under Pajakan Mukim 8240	Not applicable	Industrial/ Leasehold/ 99 years expiring on 4 March 2085 (unexpired lease term approximately 67 years)	1 parcel of vacant land adjacent to our Main Manufacturing Facility currently being used as storage area for products and raw materials. We intend to utilise the Adjacent Land for expansion of our Main Manufacturing Facility. Kindly refer to Section 4.10.1 for further details.	-	-	90,492	7,662	Charged to Public Bank Berhad
(iv)	Mestron Engineering	PT 22346 Mukim Dengkil Daerah Sepang Negeri Selangor Held under H.S.(D) 37209	No 10, Jalan PP 11/3, Alam Perdana Industrial Park, Putra Perdana, 47130 Puchong, Selangor Ehsan	Industrial/ Leasehold/ 99 years expiring on 25 September 2113 (unexpired lease term 95 years)	1 parcel of vacant industrial lot that is in the midst of being disposed. Kindly refer to Section 6.15(vi) for further details.	-	-	45,581	4,377	Charged to Public Bank Berhad

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered owner	Title details	Postal address	Category of land use/ Tenure/ Expiry of lease	Description and existing use	Date of issuance of CCC/CF	Age of building	Total land area/ Built-up area	NBV as at 31 December 2018	Major encumbrances
(v)	Meslite	Lot 16733 Mukim Dengkil Daerah Sepang Negeri Selangor Held under Geran 150626	No. 39, Jalan Meranti Jaya 12, Taman Perindustrian Meranti Jaya, 47120 Puchong, Selangor Darul Ehsan	Industrial/ Freehold	1 ½ storey linked factory, currently being rented out to third party.	23 September 1999	20 years	2,002/ 2,851	714	Charged to Public Bank Berhad
(vi)	Meslite	Lot 108962 Mukim Dengkil Daerah Sepang Negeri Selangor Held under Geran 335760	No. 15, Jalan Imp 1, Taman Industri Meranti Perdana, 47120 Puchong, Selangor Darul Ehsan	Industrial/ Freehold	1 ½ storey factory with extended zinc roofing for the manufacturing of decorative compound light poles. ⁽²⁾	17 September 2012	7 years	5,008/ 10,563	2,745	Charged to Public Bank Berhad
Total NBV									24,330	

Notes:

- ⁽¹⁾ Our Main Manufacturing Facility was originally completed in second half 2015 and the CCC was issued on 1 March 2016. However, Mestron Engineering undertook renovation subsequently (which was completed in second quarter of 2016) which warrant for a revised CCC. The revised CCC was obtained on 24 January 2019.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

- (2) Based on the approved building plan, the factory is required to have a minimum setback of 10 feet (i.e. the distance between the factory to the border of the land where no building structures are allowed). Meslite is not in compliance with the setback requirement for its fully extended zinc roofing, which was constructed in second half of 2017 to maximise the storage space for work-in-progress products and finished products that are pending delivery. The management was only made aware of the non-compliance with the setback requirement after the construction works have been completed.

As such, Meslite has on 12 October 2018 submitted a proposal to Jabatan Bomba dan Penyelamat Malaysia ("JBPM") to waive the setback requirement imposed on its factory. Based on the feedback from JBPM on the proposal submitted, Meslite will be required to construct a brick wall in between Meslite's Factory and the adjacent factories to prevent the spread of fire in the event of a fire and a fire escape at the back of the factory for evacuation purpose. In view of the above, Meslite had on 27 December 2018 submitted the revised proposal to JBPM. The construction of the brick wall and fire escape is estimated to take 2 months at a cost of approximately RM150,000. The construction of brick wall and fire escape is not expected to have a significant impact on the operations of Meslite.

Meslite has on 18 February 2019 submitted an application (i.e. as-built building plan) to Majlis Perbandaran Sepang to address the said non-compliance after JBPM's clearance on the proposal to waive the setback requirement on 7 February 2019. The said application was approved by Majlis Perbandaran Sepang on 19 April 2019 and the construction of the brick wall and fire escape will commence in accordance with the approved as-built building plan. The construction works are expected to commence by June 2019 and completed by July 2019. A "Sijil Perakuan Siap dan Pematuhan" will then be issued by the architect once the said construction works is completed as per the as-built building plan.

The abovementioned non-compliance of setback requirement is not expected to have a material impact on the business operation and financial condition of our Group.

In order to maintain a good corporate governance practice moving forward, our Group will adopt the following procedures in relation to the construction of additional structure:

- (a) Consultation with authorities before the commencement of construction works to prevent any non-compliance arising from the construction;
- (b) Obtaining advice from technical experts such as architects on the necessary approval required; and
- (c) Any construction cost of more than RM500,000 will be subjected to the approval from our Board.

Save as disclosed in Section 4.8.1, as at the LPD, our Group does not have any material plans to construct, expand or improve our facilities.

As at the LPD, we have rented 6 residential properties for the purposes of accommodating our production workers at an aggregate monthly rental of RM7,900.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Save as disclosed above, all properties owned and rented by our Group are not in breach of any other land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations/by-laws, which will have material adverse impact on our operations.

6.18 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

Save for our manufacturing license as disclosed in Section 6.14, there are no other regulatory requirements and/or major environmental issues which may materially affect our operations and utilisation of our property, plant and equipment.

6.19 BUSINESS STRATEGIES

6.19.1 We intend to expand our revenue stream from our specialty pole business segment

Our specialty pole product segment grew from RM7.28 million in the FYE 2015 to RM13.29 million in FYE 2018, contributing 16.3% to 22.0% of our total revenue during the financial years. We intend to capitalise on the growing market demand for specialty poles and increase our revenue from this product segment. Specifically, we intend to expand the sales of high mast and telecommunication monopole products.

Our plan to expand our revenue stream from specialty poles, particularly high mast and telecommunication monopoles, is due to the following reasons:

- (i) the GP margin for specialty poles (FYE 2018: 45.4%) is relatively higher than the GP margin for standard street light poles (FYE 2018: 15.8%) and decorative light poles (FYE 2018: 25.6%);
- (ii) we intend to reduce our dependency on the construction industry as an end-user industry, by expanding our clientele in the telecommunication industry. According to the IMR report, broadband penetration per 100 population in Malaysia grew from 99.7% in 2015 to 121.1% in 2018. The growth in broadband penetration indicates growth in demand for telecommunication infrastructure products, including telecommunication monopoles.

Our existing press brake machinery has the capability to cater for large poles, thus enabling us to automate the steel bending process for these 2 products. Moving forward, we intend to further automate the other manufacturing processes for high mast poles and telecommunication monopoles. The automation of our manufacturing processes will enable us to increase our production efficiency, thus allowing us to cater for increasing sales from these 2 product segments.

As such, we intend to acquire additional machinery and equipment that will facilitate shearing and welding processes for high mast poles and telecommunication monopoles by 2021. This will be financed by RM8.00 million allocated from the proceeds of the Public Issue for the purchase of machinery and equipment.

We are also intensifying our marketing activities to increase awareness of our manufacturing capabilities for this product segment. As at the LPD, we have assigned 1 permanent sales and marketing personnel to specifically target main construction and engineering companies and specialised contractors in the telecommunication industry, which are prospective customers of specialty poles.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

6.19.2 We plan to enhance our presence and increase our market share in the street light pole industry in Malaysia

We will continue our focus in the street light pole industry in Malaysia where we have built our track record and reputation. According to the IMR Report, we are one of the key industry players in the street light pole industry, with an estimated market share of 19.8% in 2017 based on the street light pole industry size in Malaysia of RM202.50 million in 2017 and our Group's revenue from the steel pole manufacturing segment of RM40.05 million in the FYE 2017.

We intend to expand our Main Manufacturing Facility and acquire additional machinery and equipment to enable us to capitalise on the anticipated growth in the street light pole industry as highlighted in Section 6.20. This will be financed by RM13.00 million allocated from the proceeds of the Public Issue for the expansion of Main Manufacturing Facility and the purchase of machinery and equipment. The expanded manufacturing facility is expected to be commissioned by 2021 and will increase our operating capacity from approximately 5,700MT to approximately 11,400MT per annum.

6.19.3 We plan to expand our geographical presence to international markets

We intend to expand our presence in international markets such as Brunei, Sri Lanka and New Zealand through the supply of steel poles to these markets. We believe these markets present a pool of opportunities for us to expand our geographical presence in light of positive market prospects in these countries.

As at the LPD, we have already secured orders from customers in Brunei, Sri Lanka and New Zealand. We received our first order from a specialised contractor in Brunei in May 2018 for telecommunication monopoles, and first order from an electrical product distributor in Sri Lanka in November 2010 for standard street light poles. Our first order from an electrical products distributor in New Zealand was secured in July 2018 for specialty poles, which was delivered in August 2018.

We may appoint local electrical product distributors in the respective country as master distributors. These master distributors will be sole distributors to represent our Group in marketing our Group's products, as well as provide on-site and off-site technical support in these markets.

At present, we are in discussions with existing customers in Brunei and New Zealand for a master distributorship arrangement in these countries. The master distributorship arrangement will grant the sole distribution rights to the said customers to distribute and market our Group's products in Brunei and New Zealand. We expect to finalise their appointments before the end of 2019. Further, we have shortlisted 2 existing customers and are in the midst of finalising a suitable candidate to be appointed as the master distributor in Sri Lanka.

The business expansion plan in the abovementioned countries are not subjected to any capital outlay as the products supplied to these countries will still be manufactured locally by us and exported to the respective countries. However, we will utilise our internally generated funds to finance any related expenses incurred for the business expansion plan.

6.20 PROSPECT OF OUR GROUP

Our Group is involved in the manufacturing of steel poles, including standard street light poles, decorative light poles and specialty poles. To complement our steel pole manufacturing segment, we are also involved in the trading of outdoor lighting products.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

While we expect our revenues from standard street light poles and decorative light poles to be affected by the decline in the construction industry in 2018, the construction industry in Malaysia is expected to recover in 2019 and 2020, as set out in Section 7. We are ready to capitalise on the future recovery of the local construction industry based on our competitive positions (as set out in Section 6.9) and our future plan to be well-equipped to capture opportunities by expanding our Main Manufacturing Facility (as set out in Section 6.19.2).

Moving forward, we expect our Group's business growth to be centered in the following areas:

(i) Specialty poles segment

We intend to expand this segment as the GP margin for this segment is relatively higher. We also believe this would reduce our dependency on the construction industry as an end-user industry, by expanding our clientele in the telecommunication industry. Please refer to Section 7, Part 3 for further details on the prospects of the telecommunication industry in Malaysia.

(ii) International markets, particularly Brunei, Sri Lanka and New Zealand

We intend to expand our presence in these markets as we believe these markets present a pool of opportunities for us. Please refer to Section 7, Part 2 for the prospects of the construction industries in Brunei, Sri Lanka and New Zealand.

(iii) Outdoor lighting trading segment

We expect to continue to benefit from the growing outdoor lighting market due to the growing trend in usage of energy-saving outdoor lighting products. Please refer to Section 7, Part 1 for further details on the prospects of the outdoor lighting market in Malaysia. Our Group will continue its efforts in marketing outdoor lighting products in order to tap on the potential growth in the outdoor lighting product market in Malaysia. Nevertheless, our Group's outdoor lighting product trading segment will continue to be complementary to our Group's steel pole manufacturing segment moving forward.

6.21 EMPLOYEES

As at the LPD, we have a total workforce of 160 employees, which are all based in our Main Manufacturing Facility and Meslite's Factory. The following depicts the breakdown of our employees in our Group as at 31 December 2018 and as at the LPD:

Department/Division	Number of employees					
	As at 31 December 2018			As at the LPD		
	Local	Foreign	Total	Local	Foreign	Total
Executive director	2	-	2	2	-	2
Key management team	4	-	4	4	-	4
Production	40	88	128	48	85	133
Technical	3	-	3	3	-	3
Sales and marketing	7	-	7	7	-	7
Finance and administration	10	-	10	11	-	11
TOTAL	66	88	154	75	85	160

As at the LPD, local employees accounted for approximately 46.9% of total workforce while the remaining 53.1% were foreign workers. As at the LPD, we have 85 foreign workers with valid working permits, who are employed on a contractual basis.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Our foreign workers are mainly involved in our manufacturing operations, including operating machinery and equipment, carrying out QA/QC inspection, performing stock count and maintenance of our manufacturing machinery and equipment.

None of our employees belong to any labour union. During the past FYE 2015 to 2018 and up to the LPD, there was no major industrial dispute pertaining to our employees.

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6. GENERAL INFORMATION ON OUR GROUP (Cont'd)**6.22 MAJOR CUSTOMERS**

Our top 5 major customers for each of the FYE 2015 to 2018 are as follows:

No.	Customers	Description	Revenue contribution		Products sold	⁽¹⁾ Length of relationship Years
			RM'000	%		
<u>FYE 2015</u>						
1.	Auspole Products Pty Ltd	Steel pole supplier	2,832	7.0	Steel light poles and specialty poles	(2)6
2.	Kumpulan Bina Daya Elektrik Sdn Bhd	M&E contractor	1,981	4.9	Steel light poles and outdoor lighting products	6
3.	Tamaco Pole Mfg Pte Ltd	Steel pole supplier	1,878	4.6	Steel light poles and specialty poles	12
4.	KK Letrik (Sabah) Sdn Bhd	Electrical product distributor	1,313	3.2	Steel light poles	4
5.	Kejuruteraan Elektrik Kecana Sdn Bhd	M&E contractor	1,177	2.9	Steel light poles and outdoor lighting products	7
			9,181	22.6		
<u>FYE 2016</u>						
1.	Auspole Products Pty Ltd	Steel pole supplier	2,126	4.8	Steel light poles and specialty poles	(2)6
2.	Bersatu Electrical Engineering Sdn Bhd	M&E contractor	2,029	4.6	Steel light poles and outdoor lighting products	8
3.	Mega Mectronic Sdn Bhd	M&E contractor	1,981	4.5	Steel light poles and outdoor lighting products	7
4.	Tamaco Pole Mfg Pte Ltd	Steel pole supplier	1,803	4.1	Steel light poles and specialty poles	12
5.	Pole Industries Pty Ltd	Steel pole supplier	1,611	3.6	Steel light poles and specialty poles	4
			9,550	21.6		
<u>FYE 2017</u>						
1.	Regal Elite Letrik Sdn Bhd	M&E contractor	4,241	7.0	Steel light poles and outdoor lighting products	9
2.	Cable Line Electrical Engineering Sdn Bhd	M&E contractor	3,336	5.5	Steel light poles and outdoor lighting products	13
3.	Eison Electrical Engineering Sdn Bhd	M&E contractor	2,245	3.7	Steel light poles and outdoor lighting products	10

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Customers	Description	Revenue contribution		Products sold	⁽¹⁾ Length of relationship Years
			RM'000	%		
4.	Pole Industries Pty Ltd	Steel pole supplier	1,996	3.3	Steel light poles and specialty poles	5
5.	E DA Electrical Engineering Sdn Bhd	M&E contractor	1,598	2.6	Steel light poles and outdoor lighting products	8
			13,416	22.1		
<u>FYE 2018</u>						
1.	OKA Marketing Sdn Bhd	Civil and structural contractor	9,841	15.5	Steel light poles and outdoor lighting products	2
2.	Cablecon Sdn Bhd	M&E contractor	3,184	5.0	Steel light poles and outdoor lighting products	8
3.	Cooper Korea Ltd	Electrical product distributor	2,222	3.5	Oil and gas light poles	Less than 1
4.	Awal Harmoni Sdn Bhd	M&E contractor	1,989	3.1	Steel light poles and outdoor lighting products	1
5.	OCK Setia Engineering Sdn Bhd (subsidiary of OCK Group Berhad)	M&E contractor	1,782	2.8	Specialty poles	1
			19,018	29.9		

Notes:

⁽¹⁾ Refer to length of relationship up to FYE 2018, unless otherwise stated.

⁽²⁾ Refer to length of relationship up to FYE 2016 as we no longer have any transaction with Auspole Products Pty Ltd subsequent to October 2016. This was due to the departure of the management of Auspole Products Pty Ltd that we liaise with from the company. The said management subsequently joined a new company, namely Pole Industries Pty Ltd. Pole Industries Pty Ltd remained as our active customer as at LPD.

Save for the sales to OKA Marketing Sdn Bhd in FYE 2018 which was mainly for a public roads project, sales to all other customers were below 10.0% of our total sales in the past FYE 2015 to 2018.

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

The total percentage of revenue contribution of the major customers for the financial years under review ranged from 21.6% to 29.9% of our total revenue for the respective period. Further, the top 5 customers for the financial years under review comprises of a mix of 17 different companies and 2 out of 5 major customers in FYE 2018 were newly secured customers. Thus, there is no sales dependence of our Group on any specific group of customers and we are able to secure new customers.

Our sales to the above major customers for the financial years under review were mainly recurring purchase orders from existing customer whom we maintained a good business relationship over the years. As at the LPD, there is no agreement or contract entered with our customers for the supply of our products.

6.23 MAJOR SUPPLIERS

Our major suppliers for each of the FYE 2015 to 2018 are as follows:

No.	Suppliers	Description	Purchases contribution		Products sourced	⁽¹⁾ Length of relationship Years
			RM'000	%		
FYE 2015						
1.	Megasteel Sdn Bhd	Manufacturer of steel plates	5,378	15.7	Steel plates	⁽²⁾ 2
2.	Midwest Green Sdn Bhd	Trading of outdoor lighting products	4,010	11.7	Outdoor lighting products	8
3.	Success Transformer Marketing Sdn Bhd (subsidiary of Success Transformer Corporation Berhad)	Manufacturer of outdoor lighting products, current transformer and voltage stabilizer	3,430	10.0	Outdoor lighting products	14
4.	IGC-Industrial Galvanizers Corporation (M) Sdn Bhd	Service provider for hot dip galvanising services	2,138	6.3	Galvanising services	13
5.	Hiep Hong Hardware Sdn Bhd	Steel stockists	1,703	5.0	Steel plates and pipes	16
			16,659	48.7		

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Suppliers	Description	Purchases contribution		Products sourced	⁽¹⁾ Length of relationship Years
			RM'000	%		
<u>FYE 2016</u>						
1.	Midwest Green Sdn Bhd	Trading of outdoor lighting products	4,876	15.3	Outdoor lighting products	8
2.	Dai Dong Steel Sdn Bhd	Steel importer and stockist	2,326	7.3	Steel plates	16
3.	IGC-Industrial Galvanizers Corporation (M) Sdn Bhd	Service provider for hot dip galvanising services	1,992	6.2	Galvanising services	13
4.	Gruppe Lighting Solution Sdn Bhd	Lighting specialist	1,584	5.0	Outdoor lighting products	7
5.	Leon Fuat Hardware (Klang) Sdn Bhd (subsidiary of Leon Fuat Berhad)	Steel importer and stockist	1,455	4.6	Steel plates and pipes	7
			<u>12,233</u>	<u>38.4</u>		
<u>FYE 2017</u>						
1.	Jit Hoe Hardware Sdn Bhd	Steel importer and stockist	4,511	11.1	Steel plates and pipes	14
2.	Midwest Green Sdn Bhd	Trading of outdoor lighting products	4,286	10.6	Outdoor lighting products	8
3.	Dai Dong Steel Sdn Bhd	Steel importer and stockist	3,518	8.7	Steel plates	16
4.	Leon Fuat Metal Sdn Bhd (subsidiary of Leon Fuat Berhad)	Steel importer and stockist	3,025	7.5	Steel plates and pipes	4
5.	OSRAM (Malaysia) Sdn Bhd	Lighting specialist	2,877	7.1	Outdoor lighting products	3
			<u>18,217</u>	<u>45.0</u>		
<u>FYE 2018</u>						
1.	OSRAM (Malaysia) Sdn Bhd	Lighting specialist	5,452	12.7	Outdoor lighting products	3
2.	Midwest Green Sdn Bhd	Trading of outdoor lighting products	4,474	10.5	Outdoor lighting products	8

6. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Suppliers	Description	Purchases contribution		Products sourced	⁽¹⁾ Length of relationship Years
			RM'000	%		
3.	IGC-Industrial Galvanizers Corporation (M) Sdn Bhd	Service provider for hot dip galvanising services	3,140	7.3	Galvanising services	13
4.	Leon Fuat Metal Sdn Bhd (subsidiary of Leon Fuat Berhad)	Steel importer and stockist	2,759	6.5	Steel plates and pipes	4
5.	Dai Dong Steel Sdn Bhd	Steel importer and stockist	2,151	5.0	Steel plates	16
			17,976	42.0		

Note:

⁽¹⁾ Refer to length of relationship up to FYE 2018.

The materials, supplies or service procured from the abovementioned suppliers include, amongst others, steel plates and pipes, outdoor lighting products and galvanising services. In the past FYE 2015 to 2018, suppliers contributing more than 10.0% of our total purchases were mostly for steel plates and pipes and outdoor lighting products. We choose to procure these materials and supplies from these suppliers in bulk to attain competitive pricing. Nevertheless, we are not materially dependent on any of these suppliers as we are able to readily source these materials from alternative suppliers with minimal switching cost that are not expected to have a material impact on our total cost of purchase and profitability.

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7. INDEPENDENT MARKET RESEARCH REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, No. 72A, Jalan Universiti,
Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: **07 MAY 2019**

The Board of Directors
MESTRON HOLDINGS BERHAD
Suite 10.02, Level 10
The Gardens South Tower,
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Dear Sirs,

Independent Market Research (“IMR”) report on the Street Lighting, Construction and Telecommunication Industries in conjunction with the Listing of MESTRON HOLDINGS BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“PROVIDENCE”) has prepared this IMR report on the Street Lighting, Construction and Telecommunication Industries for inclusion in the Prospectus of MESTRON HOLDINGS BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

For and on behalf of PROVIDENCE:



MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has close to 10 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



1 THE STREET LIGHTING INDUSTRY IN MALAYSIA

Street lighting products primarily comprise street light poles as well as outdoor lighting products. Collectively, these products are used to provide light to illuminate public and private roads, highways, pedestrian walkways, train lines, railway crossings and bridges. Street lighting products are thus necessary amenities for the safety and security of the public as it increases visibility during the night for drivers, riders and pedestrians.

In a typical infrastructure construction project (particularly for construction of roads, highways, walkways, train lines or bridges), the respective local town council or property development company will appoint a main construction company to plan, manage and supervise the entire construction project. The appointed main construction company will then engage the appointed sub-contractors to carry out their specialised trade works (such as mechanical and electrical (“M&E”) works, foundation and piling works, and piping and drainage works), amongst other things.

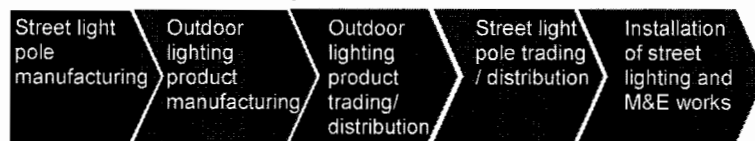
The installation of street lighting is a key subset of M&E works required for infrastructure construction projects. These M&E contractors will install the street lighting products with electrical systems (comprising networks of electrical wiring, cables and other electrical products that enable street lights to function).

While M&E contractors are involved in the installation of these street lighting products, they do not manufacture these products. The street lighting products and other electrical products are sourced from specialised manufacturers and distributors. In the case of public road construction projects, street lighting products used must be sourced from suppliers approved by the Public Works Department Malaysia (referred hereon in this report as “JKR”).

The street lighting industry value chain comprises:

- **Street light pole manufacturers**, which refer to manufacturers of street light poles. These manufacturers may sell directly to M&E contractors or through other intermediaries (including electrical product distributors);
- **Outdoor lighting product specialists**, which refer to manufacturers of outdoor lighting products used for street lighting. These specialists may sell directly to M&E contractors or through outdoor lighting product distributors or electrical product distributors;
- **Outdoor lighting product distributors**, which refer to distributors of outdoor lighting products;
- **Electrical product distributors**, which refer to distributors of various electrical products and can be involved in the distribution of street lighting products; and
- **M&E contractors**, which refer to contractors that perform the installation of street lighting products, among other M&E works.

The roles of each of the industry players within the street lighting industry are as elaborated below:



	Street light pole manufacturing	Outdoor lighting product manufacturing	Outdoor lighting product trading/distribution	Street light pole trading/distribution	Installation of street lighting and M&E works
Street light pole manufacturers	■				
Outdoor lighting product specialists		■			
Outdoor lighting product distributors			■		
Electrical product distributors				■	
M&E contractors					■

Note:
 ■ denotes the segment which Mestron Holdings Berhad and its subsidiaries (collectively referred to as “Mestron Group”) is involved in
 Source: PROVIDENCE

Mestron Group is a street light pole manufacturer and outdoor lighting product distributor. As such, this chapter will assess the street light pole industry in Malaysia (which is the industry in which Mestron Group operates as a street light pole manufacturer) as well as the outdoor lighting product market in Malaysia (which denotes the demand for outdoor lighting products distributed by Mestron Group).

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



STREET LIGHT POLES: INDUSTRY SIZE AND GROWTH POTENTIAL

Street light poles are columns used to support outdoor lighting products and house related cables and wiring. There are 3 types of street light poles, i.e. steel, concrete and fibreglass street light poles. Steel street light poles are more commonly used compared to concrete and fibreglass street light poles as they are easier to install, can withstand a higher wind load and/or are less susceptible to ultraviolet light damage.

The street light pole industry comprises companies which are principally involved in the manufacturing of street light poles. These companies are also typically involved in the manufacturing of poles of similar structure as the manufacturing capabilities required for these poles are similar in terms of equipment and process. In summary, the types of poles produced by street light pole manufacturers are as follows:

- **Standard street light poles** – most common pole type used on public and private roads, highways and pedestrian walkways, and are tapered octagonal in shape;
- **Decorative light poles** – aesthetically designed poles that can also be used as a design element. Typically used on roads and pedestrian walkways in private residential and commercial developments; and
- **Specialty poles** – refers to other types of poles of similar structure such as poles used to support traffic lights, surveillance cameras and floodlights (also known as high mast poles) as well as telecommunication monopoles, and oil and gas and mining light poles.

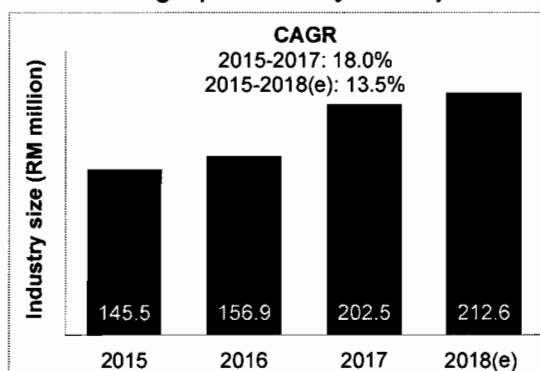
Street light poles which are used on public roads and highways are regulated under the Specification for Road Lighting Installation (“Road Lighting Specification”) by JKR. Under the Road Lighting Specification, street light poles should be tapered in an octagonal or round shape using hot dip galvanised steel, pre-stressed spun concrete columns or fibreglass reinforced material. These street light poles must also comply with BS EN 40 - 5:2002 or ANSI C-136.20 and ASTM D4923-89 (or other approved international standards).

The street light pole industry size in Malaysia between 2015 and 2017 was computed based on revenues for the respective financial years of identified street light pole manufacturers in Malaysia.

Between 2015 and 2017, the street light pole industry size in Malaysia demonstrated a healthy compound annual growth rate (“CAGR”) of 18.0%. The street light pole industry in Malaysia grew from RM145.5 million in 2015 to RM202.5 million in 2017. The street light pole industry in Malaysia is largely driven by the residential and commercial as well as infrastructure and social amenities construction sub-sector, which require street lighting to illuminate these structures for safety and security purposes.

Moving forward, PROVIDENCE expects that the street light pole industry in Malaysia would have been impacted by the slowdown in the construction industry in 2018, arising from uncertainties post the Malaysian General Election 2018. PROVIDENCE estimates the street light pole industry in Malaysia recorded an industry size of RM212.6 million in 2018. Nevertheless, the street light pole industry in Malaysia is expected to recover and will continue to grow in light of on-going and upcoming construction projects. PROVIDENCE forecasts the street light pole industry in Malaysia to grow at a CAGR of 9.8%, from an estimated RM212.6 million in 2018 to RM256.1 million in 2020.

Street light pole industry in Malaysia



Notes:

1. The street light pole industry size in Malaysia between 2015 and 2017 was computed based on revenues for the respective financial years of identified street light pole manufacturers in Malaysia. As the revenues for some industry player(s) were not publicly available, PROVIDENCE has used financial information obtained via primary interviews.
2. Street light pole industry size includes industry size for standard street light poles, decorative light poles and specialty poles
3. Street light pole industry size may include revenue from other types of products such as guardrails, manholes, artificial reefs and telecommunication and electricity substation tower structures
4. Latest publicly available information is as at 2017
5. (e) – estimate. Revenues of most street light pole industry players in 2018 are not publicly available. The street light pole industry size has been estimated using revenues of industry players that were publicly available, information from primary interviews and PROVIDENCE’s proprietary forecast model which has the following parameters as inputs:
 - Actual historical CAGR of the street light pole industry in Malaysia
 - Key growth drivers, risks and challenges of the street light pole industry in Malaysia

Source: Companies Commission of Malaysia, PROVIDENCE

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



OUTDOOR LIGHTING PRODUCTS: MARKET SIZE AND GROWTH POTENTIAL

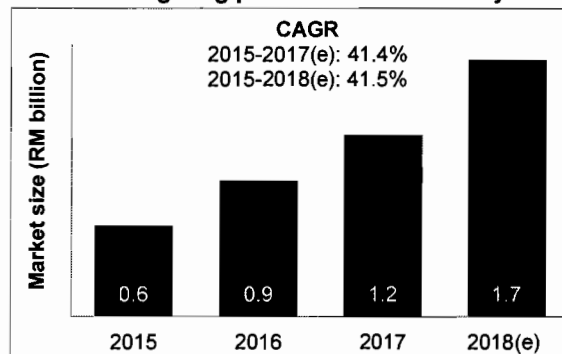
Outdoor lighting products refer to devices that provides light when connected to an electricity source, and are used in outdoor areas. In the context of this IMR report, outdoor lighting products refer to outdoor lighting products used for street lighting purposes.

The market size for outdoor lighting products, as measured by the sales of outdoor lighting products, has demonstrated a healthy CAGR of 41.4% between 2015 and 2017. The outdoor lighting product market size grew from RM0.6 billion in 2015 to RM1.2 billion in 2017.

The outdoor lighting product market is driven by the residential and commercial as well as infrastructure and social amenities construction sub-sectors. Further, its growth is also supported by the shift in demand towards energy-saving outdoor lighting products.

The outdoor lighting product market in Malaysia is expected to be less susceptible to the slowdown in the construction industry in 2018 as it was supported by demand created from the growing trend to use energy-saving outdoor lighting products. PROVIDENCE estimates that the outdoor lighting product market recorded a market size of RM1.7 billion in 2018. Moving forward, PROVIDENCE forecasts the outdoor lighting product market size in Malaysia to grow from the estimated RM1.7 billion in 2018 to RM3.1 billion in 2020, at a CAGR of 35.0%.

Outdoor lighting product market in Malaysia



Notes:

- (e) – estimate. Final sales information on outdoor lighting products in Malaysia for 2018 is not publicly available. Sales of outdoor lighting products in 2018 has been estimated based on an annualised sales trend using monthly sales information of outdoor lighting products
- Market size may include outdoor lighting products which are not used for street lighting and other types of electrical products

Source: Companies Commission of Malaysia, PROVIDENCE

DEMAND CONDITIONS: KEY GROWTH DRIVERS

On-going and upcoming infrastructure and social amenities developments will support the demand for street lighting products

Street lighting products are necessary to illuminate any roads, highways and bridges and as such, the construction of these infrastructure will create demand for street lighting products.

The infrastructure and social amenities construction sub-sector in Malaysia has been primarily driven by a growing number of vehicles and rising urbanisation within the country. The infrastructure and social amenities construction sub-sector grew by 31.5% between 2015 and 2017.¹ Meanwhile, the value of completed construction projects in Malaysia increased from RM114.9 billion in 2015 to RM145.5 billion in 2018, registering a CAGR of 8.2% during the period² (please refer to Chapter 2 – The Construction Industry in Malaysia for further details). Malaysia is a developing nation with a vision to achieve a developed status by 2020. There have thus been several planned infrastructure developments to spur the development of the country.

Whilst awarded contracts in the infrastructure and social amenities construction sub-sector is expected to have been adversely affected in 2018 by uncertainties arising from the cancellation, postponement and cost cutting measures of several major infrastructure developments post the Malaysian General Election 2018, infrastructure development in the country is still expected to continue in the coming years. Some of the on-going infrastructure development projects include Damansara–Shah Alam Elevated Expressway, East Klang Valley Expressway, Lebuhraya Putrajaya-KLIA (MEX 2), Central Spine Road, Sungai Besi-Ulu Kelang Expressway and West Coast Expressway. In April 2019, the Government announced that the East Coast Rail Line project will resume and is expected to be completed by 2026.

Further, the Budget 2019 included provisions of RM926.0 million to build and upgrade roads and bridges, RM2.5 billion to upgrade and restore railway tracks and implementation of 24 private-public partnership infrastructure projects worth RM5.2 billion. The Johor State Government also intends to construct a new

¹ Source: Construction Industry Review and Prospect 2018/2019, Construction Industry Development Board (“CIDB”). Latest publicly available information on annual construction statistics is as at 2017

² Source: Department of Statistics Malaysia

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



bridge to link Johor Bahru and Singapore to ease the traffic congestion at the existing Johor-Singapore Causeway and Malaysia-Singapore Second Link.

The abovementioned infrastructure development projects will continue to remain as a constant driver for the street lighting industry in Malaysia.

Long-term growth in residential, commercial and industrial developments will support the demand for street lighting products

Between 2010 and 2017, the nation's residential construction sub-sector grew at a CAGR of 11.0%.³ The number of residential properties grew from 4.4 million as at fourth quarter of 2010 to 5.6 million as at third quarter of 2018.⁴ Meanwhile, commercial and industrial construction grew from RM32.3 billion in 2010 to RM57.8 billion in 2017, in terms of awarded project values, recording a CAGR of 8.7% during the period.⁴

While the residential property market is expected to have recorded a slowdown in 2018, it is expected to recover in the coming years in light of several Government initiatives under Budget 2019 to encourage demand for residential properties, such as the National Home Ownership Campaign and the creation of "Property Crowdfunding" platforms as an alternative source of financing for first-time home buyers. The commercial and industrial construction sub-sector is expected to be supported by several prime commercial developments such as the Exchange 106, Bukit Bintang City Centre, Pulau Indah Industrial Park and Island Medical City. Malaysia's industrial sub-sector is expected to be spurred by strong levels of foreign and domestic investments.

Please refer to Chapter 2 – The Construction Industry in Malaysia for further details on the construction industry in Malaysia.

Street lighting products are necessary to illuminate the roads and walkways to allow for accessibility to these residential, commercial and industrial properties. As such, the street lighting industry in Malaysia is expected to benefit from the continuous growth in the residential, commercial and industrial construction sub-sectors in Malaysia over the long-term.

Various Government-driven initiatives and regulations will contribute to the growth of the street lighting industry

Under the Street, Drainage and Building Act 1974, local authorities are responsible for the maintenance and repair of public streets and amenities such as street lighting. The local authorities are also responsible for making sure private companies (including property developers) that construct roads, highways, walkways, crossings and bridges also provide street lighting, upon written permission from the local authority. With this Act in place, local authorities are responsible for making sure that public streets that fall under their jurisdiction are equipped with functional street lights.

The previous Government announced in the Budget 2017 that approximately 97,000 street lighting products will be installed nationwide. In Budget 2018, the previous Government announced that RM1.1 billion will be allocated for projects in Sarawak which includes the installation of new and upgrading of existing street lighting products. Meanwhile, RM200.0 million will also be provided to Federal Land Development Authority ("FELDA") to upgrade street lighting products. The Budget 2019 announced by the present Government included provisions of RM35.0 million for the building and improvement of infrastructure, and street lighting installations for FELDA settlements. As at the date of this IMR report, these initiatives are deemed relevant despite the change in Government after the Malaysian General Election 2018, as there has not been any public announcement(s) on cancellations or amendments of these initiatives.

Thus, in light of the above, the street lighting industry in Malaysia is expected to be driven by demand for both new street lighting products and replacement of existing street lighting products.

Growing trend of using energy-saving outdoor lighting products, creating demand for outdoor lighting products

There is a growing trend amongst municipal councils in Malaysia to implement the requirement of energy-saving outdoor lighting products for street lighting in new townships. These energy-saving outdoor lighting products include light-emitting diode ("LED") lighting products as well as smart outdoor lighting products

³ Source: Construction Industry Review and Prospect 2018/2019. Latest publicly available information on annual construction statistics is as at 2017

⁴ Source: National Property Information Centre ("NAPIC"). Latest publicly available information is as at third quarter 2018

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



(which are equipped with sensors to manage energy efficiency). Specifically, the municipal councils in the state of Terengganu and Johor Bahru Tengah have been working on implementing these initiatives.

The Asian Development Bank and Malacca Bio-Technology Corporation are working towards a public-private partnership to install energy efficient outdoor lighting products in Malacca in 2018. The project involves the installation of over 100,000 smart LED road lamps across the state and is expected to cost an estimated RM199.0 million. Meanwhile, Penang aims to be the first state in Malaysia to use LED outdoor lighting products in all of its street lighting by 2020. This was part of efforts to fulfil the initiatives announced during the Malaysian General Election 2018, and is still an on-going initiative as announcements have been made post the Malaysian General Election 2018 to pursue this initiative. In April 2019, the Ministry of Housing and Local Government announced their intention to use LED outdoor lighting products for all street lighting in Malaysia, and this will be rolled out in stages.

According to the Ministry of Housing and Local Government, approximately 80.0% of street lighting in Malaysia are not using LED outdoor lighting products, indicating the potential demand for LED outdoor lighting products in Malaysia in light of the Government's plans to use LED outdoor lighting products for all street lighting nationwide. As such, this is expected to create demand for outdoor lighting products, which will benefit the street lighting industry in Malaysia.

INDUSTRY DYNAMICS

As Mestron Group is principally involved in manufacturing of steel poles and trading of outdoor lighting products, this chapter aims to assess the supply conditions, risks and challenges and product substitution/reliance on imports affecting a steel street light pole manufacturer and outdoor lighting product distributor.

Supply Conditions

Availability and cost of steel materials and supplies of outdoor lighting products

The materials and supplies used in the manufacturing of street light poles are primarily steel plates and pipes, concrete bases, flag holders and junction boxes. In general, most of these materials and supplies are readily available through local suppliers. Though they can be sourced from local suppliers, the cost of steel materials is subject to factors that affect supply and demand of steel products. Further, while these materials and supplies are generally sourced from local suppliers, some materials, namely steel plates, may not be manufactured locally. As such, these materials may be subject to factors such as import restrictions and global prices of the material.

Meanwhile, outdoor lighting products are sourced from outdoor lighting product specialists which are approved by JKR to supply for street lighting on public roads. There are more than 30 outdoor lighting product suppliers and thus, these supplies are readily available to outdoor lighting product distributors.

Availability of equipment and labour for the manufacturing of street light poles

Street light pole manufacturing requires human labour and equipment. Equipment utilised in the manufacturing of street lights include, amongst others, shearing machines, bending machines as well as welding machines. Human labour is required to transfer the materials from one equipment to another, to assemble the steel poles with accessories to form final products, as well as to conduct quality checks.

Both equipment and labour are readily available, where equipment is typically purchased from foreign suppliers, and both local and foreign workers are hired as labour.

Industry Risks and Challenges

The industry is dependent on the construction industry as an end-user industry

The street light pole industry grows in tandem with the construction industry and is thus dependent on the growth of infrastructure and property developments. As such, any cutbacks in Government expenditure on infrastructure construction and/or material decreases in the demand for residential, commercial and industrial properties in Malaysia may have an adverse impact on the performance of street light pole manufacturers.

Post the Malaysian General Election 2018, there were postponement and cost cutting measures of several major infrastructure projects to address the prevailing Government debt and liability issue in the country. These projects include the High Speed Rail and the Mass Rapid Transit (MRT) 3 projects. Thus, this has caused a short-term uncertainty as to whether more infrastructure projects will be postponed, reduced in value, or introduced due to changes in the political environment.

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Nevertheless, it is important to note that infrastructure development is key to the economic development of the nation as infrastructure is necessary to support growth in population, urbanisation and economic activity in the country. As such, the Government of Malaysia is likely to continue maintaining or introduce new projects to promote the country's growth in the coming years. As an illustration, the Budget 2019 included provisions to build and upgrade roads and bridges, upgrade and restore railway tracks and implementation of 24 private-public partnership infrastructure projects. In addition, there are still on-going infrastructure development projects such as Damansara-Shah Alam Elevated Expressway, East Klang Valley Expressway, Lebuhraya Putrajaya-KLIA (MEX 2), Central Spine Road, Sungai Besi-Ulu Kelang Expressway and West Coast Expressway.

Street light pole manufacturers may be affected by rising prices of raw materials

The major material used in street light pole manufacturing is steel, comprising sheets and pipes. The prices of steel sheets and pipes are subject to, amongst others, market supply and demand conditions, prices of raw materials for the production of steel, prevailing energy costs and Government regulations.

As an illustration, the Government of Malaysia had announced a progressive liberalisation of hot rolled steel plates, with a provisional safeguard duty imposed from July 2015 to July 2016 of 17.4%, July 2016 to July 2017 of 13.9% and July 2017 to July 2018 of 10.4%. The liberalisation of hot rolled steel plates had resulted in a decrease in import prices of these materials, resulting in a decline in prices of steel plates in 2016. However, prices of steel plates began to increase in 2017 in line with rising global steel prices.

Any material increase in price of steel may lead to a rise in the cost of production. If the manufacturers of street light poles are unable to pass on this rise in raw material cost to their customers, they will have to bear the increasing costs and this may have a material impact on their financial performance.

Import price of hot rolled steel products

Year	Average annual price (USD per metric tonne)
2015	486.8
2016	427.7
2017	549.7

Notes:

- Prices are based on the correlation between total value and volume of hot rolled steel products
- Latest publicly available information is as at 2017

Source: United Nations Comtrade, PROVIDENCE

Industry players may be affected by any changes in rules affecting employment of foreign workers

While many of the steel pole manufacturers semi-automate their manufacturing processes, there is still a certain degree of dependency on foreign labour. The employment of foreign workers may be affected by any changes in rules imposed by the Government.

Beginning 2018, the Government has enforced that employers, instead of workers, will be responsible for paying the foreign workers levy. In February 2019, the Government announced that foreign worker levy fees will be temporarily reduced by RM4,000 for companies operating in the manufacturing sector between 1 March 2019 and 29 February 2020. The Government of Malaysia had also implemented a minimum monthly wage of RM1,100 or RM5.29 per hour from January 2019 onwards, which is an increase from the present minimum monthly wage of RM1,000 in Peninsular Malaysia and RM920 in East Malaysia. Any changes in the foreign workers levy and minimum wages may increase the cost of hiring foreign labour, thus affecting industry players' profitability.

In addition, post the Malaysian General Election 2018, the Prime Minister of Malaysia, Tun Dr Mahathir Mohamad had announced the Government's intention to establish a single system to hire foreign workers which does not differentiate source countries. Further, an intention to impose a foreign worker to local worker ratio system has also been announced. As the details of these foreign worker systems have not been announced, its effects on foreign worker employment is still presently uncertain.

Industry players are subject to regulations set out by the Government and must renew and maintain their product certifications and registrations

Street light poles which are used on public roads and highways are regulated by JKR in terms of their quality standards. Under the Road Lighting Specification by JKR, street light poles must comply with approved international product certifications (e.g. BS EN 40 - 5:2002) in order to be used on public roads. There are no official requirements set out by Government associations for street light poles used on private roads. However, M&E contractors, main construction companies and property development companies typically opt to source from street light pole manufacturers approved by JKR (which have the

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

relevant product certifications and registrations) for large residential, commercial and industrial developments as these approval and product certifications/registrations demonstrate the manufacturers' capability in meeting their requirements. As such, in the event of changes in the regulations set out by the Government and the failure of street light pole manufacturers to renew or maintain their product certifications and registrations, the street light pole manufacturer could lose its approval from JKR and face challenges in bidding for and securing projects in the construction industry.

Product / service substitution and reliance and vulnerability to imports

There are no products that can fully replace street lighting products in Malaysia. Street light poles in Malaysia are typically locally sourced. This is largely because local street light pole manufacturers have the required manufacturing capabilities and it will be costlier to import.

COMPETITIVE OVERVIEW

The competitive landscape of the street lighting industry in Malaysia can be segmented into the competitive landscape of the street light pole industry as well as outdoor lighting product industry.

The street light pole industry in Malaysia is a niche industry, primarily comprising local industry players. PROVIDENCE has identified 9 industry players on the basis that:

- (i) they are listed as an approved supplier for street light poles by the JKR; or
- (ii) they are principally involved in the manufacturing of street light poles in Malaysia, based on publicly disclosed information.

Only 7 of these industry players are approved by JKR to supply street light poles for public roads. Most of these industry players manufacture all 3 types of poles, i.e. standard and decorative street light poles as well as specialty poles.

Meanwhile, outdoor lighting products are sold by outdoor lighting product specialists and outdoor lighting product distributors. While outdoor lighting product distributors are typically local industry players, outdoor lighting product specialists can be either local industry players or foreign industry players with a local representative or subsidiary. PROVIDENCE estimates that there are over 30 suppliers in Malaysia that are supplying outdoor lighting products for street lighting purposes.

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7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Financial performance of street light pole manufacturers

For the purpose of this IMR report, this section will detail street light pole manufacturers so as to be comparable with Mestron Group. The following sets out the latest available financial information of these manufacturers:

Company	Product segment			Outdoor lighting products	Latest available financial year end	Revenue (RM '000)	Gross Profit (RM '000)	Gross profit margin
	Standard street light poles	Decorative light poles	Specialty poles					
Alupole (M) Sdn Bhd ^{(3) (4)}	✓	✓	✓	x	31 May 2017	7,066	N/A ⁽⁸⁾	N/A ⁽⁸⁾
Décor Poles Sdn Bhd ⁽⁴⁾	x	✓	✓	x	31 December 2017	6,326	463	7.3%
Galvapole Industries Sdn Bhd ⁽⁵⁾	✓	x	✓	x	N/A ⁽⁹⁾	N/A ⁽⁹⁾	N/A ⁽⁹⁾	N/A ⁽⁹⁾
Lysaght Galvanized Steel Berhad ^{(3) (5)}	✓	✓	✓	x	31 December 2018	67,911	20,246	29.8%
Mestron Group ⁽⁵⁾	✓	✓	✓	✓	31 December 2018	41,133 ⁽¹⁰⁾	11,878 ⁽¹⁰⁾	28.9% ⁽¹⁰⁾
Oversea Deco Industrial Sdn Bhd ⁽⁶⁾	✓	✓	✓	✓	31 December 2017	2,760	497	18.0%
Perfect Pole Sdn Bhd ⁽⁵⁾	✓	✓	✓	x	31 December 2017	4,003	1,646	41.1%
PMW Concrete Industries Sdn Bhd ^{(3) (6)}	✓	✓	✓	x	31 August 2018	12,825	N/A ⁽⁸⁾	N/A ⁽⁸⁾
Segenting Bersatu Sdn Bhd ⁽⁷⁾	✓	x	✓	x	N/A ⁽⁹⁾	N/A ⁽⁹⁾	N/A ⁽⁹⁾	N/A ⁽⁹⁾

Notes:

- The above list contains information based on publicly disclosed information
- The above list is an exhaustive list of industry players principally involved in street light pole manufacturing, based on the approved supplier list for street light poles by JKR and publicly available information
- Financial information may include other products not related to poles such as guardrails, manholes, artificial reefs and telecommunication and electricity substation tower structures as the segmental financial information for these products is not publicly available and cannot be excluded
- Identified as an industry player as it is involved in the manufacturing of street light poles based on information provided in the company's website
- Identified as an industry player as it is listed as an approved supplier for street light poles by JKR
- Oversea Deco Industrial Sdn Bhd was identified as an industry player as it is the manufacturing arm of Oversea Lighting & Electric (M) Sdn Bhd which is listed as an approved supplier for street light poles by JKR
- Segenting Bersatu Sdn Bhd was identified as an industry player as the retailer of its brand of street light poles, i.e. 2C Innovations Sdn Bhd, is listed as an approved supplier for street light poles by JKR
- As at the date of this IMR report, the gross profit of Alupole (M) Sdn Bhd and PMW Concrete Industries Sdn Bhd are not publicly available as the full financial reports of these companies cannot be obtained from the Companies Commission of Malaysia. A full financial report refers to a financial report lodged by the company with the Companies Commission of Malaysia that has the detailed income statement, balance sheet and other financial information of the company
- N/A - Financial information for Galvapole Industries Sdn Bhd and Segenting Bersatu Sdn Bhd are not available as they are private exempt companies. According to Section 2(1) of the Companies Act 2016, a private exempt company refers to a private company which is not held directly or indirectly by any corporation, and which has not more than 20 shareholders none of whom is a corporation. In reference to Section 260 (1) of the Companies Act 2016, a private exempt company must lodge with the Companies Commission of Malaysia a certificate relating to its status as an exempt private company in lieu of lodging its financial statements and report with Companies Commission of Malaysia
- Financial information disclosed is the segmental financial information for the Group's steel pole manufacturing segment

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



11. The street light pole industry size from 2015 to 2017 was computed based on the revenues for the respective financial years of the abovementioned industry players, save for Segenting Bersatu Sdn Bhd which was included in the list of approved suppliers for street light poles by JKR in 2019. As the financial information for some of the industry players is not publicly available, PROVIDENCE has used financial information obtained via primary interviews for these industry players

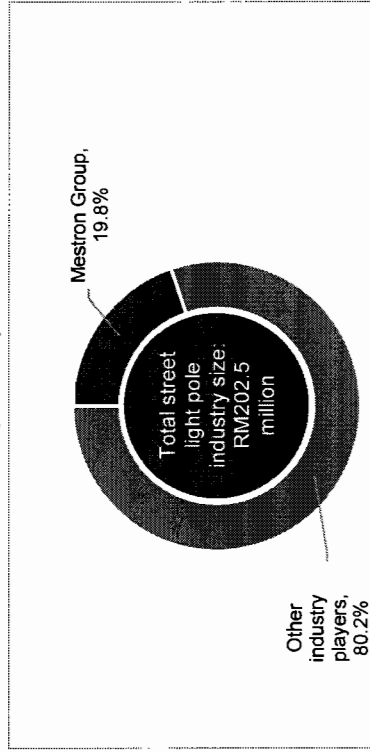
Source: Various company websites and annual report(s), Companies Commission of Malaysia, JKR, PROVIDENCE

Financial performance in the FYE 2017, and market share in the FYE 2017 and FYE 2018

Based on reported financial information for the financial year end ("FYE") 2017, Lysaght Galvanised Steel Berhad and Mestron Group recorded the highest revenue and gross profit as compared to other industry players. Lysaght Galvanised Steel Berhad recorded a revenue of RM90.8 million and a gross profit of RM33.1 million in the FYE 2017. Meanwhile, Mestron Group recorded a revenue of RM40.1 million⁵ and a gross profit of RM10.5 million in the FYE 2017. In terms of gross profit margin, Perfect Pole Sdn Bhd outperformed other industry players with a gross profit margin of 41.1%, while Lysaght Galvanised Steel Berhad and Mestron Group recorded a gross profit margin of 36.5% and 26.1%⁵ respectively in the FYE 2017. PROVIDENCE is unable to comment further as it does not have sufficient information on the industry players, as only limited financial information is publicly available.

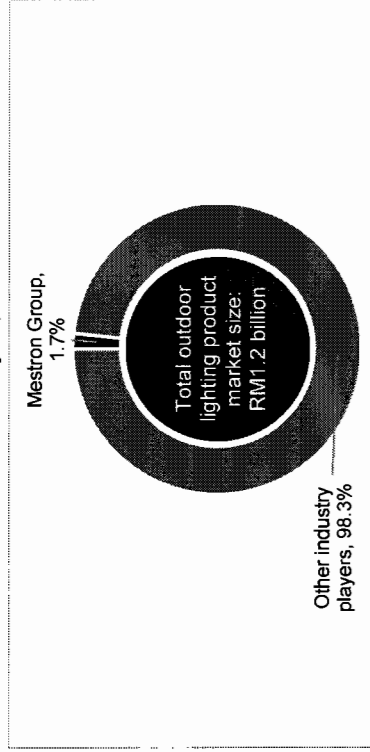
Based on the revenue generated from Mestron Group's steel pole manufacturing segment of RM40.1 million and the total street light pole industry size of RM202.5 million in 2017, Mestron Group garnered an industry revenue share of 19.8% in the year. Meanwhile, based on the revenue derived from Mestron Group's outdoor lighting product trading segment of RM20.4⁵ million and the total market size for outdoor lighting products in Malaysia of an estimated RM1.2 billion in 2017, Mestron Group is estimated to have garnered a market share of 1.7% in the year.

Mestron Group's industry revenue share in the street light pole industry in Malaysia, 2017



Source: Companies Commission of Malaysia, JKR, PROVIDENCE

Mestron Group's market share in the outdoor lighting product market in Malaysia, 2017



Source: Companies Commission of Malaysia, PROVIDENCE

⁵ Financial information disclosed is the segmental financial information for Mestron Group's steel pole manufacturing segment

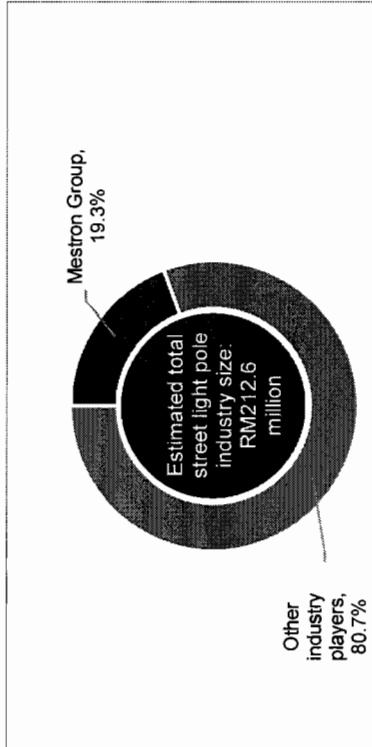
⁶ Mestron Group's outdoor lighting product trading segmental revenue excludes export sales of outdoor lighting products

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



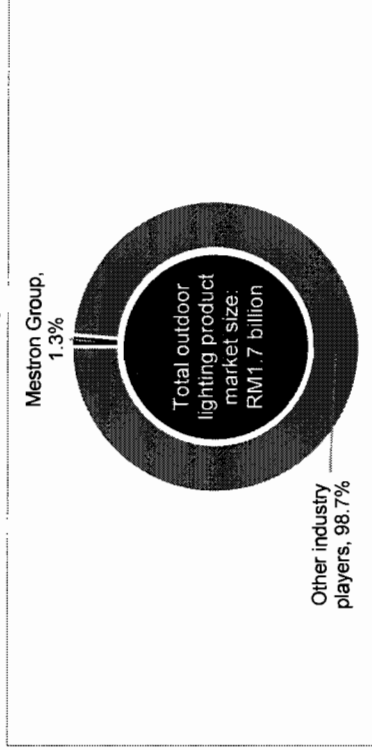
Based on the revenue generated from Mestron Group's steel pole manufacturing segment of RM41.1 million and the estimated total street light pole industry size of RM212.6 million in 2018, Mestron Group is estimated to have garnered an industry revenue share of 19.3% in the year. Meanwhile, based on the revenue derived from Mestron Group's outdoor lighting product trading segment of RM22.57 million and the estimated total market size for outdoor lighting products in Malaysia of RM1.7 billion in 2018, Mestron Group is estimated to have garnered a market share of 1.3% in the year.

Mestron Group's estimated industry revenue share in the street light pole industry in Malaysia, 2018



Source: Companies Commission of Malaysia, JKR, PROVIDENCE

Mestron Group's estimated market share in the outdoor lighting product market in Malaysia, 2018



Source: Companies Commission of Malaysia, PROVIDENCE

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⁷ Mestron Group's outdoor lighting product trading segmental revenue excludes export sales of outdoor lighting products

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

2 OVERVIEW OF THE CONSTRUCTION INDUSTRIES IN MALAYSIA, SINGAPORE, AUSTRALIA, NEW ZEALAND, BRUNEI AND SRI LANKA

This chapter aims to assess the construction industries in Malaysia, Singapore and Australia, which are key markets Mestron Group presently serves, and the construction industries in New Zealand, Brunei and Sri Lanka, which are the markets Mestron Group intends to expand their presence in.

THE CONSTRUCTION INDUSTRY IN MALAYSIA

In 2015, the construction industry in Malaysia experienced a dip of 23.2%, with an awarded project value of RM142.1 billion.⁸ The fall in awarded project values in the year was largely due to a slowdown in economy in Malaysia as a result of the depreciating RM and falling crude oil prices. These factors have adversely impacted the construction industry in Malaysia as there was a cutback in private and public expenditure on construction activities.

Nevertheless, the construction industry in Malaysia was resilient and rebounded by 77.1%, to reach RM251.6 billion in terms of awarded project values, in 2016.⁸ Much of this growth was bolstered by a growth in infrastructure projects. The infrastructure development sub-sector of the construction industry grew by 382.8% during the same period.⁸

The construction industry in Malaysia declined by 35.2% to RM163.1 billion in terms of awarded project values in 2017.⁸ This was largely due to a slowdown in the infrastructure projects as compared to the previous year, which declined by 66.7% from the previous year.⁸ Nevertheless, expenditure on road infrastructure grew from USD2.7 billion (RM10.5 billion⁹) in 2015 to an estimated USD3.3 billion (RM14.2 billion¹⁰) in 2017.¹¹

Meanwhile, the value of completed construction projects in Malaysia increased from RM114.9 billion in 2015 to RM145.5 billion in 2018, registering a CAGR of 8.2% during the period.¹²

The residential property market is expected to have experienced a slowdown in 2018, as indicated by the lower value of completed residential construction projects which stood at RM27.8 billion as at the third quarter of 2018 (as at the third quarter of 2017: RM29.6 billion).¹³

There is also a lower number of residential units that were completed and are incoming as at the third quarter of 2018. There were 68,739 newly completed units and 461,544 units registered as incoming as at the third quarter of 2018, which is lower than the number of newly completed and incoming properties recorded as at the third quarter of 2017 (newly completed as at third quarter 2017: 73,971 units; incoming as at third quarter 2017: 480,060).¹³ Nevertheless, the residential property market is expected to recover in the coming years, in light of several initiatives announced under Budget 2019 to encourage demand for residential properties, such as the National Home Ownership Campaign and the creation of "Property Crowdfunding" platforms as an alternative source of financing for first-time home buyers. Further, the residential property market is also expected to be supported by Government initiatives to develop more affordable housing units.

Meanwhile, several major infrastructure developments were cancelled or postponed post the Malaysian General Election 2018, and is thus expected to have resulted in a slowdown in the infrastructure and social amenities construction sub-sector in 2018. Nevertheless, infrastructure development in the country is still expected to continue and some of the on-going infrastructure development projects include East Coast Rail Line, Mass Rapid Transit (MRT) 2, Damansara–Shah Alam Elevated Expressway, East Klang Valley Expressway, Lebuhraya Putrajaya-KLIA (MEX 2), Central Spine Road, Sungai Besi-Ulu Kelang Expressway and West Coast Expressway. Further, the Budget 2019 included provisions of RM926.0 million to build and upgrade roads and bridges, RM2.5 billion to upgrade and restore railway tracks and implementation of 24 private-public partnership infrastructure projects worth RM5.2 billion. The Johor

⁸ Source: Construction Industry Review and Prospect 2018/2019, CIDB. Latest publicly available information on annual construction statistics is as at 2017

⁹ Exchange rate from USD to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at USD 1=RM3.9073

¹⁰ Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at USD 1=RM4.3008

¹¹ Source: Global Infrastructure Hub. Latest publicly available information is as at 2017

¹² Source: Department of Statistics Malaysia

¹³ Source: NAPIC. Latest publicly available information is as at the third quarter 2018

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

State Government also intends to construct a new bridge to link Johor Bahru and Singapore to ease the traffic congestion at the existing Johor-Singapore Causeway and Malaysia-Singapore Second Link.

THE CONSTRUCTION INDUSTRY IN SINGAPORE

The construction industry in Singapore comprises the residential, commercial, industrial and infrastructure or civil engineering construction sub-sectors. The total construction industry in Singapore experienced a decline post-2014, and this was largely witnessed in the residential, commercial and industrial sub-sectors. Between 2015 and 2018, the commercial and industrial sub-sectors recorded negative CAGRs of 12.6% and 5.9%, respectively.¹⁴ Meanwhile, the infrastructure or civil engineering construction sub-sector continued to grow during the same period, from SGD5.5 billion (RM15.6 billion¹⁵) in 2015 to SGD9.5 billion (RM28.4 billion¹⁶) in 2018 registering a CAGR of 20.0% during the period.¹⁴ Much of this sub-sector's growth was largely supported by public sector projects. Specifically, expenditure on road infrastructure was estimated to be USD748.4 million (RM3.2 billion¹⁷) in 2017.¹⁸ The residential construction sub-sector also grew from SGD7.8 billion (RM22.1 billion¹⁵) in 2015 to SGD9.0 billion (RM26.9 billion¹⁶) in 2018, at a CAGR of 5.1% over the same period.¹⁴

THE CONSTRUCTION INDUSTRY IN AUSTRALIA

Between 2015 and 2018, the total construction industry in Australia declined by 1.7%, from AUD88.2 billion (RM258.5 billion¹⁹) in 2015 to AUD83.7 billion (RM252.5 billion²⁰) in 2018.²¹ The residential construction sub-sector in Australia witnessed a CAGR of 1.6% between 2015 and 2018, from AUD18.0 billion (RM52.8 billion¹⁹) in 2015 to AUD18.9 billion (RM57.0 billion²⁰) in 2018.²¹ Meanwhile, the commercial and industrial construction sub-sector remained between AUD45.0 billion (RM131.9 billion¹⁹) in 2015 and AUD43.1 billion (RM130.0 billion²⁰) in 2018, registering a negative CAGR of 1.4% during the period.²¹ On the other hand, the engineering construction sub-sector, comprising mining works and heavy industrial activities, as well as infrastructure construction, declined from AUD25.2 billion (RM73.9 billion¹⁹) in 2015 to AUD21.8 billion (RM65.8 billion²⁰) in 2018 at a negative CAGR of 4.7%.²¹ This was largely due to a fall in engineering construction works in the mining industry in Australia. Nevertheless, the country's expenditure on road infrastructure grew from USD12.4 billion (RM48.5 billion²²) in 2015 to an estimated USD14.3 billion (RM61.5 billion¹⁷) in 2017.¹⁸

The construction industry in Australia is expected to grow in 2019 and in the coming years in light of several major public infrastructure projects that have been announced, including the Western Sydney Airport which began in 2018 and is expected to be completed in 2026, WestConnex which began in 2018 and is expected to be completed by 2023, Sydney Metro: City and Southwest of which tunnel construction, excavation and structural works is expected to last through 2018 to 2020, as well as the M80 Ring Road upgrade which is expected to begin late 2019 and be completed by 2023.

¹⁴ Source: Department of Statistics Singapore. Latest publicly available information is as at 2018

¹⁵ Exchange rate from SGD to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at SGD 1=RM2.8388

¹⁶ Exchange rate from SGD to RM in 2018 was converted based on average annual exchange rates in 2018 extracted from published information from Bank Negara Malaysia at SGD 1=RM2.9912

¹⁷ Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at USD 1=RM4.3008

¹⁸ Source: Global Infrastructure Hub. Latest publicly available information is as at 2017

¹⁹ Exchange rate from AUD to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at AUD 1=RM2.9314

²⁰ Exchange rate from AUD to RM in 2018 was converted based on average annual exchange rates in 2018 extracted from published information from Bank Negara Malaysia at AUD 1=RM3.0163

²¹ Source: Department of Statistics Australia

²² Exchange rate from USD to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at USD 1=RM3.9073

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**THE CONSTRUCTION INDUSTRIES IN NEW ZEALAND, BRUNEI AND SRI LANKA**

Between 2015 and 2018, the construction industry size in New Zealand, as measured in terms of value of approved building and non-building construction activities, grew from NZD16.9 billion (RM46.0 billion²³) in 2015 to NZD21.7 billion (RM60.6 billion²⁴) in 2018, at a CAGR of 8.7%.²⁵ Building construction activities, which include construction of residential and non-residential projects, grew from NZD16.4 billion (RM44.7 billion²³) in 2015 to NZD21.3 billion (RM59.5 billion²⁴) in 2018, registering a CAGR of 9.1% during the period.²⁵ However, non-building construction activities, which include infrastructure construction, declined from NZD417.1 million (RM1.1 billion²³) in 2015 to NZD442.0 million (RM1.2 billion²⁴) in 2018, recording a CAGR of 2.0%.²⁵ Nevertheless, expenditure on road infrastructure specifically grew from USD737.7 million (RM2.9 billion²⁶) in 2015 to an estimated USD977.3 million (RM4.2 billion²⁷) in 2017.²⁸ The construction industry in New Zealand is expected to grow in 2019 and in the coming years in light of several on-going infrastructure projects including the City Rail Link project which began in 2017 and is expected to be completed by 2024, the upgrade of the Auckland Airport which began in 2014 and is expected to be completed by 2044, the Waikato Expressway which began in 2009 and is expected to be completed by 2020, and the Transmission Gully motorway which began in 2015 and is expected to be completed by 2020.

The GDP of the construction industry in Brunei registered a decline from BND441.1 million (RM1.3 billion²⁹) in 2015 to BND393.1 million (RM1.2 billion³⁰) in 2016, before rebounding in the following year to an estimated BND421.5 million (RM1.3 billion³¹) in 2017.³² The construction industry in Brunei is expected to grow in 2018 and in the coming years in light of several past and on-going infrastructure projects to support the economic activity in the country including the Temburong Bridge project, Sungai Kebun Bridge project and the flyover project at Jalan Gadong and Jalan Telanai junction as well as the expansion of Jalan Residency and the Seria Bypass.

Between 2015 and 2017, the GDP of the construction industry in Sri Lanka registered a growth from LKR830.4 billion (RM23.7 billion³³) in 2015 to LKR1.0 trillion (RM28.2 billion³⁴) in 2017.³⁵ The construction industry in Sri Lanka is expected to grow in 2018 and in the coming years in light of several major construction projects including the construction of Port City Colombo which began in 2014 and is expected to be completed by 2041, Central Expressway which began in 2015 and is expected to be completed in 2020, Colombo light rapid transit system which is expected to commence in 2020, Matara-Kataragama railway extension project which commenced in 2013 and is expected to be completed by 2019, as well as the upgrade of Colombo's Bandaranaike International Airport which began in 2017 and is expected to be completed by 2020.

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²³ Exchange rate from NZD to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at NZD 1=RM2.7243

²⁴ Exchange rate from NZD to RM in 2018 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at NZD 1= RM2.7931

²⁵ Source: Statistics New Zealand

²⁶ Exchange rate from USD to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at USD 1=RM3.9073

²⁷ Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at USD 1=RM4.3008

²⁸ Source: Global Infrastructure Hub. Latest publicly available information is as at 2017

²⁹ Exchange rate from BND to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at BND 1=RM2.8390

³⁰ Exchange rate from BND to RM in 2016 was converted based on average annual exchange rates in 2016 extracted from published information from Bank Negara Malaysia at BND 1=RM3.0015

³¹ Exchange rate from BND to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at BND 1= RM3.1145

³² Source: Department of Statistics Brunei Darussalam, Asian Development Bank. Latest publicly available information is as at 2017

³³ Exchange rate from LKR to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Exchange Rates UK at LKR 1=RM0.0286

³⁴ Exchange rate from LKR to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Exchange Rates UK at LKR 1=RM0.0282

³⁵ Source: Asian Development Bank. Latest publicly available information is as at 2017

7. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

3 OVERVIEW OF THE TELECOMMUNICATIONS INDUSTRY IN MALAYSIA

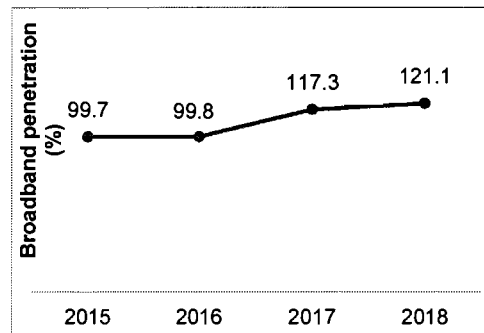
Mestron Group manufactures and sells telecommunication monopolies under its specialty pole product segment and the Group plans to expand this segment moving forward. As such, this chapter assesses the growth in the telecommunication industry in Malaysia which will indicate demand for telecommunication monopolies in the country.

Over the years, broadband penetration in Malaysia has seen healthy growth. Broadband penetration per 100 population in Malaysia grew by 21.4 percentage points, from 99.7% in 2015 to reach 121.1% in 2018.

The accessibility of Internet in residential and commercial properties have improved over the years, as a result of:

- (i) increased awareness on the growing importance of broadband;
- (ii) affordability of these services due to increasing number of Internet service providers and the Access Pricing Framework depicted in the 11th Malaysia Plan (2016 – 2020) that aims to reduce prices and increase broadband speed as well as the Mandatory Standard on Access Pricing by the Malaysian Communications and Multimedia Commission ("MCMC") which aims to reduce prices of broadband services by at least 25.0%; and
- (iii) Government initiatives that aim to create demand for broadband services, such as:
 - High-Speed Broadband phase 2: Enables connectivity of 100Mbps to all households in state capitals and selected high-impact growth areas by 2020; and
 - Suburban Broadband: Enables connectivity of up to 20Mbps broadband access to 50.0% of households in sub-urban and rural areas by 2020.

Broadband penetration rate in Malaysia



Source: MCMC

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