

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF MOBILIA HOLDINGS BERHAD (“MOBILIA” OR “COMPANY”) DATED 3 FEBRUARY 2021 (“ELECTRONIC PROSPECTUS”)

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

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/ Printed Prospectus

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

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, Kenanga IB and Mobilia take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 3 February 2021 and will close at 5.00 p.m. on 9 February 2021. In the event there is any change to the timetable, the Company will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

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

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

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

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



mobilia
MOBILIA HOLDINGS BERHAD

Registration No. 202001004249 (1360569-P)
(Incorporated in Malaysia under the Companies Act, 2016)

Factory:

Lot 2782, GRN 92507, Jalan Kempas 1, Mukim Jalan Bakri, 84200 Muar, Johor, Malaysia

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mobilia[®]

MOBILIA HOLDINGS BERHAD

Registration No. 202001004249 (1360569-P)
(Incorporated in Malaysia under the Companies Act, 2016)

PROSPECTUS

THIS PROSPECTUS IS DATED 3 FEBRUARY 2021

PROSPECTUS

MOBILIA HOLDINGS BERHAD

INITIAL PUBLIC OFFERING (“**IPO**”) OF 100,000,000 ORDINARY SHARES IN MOBILIA HOLDINGS BERHAD (“**MOBILIA**” OR “**COMPANY**”) (“**SHARES**”) AT AN IPO PRICE OF RM0.23 PER SHARE, PAYABLE IN FULL UPON APPLICATION COMPRISING:

- (I) PUBLIC ISSUE OF 60,000,000 NEW SHARES (“**ISSUE SHARES**”) IN THE FOLLOWING MANNER:
- (A) 20,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - (B) 12,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF MOBILIA AND ITS SUBSIDIARIES; AND
 - (C) 28,000,000 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

- (II) OFFER FOR SALE OF 40,000,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY.

IN CONJUNCTION WITH THE LISTING AND QUOTATION OF THE ENLARGED TOTAL NUMBER OF 400,000,000 SHARES ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”).

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT

kenanga

KENANGA INVESTMENT BANK BERHAD

Registration No. 197301002193 (15678-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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 OF BURSA SECURITIES. 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 A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS 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 140.

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 MOBILIA AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

All defined terms used in this Prospectus are defined under "Definitions" commencing on page xi, "Glossary of Technical Terms" commencing on page xvi and "Presentation of Information" commencing on page viii.

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. 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.

Kenanga Investment Bank Berhad, being our Principal Adviser, Sponsor, Underwriter and Placement Agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for the listing and quotation of our Shares. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

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

This Prospectus, together with the Application Forms, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Shares are offered to the public on the premise of 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.

Our IPO and this Prospectus are subject to the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. 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 with 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 any liability in relation thereto whether or not any enquiry or investigation is made in connection with it. It is your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction which you may be subject to.

We will further assume that you have accepted our IPO in Malaysia and will at all applicable times 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.

This Prospectus is prepared and published solely for our IPO under the laws of Malaysia. Our Directors, Promoters, Principal Adviser, Underwriter and Placement Agent have not authorised anyone and take no responsibility for distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, Promoters, Principal Adviser, Underwriter and Placement Agent have not authorised anyone to provide you with any information which is not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Directors, Promoters, Principal Adviser, Underwriter and Placement Agent, any of their respective directors, or any other persons involved in our IPO. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our Shares being offered in our IPO in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation.

ELECTRONIC PROSPECTUS

This Prospectus can also 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. Your Internet Share Application may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt about the validity or integrity of the Electronic Prospectus, you should immediately request a paper/printed copy of this Prospectus from us, our Principal Adviser or Issuing House. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC, will prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, files, information 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;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files or other material provided by such parties; and
- (iii) any data, files or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We 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, files, information or other materials.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, i.e. to the extent that the content of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions may be viewed via web browser or other relevant software. The Internet Participating Financial Institutions are not responsible for the integrity of the contents of the Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institutions and subsequently communicated or disseminated in any manner to you or other parties;
- (iii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium; and
- (iii) the Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

<u>Events</u>	<u>Indicative Dates</u>
Opening date of our IPO	3 February 2021
Closing date of our IPO	9 February 2021
Balloting of Applications	11 February 2021
Allotment/ transfer of our IPO Shares to successful applicants	19 February 2021
Date of Listing	23 February 2021

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

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PRESENTATION OF INFORMATION

All references to “our Company” or “Mobilia” in this Prospectus are to Mobilia Holdings Berhad. All references to “Mobilia Group”, “our Group”, “we”, “us”, “our” or “ourselves” in this Prospectus are to our Company and our subsidiaries as a whole, save for where the context otherwise requires. 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 Directors and Key Senior Management.

All references to “you” are to our prospective investors.

In this Prospectus, all references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. Any discrepancies in the tables between amounts listed and the totals in this Prospectus are due to rounding. Other abbreviations and acronyms used herein are defined in the “Definitions” section and technical terms used herein are defined in the “Glossary of Technical Terms” section appearing after that section. Words denoting the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, bodies corporate and corporations.

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

References to a time of a day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. We have appointed Smith Zander to provide an independent market and industry review of the industry in which we operate in. In compiling their data for the review, Smith Zander relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. Further, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We cannot assure you that the projections will be achieved and you should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on it.

Reference to the “LPD” in this Prospectus is to 6 January 2021, being the latest practicable date prior to the registration of this Prospectus with the SC.

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FORWARD-LOOKING STATEMENTS

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, future plans and prospects, and objectives of our Group 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 Group'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 the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our business strategies, trends and competitive position;
- (ii) our plans and objectives for future operations;
- (iii) our financial position;
- (iv) potential growth opportunities;
- (v) our future earnings, cash flows and liquidity;
- (vi) our ability to pay dividends; and
- (vii) the regulatory environment and the effects of future regulation.

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

- (i) the general economic, business, social, political and investment environment in Malaysia and globally;
- (ii) government policy, legislation and regulation;
- (iii) interest rates, tax rates and exchange rates;
- (iv) the competitive environment in the industry in which we operate;
- (v) reliance on approvals, licenses and permits;
- (vi) availability and fluctuations in prices of raw materials;
- (vii) fixed and contingent obligations and commitments; and
- (viii) any other factors beyond our control.

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 of this Prospectus on "Risk Factors" and Section 12 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". 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.

FORWARD-LOOKING STATEMENTS (CONT'D)

Should we become aware of any subsequent significant change or new matter arising from the date of registration of this Prospectus but before the date of allotment of our IPO Shares that will affect a matter disclosed in this Prospectus, we will issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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DEFINITIONS

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

COMPANIES WITHIN OUR GROUP:

Mobilia or Company	: Mobilia Holdings Berhad (Registration No. 202001004249 (1360569-P))
Mobilia Design	: Mobilia Design Sdn Bhd (in liquidation) (Registration No. 201501026176 (1151499-K))
Mobilia Group or Group	: Collectively, our Company and our Subsidiaries
Mobilia International	: Mobilia International Sdn Bhd (Registration No. 201001008920 (893548-X))
Mobilia Share(s) or Share(s)	: Ordinary share(s) in our Company

GENERAL:

ACE Market	: ACE Market of Bursa Securities
Acquisition	: The share acquisition exercise entered into by our Company, as further described in Section 5.3 of this Prospectus
Act	: Companies Act, 2016
ADA	: Authorised depository agent
Application	: Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	: Printed application form for the application of IPO Shares accompanying this Prospectus
ATM	: Automated teller machine
Authorised Financial Institution	: Authorised financial institution participating in the Internet Share Application with respect to payments for our IPO Shares
Board	: Board of directors of our Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	: Compound annual growth rate
CDS	: Central depository system
CDS Account	: An account established by Bursa Depository Securities for a depositor for the recording of securities and for dealing in such securities by the depositor

DEFINITIONS (CONT'D)

CMSA	:	Capital Markets and Services Act, 2007
Constitution	:	Constitution of our Company
Director(s)	:	Director(s) of our Company
D&D	:	Design and Development
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Exelient	:	Exelient Sdn Bhd (Registration No. 201801038809 (1300840-D))
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/ or an electronic storage medium, including but not limited to CD-ROMs (<i>compact disc read-only memory</i>)
Electronic Share Application	:	Application for our IPO Shares under the Public Issue through a Participating Financial Institution's ATM
Eligible Persons	:	Collectively, the employees of our Group, and persons who have contributed to the success of our Group who are eligible to participate in the Public Issue
EPF	:	Employees Provident Fund
EPS	:	Earnings per share
Equity Guidelines	:	Equity Guidelines issued by the SC
Firstchrome	:	Firstchrome Sdn Bhd (Registration No. 201901042308 (1351638-U))
FPE	:	Financial period ended 31 August, as the case may be
FYE	:	Financial year ended / ending 31 December, as the case may be
FYE Under Review	:	FYE 31 December 2017, FYE 31 December 2018 and FYE 31 December 2019
GP	:	Gross profit
IFRS	:	International Financial Reporting Standards
IMR or Smith Zander	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V))
IMR Report	:	Independent market research report titled *Independent Market Research Report on the Furniture Industry in Malaysia and Global Furniture Market* prepared by Smith Zander

DEFINITIONS (CONT'D)

Institutional Offering	: Offering of 68,000,000 IPO Shares at the IPO Price comprising: <ul style="list-style-type: none"> (i) 28,000,000 Issue Shares by way of private placement to selected investors; and (ii) 40,000,000 Offer Shares by way of private placement to selected Bumiputera investors approved by MITI.
Internet Participating Financial Institution	: Participating financial institution in the Internet Share Application
Internet Share Application	: Application for our IPO Shares under the Public Issue through an Internet Participating Financial Institution
IPO	: Initial public offering comprising the Public Issue and Offer for Sale, collectively
IPO Price	: IPO price of RM0.23 per IPO Share
IPO Shares	: Collectively, Issue Shares and Offer Shares
Issue Shares	: New Shares to be issued by our Company pursuant to the Public Issue
Issuing House and Share Registrar	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
Ivorie	: Ivorie International Sdn Bhd (Registration No. 201001023549 (907320-T))
Key Senior Management	: Key senior management personnel of our Group comprising Quek Wee Seng, Quek Wee Seong, Tan Ley Wun, Khoo Ai Lee, Quek Yan Song, Ku Yong Yee and Wong Eng Chuan
KIBB or Principal Adviser, Sponsor or Underwriter or Placement Agent	: Kenanga Investment Bank Berhad (Registration No. 197301002193 (15678-H))
Lot 1201	: A piece of freehold land known as Lot PTD No. 13423, Mukim Jalan Bakri, District of Muar, State of Johor held under HS(M) No. 7623 with postal address of No 1201, Jalan Jeram Masjid, Bakri, 84200 Muar, Johor
Lot 2782	: A piece of freehold land known as Lot 2782, Mukim Jalan Bakri, District of Muar, State of Johor held under Geran 92507 owned by Mobilia International with postal address of Lot 2782, Jalan Kempas 1, Kawasan Perindustrian Bukit Bakri, Bukit Bakri 84200 Muar, Johor
Listing	: Admission to the Official List and the listing of and quotation for our enlarged total number of 400,000,000 Shares on the ACE Market
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities
LPD	: 6 January 2021, being the latest practicable date prior to the registration of this Prospectus with the SC

DEFINITIONS (CONT'D)

Malaysian Public	: Citizens of Malaysia, and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	: Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
MCO	: Movement Control Order
MFRS	: Malaysian Financial Reporting Standards
MIA	: Malaysian Institute of Accountants
MITI	: Ministry of International Trade and Industry
M & I Furniture	: M & I Furniture Industries Sdn Bhd (in liquidation) (Registration No. 201201040338 (1024816-W))
NA	: Net assets
NBV	: Net book value
Nutracraft	: Nutracraft Sdn Bhd (Registration No. 200101017307 (553064-D))
Offer for Sale	: Offer for sale by the Selling Shareholders of up to 40,000,000 Offer Shares at our IPO Price, representing 10.00% of our enlarged total number of 400,000,000 Shares to selected investors by way of private placement to selected Bumiputera investors approved by MITI
Offer Shares	: The existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale
Official List	: A list specifying all securities listed on Bursa Securities
Participating Financial Institution	: Participating financial institution for the Electronic Share Application
PAT	: Profit after tax
PBT	: Profit before tax
Phase 1A	: 2 blocks of single-storey detached factory buildings for medium industry namely Factory Block A and D as well as a block of four-storey detached hostel situated on Lot 2782
Phase 1B	: Three-storey detached office building which will comprise a showroom situated on Lot 2782
Phase 2	: 2 blocks of single-storey detached factory buildings for medium industry namely Factory Block B and C situated on Lot 2782
Pink Form Shares	: The allocation of 12,000,000 Issue Shares to the Eligible Persons pursuant to Public Issue

DEFINITIONS (CONT'D)

Promoter(s)	: Collectively, Exelient, Quek Wee Seng, Quek Wee Seong, Firstchrome, Quek Gim Hong @ Keh Gim Hong and Leong Yok Moy
Prospectus	: This prospectus dated 3 February 2021 issued by our Company
Prospectus Guidelines	: Prospectus Guidelines issued by the SC
Public Issue	: The public issue of 60,000,000 Issue Shares at our IPO Price
Reporting Accountants	: Crowe Malaysia PLT (Registration No. 201906000005 (LLP0018817-LCA) & AF 1018)
Rules of Bursa Depository	: Rules of Bursa Depository as issued pursuant to the SICDA
SC	: Securities Commission Malaysia
Selling Shareholder(s)	: Collectively, Quek Wee Seng and Quek Wee Seong
SICDA	: Securities Industry (Central Depositories) Act, 1991
SOCISO	: Social security organisation
SOP	: Standard Operating Procedures
Subsidiaries	: Collectively, Mobilia International and Mobilia Design
Underwriting Agreement	: Underwriting agreement dated 19 January 2021 entered into between the Company and KIBB for the underwriting of up to 32,000,000 Issue Shares under the Public Issue
USA	: United States of America
UV	: Ultra violet
Vendors	: Collectively, Exelient, Firstchrome, Quek Wee Seng, Quek Wee Seong, Quek Gim Hong @ Keh Gim Hong and Leong Yok Moy
WMSHA 2019	: Worker's Minimum Standards of Housing and Amenities (Amendment) Act 2019, which amended the Worker's Minimum Standards of Housing And Amenities Act 1990 and the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 that came into force on 1 September 2020
<u>Currencies and units</u>	
EUR	: Euro
RM and sen	: Ringgit Malaysia and sen
USD	: United States Dollar
%	: Per centum

GLOSSARY OF TECHNICAL TERMS

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

Boring	:	A cutting process by which holes are created on the furniture parts or lumber to insert screws or nails
CAD	:	Computer Aided Design, a technological software used to create 2D (two dimensional) or 3D (three dimensional) models, used in the prototyping of furniture
CNC machine	:	Computer Numeric Controlled machine, a machine executed and/or commanded by computers to perform tasks in high precision such as cutting, drilling or milling
Finishing	:	The final coating of lacquer, gloss or water proof resistant elements
Fully-assembled furniture	:	Furniture that has been pre-built, which is not required to be assembled by the end user and is ready for usage
Lumbers	:	Timber that has been processed and sawn into planks or boards, used as structural bases in furniture
Milling	:	A process by which wood is sawn unto planks or boards, used as structural bases in furniture
Planing	:	A process by which wood is smoothed into uniform thickness by a wood planing machine or wide belt sander
Ready-to-assemble	:	Flat packed furniture which is usually assembled by end user
Semi-finished furniture	:	Furniture that has been partly made, such as furniture parts
Tenoning and Mortising	:	A method by which wood is joined together, where the tenon acts as a peg and the mortis acts as the slot which the tenon is inserted into
Wood filling	:	A process by which pores in wood is filled with wood putty prior to the finishing process
Wood preparation	:	A process by which wood is prepared through various processes such as cutting, Planing, finger-joining and/or lamination, to produce planks or boards with specified dimensions

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Nationality	Profession	Residential Address
Datin Siah Li Mei <i>(Independent Non-Executive Chairman)</i>	Malaysian	Company Director / Advocate and Solicitor	12, Jalan KL 3/3 Taman Kota Laksamana Seksyen 3 75200 Melaka
Quek Wee Seng <i>(Managing Director)</i>	Malaysian	Company Director	56, Jalan Kasawari 5/1 Taman Sungai Abong Permai 84000 Muar, Johor
Quek Wee Seong <i>(Executive Director)</i>	Malaysian	Company Director	56, Jalan Kasawari 5/1 Taman Sungai Abong Permai 84000 Muar, Johor
Tajul Arifin Bin Mohd Tahir <i>(Independent Non-Executive Director)</i>	Malaysian	Company Director	10E-2-1-4 Sri Kinabalu Section 10 Wangsa Maju 53300 Kuala Lumpur W. Persekutuan (KL)
Lim See Tow <i>(Independent Non-Executive Director)</i>	Malaysian	Company Director	No 341, Jalan 12 Pasir Pinji 31650 Ipoh, Perak
Quek Yan Song <i>(Alternate Director to Quek Wee Seng)</i>	Malaysian	Business Development Manager	56, Jalan Kasawari 5/1 Taman Sungai Abong Permai 84000 Muar, Johor

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1. CORPORATE DIRECTORY (CONT'D)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Lim See Tow	Chairman	Independent Non-Executive Director
Tajul Arifin Bin Mohd Tahir	Member	Independent Non-Executive Director
Datin Siah Li Mei	Member	Independent Non-Executive Chairman

REMUNERATION COMMITTEE

Name	Designation	Directorship
Tajul Arifin Bin Mohd Tahir	Chairman	Independent Non-Executive Director
Datin Siah Li Mei	Member	Independent Non-Executive Chairman
Lim See Tow	Member	Independent Non-Executive Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Datin Siah Li Mei	Chairman	Independent Non-Executive Chairman
Tajul Arifin Bin Mohd Tahir	Member	Independent Non-Executive Director
Quek Wee Seng	Member	Managing Director

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1. CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES

: Ng Mei Wan
SSM Practicing Certificate No.:201908000801
Professional qualification: MIA 28862

Tan Hui Khim
SSM Practicing Certificate No.: 201908000859
Professional qualification: LS 0009936

No. 7 (1st Floor)
Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar, Johor

Tel. No.: (606) 954 1705
Fax. No.: (606) 954 1707

REGISTERED OFFICE

: No. 7 (1st Floor)
Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar, Johor

Tel. No.: (606) 954 1705
Fax. No.: (606) 954 1707

HEAD OFFICE

: 1st & 2nd Floor
Plot 63, PTD 13189
No. 15, Jalan Sinar Bakri 1
Bukit Bakri, Jalan Bakri
84200 Muar, Johor

Tel. No.: (606) 986 3142/ 48
Fax. No.: (606) 986 3122
Email: info@mobilaiinternational.com
Website: www.mobilaiinternational.com

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

: Kenanga Investment Bank Berhad
Level 16, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur

Tel. No.: (603) 2171 2888
Fax. No.: (603) 2172 2776

**AUDITORS AND REPORTING
ACCOUNTANTS**

: Crowe Malaysia PLT
8, Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar, Johor

Tel. No.: (606) 9524 328
Fax. No.: (606) 9527 328

Partner-in-charge: Ng Kim Kiat (MIA Member No. 13115)
Professional qualification:
(Bachelor of Accountancy (Hons) Universiti Pertanian
Malaysia, Chartered Accountant, Malaysian Institute of
Accountants)

1. CORPORATE DIRECTORY (CONT'D)

- SOLICITORS FOR OUR LISTING** : Wong Beh & Toh
Peti #30, Level 19, West Block
Wisma Golden Eagle Realty
142-C Jalan Ampang
50450 Kuala Lumpur
- Tel. No.: (603) 2713 6050
Fax. No.: (603) 2713 6052
- INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd
15.01, Level 15
Menara MBMR
1 Jalan Syed Putra
58000 Kuala Lumpur
- Tel. No.: (603) 2732 7537
- Managing Partner : Dennis Tan Tze Wen
(Bachelor of Science from Memorial University of
Newfoundland, Canada)
- ISSUING HOUSE AND SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
- Tel No.: (603) 2783 9299
- LISTING SOUGHT** : ACE Market

2. 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.

2.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO entails an offering of 100,000,000 IPO Shares at an IPO Price of RM0.23 per IPO Share.

In summary, our IPO Shares will be allocated in the following manner, as set out in Section 3 of this Prospectus:

	Public Issue		Offer for Sale		Total	
	No. of Shares (‘000)	(%) ⁽¹⁾	No. of Shares (‘000)	(%) ⁽¹⁾	No. of Shares (‘000)	(%) ⁽¹⁾
Malaysian Public (via balloting)	20,000	5.00	-	-	20,000	5.00
Eligible Persons	12,000	3.00	-	-	12,000	3.00
Private placement to selected investors	28,000	7.00	40,000	10.00	68,000	17.00
Total	60,000	15.00	40,000	10.00	100,000	25.00

Note:

(1) Based on the enlarged total number of 400,000,000 Shares after our IPO.

Enlarged total number of Shares upon Listing	400,000,000
IPO Price per Share	RM0.23
Market capitalisation upon Listing (calculated based on our IPO Price and the enlarged total number of 400,000,000 Shares upon Listing)	RM92,000,000
Total gross proceeds to be raised by our Company from the Public Issue	RM13,800,000
Total gross proceeds to be raised by our Selling Shareholders from the Offer for Sale	RM9,200,000

Please refer to Section 3.3 of this Prospectus for further details of our IPO.

A moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Promoters. Further information on moratorium restrictions is disclosed under Section 11.5 of this Prospectus.

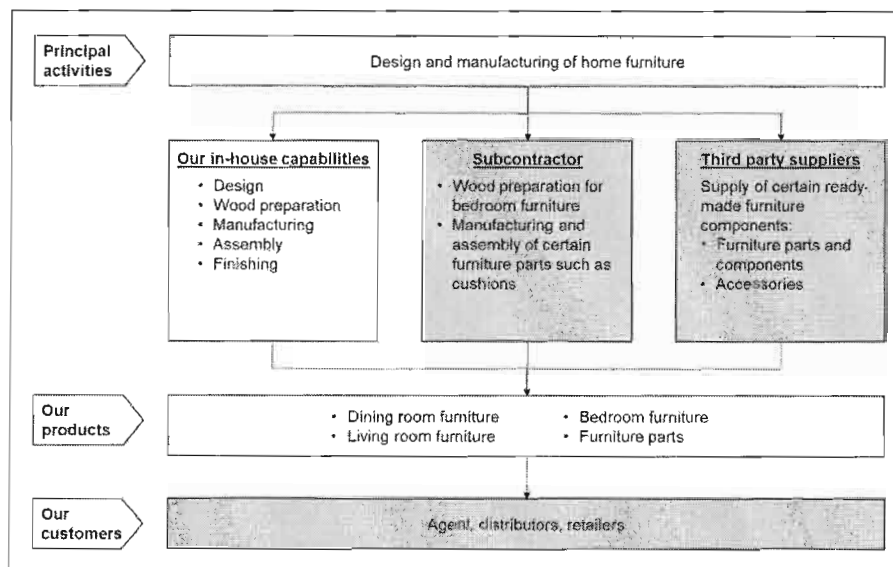
2.2 BACKGROUND INFORMATION OF OUR GROUP AND BUSINESS OPERATIONS

Our Company was incorporated in Malaysia on 6 February 2020 under the Act as a private company limited by shares under the name of Mobilia Holdings Sdn Bhd. On 11 June 2020, our Company was converted into a public limited company and assumed our present name as Mobilia Holdings Berhad. We are an investment holding company and through our Subsidiaries, we are principally involved in investment holding, design, manufacturing and sale of furniture and furniture parts.

Our furniture operations are based in Muar, Johor and our products are sold locally and overseas countries in Asia, North America, Europe, Middle East, South America, Australasia and North Africa.

2. PROSPECTUS SUMMARY (CONT'D)

A summary of our business model is as follows:

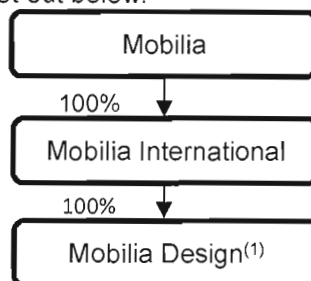


A summary of the breakdown of revenue by geographical market is as follows:

Geographical location	FYE 2017		FYE 2018		FYE 2019		FPE 2019		FPE 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Overseas										
North America	12,219	21.93	16,352	24.59	21,893	28.96	16,264	30.14	20,454	45.73
Asia (excluding Malaysia)	11,834	21.23	12,953	19.48	16,240	21.48	11,384	21.10	7,744	17.32
Europe	4,703	8.44	6,511	9.79	8,702	11.51	6,548	12.14	3,726	8.33
South America	1,691	3.04	1,737	2.60	2,438	3.23	1,988	3.68	511	1.14
Australasia	397	0.71	1,261	1.90	680	0.90	407	0.75	390	0.87
North Africa	62	0.11	-	-	118	0.16	-	-	-	-
East Africa	-	-	-	-	99	0.13	99	0.18	-	-
	30,906	55.46	38,814	58.36	50,170	66.37	36,690	67.99	32,825	73.39
Malaysia	24,824	44.54	27,690	41.64	25,419	33.63	17,273	32.01	11,904	26.61
Total revenue	55,730	100.00	66,504	100.00	75,589	100.00	53,963	100.00	44,729	100.00

Please refer to Section 12.2.2 for further details.

Our Group structure upon Listing is set out below:



Note:

(1) Mobilia Design has completed the transfer of its entire business operations and assets to Mobilia International on 31 March 2020 and had ceased business operations since 1 April 2020 and commenced members' voluntary winding up on 12 June 2020. It will be dissolved upon completion of the members' voluntary winding up.

Further details of our Group and business are set out in Sections 5 and 6 of this Prospectus.

2. PROSPECTUS SUMMARY (CONT'D)

2.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

- (i) We offer a wide range of home furniture and consistently launch new designs to suit the latest domestic and foreign market trends and preferences;
- (ii) We have a diversified market base;
- (iii) We have an established industry network and long term relationships with our customers and suppliers;
- (iv) We adopt automation in our manufacturing process to improve our production work stream;
- (v) We maintain stringent quality control procedures to upkeep the quality of our products; and
- (vi) We have an experienced and hands-on Key Senior Management team.

Further details on our competitive strengths are set out in Section 6.11 of this Prospectus.

2.4 BUSINESS STRATEGIES AND PROSPECTS

Our Group's business strategies and prospects are set out below:

- (i) **We plan to expand our current manufacturing plant to support our long term business growth.**

The construction of our current manufacturing plant is being carried out in phases. In January 2020, Phase 1A of our manufacturing plant consisting of 2 blocks of single-storey detached factory buildings and a block of four-storey detached hostel was completed with a total built-up area of 311,829 square feet. In March 2020, we completed the move of our entire manufacturing activities to our current manufacturing plant.

As for our Phase 1B and Phase 2 construction plan, we plan to construct a three-storey detached office building and 2 blocks of single storey detached factory buildings respectively, with a total built-up area of approximately 131,274 square feet. The new office building is planned to comprise a showroom to showcase our range of home furniture, a designated D&D centre and also spaces for other administrative functions.

The expansion of our manufacturing plant will increase our production space for woodworking manufacturing and allow for more automated machinery to be placed in our new factory buildings (Phase 2) for the production of cushions used in our upholstered furniture, in order to support the annual production capacity in Phase 1A. This subsequently will allow us to carry out more manufacturing processes in-house and reduce our dependency on subcontractors.

- (ii) **We plan to purchase additional machinery to increase automation in our manufacturing process.**

To cater to the anticipated increasing sales orders and to support the annual production capacity in Phase 1A, we plan to purchase new automated machinery to support the increasing manufacturing activities as our Group believes that demand for furniture products will gradually recover after the Covid-19 impact subsides.

We expect our Group's revenue and PAT for the FYE 2020 to be similar with FYE 2019 and higher than FYE 2017 and FYE 2018 as detailed in Section 6.9 of the Prospectus.

- (iii) **We will continue to expand our range of home furniture through our continuous D&D efforts.**

In order to remain competitive in the furniture industry, we will continue to place emphasis on D&D activities in order to consistently develop home furniture with innovative designs and improved functionality and durability. Moving forward, we target to develop and launch at

2. PROSPECTUS SUMMARY (CONT'D)

least 60 new designs annually, covering dining room furniture, living room furniture and bedroom furniture.

By consistently launching new designs, we are able to keep our Group relevant and competitive in the furniture market. The continuous launching of new designs may also help to target a larger pool of customers, which will in turn contribute to our sales and enhance our financial performance.

(iv) We plan to expand our customer base and export markets.

We intend to further expand our customer base and export markets through participation in trade exhibitions and events.

We believe that participation in these trade exhibitions and events will enhance our brand visibility as it enables us to showcase our latest home furniture. Additionally, such participation also provides us with significant opportunities to meet potential customers, and keeps us updated on market trends and consumer preferences.

However, if the Covid-19 situation worsens in 2021, we may decide to cancel our participations in these trade exhibitions and events or the events may be cancelled by the organisers.

Further details on our business strategies and prospects, and the IMR Report are set out in Sections 6.14 and 7 of this Prospectus, respectively.

2.5 RISK FACTORS

Our business is subject to a number of risk factors, many of which may have a material adverse impact on our business operations, financial position and performance. A summary of the key risk factors is set out below:

(i) Our business and operations are exposed to sudden disruptions caused by outbreak of pandemics such as the Covid-19 virus.

Prolonged disruption to our business and operations will materially affect our order fulfilment which will subsequently adversely affect our revenue recognition and financial performance. Please refer to Section 6.9 of this Prospectus for further details on the interruptions to our business and operations caused by Covid-19 pandemic.

Further, our sales and marketing activities were also affected by the Covid-19 pandemic as furniture fairs and exhibitions being our key sales and marketing activities, have been postponed or cancelled entirely. This may affect our outreach to potential new customers to grow our customer base in the near term and would temporary slowdown our expansion and growth rate.

(ii) We are exposed to foreign exchange fluctuation risks which may impact our revenue.

Approximately 86.06%, 90.92%, 95.99% and 94.80% of our Group's total revenue were denominated in USD in the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively. As our revenue is largely denominated in USD, any fluctuations in the USD would have an impact on our revenue. In circumstances where the USD significantly appreciates or depreciates against the RM, we will record higher or lower revenue, respectively, as our sales are reported in RM.

For illustrative purposes, if the exchange rate between RM against the USD increased or decreased by 5%, this would result in our Group's revenue in the FYE 2019 to decrease or increase by approximately RM3.63 million.

2. PROSPECTUS SUMMARY (CONT'D)

- (iii) **We are, and will continue to be exposed to existing business risks, in particular, no recurring revenue from long term contracts, arising from the increased production capacity and the expansion of our manufacturing plant.**

In March 2020, we completed the move of our entire manufacturing activities to our current manufacturing plant (Phase 1A). In April 2020, we commissioned 2 new units of conveyor system in Phase 1A which have increased our annual production capacity from 270,298 sets of chairs and 97,524 sets of tables to 951,762 sets of chairs and 467,152 sets of tables.

Following the commissioning of the 2 new units of conveyor system in Phase 1A which has increased our production capacity, we continue to be exposed to existing business risks, in particular, the uncertainty in sales due to the nature of our business of not having long-term contracts as we expand our manufacturing plant, particularly upon completion of construction and commencement of our operations in Phase 1B and Phase 2. As there are no long-term contracts or written purchase obligations with any of our customers as all sales are carried out on purchase order basis, our Group's performance may be adversely affected if we are unable to secure sufficient sales to cover for the increase in costs arising from the expansion of our manufacturing plant.

Further, our business expansion plan, which includes the expansion of our manufacturing plant and purchase of new machinery, involves a number of cost-related risks, including but not limited to, increased depreciation charges, machinery maintenance costs and staff costs. The increase in such expenditures will consequently increase our Group's overall operational cost, including overhead costs and cost of goods sold, which may adversely affect our financial performance, in terms of margin, profitability as well as our cash flow management and our ability to make timely repayments of term loans and borrowings, if we are unable to secure sufficient sales to cover for such increase in costs.

Our gearing ratio had increased significantly from 0.49 times as at 31 December 2017 to 0.95 times as at 31 December 2019 and to 1.09 as at 31 August 2020 mainly due to additional term loans secured for construction of factory building, and for purchase of new machineries. Notwithstanding our IPO proceeds, our gearing ratio is only expected to drop to 0.64 times after our Public Issue and utilisation of proceeds as most of the IPO proceeds will be utilised for our expansion of our manufacturing plant in Phase 1B and 2 rather than to pare down our loans and borrowings. Only RM1.80 million from the IPO proceeds will be utilised to pare down our loans and borrowings.

- (iv) **We are dependent on our Managing Director, Executive Director and Key Senior Management for continued success of our business.**

The continued success of our Group largely relies on the contributions and involvement of our Managing Director, Executive Director and Key Senior Management in our business. With their experience in their respective fields and in-depth knowledge of the furniture industry and our business, they play a pivotal role in our daily business operations as well as formulating and implementing strategies to drive the growth and expansion of our Group. Our Managing Director, Executive Director and many of our Key Senior Management are involved in project planning, operational coordination and execution of growth strategies, as well as procuring new suppliers and customers, and maintaining relationships with all our suppliers and customers.

- (v) **We are dependent on our two largest major customers.**

For the FYE 2017, FYE 2018 and FYE 2019, our largest major customer was Ivorie, with revenue contribution of 29.91%, 29.66% and 27.23%, respectively. For the FPE 2020, Ivorie became our second largest major customer, with revenue contribution of 18.72% and Lima Trading, LLC (successor of Vig Furniture, Inc., a retailer in the USA which has been our Group's 2nd largest major customer for the FYE 2018 and 2019) had its revenue contribution increased from 8.84% in the FYE 2018 to 20.55% in the FPE 2020, ranking first for the FPE 2020. Our Group expects that moving forward, both Ivorie and Lima Trading, LLC. will

2. PROSPECTUS SUMMARY (CONT'D)

continue to contribute significantly to our Group's revenue and hence, we are dependent on both Ivorie and Lima Trading, LLC. However, in view of the Covid-19 pandemic in Malaysia and exporting countries of Ivorie, our revenue contribution from Ivorie in FYE 2020 is lower than the revenue contribution from Ivorie in FYE 2017 (please refer to Section 6.16 of the Prospectus for further details). As the uncertainty arising from the Covid-19 pandemic persists, our Group foresees declining sales to Ivorie in the near term.

Despite having 11 years of business relationship with Ivorie since the commencement of our business in 2010 to the LPD, there is no assurance that Ivorie will continue to purchase from us, or continue to purchase a significant amount from us as there is no long-term contract or written purchase obligations with Ivorie as all sales are carried out on purchase order basis. Pursuant to the Marketing Agreement, a written notice has to be provided 6 months ahead if either party would like to terminate the Marketing Agreement. If Ivorie stops purchasing furniture from us by not issuing purchase orders to us and/or terminating the Marketing Agreement with us after serving the 6 months' notice, we will need to increase sales from other existing customers or secure new customers within 6 months to replace the loss of sales from Ivorie. If we are unable to do so in a timely manner, we will experience a decline in sales which may negatively affect our financial performance. Currently, we have not been approached by any parties expressing interest to act as our marketing agent.

(vi) Our business is exposed to sudden and unexpected equipment failures, accidents and fires or floods, which may lead to interruptions in our operations.

We rely on a range of machinery and equipment for our manufacturing activities. These machinery and equipment may, on occasion, be out of service due to accidents, unanticipated failures or damages sustained during operations. Further, our manufacturing plant is also subject to catastrophic loss due to natural disasters such as fire and floods. As we are involved in the production of wood-based home furniture, one of the main inputs to our manufacturing activities is wood. Therefore, we are subject to higher inherent risks of fires as wood is a flammable material. In addition, as our manufacturing activities are dependent on continuous supply of electricity, any major disruptions to the supply of electricity may result in interruptions in our operations.

(vii) Our business may be affected by evolving market trends and consumer preferences on furniture designs.

Furniture is a consumer product and in some countries are susceptible to changing market trends and consumer preferences. As a result of these evolving market trends and consumer preferences, we face the risk that our D&D team may not be able to respond to these changes and provide innovative designs in a timely manner. Further, we export to many countries, thus, it is crucial that we have a wide variety of designs, and we are able to respond to a broad range of changes in market trends and consumer preferences, to suit the unique requirements of the consumers from different countries.

(viii) We are subject to regulatory requirements for our business operations.

Our business is subject to various laws, rules and regulations. We have obtained the necessary major licences, permits and approvals from various governmental authorities and issuers for our business, as set out in Section 6.18 of this Prospectus save for the Certificate for Accommodation.

Pursuant to Section 24D(1) of the WMSHA 2019, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. Section 24D(3) of the WMSHA 2019 commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.00. Given that our subsidiary, Mobilia International provides such accommodation to our employees at the hostel located at Lot 2782, a Certificate for Accommodation is required by Mobilia International. Mobilia International had on 8 December 2020 submitted an application for the Certificate for Accommodation for our workers' hostel located at Lot 2782 to the Department of Labour Peninsular We recognise

2. PROSPECTUS SUMMARY (CONT'D)

that our non-compliance in obtaining this Certificate could result in a potential prosecution under Section 24(3) of the WMSHA 2019. However, we believe that the likelihood of prosecution is low in view that we have been verbally informed that our application has been approved and the issuance of the Certificate for Accommodation is being processed by the Department of Labour, Muar. Please refer to item 7 of Section 6.20 and Section 8.1.13 of the Prospectus for further details of the Certificate for Accommodation.

Any revocation or failure to obtain, maintain or renew any of the licences or permits may materially and adversely affect our business operations and financial performance.

Further details on the risks faced by our business and operations, the industry we operate in and our Shares are set out in Section 8 of this Prospectus.

2.6 IMPACT OF COVID-19

Our business and operations faced temporary interruption pursuant to the outbreak of the Covid-19 pandemic in Malaysia and the countries we transact with.

The imposition of the MCO had caused our operations to come to a halt since 18 March 2020. However, we had obtained approvals from the Malaysian Timber Industry Board to operate, thus we resumed operations on 4 April 2020 at limited capacity in terms of the number of employees allowed to work in our manufacturing plant, until 29 April 2020. On 29 April 2020, we obtained an approval from MITI to operate in full capacity under a set of strict SOP. Therefore, on 30 April 2020, we resumed all manufacturing operations while non-manufacturing employees continued to work from home. With the commencement of the conditional MCO on 4 May 2020, all aspects of our business resumed operations.

The imposition of the MCO had also affected the operations of our subcontractors and suppliers, which had resulted in delays in supplying materials and completion of our subcontracted manufacturing works. It had therefore adversely affected our production schedule and disrupted our manufacturing activities. Further, the disruption to our manufacturing activities and supply of materials and subcontractor services had led to production backlogs which resulted in delays in fulfilling 49 orders (comprising local and export orders) during the MCO and conditional MCO period. We have fulfilled all of the 49 delayed orders by July 2020. Most of the supplies of our materials from our suppliers and subcontractors have resumed and normalised whereby there are no backlog orders due to us during that period except for cushions, where we faced a 1 month delay from our cushion subcontractors. As at the LPD, there are no backlog orders from our suppliers and subcontractors including our cushion subcontractors. As payments for all of the 49 delayed orders have been collected in FYE 2020, there is no impact of the 49 delayed orders to our revenue and cash flow for the FYE 2020.

As we have a large export base, the pandemic had also affected our business transactions overseas. Our business and operations, especially the delivery of products to overseas customers, were also impacted by precautionary measures taken by governments of these countries, such as closure of logistics hubs, to curb the spread of the Covid-19 virus. During the MCO and conditional MCO period, we received requests from overseas customers to delay delivery of 14 orders (not part of the 49 orders delayed due to disruption to our manufacturing activities and supply of materials and subcontractor services). These 14 delayed orders were initially scheduled to be delivered to our overseas customers between June and August 2020. However, the last order of these 14 delayed orders was shipped to our customers by December 2020. As payments for all of the 14 delayed orders have been collected in FYE 2020, there is no impact of the 14 delayed orders to our revenue and cash flow for the FYE 2020. As for local customers, we received requests from local customers to delay delivery of 7 orders (not part of the 49 orders delayed due to disruption to our manufacturing activities and supply of materials and subcontractor services) and to cancel 2 orders of approximately USD172,596. As at 15 October 2020, we have completed the delivery of all 7 delayed orders. As payments for all of the 7 delayed orders have been collected in FYE 2020, there is no impact of the 7 delayed orders to our revenue and cash flow for the FYE 2020.

2. PROSPECTUS SUMMARY (CONT'D)

Further, our sales and marketing activities were also affected by the Covid-19 pandemic as several furniture fairs and exhibitions being our key sales and marketing activities, have been postponed or cancelled entirely for 2020. This is expected to limit our sales and marketing activities and our ability to reach out to new potential customers to expand our customer base. We expect our Group's revenue and PAT for the FYE 2020 to be similar with FYE 2019 and higher than FYE 2017 and FYE 2018.

On 11 January 2021, the government of Malaysia announced the imposition of the second MCO effective from 13 January 2021 to 26 January 2021 which was subsequently extended to 4 February 2021. Further, state of emergency was declared on 12 January 2021 and will be effective until 1 August 2021. The second MCO and the declaration of state of emergency did not disrupt our operations. However, should the restrictions under the second MCO further tighten which results in mandatory closure of our operations, our business and operations may be adversely impacted as it may lead to delays in fulfilling our orders.

Our Group has made the necessary arrangements for our foreign workers to undergo the tests (i.e. Rapid Test Kit ("RTK") Antigen test) by a private service provider, which is scheduled to be conducted in February 2021. If any of our employees are tested positive for Covid-19, the infected employees will be quarantined and be required to seek medical treatment immediately. Thereafter, we will close the affected part of our business premises (i.e. our office, manufacturing plant and/or hostel) for 1 day for sanitisation. A complete shutdown of our manufacturing operations is possible if there are large number of infected employees. In such event, we will lose revenue during the period of the shutdown of our operations and continue to incur fixed cost of up to approximately RM35,000 per day.

Further details on the impact of Covid-19 pandemic to our business and operations are set out in Section 6.9 of this Prospectus.

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Directors and Key Senior Management are as follows:

Name	Designation
Directors	
Datin Siah Li Mei	Independent Non-Executive Chairman
Quek Wee Seng	Managing Director
Quek Wee Seong	Executive Director
Tajul Arifin Bin Mohd Tahir	Independent Non-Executive Director
Lim See Tow	Independent Non-Executive Director
Quek Yan Song	Alternate Director to Quek Wee Seng/ Business Development Manager
Key Senior Management	
Quek Wee Seng	Managing Director
Quek Wee Seong	Executive Director
Quek Yan Song	Business Development Manager/ Alternate Director to Quek Wee Seng
Tan Ley Wun	Group Accountant
Khoo Ai Lee	Human Resource and Administration Director
Ku Yong Yee	Manager
Wong Eng Chuan	Factory Manager

Further details of our Directors, and Key Senior Management are set out in Section 4 of this Prospectus.

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Details of our Promoters and substantial shareholders before and after our IPO are as follows:

2. PROSPECTUS SUMMARY (CONT'D)

	Nationality/ Country of incorporation	As at the LPD and before our IPO			
		Direct		Indirect	
		No. of shares	% ⁽¹⁾	No. of shares	% ⁽¹⁾
Promoters and substantial shareholders					
Exelient ⁽⁷⁾	Malaysia	272,000,000	80.00	-	-
Firstchrome ⁽⁸⁾	Malaysia	19,040,000	5.60	-	-
Quek Wee Seng	Malaysian	21,760,000	6.40	318,240,000 ⁽³⁾	93.60
Quek Wee Seong	Malaysian	21,760,000	6.40	315,520,000 ⁽⁴⁾	92.80
Quek Gim Hong @ Keh Gim Hong	Malaysian	2,720,000	0.80	19,040,000 ⁽⁵⁾	5.60
Leong Yok Moy	Malaysian	2,720,000	0.80	21,760,000 ⁽⁶⁾	6.40
	Nationality/ Country of incorporation	After our IPO			
		Direct		Indirect	
		No. of shares	% ⁽²⁾	No. of shares	% ⁽²⁾
Promoters and substantial shareholders					
Exelient ⁽⁷⁾	Malaysia	272,000,000	68.00	-	-
Firstchrome ⁽⁸⁾	Malaysia	19,040,000	4.76	-	-
Quek Wee Seng	Malaysian	1,760,000	0.44	298,240,000 ⁽³⁾	74.56
Quek Wee Seong	Malaysian	1,760,000	0.44	295,520,000 ⁽⁴⁾	73.88
Quek Gim Hong @ Keh Gim Hong	Malaysian	2,720,000	0.68	19,040,000 ⁽⁵⁾	4.76
Leong Yok Moy	Malaysian	2,720,000	0.68	1,760,000 ⁽⁶⁾	0.44

Notes:

- (1) Based on the total number of 340,000,000 Shares after the Acquisition but before our IPO.
- (2) Based on the total enlarged number of 400,000,000 Shares after our IPO.
- (3) Deemed interested pursuant to Section 8 of the Act; held through Exelient, his brother, Quek Wee Seong, Firstchrome, his father, Quek Gim Hong @ Keh Gim Hong and his wife, Leong Yok Moy.
- (4) Deemed interested pursuant to Section 8 of the Act; held through Exelient, his brother, Quek Wee Seng, Firstchrome and his father, Quek Gim Hong @ Keh Gim Hong.
- (5) Deemed interested pursuant to Section 8 of the Act; held through Firstchrome.
- (6) Deemed interested pursuant to Section 8 of the Act; held through her spouse, Quek Wee Seng.
- (7) Exelient is owned by Quek Wee Seng (50.0%) and Quek Wee Seong (50.0%).
- (8) Firstchrome is wholly owned by Quek Gim Hong @ Keh Gim Hong.

Further details of our Promoters and substantial shareholders and their shareholdings in our Company are set out in Section 4 of this Prospectus.

2.9 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM13,800,000 raised by our Company from the Public Issue will be utilised by our Group in the following manner:

Utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
	RM'000	%	
Construction of buildings on Lot 2782, Mukim Jalan Bakri, District of Muar, State of Johor	5,800	42.03	Within 24 months
(i) Construction of office and showroom (Phase 1B)	2,500	18.12	Within 24 months
(ii) Construction of Factory Blocks B and C (Phase 2)	3,300	23.91	Within 24 months
Purchase of machineries	1,300	9.42	Within 24 months

2. PROSPECTUS SUMMARY (CONT'D)

Repayment of borrowings	1,800	13.04	Within 1 month
Working Capital	1,900	13.77	Within 1 month
Estimated listing expenses	3,000	21.74	Within 1 month
Total	13,800	100.00	

There is no minimum subscription to be raised from our IPO. Our Company will not receive any proceeds from the Offer for Sale. Further details of the proposed utilisation of proceeds are set out in Section 3.7 of this Prospectus.

2.10 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the combined financial information of our Group for the FYE Under Review, FPE 2019 and FPE 2020.

Combined statements of profit or loss and other comprehensive income	Audited				Unaudited
	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	FPE 2020 RM'000	FPE 2019 RM'000
Revenue	55,730	66,504	75,589	44,729	53,963
GP	13,519	15,300	19,452	10,620	14,989
Other income	286	626	828	586	532
PBT	7,335	7,303	11,027	5,267	9,797
PAT attributable to owners of the Company	6,264	6,243	8,420	4,612	7,643
Combined statements of cash flows					
Net cash from operating activities	6,843	6,888	12,549	1,327	7,851
Net cash for investing activities	(3,163)	(643)	(16,047)	(4,661)	(10,608)
Net cash (for)/from financing activities	(634)	(4,507)	4,305	8,289	6,714
Net increase in cash and cash equivalents	3,046	1,738	807	4,955	3,957
Effects of foreign exchange translation	(269)	(96)	(6)	(83)	(9)
Cash and cash equivalents at beginning of the financial year/ period	3,156	5,933	7,575	8,376	7,575
Cash and cash equivalents at end of the financial year/ period	5,933	7,575	8,376	13,248	11,523
Other selected financial information					
EBITDA	8,668	9,190	13,268	7,111	11,235
GP margin (%)	24.26	23.01	25.73	23.74	27.78
PBT margin (%)	13.16	10.98	14.59	11.78	18.16
PAT margin (%)	11.24	9.39	11.14	10.31	14.16
Gearing ratio (times)	0.49	0.46	0.95	1.09	0.65

Further details of the financial information relating to our Group are set out in Sections 12 to 14 of this Prospectus.

2.11 DIVIDEND POLICY

Our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profit recorded and excess of funds not required to be retained for working capital of our business. Further details of our dividend policy are set out in Section 12.12 of this Prospectus.

3. DETAILS OF OUR LISTING

3.1 OPENING AND CLOSING OF APPLICATIONS

The Application for our IPO under the Public Issue will open at 10.00 a.m. on 3 February 2021 and close at 5.00 p.m. on 9 February 2021. Late Applications will not be accepted.

3.2 INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

Events	Indicative Dates
Opening date of our IPO	3 February 2021
Closing date of our IPO	9 February 2021
Balloting of the Applications	11 February 2021
Allotment/ transfer of our IPO Shares to successful applicants	19 February 2021
Date of Listing	23 February 2021

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

3.3 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

3.3.1 Public Issue

A total of 60,000,000 Issue Shares representing approximately 15.00% of the enlarged total number of 400,000,000 Shares are offered at our IPO Price. Our Issue Shares will be allocated in the following manner:

(i) Malaysian Public

20,000,000 Issue Shares, representing 5.00% of the enlarged total number of 400,000,000 Shares will be made available for application by the Malaysian Public through a balloting process as follows:

- (a) 10,000,000 Issue Shares made available to public investors; and
- (b) 10,000,000 Issue Shares made available to Bumiputera public investors.

(ii) Eligible employees and persons who have contributed to the success of our Group

12,000,000 Pink Form Shares, representing 3.00% of the enlarged total number of 400,000,000 Shares will be made available for application by eligible employees and persons who have contributed to the success of our Group.

3. DETAILS OF OUR LISTING (CONT'D)

A summary of the allocation of 12,000,000 Pink Form Shares to eligible employees and persons who have contributed to the success of our Group is set out below:

Eligibility	No. of persons	Aggregate number of Pink Form Shares allocated
Eligible employees ⁽¹⁾	35	2,676,000
Persons who have contributed to the success of our Group ⁽²⁾	21	9,324,000
Total	56	12,000,000

Notes:

(1) Eligible employees

(a) Key Senior Management

The criteria for allocation to our Key Senior Management are based on their respective roles and responsibilities in our Group, their performance, seniority within our Group as well as contributions leading up to our Listing and they will collectively be allocated a total of 453,000 Pink Form Shares as follows:

Name	Designation	Number of Pink Form Shares allocated
Tan Ley Wun	Group Accountant	97,000
Khoo Ai Lee	Human Resource and Administration Director	124,000
Ku Yong Yee	Manager	97,000
Wong Eng Chuan	Factory Manager	135,000
Total		453,000

(b) Other eligible employees

The criteria for allocation to our other eligible employees (save for our Key Senior Management) are that they must be confirmed and employed on a full time basis, length of service, seniority and job responsibility and past contribution to our Group's success.

(2) Persons who have contributed to the success of our Group

The criteria for allocation to persons who have contributed to the success of our Group are based on their contribution to the success of our Group and length of business relationship. The persons who have contributed to the success of our Group include our suppliers, customers and business associates.

3. DETAILS OF OUR LISTING (CONT'D)

The shares allocated to our suppliers, customers and business associates are as follows:

	No. of persons	Number of Pink Form Shares allocated
Suppliers	11	5,700,000
Customer	3	750,000
Business associates	7	2,874,000
	21	9,324,000

(iii) Private placement to selected investors

28,000,000 Issue Shares, representing 7.00% of the enlarged total number of 400,000,000 Shares will be made available by way of private placement to selected investors.

The Public Issue will increase our issued share capital from 340,000,000 Shares to 400,000,000 Shares.

Save for the allocation made available for Application as disclosed in Section 3.3.1(ii) of this Prospectus, it is not known to our Company as to whether any of the Directors or Key Senior Management have the intention to subscribe for the Issue Shares allocated under Section 3.3.1(i) of this Prospectus for the Malaysian Public. Our Company is also not aware as to whether there is any person intending to subscribe for more than 5.00% of the Issue Shares allocated under the Section 3.3.1(i) of this Prospectus for the Malaysian Public.

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3. DETAILS OF OUR LISTING (CONT'D)

3.3.2 Offer for Sale

The Selling Shareholders are offering an aggregate of 40,000,000 Offer Shares, representing 10.00% of the enlarged total number of 400,000,000 Shares by way of private placement to selected Bumiputera investors approved by MITI at our IPO Price.

The Offer Shares to be offered by each Selling Shareholder and their respective shareholdings in our Company before and after our IPO are as follows:

Name/ Address	Material relationship with our Group	As at the LPD and before our IPO		Offer Shares Offered		After our IPO					
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾				
Quek Wee Seng/ 56, Jalan Kasawari 5/1 Taman Sungai Abong Permai 84000 Muar, Johor	Promoter, Director, substantial shareholder and Key Senior Management	21,760,000	6.40	318,240,000 ⁽³⁾	93.60	20,000,000	5.00	1,760,000	0.44	298,240,000 ⁽³⁾	74.56
Quek Wee Seong/ 56, Jalan Kasawari 5/1 Taman Sungai Abong Permai 84000 Muar, Johor	Promoter, Director, substantial shareholder and Key Senior Management	21,760,000	6.40	315,520,000 ⁽⁴⁾	92.80	20,000,000	5.00	1,760,000	0.44	295,520,000 ⁽⁴⁾	73.88

Notes:

- (1) Based on the total number of 340,000,000 Shares after the Acquisition but before our IPO.
- (2) Based on the enlarged total number of 400,000,000 Shares after our IPO.
- (3) Deemed interested pursuant to Section 8 of the Act; held through Exelient, his brother, Quek Wee Seong, Firstchrome, his father, Quek Gim Hong @ Keh Gim Hong and his wife, Leong Yok Moy.
- (4) Deemed interested pursuant to Section 8 of the Act; held through Exelient, his brother, Quek Wee Seng, Firstchrome and his father, Quek Gim Hong @ Keh Gim Hong.

3. DETAILS OF OUR LISTING (CONT'D)

3.3.3 Summary of our IPO Shares to be allocated and underwriting

A summary of our IPO Shares to be allocated is as follows:

	Public Issue		Offer for Sale		Total	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Malaysian Public (via balloting)	20,000,000	5.00	-	-	20,000,000	5.00
Eligible Persons	12,000,000	3.00	-	-	12,000,000	3.00
Private placement to selected investors	28,000,000	7.00	40,000,000	10.00	68,000,000	17.00
Total	60,000,000	15.00	40,000,000	10.00	100,000,000	25.00

The 20,000,000 Issue Shares made available for Application by the Malaysian Public and the 12,000,000 Pink Form Shares made available to the Eligible Persons under Sections 3.3.1(i) and 3.3.1(ii), respectively are fully underwritten by our Underwriter.

All the 68,000,000 IPO Shares made available to selected investors by way of private placement under Sections 3.3.1(iii) and 3.3.2 are not underwritten. Irrevocable undertakings will be obtained from selected investors to subscribe for the IPO Shares available under the private placement.

The 40,000,000 Offer Shares made available for Application by Bumiputera investors approved by MITI under Section 3.3.2 of this Prospectus are not underwritten as these Offer Shares have been allocated to MITI's approved Bumiputera investors whereby irrevocable undertakings from the Bumiputera investors have been or will be obtained.

In the event of an under-subscription of the 40,000,000 Offer Shares made available for Application by Bumiputera investors approved by MITI under Section 3.3.2 of this Prospectus, the unsubscribed Offer Shares shall be made available to selected institutional investors via private placement. Subsequently, any of the Offer Shares that are not taken up shall be made available for Application by the Bumiputera public as part of the balloting process. Any further Offer Shares which are not taken up by the Bumiputera public will be made available for Application by the Malaysian Public and/or private placement to selected investors.

In the event there is an under-subscription of Issue Shares in respect of the allocation to private placement to selected investors, any unsubscribed Issue Shares will be made available for Application by the Malaysian Public.

Any unsubscribed Pink Form Shares will be re-offered to our Group's Eligible Persons before being re-allocated to the Malaysian Public and/or selected investors via private placement. Any unsubscribed Public Issue shares by the Malaysian Public will be made available for Application by way of private placement to selected investors. Any Issue Shares not taken up by the selected investors after being reallocated from the Malaysian Public and/ or Eligible Persons shall be taken up by our Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

3. DETAILS OF OUR LISTING (CONT'D)

The allocation of our IPO Shares shall be on a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either subscribed by the Malaysian Public, Eligible Persons and/ or selected investors, pursuant to their irrevocable undertakings or fully underwritten by our Underwriter. The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or "greenshoe" option.

Details on the underwriting arrangement are set out in Section 3.9 of this Prospectus.

3.3.4 Minimum subscription

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

3.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

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

Details	No. of Shares	RM
Total number of Shares as at the date of this Prospectus	340,000,000	23,596,000.9306
New Shares to be issued pursuant to the Public Issue	60,000,000	13,800,000.0000
Enlarged total number of Shares upon Listing	400,000,000	37,396,000.9306
Offer for Sale	40,000,000	9,200,000
IPO Price		0.23
Pro forma NA per Share as at 31 August 2020 after our Acquisition, Public Issue and the intended use of proceeds		0.10
Market capitalisation upon Listing based on our IPO Price and the enlarged total number of 400,000,000 Shares upon Listing		92,000,000

As at the date of this Prospectus, we have only one class of shares, being ordinary shares. Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing 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 our Issue Shares, subject to any applicable Rules of Bursa Depository. Our Offer Shares will rank equally in all respects with our existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

3. DETAILS OF OUR LISTING (CONT'D)

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

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

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

3.5 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price of RM0.23 per IPO Share was determined and agreed upon between our Directors and our Promoters, together with KIBB, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) Our pro forma NA per share of approximately RM0.10 as at 31 August 2020 based on the enlarged issued share capital of 400,000,000 Shares in our Company after the IPO and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 3.7 of this Prospectus;
- (ii) financial performance and operating history of our Group, where we recorded an EPS of approximately RM0.02 per Share for FYE 31 December 2019 based on the enlarged total number of 400,000,000 Shares and PAT attributable to owners of RM8.42 million, which translates to a net price-to-earnings multiple of approximately 11.50 times. We expect our Group's revenue and PAT for FYE 2020 to be similar with FYE 2019;
- (iii) Our historical financial track record is as summarised below:

	Audited			
	FYE 2017	FYE 2018	FYE 2019	FPE 2020⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	55,730	66,504	75,589	44,729
GP	13,519	15,300	19,452	10,620
PAT	6,264	6,243	8,420	4,612
EPS (sen) ⁽¹⁾	1.84	1.84	2.48	1.36

Notes:

- (1) Calculated based on PAT over our enlarged total number of 340,000,000 Shares before our IPO.
- (2) For the FPE 2020, we recorded a decrease in total revenue and consequently in PAT and EPS as a result of the outbreak of the Covid-19 pandemic and imposition of the MCO in Malaysia. Our detailed financial performance and operating history are outlined in Sections 6 and 12 of this Prospectus respectively.
- (iv) our competitive strengths, as well as our business strategies and prospects of our Group as described in Sections 6.11 and 6.14 of this Prospectus;

3. DETAILS OF OUR LISTING (CONT'D)

- (v) overview and outlook of the industry in which our Group operates, as well as the prevailing market conditions as described in Section 7 of this Prospectus; and
- (vi) the market performance of Bursa Securities and anticipated demand for our IPO Shares.

You should also note that the market price of our Shares upon Listing is subject to market forces and other uncertainties which may affect the price of our Shares. You are reminded to consider the risk factors as set out in Section 8 of this Prospectus before deciding to invest in our Shares.

3.6 DILUTION

Dilution is computed as the difference between our IPO Price paid by you for our Issue Shares and the pro forma NA per Share of our Group immediately after our IPO. The following table illustrates the effect in our Group's pro forma NA for each Share to our shareholders:

	<u>RM</u>
IPO Price	0.23
Pro forma NA per Share as at 31 August 2020 after our Acquisition but before our Public Issue	0.08
Pro forma NA per Share as at 31 August 2020 after our Acquisition, the Public Issue and the intended use of proceeds	0.10
Increase in the pro forma NA per Share attributable to existing shareholders	0.02
Dilution in the pro forma NA per Share to new investors	(0.13)
Dilution in the pro forma NA per Share to new investors as a percentage of our IPO Price	56.52%

Please refer to Section 13 of this Prospectus for further details of our Group's pro forma NA per Share as at 31 August 2020.

Save as disclosed below, there is no substantial disparity between our IPO Price and effective cash cost of our Shares acquired by our Promoters, Directors, substantial shareholders or Key Senior Management, or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares from the date of our incorporation to the date of this Prospectus:

<u>Name</u>	<u>No. of Shares held before our IPO</u>	<u>Total consideration</u> RM	<u>Average effective cost for each Share</u> RM
<u>Promoters, Directors and Substantial Shareholders</u>			
Quek Wee Seng	21,760,000	1,510,143.9956	0.0694
Quek Wee Seong	21,760,000	1,510,143.9956	0.0694
<u>Promoters and Substantial Shareholders</u>			
Exelient	272,000,000	18,876,800.9445	0.0694

3. DETAILS OF OUR LISTING (CONT'D)

Name	No. of Shares held before our IPO	Total consideration RM	Average effective cost for each Share
			RM
Firstchrome	19,040,000	1,321,375.9961	0.0694
Quek Gim Hong @ Keh Gim Hong	2,720,000	188,767.9994	0.0694
Leong Yok Moy	2,720,000	188,767.9994	0.0694
Total	340,000,000	23,596,000.9306	0.0694

3.7 UTILISATION OF PROCEEDS

The total gross proceeds of approximately RM13,800,000 from the Public Issue will be utilised by our Group in the following manner:

Utilisation of proceeds	Note	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
		RM'000	%	
Construction of buildings on Lot 2782, Mukim Jalan Bakri, District of Muar, State of Johor	(a)	5,800	42.03	Within 24 months
(i) Construction of office and showroom (Phase 1B)		2,500	18.12	Within 24 months
(ii) Construction of Factory Blocks B and C (Phase 2)		3,300	23.91	Within 24 months
Purchase of machineries	(b)	1,300	9.42	Within 24 months
Repayment of borrowings	(c)	1,800	13.04	Within 1 month
Working Capital	(d)	1,900	13.77	Within 1 month
Estimated listing expenses	(e)	3,000	21.74	Within 1 month
Total		13,800	100.00	

Notes:

Further details of the utilisation of proceeds are set out in the ensuing paragraphs:

(a) Construction of buildings on Lot 2782, Mukim Jalan Bakri, District of Muar, State of Johor

Our Group has in January 2020 completed the construction of Phase 1A of our new factory premises on Lot 2782, involving the construction of 2 blocks of single-storey detached factory buildings for medium industry namely Factory Block A and D and a four-storey detached hostel. Our Group plans to utilise the proceeds of RM5.80 million of the proceeds raised to finance the construction of Phase 1B and Phase 2 of our new factory premises on Lot 2782, the details of which are as follows:

3. DETAILS OF OUR LISTING (CONT'D)

(i) Construction of office and showroom (Phase 1B)

We plan to utilise RM2.50 million of our IPO proceeds for the construction of a three-storey detached office building (including a showroom) measuring approximately 29,416 square feet on Lot 2782. Our office area, measuring approximately 9,590 square feet will house our administration, business development, sales and marketing, finance and human resources departments while our showroom, measuring approximately 19,826 square feet, will house our latest furniture designs as well as showcase our catalogue models; and

(ii) Construction of Factory Block B and C (Phase 2)

We plan to utilise RM3.30 million of our IPO proceeds for the construction of 2 blocks of single-storey detached factory buildings for medium industry namely Factory Block B measuring approximately 47,791 square feet and Factory Block C measuring approximately 54,067 square feet on Lot 2782. Factory Block B and C will be utilised for the expansion of woodwork manufacturing and fabric upholstery works, respectively.

The indicative timeline for the construction of Phase 1B and Phase 2 of our manufacturing plant is targeted to be as follows:

	Description	Status	Target timeframe for completion
Phase 1B	Office and showroom	Commenced construction in July 2020	May 2022
Phase 2	Factory Blocks B and C	Expected to commence construction in May 2021	May 2022

The construction of Phase 1B and Phase 2 will allow us to be more flexible in producing various designs as well as increase our ability to customise to our customers' requirements without being restricted by quantity or design restrictions determined by our subcontractors. Further, the additional blocks of factory buildings will also allow us expand our existing space for woodwork manufacturing to accommodate more machinery and manpower, and consequently allow us to accept more orders, when the need arises. The new office building is planned to comprise a showroom to showcase our range of home furniture, a designated D&D centre and also spaces for other administrative functions. Despite the disruption of Covid-19, we do not foresee any delay in the construction of Phase 1B and Phase 2 of our manufacturing plant. However, should the restrictions under the second MCO further tighten, it may result in a possible delay in the construction of Phase 1B and Phase 2 of our manufacturing plant.

The total estimated cost for the construction of Phase 1B and Phase 2 are RM3.51 million and RM5.52 million, respectively. We have obtained banking facilities to part finance the construction of Phase 1B and Phase 2 pending the receipt of our IPO proceeds.

If such banking facilities have been drawn down prior to the receipt of our IPO proceeds, we plan to utilise the sums allocated for the construction of Phase 1B and/or Phase 2 towards the repayment of our banking facilities.

Should we receive the IPO proceeds prior to drawing down the banking facilities, the balance of RM1.01 million and RM2.22 million for the construction of Phase 1B and Phase 2 will be funded by our banking facilities.

3. DETAILS OF OUR LISTING (CONT'D)

In the event that the actual construction fee of Phase 1B and Phase 2 are higher than the estimated RM3.51 million and RM5.52 million, the deficit will be funded by the abovementioned banking facilities and/or our Group's internally generated funds. However, if the actual construction fee is lower than estimated, the excess will be utilised for general working capital requirements of our Group.

Please refer to Section 6.14(i) of this Prospectus for further details.

(b) Purchase of machineries

Our Group plans to allocate RM1.30 million from our IPO proceeds to acquire new machineries and equipment for our production line located in Factory Block A and D on Lot 2782. The breakdown of the utilisation is set out below:

Details	Units	Estimated costs RM'000
- Numerically Controlled Machining Centre	1	990 ⁽¹⁾
- Automatic Panel Saw	1	110
- Automatic Fabric Spreading Machine	1	200 ⁽²⁾
Total	3	1,300

Notes:

- (1) Based on an assumed exchange rate as at LPD of RM4.94:EUR1:00; and
(2) Based on an assumed exchange rate as at LPD of RM4.01:USD1.00.

The purchase of the abovementioned machinery is in preparation for the anticipated increase in orders as a result of business growth and expansion in the long term, as well as to support the annual production capacity in Phase 1A. Despite the disruption of Covid-19, we do not foresee any delay in the purchase of the machineries. However, should the restrictions under the second MCO further tighten, it may result in a possible delay in the purchase of the machineries.

In the event that the actual capital expenditure is higher than estimated, the deficit will be funded out of proceeds allocated for working capital. However, if the actual capital expenditure is lower than estimated, the excess will be utilised for general working capital requirements of our Group.

Please refer to Section 6.14(ii) of this Prospectus for further details.

(c) Repayment of borrowings

We plan to utilise the RM1.80 million from our IPO proceeds for the repayment of our borrowings with the following details:

Bank borrowings	Annual Effective interest rate (%)	Amount outstanding as at 31 August 2020 (RM'000)	Proposed utilisation (RM'000)	Estimated interest savings per annum (RM'000)
Trade Bills	1.98-3.44%	8,013	1,800	62

3. DETAILS OF OUR LISTING (CONT'D)

The IPO Proceeds earmarked for the repayment of borrowings of RM1.80 million will be used to repay the above bank borrowings which would translate to interest savings of approximately RM62,000 per annum.

(d) Working capital

We plan to utilise RM1.90 million of our IPO proceeds for our day-to-day operations, which include, amongst others, defrayment of selling and distribution expenses, administrative and other expenses estimated at RM0.40 million, and payroll expenses and purchase of raw materials estimated at RM1.50 million.

Our Group has sufficient internally generated funds and relevant banking facilities for our working capital requirements. However, if the IPO proceeds is allocated for working capital, this will reduce our Group's reliance on the banking facilities.

(e) Estimated listing expenses

The estimated listing expenses for our IPO to be borne by our Group are as follows:

Details	RM'000
Estimated professional advisory fees	1,818
Underwriting commission, brokerage fees and placement fees	316
Other fees and expenses such as printing, advertising, travel and roadshow expenses incurred in connection with our IPO	350
Miscellaneous expenses and contingencies	346
Sales and Service Tax of 6%	170
Total estimated listing expenses	<u>3,000</u>

In the event that the actual expenses are higher than estimated, the deficit will be funded out of working capital. However, if the actual expenses are lower than estimated, the excess will be utilised for general working capital requirements of our Group.

Pending the eventual utilisation of the proceeds from the Public Issue for the above intended purposes, we intend to place the proceeds raised (including accrued interest, if any) or the balance thereof in interest-bearing accounts with licenced financial institutions in Malaysia and/ or money market deposit instruments/ funds.

Our Company will not receive any proceeds from the Offer for Sale. Based on our IPO Price of RM0.23 per Offer Share, the gross proceeds from the Offer for Sale of RM9,200,000 will accrue entirely to the Selling Shareholders. The Selling Shareholders will bear the entire placement and management fees and incidental expenses relating to the Offer for Sale, amounting to approximately RM138,000.

3. DETAILS OF OUR LISTING (CONT'D)

3.8 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

3.8.1 Underwriting Commission

We have entered into the Underwriting Agreement with KIBB, our Underwriter for the underwriting of 32,000,000 Issue Shares ("**Underwritten Shares**"). We will pay an underwriting commission of 2.00% of the total value of the Underwritten Shares.

3.8.2 Brokerage Fee

We will pay the brokerage fee in respect of our Issue Shares under the Public Issue, at the rate of 1.00% of our IPO Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/ or the Issuing House.

KIBB, being our Placement Agent is entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholders.

3.8.3 Placement Fee

Our Placement Agent has agreed to place out 28,000,000 Issue Shares to selected investors, and 40,000,000 Offer Shares to selected Bumiputera investors approved by the MITI. Our Company will pay a placement fee of up to 2.00% of the total value of Issue Shares successfully placed out by our Placement Agent.

The Selling Shareholders will bear the placement fee for the 40,000,000 Offer Shares.

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3. DETAILS OF OUR LISTING (CONT'D)

3.9 DETAILS OF UNDERWRITING ARRANGEMENT

Pursuant to the Underwriting Agreement entered on 19 January 2021, the Underwriter has agreed to manage the underwriting of 32,000,000 Issue Shares ("**Underwritten Shares**") on the terms and conditions as set out in the Underwriting Agreement.

The following are the salient terms contained in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

- (i) The obligation of our Underwriter to underwrite the Underwritten Shares under the Underwriting Agreement is conditional on the performance by our Company of our obligations under the Underwriting Agreement and is conditional on the following:
 - (a) Our Underwriter receiving the certificate in the form or substantially in the form contained in **Schedule 2** (Certificate by the Company) of the Underwriting Agreement, one dated the date of registration of this Prospectus and the other dated the Closing Date, both of which are to be signed by a director of the Company (on behalf of the Board) stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to the representations, warranties and undertakings as set out in the Underwriting Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of the Prospectus and Closing Date respectively that:
 - there is no occurrence of any change or any development likely to result in a prospective change in the financial position, business operations or conditions (financial or otherwise) of our Group taken as a whole and from that set out in the Prospectus which would have or is likely to have a material adverse effect;
 - there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings set out in the Underwriting Agreement to be untrue or inaccurate, misleading or incorrect, not complied with, failure to be performed in any respect or result in a breach of the Underwriting Agreement by our Company;
 - there shall not have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of our Underwriter would have or is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**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 Closing Date, lower than 85% 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 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
 - there is no breach by our Company of any of its obligations under the Underwriting Agreement;
 - all undertakings, representations, warranties and covenants of our Company under the Underwriting Agreement has been complied with and not breached; and

3. DETAILS OF OUR LISTING (CONT'D)

- our Company has satisfied all the conditions as set out in (a) on our part to be performed.
- (b) the Underwriting Agreement being signed by the relevant authorised signatories to the Underwriting Agreement and stamped within the statutory time frame;
- (c) the Prospectus being in the form and substance satisfactory to our Underwriter;
- (d) the issue of the Prospectus not later than 1 month from the date of the Underwriting Agreement or such later date as our Underwriter and our Company may from time to time agree in writing;
- (e) 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 Issue Date;
- (f) all necessary approvals remaining in full force and effect and that all conditions to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with;
- (g) the approval of Bursa Securities for the admission of the Company to the Official List and our Listing being obtained on terms acceptable to our 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 to our Underwriter's reasonable satisfaction;
- (h) our Underwriter being satisfied that our Company will, following completion of the IPO, be admitted to the Official List and its enlarged issued share capital listed and quoted on the ACE Market no later than 3 months from the date of the Underwriting Agreement unless mutually agreed to in writing by the parties;
- (i) the execution of the Placement Mandate and such agreement(s) as may be determined by the Placement Mandate are in force and not having been terminated or rescinded pursuant to the provisions thereof (whereby for the avoidance of doubt, the execution of the Placement Mandate by our Underwriter in its capacity as the placement agent shall be at the sole discretion of our Underwriter);
- (j) our Underwriter receiving a copy duly certified by a director or secretary of our Company to be a true and accurate copy and in full force and effect, of a resolution of the Directors:
 - approving the Prospectus (including a confirmation that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus), the Underwriting Agreement and the transactions contemplated by it;
 - authorising the issuance of this Prospectus;
 - authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company;
 - approving the IPO and the Listing and the transactions contemplated by each of the same;
 - approving the allotment and issue of the IPO Shares under the IPO; and

3. DETAILS OF OUR LISTING (*CONT'D*)

- confirming that the Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in this Prospectus.
- (k) all the resolutions referred to in Clause 6.1.9 remaining in full force and effect as at the Closing Date and none having been rescinded or revoked or varied;
- (l) the IPO and/or the Listing not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the IPO and/or the Listing have been obtained and are in force up to the Closing Date;
- (m) our Company and/or any of our Subsidiaries does not have any actual or contingent liability under applicable laws or regulations concerning human health and safety, pollution or protection of the environment or in relation to any interest in land which would have a material effect on the IPO and/or the Listing;
- (n) our Underwriter being satisfied that our Company has complied with and that the IPO and the Listing is in compliance with the policies, guidelines and requirements of the Bursa Securities, SC and all other applicable securities laws and regulations, including all revisions, amendments and/or supplements to it;
- (o) there being no occurrence of any event which occurs after the date of the Underwriting Agreement and on or prior to the Closing Date which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings set out in the Underwriting Agreement untrue or inaccurate;
- (p) there not having occurred on or prior to the Closing Date any breach of and/or failure to perform any of the undertakings by our Company contained in the Underwriting Agreement;
- (q) there not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to the Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of our Underwriter;
- (r) there having been, as at Closing Date, no registration or lodgement of any amendment, supplement, or replacement to this Prospectus with the SC or the ROC without the prior written approval of our Underwriter; and
- (s) our Underwriter being satisfied with the arrangements of our Company to pay the expenses as set out in the Underwriting Agreement.

Our Underwriter may, without prejudice to its power, rights and remedies under the Underwriting Agreement, at law or in equity, waive all or any of the conditions except for those required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement. Any condition so waived shall be deemed to have been satisfied in relation to it. For the avoidance of doubt, any such waiver by our Underwriter shall be without prejudice to our Underwriter's right to elect to treat any further or other breach, failure or event as releasing and discharging our Underwriter from its obligations under the Underwriting Agreement and shall be without prejudice to the right of our Underwriter to terminate the Underwriting Agreement by written notice given to our Company and in such event the provisions on termination as set out below shall apply.

3. DETAILS OF OUR LISTING (CONT'D)

- (ii) Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may at its sole and absolute discretion terminate the Underwriting Agreement and withdraw its obligation upon the occurrence of any of the following:
- (a) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement; or
 - (b) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement; or
 - (c) there is withholding of information from our Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of the Mobilia Shares issued or offered under the IPO; or
 - (d) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Group; or
 - (e) the closing date of the application of the IPO Shares does not occur within three (3) months from the date of the Underwriting Agreement, subject to the extension of the Closing Date which is approved by our Underwriter; or
 - (f) the occurrence of any force majeure event or any event or series of events beyond the reasonable control of our Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which would have or can reasonably be expected to have a material adverse effect or which has or is likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to the IPO or pursuant to the underwriting of the Underwritten Shares; or
 - (g) there shall have occurred any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of our Underwriter would have or is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**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 closing date, lower than 85% 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 this Agreement and remains at or below that level for at least 3 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

3. DETAILS OF OUR LISTING (CONT'D)

- (h) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on our Group and/or materially prejudice the business or the operations of our Group, the success of the IPO, or the listing of our Company on the ACE Market or market conditions generally or which has or is likely to have the effect of making the Underwriting Agreement incapable of performance in accordance with its terms; or
- (i) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities; or
- (j) any government requisition or occurrence of any other nature which would have or is likely to have a material adverse effect on the business, operations and/or financial position or prospects of our Group or the success of the IPO; or
- (k) the Public Issue and/or Offer for Sale is stopped or delayed by our Company, the Selling Shareholder or any relevant authorities for any reason whatsoever (unless such delay has been approved by our Underwriter); or
- (l) any commencement of legal proceedings or action against any member of our Group or the Selling Shareholder or any of their directors, which in the opinion of our Underwriter, would have or is likely to have a material adverse effect or make it impracticable to market the IPO or to enforce contracts to allot and/or transfer the Shares; or
- (m) any one of the Issue Documents (i) having been terminated or rescinded in accordance with its terms; (ii) ceased to have any effect whatsoever, or (iii) varied or supplemented upon terms and such variation or supplementation would have or likely to have a material adverse effect; or
- (n) any of the resolutions or approvals referred to in Section 3.9(i)(j) is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is likely to have a material adverse effect; or
- (o) if the SC or any other relevant authority issues an order pursuant to any Malaysian law such as to make it impracticable to market the IPO or to allot and/or transfer the IPO Shares; or
- (p) any other event in which a material adverse effect has occurred or which in the opinion of our Underwriter is likely to occur; or
- (q) in the event that the Listing is withdrawn or not procured or procured but subject to conditions not acceptable to our Underwriter or does not take place within 3 months from the date of the Underwriting Agreement or such other extended date as may be agreed in writing by our Underwriter.

3. DETAILS OF OUR LISTING (CONT'D)

3.10 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) to establish liquidity for our Shares by the listing of and quotation for our entire share capital of 400,000,000 Shares on the ACE Market of Bursa Securities;
- (ii) to enable us to access the equity capital market and to provide us the financial flexibility to pursue growth opportunities;
- (iii) to raise funds for the purposes as set out in Section 3.7 of this Prospectus;
- (iv) to enable our Group to gain recognition through our listing status and further enhance our corporate reputation and brand name which is aimed at expanding our customer base; and
- (v) to provide an opportunity for the Malaysian Public, our eligible employees as well as persons who have contributed to the success of our Group to participate in our equity.

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4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

4.1 OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

4.1.1 Shareholdings of our Promoters and substantial shareholders

Details of our Promoters' and substantial shareholders' shareholdings in our Company before and after our IPO are as follows:

	Nationality/ Country of incorporation	As at date of incorporation		As at the LPD and before our IPO	
		No. of shares	%	No. of shares	% ⁽¹⁾
		Direct	Indirect	Direct	Indirect
		No. of shares	%	No. of shares	% ⁽¹⁾
Promoters and substantial					
shareholders					
Exelient	Malaysia	-	-	272,000,000	80.00
Firstchrome	Malaysia	-	-	19,040,000	5.60
Quek Wee Seng	Malaysian	-	-	21,760,000	6.40
Quek Wee Seong	Malaysian	-	-	21,760,000	6.40
Quek Gim Hong @ Keh Gim Hong	Malaysian	-	-	2,720,000	0.80
Leong Yok Moy	Malaysian	-	-	2,720,000	0.80
				318,240,000 ⁽³⁾	93.60
				315,520,000 ⁽⁴⁾	92.80
				19,040,000 ⁽⁵⁾	5.60
				21,760,000 ⁽⁶⁾	6.40
Substantial Shareholder					
Abdul Hadi Bin Nordin	Malaysian	1	100.00	-	-

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4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

	Nationality/ Country of incorporation	After our IPO		Indirect % ⁽²⁾
		Direct No. of shares	% ⁽²⁾ No. of shares	
Promoters and substantial shareholders				
Exelient	Malaysia	272,000,000	68.00	-
Firstchrome	Malaysia	19,040,000	4.76	-
Quek Wee Seng	Malaysian	1,760,000	0.44	298,240,000 ⁽³⁾ 74.56
Quek Wee Seong	Malaysian	1,760,000	0.44	295,520,000 ⁽⁴⁾ 73.88
Quek Gim Hong @ Keh Gim Hong	Malaysian	2,720,000	0.68	19,040,000 ⁽⁵⁾ 4.76
Leong Yok Moy	Malaysian	2,720,000	0.68	1,760,000 ⁽⁶⁾ 0.44
Substantial Shareholder				
Abdul Hadi Bin Nordin	Malaysian	-	-	-

Notes:

- (1) Based on the total number of 340,000,000 Shares after the Acquisition but before our IPO.
- (2) Based on the enlarged total number of 400,000,000 Shares after our IPO.
- (3) Deemed interested pursuant to Section 8 of the Act; held through Exelient, his brother, Quek Wee Seong, Firstchrome, his father, Quek Gim Hong @ Keh Gim Hong and his wife, Leong Yok Moy.
- (4) Deemed interested pursuant to Section 8 of the Act, held through Exelient, his brother, Quek Wee Seng, Firstchrome and his father, Quek Gim Hong @ Keh Gim Hong.
- (5) Deemed interested pursuant to Section 8 of the Act; held through Firstchrome.
- (6) Deemed interested pursuant to Section 8 of the Act; held through her spouse, Quek Wee Seng.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

The Shares held by our Promoters and substantial shareholders do not have and will not have different voting rights from the other shareholders of our Company.

Save for our Promoters and substantial shareholders named above, we are not aware of any other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company and our Promoters, with any third parties, which may at a subsequent date result in the change in control of our Company.

4.1.2 Profiles of Promoters and substantial shareholders

- (i) Exelient, a private limited company incorporate in Malaysia on 24 October 2018 under the Act, is our Promoter and substantial shareholder.

As at the LPD, Exelient's issued share capital is 1,000,002 ordinary shares, 500,001 each held by Quek Wee Seng and Quek Wee Seong respectively. The principal activity of Exelient is investment holding of shares. Exelient has no business operations other than investment holding of shares in Mobilia. As at the LPD, Exelient holds 272,000,000 Mobilia Shares.

- (ii) Firstchrome, a private limited company incorporated in Malaysia on 22 November 2019 under the Act, is our Promoter and substantial shareholder.

As at the LPD, Firstchrome's issued share capital is 1 ordinary share held by Quek Gim Hong @ Keh Gim Hong solely. The principal activity of Firstchrome is investment holding of shares. Firstchrome has no business operations other than investment holding of shares in Mobilia. As at the LPD, Firstchrome holds 19,040,000 Mobilia Shares.

- (iii) Quek Wee Seng, a Malaysian, is our Promoter, Managing Director and substantial shareholder.

Quek Wee Seng, a Malaysian, age 51, is our Promoter and Managing Director. He oversees the overall business operations as well as the formulation and implementation of our Group's strategic direction and business expansion strategies. He was appointed to our Board on 15 June 2020.

In 1985, he completed his Form 2 in Chung Hwa High School, Muar. Between 1986 and 1992, he worked in various furniture manufacturing and furniture-related businesses, including his father, Quek Gim Hong @ Keh Gim Hong's business in saw milling and timber trading. During these years, he was involved in different segments of the furniture manufacturing value chain, including the trading and sourcing of raw materials, manufacturing of furniture parts, management of production workflows, delivery as well as sales and distribution of furniture.

His in-depth involvement in the furniture industry has equipped him with valuable experience which led to the co-founding of Sern Kou Furniture Industries Sdn Bhd ("**Sern Kou Industries**"), a furniture manufacturing company in 1992. As one of the directors of Sern Kou Industries, he managed the daily business operations including the sales and marketing and product development activities to grow the business. He was the Executive Director of Sern Kou Resources Berhad when it was listed on the Second Board of Malaysia Securities Exchange Berhad (now known as Bursa Securities), and Sern Kou Industries was one of the subsidiaries at that time. He oversaw the production operations, quality practices and product development activities. On 3 February 2010, he resigned from the Board of Directors of Sern Kou Resources Berhad with the intention to pursue his own business interest.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

In January 2010, he joined Nutracraft, a subcontractor involved in the manufacturing of furniture parts, as Manager while he was in the process of acquiring Nutracraft. On 1 April 2010, he completed the acquisition of Nutracraft with his brother, Quek Wee Seong. He then assumed the role of director (executive role) where he managed and oversaw the company's daily operations and business development activities. In the same year, Quek Wee Seng was employed by Mobilia International as Marketing Consultant (executive role) in May 2010 to assist the company in growing its sales and customer base while Nutracraft was engaged by Mobilia International as a subcontractor to supply furniture parts. With this, he held 2 executive positions at the same time from May 2010.

While he was the Marketing Consultant of Mobilia International, he contributed positively to the growth of Mobilia International's business and was invited to take a stake in the company to further expand the business and scale of production. As such, he and his brother, Quek Wee Seong were allotted 50% equity stake in Mobilia International on 11 September 2012 through Nutracraft. Subsequently on 6 April 2015, in his own capacity, he acquired the remaining 50% equity stake in Mobilia International, where he assumed the role as our director to lead and manage our business and relinquished his role with Mobilia International as a Marketing Consultant. After the acquisition of Mobilia Design by Mobilia International through a share swap on 19 December 2016, he became a director of Mobilia Design in 2017, where he managed and oversaw the overall business operations and development activities. In 2020, he was re-designated as our Group's Managing Director and assumed his current responsibilities.

He also holds directorships in several private limited companies, details of which are disclosed in Section 4.2.3(ii).

- (iv) Quek Wee Seong, a Malaysian, is our Promoter, Executive Director and substantial shareholder.

Quek Wee Seong, a Malaysian, age 49, is our Promoter and Executive Director. He oversees the entire manufacturing operations of our Group, from wood preparation to assembly of furniture, as well as functions associated to manufacturing operations such as machining, purchasing and warehousing. He was appointed to our Board on 15 June 2020.

In 1987, he completed Form 2 in Chung Hwa High School, Muar. From 1988 to 1993, he worked as a foreman in an automotive repair shop where he was involved in repair of vehicles. Between 1993 and 1996, he helped with his father, Quek Gim Hong @ Keh Gim Hong's saw milling and timber trading business, where he gained valuable experience in the operational aspect of furniture manufacturing.

In 1996, he joined Valued Products (M) Sdn Bhd as Factory Manager where he was involved in managing the daily factory operational activities including the timber kiln-drying plant and scheduling regular maintenance for the plant. Through his involvement in the wood-related business including saw milling, timber trading and wood drying for over a decade, he built a network of raw material suppliers comprising industry players in the upstream segment of furniture manufacturing value chain, which enables our Group to source raw materials at competitive prices.

In 2010, he left Valued Products (M) Sdn Bhd and took a 2-month career break before acquiring the entire equity stake of Nutracraft together with his brother, Quek Wee Seng, on 1 April 2010. On even date, he was appointed as director in Nutracraft where he was responsible for managing the company's manufacturing operations. On 11 September 2012, he and his brother, Quek Wee Seng, were allotted 50% equity stake in Mobilia International through Nutracraft. Subsequently on 6 April 2015, in his own capacity, he acquired 50% equity stake in Mobilia International by purchasing the equity

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

stake which was previously owned by Nutracraft. On even date, he was appointed as director of Mobilia International and assumed his current responsibilities.

In 2016, with Mobilia International's intention to acquire Avant Furniture Sdn Bhd (now known as Mobilia Design), he joined the company as Factory Manager to streamline the business operations before the acquisition through a share swap with Mobilia International on 19 December 2016. Consequently, he was appointed as director of Mobilia Design in 2017, where he managed the entire manufacturing operations. In 2020, he was re-designated as our Group's Executive Director and assumed his current responsibilities.

In 2011, together with Quek Gim Hong @ Keh Gim Hong and Quek Wee Seng, he co-founded Valued City Development Sdn Bhd, a company involved in property development and real estate business in Muar, Johor. Since then, he has been a director of the company. Between 2015 and 2016, he assisted in managing the overall business operations and property development progress. Subsequently in 2017, he relinquished his position as executive director and remains as non-executive director to present.

He also holds directorships in several private limited companies, details of which are disclosed in Section 4.2.3(iii).

- (v) Quek Gim Hong @ Keh Gim Hong, a Malaysian, age 74, is our Promoter and substantial shareholder.

In 1958, he completed his Standard 5 in SJK (C) Yu Eng. Several years later, he began to work in various businesses involved in saw milling and timber trading, where he gained valuable experience in the industry. Between 1983 and 1995, he operated a saw milling and timber trading business together with his partners.

In 1995, he was appointed as director of Valued Products (M) Sdn Bhd where he oversaw timber trading activities and daily factory operational activities of the company. In 1998, he expanded the company's business to include timber pressure treatment and kiln-drying services. Valued Products (M) Sdn Bhd has been a subsidiary of Sern Kou Resources Berhad since the latter's listing on the Second Board of Malaysia Securities Exchange Berhad (now known as Bursa Securities) on 12 February 2004. On 18 December 2003, he was appointed to the Board of Directors of Sern Kou Resources Berhad as Executive Chairman. On 13 March 2006, he stepped down and became Executive Director of Sern Kou Resources Berhad until his resignation in 2010. At the same time, he also resigned as director of Valued Products (M) Sdn Bhd.

On 27 April 2011, he co-founded Valued City Development Sdn Bhd with Quek Wee Seng (who had not been involved in any executive role in Valued City Development Sdn Bhd before he disposed his equity stake in 2014) and Quek Wee Seong, to venture into property development and real estate business in Muar, Johor. Since then, he has been a director of the company overseeing the overall business operations and property development progress.

On 8 July 2015, together with Leong Yok Moy, he co-founded Avant Furniture Sdn Bhd (now known as Mobilia Design) and he was a director overseeing the entire furniture manufacturing business operations. Subsequent to the acquisition of Mobilia Design by Mobilia International through a share swap on 19 December 2016, he stepped down from his executive role in 2017 to be a non-executive director and has since focused on property development business.

He ceased to be a director in Mobilia Design on 30 October 2019.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(vi) Leong Yok Moy, a Malaysian, age 47, is our Promoter and substantial shareholder.

In 1993, she obtained her Sijil Pelajaran Malaysia (SPM) in SMK Convent, Muar. In 1994, she worked as a promoter in a departmental store in Muar. She left her job in 1995 and became a housewife.

On 8 July 2015, together with Quek Gim Hong @ Keh Gim Hong, she co-founded Avant Furniture Sdn Bhd (now known as Mobilia Design). She was appointed as director and was mainly in charge of finance-related matters such as cash flow management and payroll. Upon the acquisition of Mobilia Design by Mobilia International through a share swap on 19 December 2016, she relinquished her position as executive director in 2017 but remained as non-executive director until her resignation in 2019.

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4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4.2 BOARD OF DIRECTORS

4.2.1 Shareholdings of our Directors

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO:

Director	As at date of incorporation			As at the LPD and before our IPO			After our IPO		
	Direct	Indirect	No. of shares	%	No. of shares	%	Direct	Indirect	%
Datin Siah Li Mei	-	-	-	-	-	-	-	-	-
Quek Wee Seng	-	-	21,760,000	6.40	318,240,000 ⁽³⁾	93.60	1,760,000	298,240,000 ⁽³⁾	74.56
Quek Wee Seong	-	-	21,760,000	6.40	315,520,000 ⁽⁴⁾	92.80	1,760,000	295,520,000 ⁽⁴⁾	73.88
Tajul Arifin Bin Mohd Tahir	-	-	-	-	-	-	-	-	-
Lim See Tow	-	-	-	-	-	-	-	-	-
Quek Yan Song (Alternate Director to Quek Wee Seng)	-	-	-	-	-	-	-	-	-

Notes:

- (1) Based on the total number of 340,000,000 Shares after the Acquisition but before our IPO.
- (2) Based on the enlarged total number of 400,000,000 Shares after our IPO.
- (3) Deemed interested pursuant to Section 8 of the Act; held through Exelient, his brother, Quek Wee Seong, Firstchrome, his father, Quek Gim Hong @ Keh Gim Hong and his wife, Leong Yok Moy.
- (4) Deemed interested pursuant to Section 8 of the Act, held through Exelient, his brother, Quek Wee Seng, Firstchrome, his father, Quek Gim Hong @ Keh Gim Hong.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4.2.2 Profiles of Directors

The profiles of our Directors are as follows:

(i) Datin Siah Li Mei

Datin Siah Li Mei, a Malaysian, age 54, is our Independent Non-Executive Chairman. She was appointed to our Board on 15 June 2020.

She graduated with a Bachelor of Laws (Hons) from University of Buckingham, England in February 1989. In 1990, she was admitted as an Advocate and Solicitor of the High Court of Malaya. She was the chairperson of the Conveyancing Practice Sub-Committee for the 2014/2015 term and thereafter a member of Conveyancing Practice Sub-Committee from 2015 to 2018 and again in 2020 on the Malacca Bar Committee.

She began her career in 1990 by joining Nik Hussain & Partners (now known as Chee Siah Le Kee & Partners) as Legal Assistant where she was involved in legal works in conveyancing for housing projects and sales of properties. In 1995, she was promoted to Salaried Partner where she led a team of legal assistants in conveyancing legal works. She was also in charge of the branding and marketing of the firm, conducting legal seminars and overseeing the human resource and administrative matters of the firm.

In 2015, she was appointed as Managing Partner of Chee Siah Le Kee & Partners, a position she assumes to present date. To date, she has around 30 years of working experience in legal practice, where her legal expertise spans across the areas of banking and finance, real estate, property development as well as corporate and business.

On 11 July 2019, she was appointed as Independent Non-Executive Director of icapital.biz Berhad, a closed-end fund listed on the Main Market of Bursa Securities. On 3 August 2020, she resigned from her position as an Independent Non-Executive Director of icapital.biz Berhad.

She also holds directorships in several private limited companies, details of which are disclosed in Section 4.2.3(i).

(ii) Quek Wee Seng

For the details of Quek Wee Seng's profile, see Section 4.1.2(iii) of this Prospectus.

(iii) Quek Wee Seong

For the details of Quek Wee Seong's profile, see Section 4.1.2(iv) of this Prospectus.

(iv) Tajul Arifin bin Mohd Tahir

Tajul Arifin bin Mohd Tahir, a Malaysian, age 54, is our Independent Non-Executive Director. He was appointed to our Board on 15 June 2020.

He graduated with a Bachelor of Science in Business Administration from Saint Louis University, USA in 1989. Upon graduation, he worked as a freelancer for part time jobs in the fields of hospitality and food and beverage in USA between 1989 and 1991.

In 1991, he returned to Malaysia and began his career as Public Issue Officer in MIDF Consultancy and Corporate Services Sdn Bhd (now known as Tricor Investor & Issuing House Services Sdn Bhd). He was involved in the daily operational activities including coordinating the balloting functions for initial public offering exercises in Malaysia, and liaising with corporate clients, advisors and authorities for matters pertaining to corporate

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

investor services. In 1996, he was promoted to Assistant Manager where he was involved in managing a team of public issue officers in carrying out the daily operational activities. In 2002, he was promoted to Manager and assumed similar responsibilities. In 2008, he was further promoted to Associate Director where he was responsible for expanding the company's business network and maintaining relationships with the stakeholders who have been involved in initial public offering exercises in Malaysia to further grow the company's business.

In 2016, he left Tricor Investor & Issuing House Services Sdn Bhd. Since then, he has been providing freelance consulting services on marketing matters.

In 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. As a co-founder, he manages the overall business operations of the company.

On 15 October 2018, he was appointed as Independent Non-Executive Chairman of Mestron Holdings Berhad, a company listed on the ACE Market of Bursa Securities.

He also holds directorships in several private limited companies, details of which are disclosed in Section 4.2.3(iv).

(v) **Lim See Tow**

Lim See Tow, a Malaysian, age 46, is our Independent Non-Executive Director. She was appointed to our Board on 15 June 2020.

She graduated with an Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College, Malaysia in 1999. She also obtained the Association of Chartered Certified Accountant accreditation in 2003. She is a chartered accountant and has been a member of the Malaysian Institute of Accountants since 2003.

In 1999, she began her career as Audit Assistant in Kassim Chan & Co/Deloitte Touche Tohmatsu (now known as Deloitte PLT). She was involved in financial audit for companies spanning various industries. During her tenure in Kassim Chan & Co/Deloitte Touche Tohmatsu, she held several positions and she was an Audit Senior responsible for leading a group of auditors in conducting financial audit, audit planning and financial due diligence, before she left in 2003.

In 2003, she joined Debut Supreme Capital Sdn Bhd and was transferred to TAP Partners Sdn Bhd in 2004 as a Consultant. Over the years, she held several positions in TAP Partners Sdn Bhd and was involved in project management for clients' corporate exercises including IPO, merger and acquisitions, reverse takeovers, fund raising and corporate restructuring. She also advised clients on matters pertaining to improvements of their operational management and corporate governance practices. In 2005, she was seconded to Antah Holding Berhad as Head of Finance and Special Project, where she was in charge of the restructuring exercise of Antah Holding Berhad prior to the reverse takeover by Sino Hua-An International Berhad in 2007. She was an Associate Director in TAP Partners Sdn Bhd before she left in 2006. She continued her engagement with Antah Holding Berhad as Head of Finance and Special Project in her individual capacity until the completion of the company's restructuring exercise in 2007.

Upon leaving TAP Partners Sdn Bhd in 2006, she joined Clear Water Developments Sdn Bhd as Chief Operating Officer, a position she assumes to present. Her responsibilities include overall operations management and planning of property development projects, including feasibility studies, land purchase negotiation, project design and conceptualisation, appointment of contractors as well as strategising marketing and pricing strategies.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

On 18 January 2008, she was appointed as Independent Non-Executive Director of Sino Hua-An International Berhad (now known as Techna-X Berhad), a company listed on the Main Market of Bursa Securities.

She also holds directorships in several private limited companies, details of which are disclosed in Section 4.2.3(v).

(vi) Quek Yan Song

Quek Yan Song, a Malaysian, age 26, is our Business Development Manager and also an Alternate Director to Quek Wee Seng. He is mainly responsible for managing the overall sales and marketing and business development activities of our Group, including the D&D of new home furniture. He was appointed to our Board on 15 June 2020.

He graduated with a Bachelor of Business (Marketing) from Royal Melbourne Institute of Technology ("**RMIT University**"), Australia in 2017.

After completing his studies in secondary school, he joined Mobilia International as Operator for 1 month starting in July 2012, where he was involved in quality control processes for our finished products. During the trimester break of his tertiary studies in August 2014, he worked as Marketing Assistant in Mobilia International for 6 months, where he was involved in sales and marketing activities including the preparation works and promoting our furniture in trade exhibitions and events.

Upon completing his studies in RMIT University in 2017, he joined Mobilia International as Management Trainee where he was placed in various departments to learn the daily business operations of each department including sales and marketing, purchasing, operations and quality control and shipping. In the meantime, he also worked with our key senior management and was involved in business networking events and functions to gain exposure in relationship management with our business associates. In the same year, he was promoted to Business Development Executive to focus on sales and marketing activities and D&D activities, including conceptualising and developing new furniture designs based on feedbacks received from customers and observations through participation in local and overseas trade exhibitions and events. He was also involved in expanding the range of our furniture collections. After acquiring the relevant knowledge from various departments, he gained comprehensive understanding in our furniture manufacturing business

In 2019, he was promoted to Business Development Manager, a position he assumes to present date. He continues to be groomed by Quek Wee Seng and the key senior management to gradually undertake the overall leadership of our Group in the future.

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4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4.2.3 Principal Business Activities and Principal Directorships Outside Our Group

The following table sets out other principal directorships of our Directors outside our Group and the principal business activities performed by our Directors outside our Group as at the LPD ("**Present Involvement**") and those other principal directorships of our Directors outside our Group that were held within the past 5 years up to the LPD ("**Past Involvement**"):

(i) Datin Siah Li Mei

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement					
Avatar Seed Sdn Bhd	Investment holding of companies involved in buying, selling, renting and operating of self-owned or leased real estate and land	Director / Shareholder	8 April 2015	-	37.50
Chee Siah Le Kee & Partners	Law firm	Managing Partner	1 January 2015	-	25.00
Daxanyuan Marina 9 Sdn Bhd	Investment in real property and rental of property	Director / Shareholder	22 February 2013	-	23.50
Daxanyuan Sdn Bhd	Letting of office premises	Director	25 January 2013	-	Nil
Past Involvement					
Icapital.Biz Berhad	Principally engaged in investing in a diversified portfolio of quoted securities	Director	11 July 2019	3 August 2020	Nil

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(ii) Quek Wee Seng

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement⁽¹⁾					
Exelient ⁽²⁾	Investment holding of shares in Mobilia	Director / Shareholder	24 October 2018	-	50.00
M & I Furniture	Members' voluntary winding up ⁽³⁾	Director / Shareholder	19 November 2012	-	40.00
Nutracraft	Ceased business operations	Director / Shareholder	1 April 2010	-	50.00
Seng Hong Plantation Sdn Bhd	Plantation and cultivation of timber latex rubber trees	Director / Shareholder	25 January 2010	-	35.00
Quek Brothers Property Sdn Bhd	Property developer	Director / Shareholder	17 April 2013	-	50.00
Past Involvement					
BS Value Sdn Bhd	Investment holding of company involved in manufacturing and trading of screws, nuts and spare parts	Director	7 October 2016	30 October 2016	Nil
Future Bright Upholstery Sdn Bhd	Engaged in manufacturing of furniture and furniture parts	Director	23 May 2016	25 January 2017	Nil
Kumpulan Reka Sdn Bhd	Dissolved	Shareholder	-	-	50.00

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Ladang Astaka Sdn Bhd	Dissolved	Director / Shareholder	14 November 2007	-	50.00
MFA Event Sdn Bhd	Organising of export furniture exhibition	Director	2 June 2018	3 March 2020	Nil
(iii) Quek Wee Seong					
Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement⁽¹⁾					
Exelient ⁽²⁾	Investment holding of shares in Mobilia	Director / Shareholder	24 October 2018	-	50.00
Nutraceutical	Ceased business operations	Director / Shareholder	1 April 2010	-	50.00
Valued City Development Sdn Bhd	Property development	Director / Shareholder	27 April 2011	-	50.00
Past Involvement					
Future Bright Upholstery Sdn Bhd	Engaged in manufacturing of furniture and furniture parts	Director	23 May 2016	25 January 2017	Nil
Ladang Astaka Sdn Bhd	Dissolved	Director / Shareholder	14 November 2007	-	50.00

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iv) Tajul Ariffin bin Mohd Tahir

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement⁽¹⁾					
5 Pillars Capital Berhad	Assets / Portfolio management, other management consultancy activities, venture capital companies	Director / Shareholder	24 November 2020	-	30.00
5 Pillars Ventures Sdn Bhd	Assets / Portfolio management, other management consultancy activities, venture capital companies	Director / Shareholder	12 March 2018	-	30.00
Aureole Glory Sdn Bhd	Dormant	Director / Shareholder	30 May 2019	-	75.00
Benchmark Infotech Sdn Bhd	Software development, IT training and IT networking and cloud services	Director / Shareholder	15 July 2020	-	51.00
BYD Capital Sdn Bhd	Investment holding	Director / Shareholder	20 February 2020	-	100.00
Eco Asia Capital Advisory Sdn Bhd	Accounting, bookkeeping and auditing activities, tax consultancy	Director	21 November 2019	-	Nil

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Eresos Corporation Sdn Bhd	Investment holding of companies involved in information communication technology industry and waste treatment industry	Shareholder	-	-	50.00
Mesti Perkasa Sdn Bhd	Investment holding in fund	Shareholder	-	-	0.50
Mestron Holdings Berhad	Investment holding of companies involved in the manufacturing of steel poles and trading of outdoor lighting products	Director	15 October 2018	-	Nil
Peerhealth Malaysia Sdn Bhd	Marketing research services on medical information	Director	1 June 2017	-	Nil
Space Capital Berhad	Assets / Portfolio management	Director	15 September 2020	-	Nil
Wawasan Hartamas Sdn Bhd	Dormant	Director	22 February 2011	-	Nil
Past Involvement					
ADF Capital Sdn Bhd	Dormant	Director	27 July 2016	17 May 2019	Nil
Padiyo Sdn Bhd	Development sale and/or licensing of software, electronic commerce solutions and mobile applications and provision of related services	Director	31 July 2018	6 March 2020	Nil

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Padiyo Solutions Sdn Bhd	Development sale and/or licensing of software, electronic commerce solutions and mobile applications and provision of related services	Director	30 November 2018	16 January 2019	Nil
Thenar Technology Sdn Bhd	Development sale and/or licensing of software, electronic commerce solution and mobile applications and provision of related services	Director	26 October 2018	6 March 2020	Nil
(v) Lim See Tow					
Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Present Involvement					
Be Revolution Sdn Bhd	Dormant	Shareholder	-	-	50.00
Clearwater Management Sdn Bhd	Principally engaged in car park rental	Shareholder	-	-	50.00
Clearwater Xperience Sdn Bhd	Dormant	Director	23 October 2020	-	Nil
Clear Water Hospitality Sdn Bhd	Property management services	Shareholder	-	-	50.00

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
Ploy Sdn Bhd	Food, beverage and restaurant services	Shareholder	-	-	50.00
Project Hea Sdn Bhd	Manufacturing, marketing, distributing and retailing of health based products and related goods	Director / Shareholder	1 July 2014	-	50.00
Techna-X Berhad	Investment holding of companies involved in the manufacturing and sale of metallurgical coke and other related by-products	Director	18 January 2008	-	Nil
Past Involvement					
Bluconstellation Sdn Bhd	Development	Director	1 April 2010	23 February 2017	Nil
Be Urban Group Sdn Bhd	Dormant	Shareholder	-	-	Nil
CS Global Consultancy (M) Sdn Bhd	Dissolved	Director / Shareholder	29 December 2009	-	33.00
Clear Water Developments Sdn Bhd	Property development	Director	18 February 2008	12 October 2019	Nil
Project M Media Sdn Bhd	Dormant	Director	11 October 2012	3 July 2018	Nil
Taska Riang Cemerlang Sdn Bhd	Dormant	Director	27 June 2016	10 December 2019	Nil

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) The present involvement excludes the shareholdings in other public listed company that are not substantial.
- (2) Exelient is also a promoter and substantial shareholder of our Company.
- (3) M & I Furniture had commenced members' voluntary winding up on 11 June 2020. It will be dissolved upon completion of the members' voluntary winding up.

Save as disclosed in Section 10 of this Prospectus, as at the LPD, none of our Directors and/or substantial shareholders has any interest, direct or indirect, in other businesses or corporations which may give rise to a situation of conflict of interest with our Group.

Our Managing Director and Executive Director are not actively involved in any business activities outside our Group. Their involvement will not affect their ability to perform their roles and responsibilities as well as their contribution to the Group.

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4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4.2.4 Promoters and/ or substantial shareholders' remuneration and benefits in-kind

Save for the dividends paid to our Promoters as disclosed below and the aggregate remuneration and benefits in-kind paid or to be paid to our Promoters as disclosed in Section 4.2.5 below for the FYE 2019, FYE 2020 and FYE 2021, there are no other amounts or benefits paid and intended to be paid or given to our Promoters and/ or substantial shareholders within the 2 years preceding the date of this Prospectus.

Name	Dividend declared			
	FYE 2018	FYE 2019	FYE 2020	1 January 2021 up to LPD
	RM'000	RM'000	RM'000	RM'000
Quek Wee Seng	1,400	3,000	-	-
Quek Wee Seong	1,400	3,000	-	-
Quek Gim Hong @ Keh Gim Hong	350	750	-	-
Leong Yok Moy	350	750	-	-

4.2.5 Directors' remuneration and material benefits in-kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our Directors for their services rendered in all capacities within our Group for the FYE 2019, FYE 2020 and FYE 2021 are set out below:

FYE 2019 (Paid)	Salaries	Director Fees	Bonus/ Ex gratia payment	EPF and SOCSSO	Allowances and Benefits- in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Directors						
Datin Siah Li Mei	-	-	-	-	-	-
Quek Wee Seng	288	-	179	58	28	553
Quek Wee Seong	282	-	76	44	-	402
Tajul Arifin bin Mohd Tahir	-	-	-	-	-	-
Lim See Tow	-	-	-	-	-	-
Quek Yan Song ⁽¹⁾	-	-	-	-	-	-

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

	Salaries	Director Fees	Bonus/ Ex gratia payment	EPF and SOCSO	Allowances and Benefits-in-kind	Total
FYE 2020 (Paid)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Directors						
Datin Siah Li Mei	-	19.5 ⁽²⁾	-	-	-	19.5
Quek Wee Seng	276	-	179	65	28	548
Quek Wee Seong	270	-	89	63	-	422
Tajul Arifin bin Mohd Tahir	-	19.5 ⁽²⁾	-	-	-	19.5
Lim See Tow	-	19.5 ⁽²⁾	-	-	-	19.5
Quek Yan Song ⁽¹⁾	-	-	-	-	-	-
	Salaries	Director Fees	Bonus/ Ex gratia payment	EPF and SOCSO	Allowances and Benefits-in-kind	Total
FYE 2021 (Proposed)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Directors						
Datin Siah Li Mei	-	42	-	-	-	42
Quek Wee Seng	300	-	178	71	28	577
Quek Wee Seong	294	-	89	63	28	474
Tajul Arifin bin Mohd Tahir	-	42	-	-	-	42
Lim See Tow	-	42	-	-	-	42
Quek Yan Song ⁽¹⁾	-	-	-	-	-	-

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) Please refer to Section 4.4.5 of this Prospectus for further details of the remuneration and material benefits-in-kind of Quek Yan Song.
- (2) The director fees to independent directors are pro-rated from 15 June 2020 being the date of appointment to our Board.

Our Directors' remuneration must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees and any benefits payable to Directors shall be subject to further approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance to our Constitution.

4.3 BOARD PRACTICES

4.3.1 Board

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group.

According to our Constitution, the Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed in accordance with our Constitution which is 11 directors. At the first annual general meeting of our Company, all our Directors shall retire from the office, and at the annual general meeting in every subsequent year, 1/3 of our Directors shall retire at each annual general meeting of shareholders but shall be eligible for re-election. Our Directors must submit themselves for re-election at least once in every 3 years.

The details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office are as follows:

<u>Directors</u>	<u>Date of appointment</u>	<u>Date of expiration of current term of office</u>	<u>No. of year(s) in office</u>
Datin Siah Li Mei	15 June 2020	At the first annual general meeting	<1
Quek Wee Seng	15 June 2020	At the first annual general meeting	<1
Quek Wee Seong	15 June 2020	At the first annual general meeting	<1
Tajul Arifin bin Mohd Tahir	15 June 2020	At the first annual general meeting	<1
Lim See Tow	15 June 2020	At the first annual general meeting	<1

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established by our Board on 16 June 2020 and currently comprises of the following members:

Name	Designation	Directorship
Lim See Tow	Chairman	Independent Non-Executive Director
Tajul Arifin Bin Mohd Tahir	Member	Independent Non-Executive Director
Datin Siah Li Mei	Member	Independent Non-Executive Chairman

The terms of reference of our Audit and Risk Management Committee, amongst others, include the following:

- (i) to examine the Group's matters pertaining to the financial reporting, risk management and internal control, internal and external audit processes, related party transaction and conflict of interests situation, and to submit to the Board its recommendation and/or reports on matters within its purview or other matters of the Group referred to it by the Board, for the Board's consideration;
- (ii) to review the quarterly results to Bursa Securities and year end financial statements of the Group before submission to the Board;
- (iii) to review, amongst others, the audit plan, audit reports, external auditor's evaluation of system of internal control, issues arising from interim and final external audits, external auditor's management letter and management's response, with the external auditors, and report the same to the Board;
- (iv) to review the external auditors' terms of engagement, independence, objectivity, remuneration and cost-effectiveness and to make recommendations to the Board for the appointment, re-appointment or termination of the external auditors, and to consider any questions of resignation or dismissal including whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;
- (v) to review the adequacy of the audit scope and coverage, functions, competency and resources of the internal audit function, internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, performance of the internal audit function and appointment, termination or resignation of the internal auditors;
- (vi) to review and assess the Company's policies, processes and procedures for the oversight and management of risks and internal control;
- (vii) to review any related party transactions and situations where a conflict of interest may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and to consider the appropriateness of such transactions before recommending them to the Board for approval;
- (viii) to report prompt to Bursa Securities on any matter reported by it to the Board, which has not been satisfactory resolved resulting in the breach of the Listing Requirements of Bursa Securities;
- (ix) to consider other matters as may be directed by the Board from time to time; and

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (x) to review and recommend to the Board, our anti-bribery and anti-corruption policies to conduct business activities in honest, ethical and transparent manner, to adopt zero-tolerance approach to bribery and corruption and to act professionally, fairly and with integrity in all our business dealings and relationship where we operate.

4.3.3 Remuneration Committee

Our Remuneration Committee was established by our Board on 16 June 2020 and currently comprises of the following members:

Name	Designation	Directorship
Tajul Arifin Bin Mohd Tahir	Chairman	Independent Non-Executive Director
Datin Siah Li Mei	Member	Independent Non-Executive Chairman
Lim See Tow	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee, amongst others, include the following:

- (i) to establish and recommend to the Board, the remuneration package for Executive Directors such as the terms of employment or contract of employment/service, benefit, pension, incentive scheme, bonuses, fees, expenses, compensation payable on termination of the service contract by the Company and/or the Group etc;
- (ii) to review and recommend to the Board the remuneration packages of Non-Executive Directors for shareholders' approval at the Annual General Meeting;
- (iii) to consider other remunerations or rewards to retain and attract directors, including the disclosure of the remuneration of senior management includes fees, salary, bonus, benefits-in-kind and other emoluments;
- (iv) to review key human resource policies and strategies, corporation's compensation philosophy and its related policies ensure that the corporation develops on an ongoing basis, adequate, appropriate and effective policies, strategies, controls, processes and procedures within the corporation to maintain an organisational climate that fosters ethical employee business conduct and behaviour, employee commitment to the operations of the corporation and a high degree of employee satisfaction;
- (v) to review reports with respect to compliance with legal requirements and major corporate policies pertaining to human resource matters on an annual basis and policies on employee business conduct and ethical behaviour;
- (vi) to report to the Board as it deems appropriate regarding human resource and compensation matters and Management performance in this area; and
- (vii) to review and approve individual employee bonus awards as recommended by the Managing Director and review the corporation's policy on bonus awards, and make recommendations to the Board as required.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4.3.4 Nominating Committee

Our Nominating Committee was established by our Board on 16 June 2020 and currently comprises of the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Datin Siah Li Mei	Chairman	Independent Non-Executive Chairman
Tajul Arifin Bin Mohd Tahir	Member	Independent Non-Executive Director
Quek Wee Seng	Member	Managing Director

The terms of reference of our Nominating Committee, amongst others, include the following:

- (i) to review the composition and size of the Board and determine the criteria for membership on the Board, conduct periodic evaluations of the Board as a whole and the committee, to identify, consider and select, or recommend for the selection of the Board, candidates to fill new positions or vacancies on the Board, evaluate the performance of individual members of the Board of Directors eligible for re-election, and select, or recommend for the selection of the Board of Directors, the director nominees for election to the Board of Directors and full consideration to succession planning for directors and other senior executives.
- (ii) Committee of the Board
 - (a) to periodically review the composition of each committee of the Board and make recommendations to the Board for the creation of additional committees or the change in mandate or dissolution of committees; and
 - (b) to recommend to the Board persons to be members of the various committees.

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4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4.4 KEY SENIOR MANAGEMENT

4.4.1 Particulars and shareholdings

The following table sets out the direct and indirect shareholdings of our Key Senior Management before and after our IPO:

Key Senior Management	As at date of incorporation			As at the LPD and before our IPO			After our IPO			
	Direct	Indirect	No. of shares	Direct	Indirect	No. of shares	Direct	Indirect		
	%	%	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾	% ⁽¹⁾	% ⁽²⁾	% ⁽²⁾		
Quek Wee Seng	-	-	21,760,000	6.40	318,240,000 ⁽⁴⁾	93.60	1,760,000	298,240,000 ⁽⁴⁾	0.44	74.56
Quek Wee Seong	-	-	21,760,000	6.40	315,520,000 ⁽⁵⁾	92.80	1,760,000	295,520,000 ⁽⁵⁾	0.44	73.88
Quek Yan Song	-	-	-	-	-	-	-	-	-	-
Tan Ley Wun	-	-	-	-	-	-	97,000 ⁽³⁾	-	0.02	-
Khoo Ai Lee	-	-	-	-	-	-	124,000 ⁽³⁾	-	0.03	-
Ku Yong Yee	-	-	-	-	-	-	97,000 ⁽³⁾	-	0.02	-
Wong Eng Chuan	-	-	-	-	-	-	135,000 ⁽³⁾	-	0.03	-

Notes:

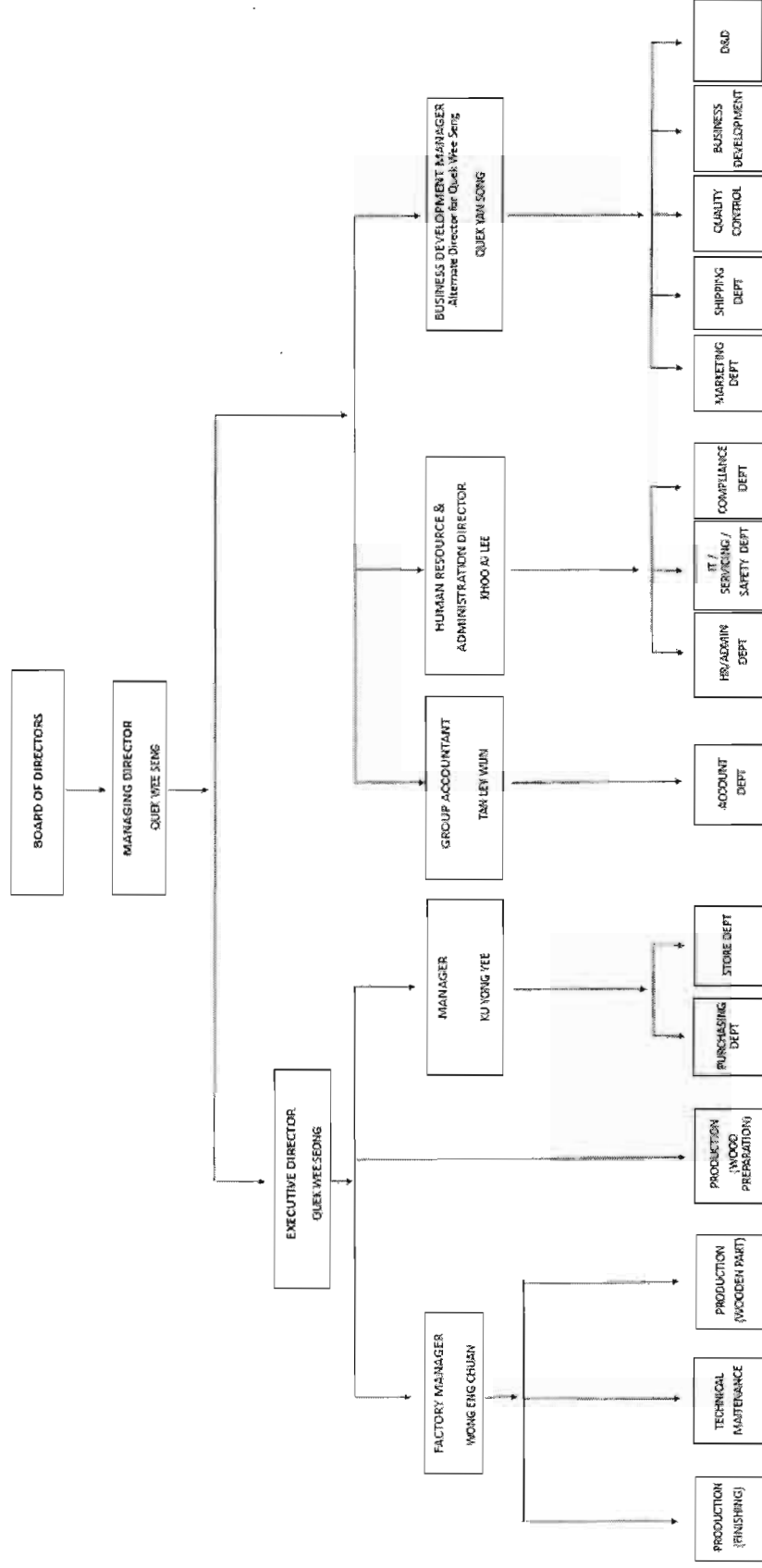
- (1) Based on the total number of 340,000,000 Shares after Acquisition but before our IPO.
- (2) Based on the enlarged total number of 400,000,000 Shares after our IPO.
- (3) Assuming full subscription of the Pink Form Shares reserved for the Eligible Persons.
- (4) Deemed interested pursuant to Section 8 of the Act; held through Exelient, his brother, Quek Wee Seong, Firstchrome, his father, Quek Gim Hong @ Keh Gim Hong and his wife, Leong Yok Moy.
- (5) Deemed interested pursuant to Section 8 of the Act; held through Exelient, his brother, Quek Wee Seng, Firstchrome, his father, Quek Gim Hong @ Keh Gim Hong.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4.4.2 Management reporting structure

The management reporting structure of our Group is as follows:

MANAGEMENT REPORTING STRUCTURE



4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

4.4.3 Profiles of our Key Senior Management

The profiles of Quek Wee Seng, Quek Wee Seong and Quek Yan Song are set out in Sections 4.2.2 (ii), (iii) and (vi) of this Prospectus, and profiles of our other Key Senior Management are as follows:

(i) **Tan Ley Wun**

Tan Ley Wun, a Malaysian, age 41, is our Group Accountant. She is responsible for overseeing our Group's overall accounting and financial matters including financial reporting and planning, taxation, treasury management, corporate affairs and internal audit and control.

In 2000, she obtained a Bachelor of Arts in Accounting from University of Hertfordshire, United Kingdom. She is a chartered accountant and since 2005, she had been a member of the Association of Chartered Certified Accountants ("**ACCA**") before she became a Fellow of ACCA in 2010, a membership status which she assumes till present. She has also been a member of the Malaysian Institute of Accountants since 2017.

She began her career as Audit Assistant in SC Lim & Co (now known as SC Lim, Ng & Co) in 2000 where she was involved in financial audit for companies in various industries and assisted in audit job planning. She resigned from SC Lim & Co in 2003 and joined Wang Nutrition (M) Sdn Bhd in 2004 as Finance Manager. Her responsibilities included financial reporting, budgeting and cash flow management.

In 2006, she left Wang Nutrition (M) Sdn Bhd and joined T.A. Furniture Industries Sdn Bhd (a wholly-owned subsidiary of TAFI Industries Berhad, a company listed on the Main Market of Bursa Securities) as Internal Auditor where she was responsible for ensuring the regulatory compliance of the company's financial reporting. In 2010, she undertook the role as Assistant Business Development Manager to oversee the e-commerce business division and was involved in the development of an e-commerce platform and online catalogue for the company's e-commerce business.

In 2010, she left T.A. Furniture Industries Sdn Bhd and joined Vitally Sdn Bhd as Accountant where she supervised the accounts division in carrying out finance and accounting tasks. Further, she was involved in preparation of financial analysis for investment and allocation of budget.

In 2017, she left Vitally Sdn Bhd and joined Mobilia International as Accountant. She was responsible for accounting and finance functions, including financial reporting and planning, taxation, treasury management, corporate affairs and internal audit and control. In 2020, she was promoted to Group Accountant, where she assumed similar responsibilities.

(ii) **Khoo Ai Lee**

Khoo Ai Lee, a Malaysian, age 54, is our Human Resource and Administration Director. She is responsible for all matters pertaining to human resource, including recruitment and managing employees' welfare and relations. She also works closely with our key senior management to establish and maintain our Group's organisational structure to ensure communication efficiency within our Group.

She graduated with a Bachelor of Arts in Management from Walsh University, United States in 1993.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She began her career in 1993 as Marketing Manager in Seng Fong Trading Sdn Bhd, where she was tasked to plan and coordinate sales and marketing activities and maintain relationships with existing customers. In 1997, she was promoted to Finance Manager where she was responsible for financial reporting and planning. In 2000, she left Seng Fong Trading Sdn Bhd and took a career break.

In 2002, she resumed her career as Administration Manager in Sern Kou Industries where she was responsible for the overall administration functions. After Sern Kou Resources Berhad was listed on the Second Board of Malaysia Securities Exchange Berhad, she was promoted to Group Senior Manager in 2004 where she was responsible for the formulation and implementation of quality control procedures and overseeing human resource functions. In 2008, she resigned from Sern Kou Resources Berhad and took a career break.

In 2010, she joined Perspektif Masa Sdn Bhd as Manager (Corporate Mass Communication). She was responsible for internal and external communications with stakeholders, as well as managing public relation issues of the company. In 2010, she left Perspektif Masa Sdn Bhd and thereafter took a career break until June 2011.

In 2011, she joined Mobilia International as Manager where she was responsible for the implementation of our internal control practices and ensuring compliance with corporate governance best practices and compliance with employment laws, salary, compensation and recruitment. In 2016, her responsibility was extended to Mobilia Design when she was hired as a Manager to focus on streamlining Mobilia Design's internal control practices prior to acquisition by Mobilia International. In 2017, she was promoted to Senior Manager where she assumed similar responsibilities. Subsequently in 2017, she was promoted to Group Senior Manager upon the consolidation of Mobilia International's and Mobilia Design's businesses. In 2020, she was promoted to Human Resource and Administration Director, a position she assumes to present.

(iii) Ku Yong Yee

Ku Yong Yee, a Malaysian, age 44, is our Manager. He is responsible for our Group's purchasing and inventory management.

In April 2000, he graduated with a Bachelor of Commerce in Management and Marketing from Curtin University of Technology, Australia.

Upon completing his tertiary education, he joined Chongee Enterprise Sdn Bhd in 2000 as Senior Purchasing Executive. He was responsible for purchasing raw materials, liaising and building relationships with suppliers and managing inventory. He was also involved in planning the production schedule and assisting manufacturing operations. In 2004, he left Chongee Enterprise Sdn Bhd and joined Gold Wheel Industries Supply Sdn Bhd as General Manager where he was tasked to oversee the daily operations of the company, and also responsible for the company's business transition from trading to manufacturing of industrial spare parts.

In 2004, he left Gold Wheel Industries Supply Sdn Bhd and joined Sern Kou Industries as Purchasing Manager. He left Sern Kou Industries in 2014 and joined Best-Beteck Furniture Sdn Bhd as Senior Manager where he oversaw the daily operations of the company covering matters related to sales and marketing, purchasing and human resource.

In 2017, he left Best-Beteck Furniture Sdn Bhd and joined Mobilia International as Manager, a position he assumes to present.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

(iv) Wong Eng Chuan

Wong Eng Chuan, a Malaysian, age 50, is our Factory Manager. He oversees the overall factory operations including, amongst others, production schedule and workforce management, and machinery and equipment maintenance.

In 1987, upon completing his Form 3 in SMK Tun Perak, he worked in various furniture manufacturing companies as an apprentice, operator and production worker. With around 6 years of working experience in the furniture manufacturing industry, he acquired extensive knowledge on furniture manufacturing workflows and factory management.

In 1994, he joined Sern Kou Industries as Supervisor where he coordinated and supervised the company's manufacturing operations. In 2004, when Sern Kou Resources Berhad was listed on the Second Board of Malaysia Securities Exchange Berhad (now known as Bursa Securities), he was promoted to Senior Supervisor where his role was extended to managing a team of supervisors as well as supervising the company's expanded manufacturing operations. Thereafter, in 2008, he was promoted to Factory Manager where he oversaw the overall factory operations. In 2010, he left Sern Kou Resources Berhad and took a career break for a month.

In 2010, he joined Mobilia International as Supervisor, where he supervised a team of production workers in carrying out manufacturing activities to ensure the specified quality standards and production deadlines are met. In 2011, he was promoted to Factory Manager and assumed his current responsibilities.

4.4.4 Involvement of our Key Senior Management in other businesses/ corporations

Save for the involvement of Quek Wee Seng and Quek Wee Seong which are detailed in Section 4.2.3, the following table sets out other principal directorship(s) of our Key Senior Management outside our Group and the principal business activities performed by our Key Senior Management outside our Group as at the LPD ("**Present Involvement**") and those other principal directorship(s) of our Key Senior Management outside of our Group that were held within the past 5 years up to the LPD ("**Past Involvement**"):

(i) Khoo Ai Lee

<u>Name of company</u>	<u>Principal activities</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest (%)</u>
Past Involvement					
ISLEE Enterprise ⁽¹⁾	Trading agent	Sole proprietor	13 November 2009	-	100

Note:

(1) The business registration has expired on 30 January 2017.

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

4.4.5 Key Senior Management's remuneration and benefits

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our Key Senior Management for their services rendered in all capacities within our Group for the FYE 2019 FYE 2020 and FYE 2021 are as follows:

Key Senior Management ⁽¹⁾	Remuneration band		
	FYE 2019 (Paid) RM'000	FYE 2020 (Paid) RM'000	FYE 2021 (Proposed) RM'000
Tan Ley Wun	100 – 150	100 – 150	150 – 200
Khoo Ai Lee	150 – 200	150 – 200	150 – 200
Ku Yong Yee	100 – 150	100 – 150	100 – 150
Wong Eng Chuan	150 – 200	150 – 200	200 – 250
Quek Yan Song	50 – 100	50 – 100	50 – 100

Key Senior Management ⁽¹⁾	Material benefits-in-kind		
	FYE 2019 (Paid) RM'000	FYE 2020 (Paid) RM'000	FYE 2021 (Proposed) RM'000
Tan Ley Wun	-	-	-
Khoo Ai Lee	-	-	-
Ku Yong Yee	-	-	-
Wong Eng Chuan	4.80	4.80	4.80
Quek Yan Song	-	-	-

Note:

- (1) Please refer to Section 4.2.5 of this Prospectus for further details of the remuneration and material benefits-in-kind of Quek Wee Seng and Quek Wee Seong.

4.5 DECLARATION FROM OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of our Promoters, Directors and Key Senior Management is or has been involved in any of the following events (whether within or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or key senior management;

4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment 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;
- (v) in the last 10 years, being subject to any civil proceeding involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) 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;
- (vii) 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
- (viii) any unsatisfied judgment against him/her.

4.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships or associations between our Promoters, substantial shareholders, Directors and Key Senior Management:

Name	Relationship/Association
Quek Wee Seng	Son of Quek Gim Hong @ Keh Gim Hong, brother of Quek Wee Seong, spouse of Leong Yok Moy, father of Quek Yan Song and director and shareholder of Exelient
Quek Wee Seong	Son of Quek Gim Hong @ Keh Gim Hong, brother of Quek Wee Seng, uncle of Quek Yan Song and director and shareholder of Exelient
Quek Gim Hong @ Keh Gim Hong	Father of Quek Wee Seng and Quek Wee Seong, father-in-law of Leong Yok Moy, grandfather of Quek Yan Song and director and shareholder of Firstchrome
Leong Yok Moy	Spouse of Quek Wee Seng and mother of Quek Yan Song
Quek Yan Song	Son of Quek Wee Seng and Leong Yok Moy, nephew of Quek Wee Seong and grandson of Quek Gim Hong @ Keh Gim Hong

4.7 EXISTING OR PROPOSED SERVICE AGREEMENT

As at the LPD, there are no existing or proposed service agreement(s) between the companies within our Group and our Directors or our Key Senior Management that provide for benefits upon termination of employment.

5. INFORMATION ON OUR GROUP

5.1 OUR COMPANY

Our Company was incorporated in Malaysia as a private company limited by shares on 6 February 2020 under the name of Mobilia Holdings Sdn Bhd. On 11 June 2020, our Company was converted into a public limited company and assumed our present name as Mobilia Holdings Berhad.

We are an investment holding company while our Subsidiaries are principally involved in investment holding, design, manufacturing and sale of furniture and furniture parts.

5.2 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

As at the LPD, our issued share capital is RM23,596,000.9306 comprising 340,000,000 Shares.

Details of changes to our issued share capital since incorporation up to the LPD are shown below:

<u>Date of allotment</u>	<u>No. of Shares</u>	<u>Nature of transaction</u>	<u>Consideration</u>	<u>Cumulative issued share capital (RM)</u>
6 February 2020	1	Subscriber's share	Cash	1
18 November 2020	339,999,999	Acquisition	Shares issued as consideration for the Acquisition	23,595,999.9306

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

Upon our Listing, our issued share capital will increase from 340,000,000 Shares to 400,000,000 Shares.

5.3 FORMATION OF OUR GROUP

In conjunction with our Listing, our Company entered into a conditional share sale agreement on 23 June 2020 which was revised by a supplemental share sale agreement on 18 November 2020 for the acquisition of the entire share capital of Mobilia International from the Vendors for a total consideration of RM23,595,999.9306 ("**Acquisition**"), which was fully satisfied by the issuance of 339,999,999 new Shares at an issue price of RM0.0694 each. The total purchase consideration of RM23,595,999.9306 for the Acquisition was arrived at after taking into consideration the audited consolidated NA of Mobilia International as at 31 December 2019 of RM23,577,810.

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5. INFORMATION ON OUR GROUP (CONT'D)

The Vendors' shareholdings in Mobilia International before the completion of the SSA and number of Shares issued to them pursuant to the Acquisition are as follows:

Vendor(s)	Shareholdings in Mobilia International before completion of the SSA		Consideration	
	No. of shares	%	(RM)	(No. of new Shares)
Exelient	1,000,000	80.00	18,876,799.9445	271,999,999
Quek Wee Seng	80,000	6.40	1,510,143.9956	21,760,000
Quek Wee Seong	80,000	6.40	1,510,143.9956	21,760,000
Firstchrome	70,000	5.60	1,321,375.9961	19,040,000
Quek Gim Hong @ Keh Gim Hong	10,000	0.80	188,767.9994	2,720,000
Leong Yok Moy	10,000	0.80	188,767.9994	2,720,000
Total	1,250,000	100.00	23,595,999.9306	339,999,999

The Acquisition was completed on 18 November 2020. Thereafter, Mobilia International became our wholly-owned subsidiary.

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

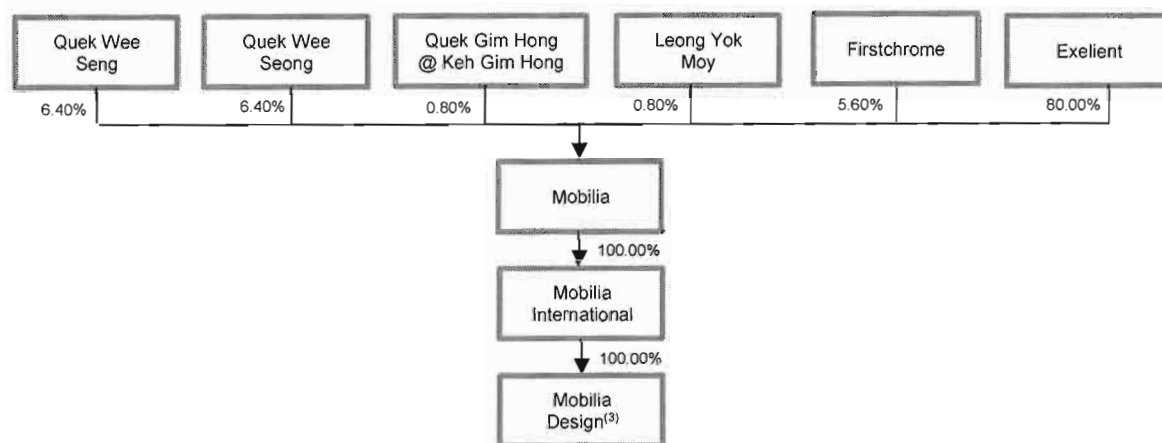
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5. INFORMATION ON OUR GROUP (CONT'D)

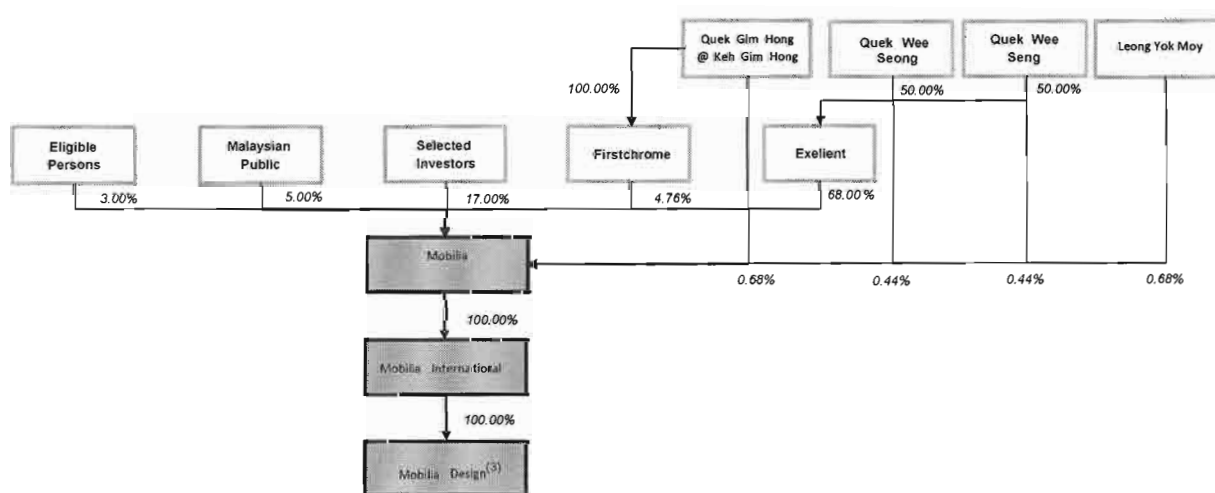
5.4 OUR SHAREHOLDERS AND GROUP STRUCTURE

Our shareholders and Group structure before our IPO, and after our IPO is set out below:

Before our IPO ⁽¹⁾



After our IPO ⁽²⁾



Notes:

- (1) Based on the total number of 340,000,000 Shares after the Acquisition but before our IPO.
- (2) Based on the enlarged total number of 400,000,000 Shares after our IPO.
- (3) Mobilia Design has completed the transfer of its entire business operation and assets to Mobilia International on 31 March 2020 and had ceased business operations since 1 April 2020 and commenced members' voluntary winding up on 12 June 2020. Mobilia Design was transferred to Mobilia International at a consideration of RM293,191.86 being the NBV of Mobilia Design's property, plant and equipment. Mobilia Design will be dissolved upon completion of the members' voluntary winding up.

5. INFORMATION ON OUR GROUP (CONT'D)

5.5 OUR SUBSIDIARIES

Our Subsidiaries as at the LPD are as follows:

Company name	Registration No.	Date / Place of incorporation	Principal place of business	Principal activities	Effective interest held by our Group
Mobilia International	201001008920 (893548-X)	16 March 2010 / Johor	Muar, Johor	Investment holding, design, manufacturing and sale of furniture and furniture parts.	100.00%
Mobilia Design	201501026176 (1151499-K)	8 July 2015 / Kuala Lumpur	Muar, Johor	Ceased business operations. ⁽¹⁾	100.00%

Note:

- (1) Mobilia Design has completed the transfer of its entire business operations and assets to Mobilia International on 31 March 2020 and had ceased business operations since 1 April 2020 and commenced members' voluntary winding up on 12 June 2020. It will be dissolved upon completion of the members' voluntary winding up.

As at the LPD, our Group does not have any associate companies.

5.5.1 Share capital and changes in share capital of Mobilia International

Mobilia International's share capital as at the LPD is RM1,250,000 comprising 1,250,000 ordinary shares. There were no changes to Mobilia International's issued share capital for the past 3 financial years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Mobilia International. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

5.5.2 Share capital and changes in share capital of Mobilia Design

Mobilia Design's share capital as at the LPD is RM100,000 comprising 100,000 ordinary shares. There were no changes to Mobilia Design's issued share capital for the past 3 financial years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Mobilia Design. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

5. INFORMATION ON OUR GROUP (CONT'D)

5.6 PUBLIC TAKE-OVER

Since our incorporation up to the LPD, there has been:

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

5.7 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, there are no other material investments made by us for the FYE Under Review, FPE 2020 and up to the LPD:

Description	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	FPE 2020 RM'000	Up to the LPD RM'000
Freehold land	-	843	-	-	-
Freehold buildings ⁽¹⁾	9	-	-	3,060	3,741
Office equipment, renovation, furniture and fittings	174	32	25	29	42
Factory equipment, plant and machinery ⁽²⁾	2,053	2,535	2,408	273	565
Motor vehicles	170	145	638	318	318
Capital work-in-progress ⁽³⁾	542	632	14,570	-	-
Total	2,948	4,187	17,641	3,680	4,666

Notes:

- (1) Being cost incurred for the construction of Phase 1A on Lot 2782 from 1 January 2020 up to the LPD.
- (2) For the purchase of:
 - (i) 2 units of six spindles moulders, 2 units of four spindles moulders, 1 set of woodworking machine and 1 unit of sanding machine in 2017;
 - (ii) 1 unit of CNC machining centre with double jet, 1 unit of linear CNC profiling machine, 1 unit of CNC router machine, 1 unit of CNC double end auto rectangular tenoner, 1 unit of six spindles moulder and 1 unit of four spindles moulder in 2018; and
 - (iii) 2 units of UV coating & sanding machines, 2 units of automated painting machines, 1 unit of high frequency wood board jointing machine, 1 unit of CNC machining centre model artist, 1 unit of top sanding machine in 2019.
- (3) For the capital work-in-progress:
 - (i) Being cost incurred for earthwork done on Lot 2782, professional fees and payment made to authorities in relation to Lot 2782 in 2017;
 - (ii) Being cost incurred for earthwork done on Lot 2782, professional fees and payment made to authorities in relation to Lot 2782 in 2018; and

5. INFORMATION ON OUR GROUP (CONT'D)

- (iii) Being cost incurred for the construction of Phase 1A on Lot 2782, professional fees, payment made to authorities and the purchase of three machineries comprising 1 set of overhead conveyor system, 1 set of pallet conveyor system and 1 unit of dust collector system in 2019.

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

Save as disclosed below, there are no other material capital divestitures and write-offs made by us for the FYE Under Review, FPE 2020 and up to the LPD:

Description	FYE 2017	FYE 2018	FYE 2019	FPE 2020	Up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Buildings	48	2,917 ⁽¹⁾	30	-	-
Office equipment, renovation, furniture and fittings	49	9	5	-	5
Factory equipment, plant and machinery ⁽¹⁾	157	115	167	338	338
Motor vehicles	-	-	41	25	25
Total	254	3,041	243	363	368

Notes:

* The above amounts are stated at cost.

- (1) For the disposal of factory building, loading base, showroom and office building erected on Lot 1201. The above assets were disposed of for a total consideration of RM2,680,000.00, being the NBV rounded down to the nearest ten thousand at a net loss of RM8,132.71. Please refer to Section 5.8(a) below for further information.

5.8 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business, that have been entered into by our Company during the FYE Under Review, and from 1 January 2020 up to the date of this Prospectus:

- (a) Sale and purchase agreement dated 28 June 2018 entered into between Mobilia International and Quek Gim Hong @ Keh Gim Hong to dispose the factory building, loading base, showroom and office building erected on Lot 1201 to Quek Gim Hong @ Keh Gim Hong, the landowner, for a total consideration of RM2,680,000.00. The disposal was completed on 18 December 2018;
- (b) Marketing agreement dated 1 June 2020 entered into between Mobilia International and Ivorie for Mobilia International to appoint Ivorie to market, promote and sell exclusively Mobilia International's designated furniture and furniture parts within and outside Malaysia;
- (c) Conditional share sale agreement dated 23 June 2020 and supplemental share sale agreement dated 18 November 2020 entered into between our Company and the Vendors for the Acquisition, which was completed on 18 November 2020; and

5. INFORMATION ON OUR GROUP (CONT'D)

- (d) Underwriting agreement dated 19 January 2021 entered into between our Company and KIBB to underwrite (i) 20,000,000 Issue Shares available for application by the Malaysian public; and (ii) 12,000,000 Issue Shares available for application by the Eligible Persons at an underwriting commission of 2.00% of the total value of the underwritten shares. The total value of the underwritten shares means the total number of underwritten shares multiplied by the IPO Price. Further details of the underwriting agreement are set out in Section 3.9 of this Prospectus.

5.9 MATERIAL PROPERTIES OF OUR GROUP

5.9.1 Material properties owned by our Group

Details of the properties owned by our Group as at the LPD are as follows:

- (i) Lot 2782

Particulars of title / Postal address	:	Lot 2782, Mukim Jalan Bakri, Muar, Johor held under Geran 92507 / Lot 2782, Jalan Kempas 1, Kawasan Perindustrian Bukit Bakri, Bukit Bakri 84200 Muar, Johor
Particulars of proprietor	:	Mobilia International
Land area based on title	:	6.6798 hectare
Tenure / land use	:	Freehold / "Perusahaan/ Perindustrian"
Description / existing use of property	:	2 blocks of single-storey detached factory buildings namely Factory Block A and D for medium industry and a block of four-storey detached hostel ⁽¹⁾ / Design and manufacturing of furniture and furniture parts (including D&D and processes of wood preparation, manufacturing, assembly, finishing and packaging) for Factory Block A, and warehousing for Factory Block D
Net book value	:	RM27,650,540 as at 31 August 2020, comprising freehold land of RM12,423,158 ⁽²⁾ and factory building of RM15,227,382
Partial Certificate of Completion and Compliance ("Form F1") ⁽³⁾	:	28 January 2020
Encumbrances	:	Charges created by Mobilia International in favour of Maybank Islamic Berhad as collateral for banking facilities

Mobilia International purchased a piece of freehold land known as Lot 2782, Mukim Jalan Bakri, District of Muar, State of Johor held under Geran 92507 ("**Land**") pursuant to a Sale and Purchase Agreement dated 9 November 2015 and a Supplemental Sale and Purchase Agreement dated 9 November 2015 ("**PTS SPA**") between the Company, Wegmans Furniture Industries Sdn Bhd ("**Wegmans Furniture**") and PTS Feedmill Sdn Bhd ("**PTS Feedmill**") where Mobilia International would hold 25/33 undivided share and Wegmans Furniture would hold the 8/33 undivided share of the Land. The purchase consideration for the Land pursuant to the Sale and Purchase Agreement was RM9,702,990 and the Supplemental Sale and Purchase Agreement which was for the purpose of the enhancement of the Land, amounted to RM1,437,480.

5. INFORMATION ON OUR GROUP (CONT'D)

Mobilia International and Wegmans Furniture's share of the purchase consideration and reimbursement of land improvement costs paid to PTS Feedmill pursuant to the PTS SPA was RM8,439,750 and RM2,700,720, respectively, as follows:

	Purchase consideration (RM)	Cost of land enhancement (RM)	Share of Land	Total payable to PTS Feedmill (RM)
Mobilia International	7,350,750	1,089,000	25/33	8,439,750
Wegmans Furniture	2,352,240	348,480	8/33	2,700,720
	9,702,990	1,437,480		11,140,470

Subsequently, in a Sale and Purchase Agreement dated 28 November 2016 entered into between the Company and Wegmans Furniture, Mobilia International acquired the balance 8/33 undivided share of the Land from Wegmans Furniture for a purchase consideration of RM2,700,720, as follows:

	Purchase consideration (RM)	Share of Land	Total payable to Wegmans Furniture (RM)
Mobilia International	2,700,720	8/33	2,700,720
	2,700,720		2,700,720

Following the acquisition of the balance 8/33 undivided share of the Land from Wegmans Furniture, Mobilia International owns the entire parcel of the Land. Mobilia International nominated Quek Gim Hong @ Keh Gim Hong as the registered owner of the 8/33 undivided share of the Land to avoid delays in the processing of the application for planning permission in respect of the development of their 25/33 undivided shares of the Land on the understanding that Quek Gim Hong @ Keh Gim Hong would hold such portion of the Land on trust for Mobilia International. This trust arrangement was formalised by the parties in a Deed of Trust dated 2 January 2020. However, Quek Gim Hong @ Keh Gim Hong had on 21 February 2020 transferred the 8/33 undivided shares of the Land to Mobilia International.

Following the completion of the transfer of Quek Gim Hong @ Keh Gim Hong's 8/33 undivided share of Lot 2782 held on trust to Mobilia International, Mobilia International is the sole registered owner of Lot 2782.

Notes:

- (1) The development of Lot 2782 is divided into Phase 1A, Phase 1B and Phase 2. The construction of Phase 1A on Lot 2782 involving 2 blocks of single-storey detached factory buildings for medium industry namely Factory Block A and D as well as a block of four-storey detached hostel has been completed in January 2020. The construction of Phase 1B involving a block of three-storey detached office building had commenced in July 2020 and Phase 2 involving 2 blocks of single-storey detached factory buildings for medium industry namely Factory Block B and C, will commence in May 2021. The construction of Phase 1B and Phase 2 on Lot 2782 is expected to be completed by May 2022. As at the LPD, the total built-up area of the buildings constructed in Phase 1A and to be constructed in Phase 1B and Phase 2 on Lot 2782 are as follows:

5. INFORMATION ON OUR GROUP (CONT'D)

Phase	Total built-up area (square feet)
1A	311,829
1B	29,416
2	101,858

Upon completion of the construction of Phase 1A, Phase 1B and Phase 2, there is still a total vacant land area of 9,558 square feet remaining for future development and expansion. As at the LPD, Mobilia International does not have any current plans for the development of the vacant land.

- (2) The net book value of the land of RM12.42 million comprises, amongst others, the purchase consideration of RM9.70 million, land improvement costs of RM1.44 million, stamp duty and professional fees of RM0.33 million, land conversion cost of RM0.41 million and caruman ganti kawasan lapang paid to Majlis Perbandaran Muar of RM0.43 million.
- (3) The Form F1 for the completion of the construction of Phase 1A has been issued on 28 January 2020 for Mobilia International and Quek Gim Hong @ Keh Gim Hong⁽⁴⁾ to occupy the buildings in Phase 1A. Mobilia International has yet to obtain the Certificate of Completion and Compliance ("CCC") as the issuance of the CCC is subject to the completion of the entire development of Phase 1A, 1B and 2 on Lot 2782.
- (4) The construction of Phase 1A was completed on 9 January 2020. Both Mobilia International and Quek Gim Hong @ Keh Gim Hong were the registered owners of Lot 2782 at the time the construction of Phase 1A was completed as well as the issuance of Form F1. Please refer to Note (1) above for further details on the registered owner of Lot 2782. In view that the land title for Lot 2782 which reflects Mobilia International's sole ownership of Lot 2782 has been issued by Johor Bahru Land Office to Mobilia International, there should be no impact on the issuance of the CCC to Mobilia International for the entire development on Lot 2782 in future.

Save for the following, the property owned by our Group is not in breach of any land use conditions, laws, regulations, rules and requirements in relation to land and buildings.

- (a) Pursuant to Section 24D(1) of the WMSHA 2019, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. Our Group had on 8 December 2020 submitted an application for the Certificate for Accommodation for our workers' hostel located at Lot 2782 to the Department of Labour Peninsular Malaysia. The officers from the Labour Department, Muar had on 28 December 2020 conducted an inspection at our hostel located at Lot 2782. The aforementioned application is currently being processed by the Department of Labour, Muar. Please refer to Section 8.1.13 of this Prospectus for further details of the potential risks arising from our failure to have a Certificate for Accommodation.

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5. INFORMATION ON OUR GROUP (CONT'D)

5.9.2 Material properties rented by our Group

Details of the properties rented by our Group as at the LPD are as follows:

- (i) 1st & 2nd Floor, Plot 63, PTD 13189, No. 15, Jalan Sinar Bakri 1, Bukit Bakri, Jln Bakri, 84200 Muar, Johor⁽¹⁾

Particulars of tenant	:	Mobilia International
Particulars of landlord	:	Sawit Warisan Sdn Bhd
Approximate rented area	:	3,080 square feet
Tenure of tenancy	:	1 June 2020 to 31 May 2022
Description / existing use of property	:	3-storey shop office for the use as office and showroom
Rental per annum (RM)	:	15,000.00

Note:

- (1) Mobilia International moved to its current premises which is closer in proximity to their new factory in Lot 2782. This also enables the landlord of their previous rented premises to rent the entire factory together with office to other third parties.

As at the LPD, the property rented by our Group is not in breach of any land use conditions laws, regulations, rules and requirements in relation to land and buildings.

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6. BUSINESS OVERVIEW

6.1 HISTORY AND MILESTONES

Our history can be traced back to the incorporation of Mobilia International on 16 March 2010 by Teo Kee Ming and Teo Kai Chew. Mobilia International was initially involved in the assembly and sale of home furniture, primarily focusing on dining room furniture. In May 2010, our Group's Promoter and Managing Director, Quek Wee Seng was employed by Mobilia International as Marketing Consultant to assist in growing its sales and customer base, and at the same time, Mobilia International also engaged Nutracraft which was wholly-owned by Quek Wee Seng and his brother, Quek Wee Seong (our Group's Promoter and Executive Director) to supply furniture parts.

While he was the Marketing Consultant of Mobilia International, he contributed positively to the growth of Mobilia International's business and was invited to take a stake in the company to further expand the business and scale of production. As such, Quek Wee Seng and Quek Wee Seong were allotted 50% equity stake in Mobilia International on 11 September 2012 through Nutracraft. Prior to this, Quek Wee Seng had gathered over 25 years of experience in the furniture industry while Quek Wee Seong had been involved in saw milling and the timber trading business for over 15 years.

As Quek Wee Seng foresaw the positive prospects of Mobilia International, he acquired the remaining 50% equity stake in Mobilia International on 6 April 2015 from Teo Kee Ming and Teo Kai Chew at a total consideration of RM500,000 comprising 500,000 shares at RM1.00 per share. On even date, Nutracraft disposed all its 50% equity stake in Mobilia International to Quek Wee Seong. As a result, Quek Wee Seng and Quek Wee Seong each held 50% equity stake in Mobilia International. Further to the acquisition, the co-founder of Mobilia International, Teo Kee Ming, was re-designated to Operations Director effective 6 April 2015, a role he served until 30 September 2019 under a service contract to ensure smooth transition of business to Quek Wee Seng and Quek Wee Seong.

On 19 December 2016, through an equity share swap, Mobilia International acquired the entire equity stake in Avant Furniture Sdn Bhd (now known as Mobilia Design) at a total consideration of RM250,000 comprising 100,000 shares at RM2.50 per share, a company which was involved in the manufacturing of home furniture and furniture parts. The total consideration for the acquisition of Mobilia Design is arrived at based on the desired post-merger shareholding structure agreed upon by the then shareholders of Mobilia International and Mobilia Design. As a result of the equity share swap, the former shareholders of Mobilia Design, Quek Gim Hong @ Keh Gim Hong and Leong Yok Moy, each held 10% equity stake in Mobilia International.

Commencement of our home furniture manufacturing business

We commenced our business as a home furniture manufacturer in 2010 at a rented factory and office located at Lot PTD 5049, Mukim of Jalan Bakri, District of Muar, State of Johor and another rented factory located at Lot 1201, Mukim of Jalan Bakri, District of Muar, State of Johor, with a total a with built-up of area of approximately 33,000 square feet. At the commencement of our business, we focused on the manufacturing of wood-based dining room furniture according to designs provided by our customers. During the first year of our business, we successfully exported our products to Australia, Singapore, Poland and United Arab Emirates. In 2011, we started to develop our own designs of home furniture. Between 2011 and 2012, we further expanded our export markets, to cover additional countries including USA, India, Canada, Saudi Arabia and Japan. This was attributed to our participation in Export Furniture Exhibition ("EFE") Malaysia in 2011 and 2012, and Furniture China 2012 in Shanghai, which increased our marketing exposure to potential customers globally. In 2012, we expanded our manufacturing operations by renting a factory located at E-8, Jeram Masjid, Bakri, District of Muar, State of Johor with a total built-up area of approximately 16,000 square feet for wood working.

6. BUSINESS OVERVIEW (CONT'D)

Diversification of our range of furniture offerings to include own designs of living room furniture

After the allotment of 50% equity stake in Mobilia International to Quek Wee Seng and Quek Wee Seong in 2012, Quek Wee Seng stepped in to lead our D&D department. Under his leadership, we diversified our range of home furniture in 2013 to include our own designs of living room furniture such as television cabinets and table sets as part of our product offerings. Prior to this, we have manufactured some living room furniture such as table sets according to designs provided by our customers upon request. In 2014 and 2015, we expanded the range of our living room furniture where we introduced study desks and lounge chairs, as well as included the usage of metal parts into our wood-based furniture to enhance the appearance of our furniture and to suit customer preferences.

Through the expansion of our range of home furniture to include living room furniture, and our active participation in trade exhibitions and events including Furniture China, Malaysian International Furniture Fair ("MIFF") and International Furniture Fair Singapore ("IFFS") to showcase our furniture offerings, we successfully exported our home furniture to new markets such as Chile, Mexico, Russia and Brazil between 2013 and 2015.

Purchase of land in preparation for the expansion of our manufacturing plant

As we carried out operations and housed our foreign workers in rented premises, we planned to purchase land in preparation to construct our own manufacturing plant with on-premise hostel for our foreign workers. Therefore, in 2015, together with a third party Wegmans Furniture, we purchased a parcel of Land in Muar located at Lot 2782, Mukim Jalan Bakri, District of Muar, State of Johor held under Geran 92507 measuring 16.5 acres in total, where we accounted for 12.5 acres and the remaining 4 acres was taken up by Wegmans Furniture. Subsequently in 2016, we purchased the remaining 4 acres of Land from Wegmans Furniture. These purchases were for the construction of our own manufacturing plant with on-premise hostel, to expand our production capacity and to house our foreign workers within our premises. The construction of this manufacturing plant with on-premise hostel was planned to be carried out in phases. Please refer to Section 5.9.1(i) of this Prospectus for further details on the Land purchase.

In 2015, to accommodate our growing manufacturing activities, we expanded our existing factory located at Lot 1201, Mukim of Jalan Bakri, District of Muar, State of Johor, with a total built-up area of approximately 20,700 square feet for spray painting works. We also expanded our existing factory space located at Lot 1201, Mukim of Jalan Bakri, District of Muar, State of Johor to add a total built-up area of approximately 2,148 square feet for our showroom and D&D office. Subsequently in 2016, we rented another factory located at PLO 19, Jalan Kempas 2, Kawasan Perindustrian Pagoh, District of Muar, State of Johor with a total built-up area of approximately 21,000 square feet for wood working.

Expansion and enhancement of our range of furniture offerings and introduction of our own designs of bedroom furniture

In 2016, we further expanded the range of our living room furniture to include wooden sofa. In the same year, we also began to participate in China International Furniture Fair which increased our marketing exposure and as a result, we exported our home furniture to new markets including Greece and Kosovo.

In 2017, we started to manufacture our own designs of bedroom sets such as bed frames, night stands, dressers, chest drawers and mirrors, which further expanded our range of product offerings. Prior to this, we have been involved in the manufacturing of bedroom sets according to designs provided by our customers. Within the same year, we further expanded our manufacturing operations by renting another factory located at HS(D) 15803 PTD 5046 in the Mukim of Jalan Bakri, District of Muar, State of Johor, with a total built-up area of approximately 31,500 square feet for wood working.

6. BUSINESS OVERVIEW (CONT'D)

In 2018, we participated in our first furniture exhibition in Europe, namely imm Cologne in Germany. As a result, we expanded our export markets in the Europe region including Sweden, Italy and Germany. In addition, we were also awarded with Golden Eagle Award 2018 by Nanyang Siang Pau as a testament to our business performance and growth over the years.

Relocating our manufacturing activities from rented premises into our own manufacturing plant

In January 2019, we commenced the construction of Phase 1A of our own manufacturing plant, which comprises 2 blocks of single-storey detached factory buildings and a block of four-storey detached hostel. The construction of Phase 1A was completed in January 2020. After we received the partial CCC (Form F1) in January 2020, we started to move our manufacturing activities in stages from our rented premises to this manufacturing plant in February 2020. The relocation was carefully planned to minimise disruption to our business and manufacturing operations, and it was completed in March 2020 when we began to fully operate from this manufacturing plant. With this, we expanded the total built-up area of our manufacturing operations from 124,348 square feet to 261,023 square feet.

Moving forward, we plan to expand our current manufacturing plant in phases to support our long term business growth. The construction of Phase 1B (i.e. a three-storey detached office building which will also comprise a showroom) had commenced in July 2020 and are expected to be completed by May 2022, and the construction of Phase 2 (i.e. 2 blocks of single-storey detached factory buildings) is targeted to commence in May 2021 and is expected to be completed by May 2022. Please refer to Section 6.14(i) of this Prospectus for further details on our plans of expanding our current manufacturing plant.

In March 2020, as part of the consolidation of our business operations under our own manufacturing plant, we completed the transfer of the entire business operations and assets of Mobilia Design to Mobilia International. Mobilia Design had on 12 June 2020 commenced a members' voluntary winding up to improve the overall efficiency of managing our growing business and manufacturing operations by streamlining business and manufacturing operations as well as eliminating interparty billings. Prior to the consolidation of business operations under Mobilia International, our manufacturing processes were split between Mobilia Design and Mobilia International where each entity was responsible for different parts of the manufacturing process. This resulted in recurring interparty billings for the parts manufactured and sold to each other to complete the manufacturing process before the finished products are sold to the customers. The consolidation of our business and manufacturing operations under Mobilia International will simplify and reduce administrative work which may lead to more efficient use of our resources and enable the management of our business and manufacturing operations to be streamlined to cater for further expansion.

6.2 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS

We are principally involved in the design and manufacturing of home furniture, which comprises dining room furniture, living room furniture and bedroom furniture. We are specialised in producing wood-based home furniture, where our expertise covers the key aspects in the manufacturing of home furniture, including designing, wood preparation, manufacturing, assembly and finishing.

Our home furniture is mostly manufactured according to our own designs and specifications developed by our D&D team. Hence, our furniture is usually in standard sizes and dimensions. We also provide made-to-order options with adjustments and alterations in sizes and dimensions on our furniture based on customised specifications by our customers. Further, we also manufacture and trade certain furniture parts such as table legs, table tops and chair legs, to be supplied to our customers for further customisation at their end.

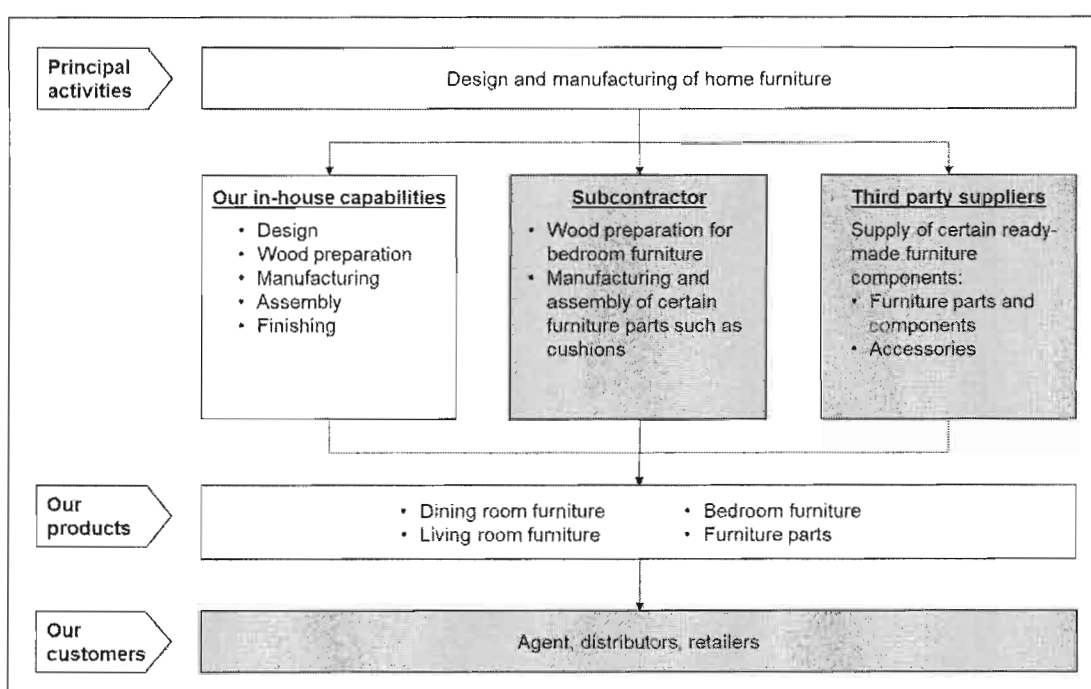
Our home furniture is manufactured and packaged in 2 forms, namely fully assembled furniture and ready-to-assemble (flat packed) furniture. We design and manufacture these furniture for customers to be labelled under their own brand names. Our customers primarily comprise distributors and retailers of home furniture. For the FPE 2020, we had 39 distributors and 36

6. BUSINESS OVERVIEW (CONT'D)

retailers as our customers. We also sell our furniture to Ivorie, our agent who exclusively markets, promotes and sells our products to their customers. We produce and sell an exclusive range of furniture which is customised to Ivorie's target market's preferences, and may provide sponsorship to Ivorie to support their sales and marketing activities through trade exhibitions and events participation, to facilitate in increasing their sales and market presence which in turn will directly increase our sales. Save for the above, there are no other exclusive arrangements given to Ivorie as compared to our distributors and retailers. At present, we have no confirmed plans to appoint and collaborate with other agents. However, if a viable opportunity arises in the future, we may appoint and collaborate with other agent(s).

Our products are sold locally and exported overseas. As at the LPD, we have exported our home furniture to countries in Asia, North America, Europe, Middle East, South America, Australasia and North Africa.

6.2.1 Business model



Our expertise in home furniture ranges from design and wood preparation to manufacturing, assembly and finishing. Taking the expertise needed as well as cost and operational efficiencies into consideration, we outsource some manufacturing works to our subcontractors, including the wood preparation for our bedroom furniture, as well as the manufacturing and assembly of certain furniture parts and components such as cushions, certain wooden legs for tables and chairs; and ready-made furniture parts and components (i.e. cabinets, bedframe, nightstands, dresser and chest of drawers). The outsourcing of manufacturing works also allows us to have additional capacity in accepting more purchase orders. Further, we also source certain furniture parts and components such as wooden furniture parts, cushions, fabric and marble, as well as accessories such as glass and mirrors and metal parts from third party local and foreign suppliers.

6. BUSINESS OVERVIEW (CONT'D)

Our customers primarily comprise an agent, distributors and retailers. The breakdown of revenue contribution in the FYE Under Review, FPE 2019 and FPE 2020 from the abovementioned customers are as follows:

Customers	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
Agent	16,670	29.91	19,724	29.66	20,582	27.23
Distributors	19,553	35.09	21,658	32.57	21,101	27.92
Retailers	19,059	34.20	24,249	36.46	33,695	44.58
Others	448	0.80	873	1.31	211	0.27
Total revenue	55,730	100.00	66,504	100.00	75,589	100.00

Customers	Unaudited		Audited	
	FPE 2019		FPE 2020	
	RM'000	% of total revenue	RM'000	% of total revenue
Agent	14,039	26.02	8,373	18.72
Distributors	14,671	27.19	11,803	26.39
Retailers	25,074	46.47	24,492	54.76
Others	179	0.32	61	0.13
Total revenue	53,963	100.00	44,729	100.00

6.2.2 Our products

We manufacture a range of wood-based furniture, including wooden upholstered furniture with fabric and Polyurethane cushions. Our home furniture can be categorised into three main categories, namely dining room furniture, living room furniture and bedroom furniture, with examples of each category as follows:

Dining room furniture

Dining tables, dining chairs, bar chairs and bar tables



Living room furniture

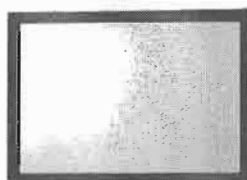
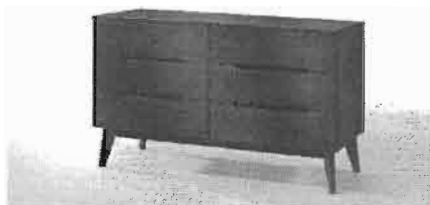
Sofas, television cabinets, cabinets, sideboards, shelves, benches, stools, study desks and table sets



6. BUSINESS OVERVIEW (CONT'D)

Bedroom furniture

Bed frames, night stands, dressers, chest drawers and mirrors



6.2.3 Warranty

Our Group does not have a warranty policy against any defects for all our products. In cases where our customers notify us about any defects such as scratches or broken parts, we will first investigate the cause(s) of the defects and decide the next cause of action. As a general practice, our Group may consider, at our sole discretion to replace the goods or parts of the goods that are defective as a result of our manufacturing process, provided that we are notified within 90 days from the date our customers receive the products. For defects caused by improper handling of products by third parties during the packaging, storing and delivery, our Group will report the defects to the party responsible and direct the customers to claim the defects from the party responsible.

We are not liable for any defects caused by normal wear and tear, wilful damage, negligence, abnormal working conditions, failure to follow our instructions (oral or written in terms of usage, installation, handling and functions), misuse or alteration or repair of our products without our approval.

In the FYE Under Review and FPE 2020, the manufacturing defect claims to our Group's total revenue was approximately 0.01%, 0.08%, 0.14% and 0.11%, respectively.

6.3 GEOGRAPHIC AND ACTIVITY SEGMENTATION

In the FYE Under Review and FPE 2020, the sale of dining room furniture was the largest revenue contributor to our Group as it contributed 68.11%, 62.72%, 60.77% and 55.13% to our Group's total revenue, respectively. This was followed by the revenue generated from the sale of living room furniture and bedroom furniture during the same period. The breakdown of our Group's revenue by types of furniture in the FYE Under Review, FPE 2019 and FPE 2020 is as follows:

Furniture type	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
Dining room furniture	37,960	68.11	41,709	62.72	45,934	60.77
Living room furniture	12,226	21.94	15,354	23.09	16,483	21.81
Bedroom furniture	3,907	7.01	7,348	11.05	11,836	15.66
Furniture parts ⁽¹⁾	1,170	2.10	1,205	1.81	1,113	1.47
Others ⁽²⁾	467	0.84	888	1.33	223	0.29
Total revenue	55,730	100.00	66,504	100.00	75,589	100.00

Furniture type	Unaudited		Audited	
	RM'000	% of total revenue	RM'000	% of total revenue
Dining Room Furniture	32,135	59.55	24,661	55.13
Living Room Furniture	12,368	22.92	9,724	21.74
Bedroom Furniture	8,455	15.67	9,314	20.82
Furniture Parts ⁽¹⁾	818	1.52	828	1.85
Others ⁽²⁾	187	0.34	202	0.46
Total revenue	53,963	100.00	44,729	100.00

6. BUSINESS OVERVIEW (CONT'D)**Notes:**

- (1) The sales of furniture parts mainly consist of furniture legs, table tops, cushion seats, and bed parts such as headboards, footboards and mattress panels.
- (2) Others mainly consist of trading materials such as fabric and rubberwood and other furniture such as ladder, magazine holder and metal brackets.

In the FYE Under Review and FPE 2020, sales from exports surpassed the sales generated from local customers. During the same period, our export sales contributed 55.46%, 58.36%, 66.37% and 73.39% to our Group's total revenue respectively, while our local sales accounted for 44.54%, 41.64%, 33.63% and 26.61% to our Group's total revenue respectively. Nevertheless, according to our local customers, some of our furniture sold to local customers were eventually exported to overseas. Among our direct export markets, North America and Asia were the main contributors as they collectively contributed 43.16%, 44.07%, 50.44% and 63.05% to our Group's total revenue respectively in the FYE Under Review and FPE 2020, respectively.

Given our increasing export sales as seen in our revenue for the FYE Under Review and FPE 2020, we foresee more growth opportunities in export markets. The export market provides us access to a larger number of customers globally which will allow us to diversify our risk of dependency on any particular market/ country performance. Thus, we plan to participate in more marketing activities such as trade exhibitions and events to continually grow our export sales. Please refer to Section 6.14(iv) of this Prospectus for further details on the trade exhibitions and events we intend to participate in.

The breakdown of our Group's revenue by geographical market in the FYE Under Review, FPE 2019 and FPE 2020 is as follows:

Geographical location	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
Overseas						
North America ⁽¹⁾	12,219	21.93	16,352	24.59	21,893	28.96
Asia (excluding Malaysia) ⁽²⁾	11,834	21.23	12,953	19.48	16,240	21.48
Europe ⁽³⁾	4,703	8.44	6,511	9.79	8,702	11.51
South America ⁽⁴⁾	1,691	3.04	1,737	2.60	2,438	3.23
Australasia ⁽⁵⁾	397	0.71	1,261	1.90	680	0.90
North Africa ⁽⁶⁾	62	0.11	-	-	118	0.16
East Africa ⁽⁷⁾	-	-	-	-	99	0.13
	30,906	55.46	38,814	58.36	50,170	66.37
Malaysia	24,824	44.54	27,690	41.64	25,419	33.63
Total revenue	55,730	100.00	66,504	100.00	75,589	100.00

6. BUSINESS OVERVIEW (CONT'D)

Geographical location	Unaudited		Audited	
	FPE 2019		FPE 2020	
	RM'000	%	RM'000	%
Overseas				
North America ⁽¹⁾	16,264	30.14	20,454	45.73
Asia (excluding Malaysia) ⁽²⁾	11,384	21.10	7,744	17.32
Europe ⁽³⁾	6,548	12.14	3,726	8.33
South America ⁽⁴⁾	1,988	3.68	511	1.14
Australasia ⁽⁵⁾	407	0.75	390	0.87
North Africa ⁽⁶⁾	-	-	-	-
East Africa ⁽⁷⁾	99	0.18	-	-
	36,690	67.99	32,825	73.39
Malaysia	17,273	32.01	11,904	26.61
Total revenue	53,963	100.00	44,729	100.00

Notes:

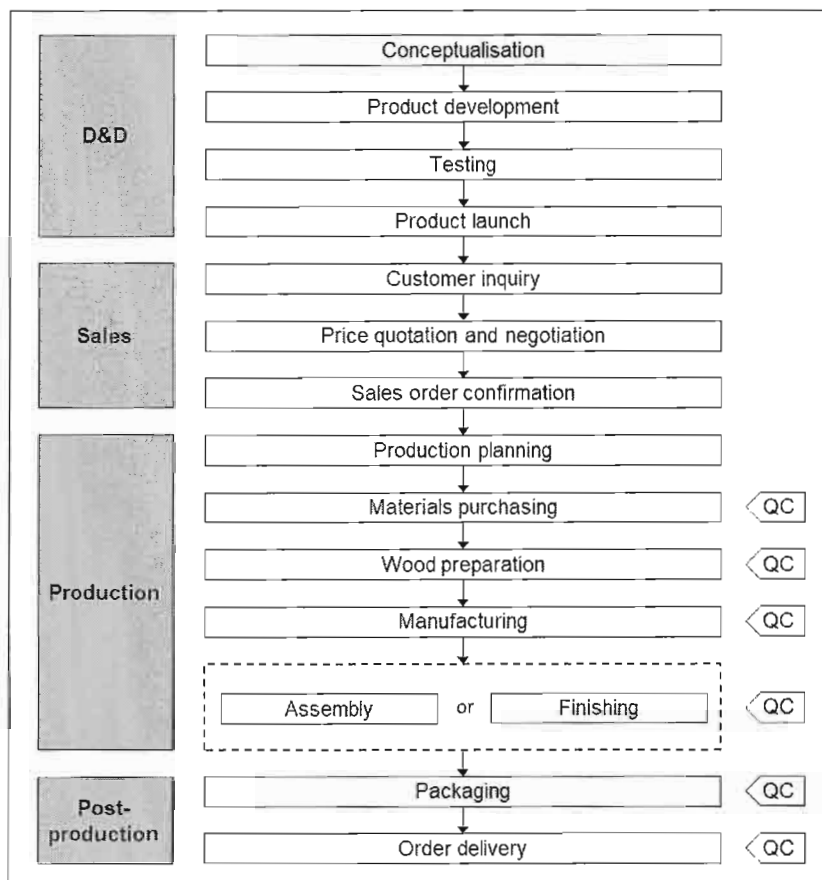
- (1) North America includes USA, Mexico and Canada.
- (2) Asia includes Indonesia, Japan, Republic of China (Taiwan), People's Republic of China ("China"), Philippines, Vietnam, Thailand, Korea, India, Hong Kong S.A.R, Singapore, Lebanon, Oman, Saudi Arabia, United Arab Emirates and Qatar.
- (3) Europe includes Turkey, Spain, Poland, United Kingdom ("UK"), Greece, Norway, France, Azerbaijan, Italy, Portugal, Denmark, Russia, Georgia, Sweden, Germany, Kosovo, Armenia and Estonia.
- (4) South America includes Argentina, Brazil, Bolivia, Chile, Uruguay and Colombia.
- (5) Australasia includes Australia and New Zealand.
- (6) North Africa includes Morocco.
- (7) East Africa includes Mauritius.

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6. BUSINESS OVERVIEW (CONT'D)

6.4 OUR OPERATIONAL PROCESS

The typical process flow for our Group's operations is depicted below:



Note:
- QC: Quality control procedures are in place

(i) D&D

Our D&D team continuously develops home furniture with new and innovative designs as well as enhanced functionality and durability to suit the ever-changing market needs, based on inputs from our sales and marketing team as well as secondary research conducted by our D&D team. Following this, we develop prototypes and testing will be carried out on the prototypes to ensure their features, functionality and durability are as specified. Once the prototypes are approved by our Key Senior Management, our sales and marketing team will prepare for the launching of the new designs. Please refer to Section 6.13 of this Prospectus for further information regarding our D&D activities.

(ii) Sales

Upon receipt of inquiry on our home furniture and/or furniture parts from our potential customers, we will prepare a quotation according to the inquired quantity and furniture types and specifications, for our customers to review. Once our customers agree with our quotation, the sales order will be confirmed with the issuance of purchase orders by our customers.

6. BUSINESS OVERVIEW (CONT'D)

(iii) Production

a. Production planning

Before commencement of production, our operations team plans the production according to the purchase orders received by our sales and marketing team. The production plan includes a detailed production workflow, materials required, quantities ordered, and product specifications such as dimensions and colours, as well as production schedule and timeline.

b. Materials purchasing

Our purchasing team checks the availability of materials needed through our inventory management system with reference to the list of materials required as outlined in the production plan. Thereafter, the materials required will be sent for production. If the materials required are insufficient or unavailable, our purchasing team will source them from our network of suppliers.

Once we receive the materials purchased from our suppliers, quality check will be conducted by our quality control team to ensure they meet the required specifications, quality standards and quantity ordered. Materials that do not meet the specifications and quality standards will be returned to our suppliers to be replaced. Once all the required materials are ready, they will be sent to the production line to begin the manufacturing process.

c. Wood Preparation

In this stage, lumbers will go through several processes including cutting, planing, finger-joining and/or lamination, to produce planks or boards with the specified dimensions according to the production plan.

Firstly, the lumber is cut and planed to produce planks or boards with consistent thickness throughout. Following this, the planks and boards are laminated, or glued together to produce varied thickness of planks and boards, prior to be forwarded to the furniture manufacturing factory.

We also utilise the edges or odd pieces of lumbers remaining from cutting that are in good quality but in uneven dimensions, by joining them together to reduce wastage and efficiently utilise materials. These finger-joined lumbers will then be cut, planed and/or laminated to produce planks or boards. Any smaller pieces of lumbers that are unable to be joined are used in other parts of our furniture, where possible, such as corner blocks to stabilise the chairs.

d. Manufacturing

Before commencing our manufacturing process, we conduct quality checks on the planks and boards received from wood preparation stage to ensure they are in good condition and of correct quantity. At this stage, we may also appoint subcontractors to manufacture certain furniture parts such as metal parts and cushion; as well as carry out certain processes including the wood preparation for bedroom furniture.

Thereafter, the boards or planks will be measured and cut according to the dimensions and shapes specified in the production plan. For certain curvy furniture parts such as curvy L-shaped armrests, finger-join lamination is required to glue the edges of two long furniture parts at a specific angle. These semi-finished furniture parts will then undergo planing, moulding and shaping processes, where applicable, to achieve the desired shapes and thickness according to the designs and specifications.

6. BUSINESS OVERVIEW (CONT'D)

In order to fix the furniture parts together, the semi-finished furniture parts will then go through tenoning, mortising, drilling and boring processes, where applicable. Certain points of furniture parts will be cut and shaped to create tenons and mortises. Tenons are projections on the furniture parts to be inserted into cavities, called mortises. Certain furniture parts such as bed posts, table legs, chair legs and chair backrests require boring and drilling for the insertion of screws.

Following which, our operations team inspects the semi-finished furniture parts for any gaps or dents that may require filling by wood putty. Thereafter, these semi-finished furniture parts undergo sanding to smoothen out the rough surfaces.

Depending on the furniture types and parts, these semi-finished furniture parts can go through either assembly or finishing process first, and then followed by another.

e. Assembly

We assemble the sanded semi-finished furniture parts to form bigger furniture parts before sending for the finishing process. For examples, table legs and corner blocks, as well as the base of table sets can be assembled together before the finishing process.

On the other hand, for furniture parts that have gone through the finishing process, they will be inspected and assembled together to form fully assembled furniture products, or partially assembled to form ready-to-assemble furniture products which will be packaged in the form of flat pack.

f. Finishing

Sanded semi-finished furniture parts will go through wood filler process where dyes or pigments are applied on the surface to serve as a base colour before spray painting process. For certain semi-finished furniture parts such as table tops, UV coating and sanding process is carried out to coat the wood surface layer by layer with fillers, varnishes or paint, thus increasing its hardness, durability and longevity. After the wood filler and UV coating and sanding process, these furniture parts are sent for spray painting.

At the spraying station, small furniture items such as table legs, table frames, chair legs and chair back rests are hung on the hangers of the overhead conveyor to be cleared of their dusty surface before being conveyed through spray chamber for automated spray painting. Thereafter, we manually inspect all sprayed furniture parts and use spray guns to touch up parts if it is uneven. Following which, the sprayed furniture parts go through an oven to dry. Our conveyerised automated spraying system allows us to complete this spray painting process efficiently and reduce wastage by the reduction of overspray. Larger furniture parts such as cabinets or frames require a manual spraying process where they are placed on a cart conveyor and manually sprayed with spray guns, before being placed in the oven to be dried. Upon completion of spray painting, these furniture parts are sent for assembly.

For furniture parts that have passed through assembly stage and are in the form of bigger furniture parts, similar finishing process is carried out depending on the types and sizes of the furniture parts.

6. BUSINESS OVERVIEW (CONT'D)

(iv) Post-production

Our furniture is sold in the form of fully-assembled furniture products or ready-to-assemble furniture products where furniture parts are flat packed for shipment together with the instructions and hardware required, for self-assembly by customers.

Before our furniture is delivered to our customers, our quality control team conducts a final check to ensure the correct furniture or furniture parts are being packaged and meet our standards of quality. Nevertheless, quality checks are carried out in many stages of our production in attempt to improve efficiency by identifying potential issues at early stage.

Safety and health policies

In order to maintain a safe and healthy workplace, our Group has outlined safety and health policies to be adhered by our employees. These policies comprise the following:

- Machines used in production shall be checked daily and maintained properly to minimise the risk of accidents and injuries.
- Machine operators are prohibited from wearing any accessories when handling the machines. They must wear personal protective equipment to protect themselves from hazards that may cause serious physical injuries and illnesses.
- During emergency, employees shall follow the exit instructions carefully.
- Maintenance of firefighting system and fire extinguishers shall be carried out on a quarterly basis by an approved servicing company(s).
- Passageways to each emergency exit shall be free from any obstructions and explosive or highly flammable items for prompt and safe evacuation.
- Daily housekeeping on the production area shall be carried out to maintain a clean and safe working environment
- Employees are prohibited to smoke and eat in the production area.

In the FYE Under Review, FPE 2020 and up to the LPD, our Group did not encounter any major accidents or incidents.

6.5 TECHNOLOGY USED

Our Group uses computer-aided design (“CAD”) software during the stages of conceptualising, designing and drawing of our home furniture. The manufacturing of wood-based home furniture is labour intensive and does not require the use of high technology. Nevertheless, we employ a range of automated and semi-automated machines to enhance our operational efficiency and production capacity. Meanwhile, these machines also improve precision during manufacturing and reduce our dependency on manual labour. The CAD software as well as automated and semi-automated machines used by our Group are detailed as follows:

Machine/ system/ software	Descriptions/ applications
CAD software	- CAD software (i.e. Autodesk Inventor 2-dimensional and Autodesk Inventor 3-dimensional (“3D”) drawing) is used by our D&D team for the conceptualising, designing and drawing of our home furniture. It enables a higher precision and better accuracy of 3D furniture drawing.
Computer Numerical Control (“CNC”) machines	- CNC machines are computer-aided machines that are programmed to carry out high precision shaping processes such as cutting, drilling, tenoning, mortising, milling, grinding and carving.

6. BUSINESS OVERVIEW (CONT'D)

Machine/ system/ software	Descriptions/ applications
	<ul style="list-style-type: none"> - Computer programmed files containing details of design specifications are generated by our D&D team and sent to CNC machines to perform various shaping processes as mentioned. - CNC machines are able to produce highly accurate and precise furniture parts which increase productivity, reduce human errors and improve the finishing quality.
Conveyorised automated spraying system	<ul style="list-style-type: none"> - Conveyorised automated spraying system is an automated system where furniture parts are hung on the hangers of overhead conveyor system and conveyed through spray chamber for spray painting and oven for drying. - Conveyorised automated spraying system is able to produce furniture parts with more even finishing while reducing manual labour.
Wide belt sander	<ul style="list-style-type: none"> - Wide belt sander is an electric-powered sanding machine used to smoothen rough wood surface and/or reduce the thickness of wood by sanding the top surface - The wood is placed on the rubber conveyor of a wide belt sander that carries the wood through an abrasive belt which sands the top surface of the wood to achieve smooth and fine surface finishing as well as a specified thickness of the wood
UV dryer	<ul style="list-style-type: none"> - UV dryer is part of our UV coating and sanding machine which automates and speeds up the drying process. - The wood that has been coated with colour paints or water resistant materials are transported through the UV radiation zone for quick drying to create an evenly coated surface.

6.6 KEY MACHINERY AND EQUIPMENT

A summary of the key machinery and equipment owned and used by our Group are as follows:

Machinery and equipment	Function	Number of units	Average life span ⁽¹⁾ (years)	Average age ⁽²⁾ (years)	NBV as at 31 August 2020 (RM'000)
CNC machine	To produce wood in desired profile by performing high precision processes such as cutting, drilling, tenoning, mortising, milling, grinding and carving	7	10	3.71	1,938
Conveyor system for spray painting	To transport furniture parts for spray painting process	2	10	1.00	1,896

6. BUSINESS OVERVIEW (CONT'D)

Machinery and equipment	Function	Number of units	Average life span⁽¹⁾ (years)	Average age⁽²⁾ (years)	NBV as at 31 August 2020 (RM'000)
Dust collector system	To remove unwanted impurities and pollutants from the environment in order to improve the air quality within the factory	1	10	1.00	1,587
Moulding machine	To shape and produce flat surface of wood with even thickness	6	10	3.67	766
UV coating and sanding machine	To automate and perform UV coating, sanding and drying with ultraviolet drying function	2	10	2.00	593
Sanding machine	To smoothen the rough wooden surfaces for a finer and smoother surface	3	10	3.00	462
Cutting and finger-joining machine	To perform cutting and finger-joining lamination of wood	1	10	4.00	370
Automated painting machine	To automate the spray painting process for the furniture parts on conveyor system	6	10	2.00	284
High frequency wood board jointing machine	To glue wood together using dielectric heating	1	10	2.00	177
Four axis processing machine	To automate the cutting of wood and the scraping of wood layers to attain the desired profile	1	10	5.00	116
					8,189

Notes:

- (1) Average lifespan of the machinery and equipment is computed based on the average lifespan of 10 years, which is consistent with the computation of depreciation for equipment adopted by our Group's accounting policy.
- (2) Average age of the machinery and equipment are calculated based on the respective year of commissioning to the year of the LPD.

6. BUSINESS OVERVIEW (CONT'D)

6.7 TYPES, SOURCES AND AVAILABILITY OF MATERIALS AND SERVICES

The main materials used in our manufacturing process include furniture parts and components and wood materials, which collectively accounted for 57.37%, 66.34%, 69.51% and 68.05% of our total purchases in the FYEs 2017 to 2019 and FPE 2020, respectively. The materials that we use for the manufacturing of home furniture are readily available and sourced from local and foreign suppliers. We also engage subcontractors for some manufacturing works, including wood preparation for our bedroom furniture, as well as the manufacturing and assembly of certain furniture parts and components. Currently, we do not carry out wood preparation in-house for our bedroom furniture as our machinery does not support the manufacturing of bedroom furniture. In the FYE Under Review, FPE 2020 and up to the LPD, we did not experience any difficulties in sourcing these materials and subcontractor services.

Save for the imported materials which are subject to fluctuations in foreign exchange, the prices of our materials are fairly stable although it may fluctuate due to the demand and supply conditions. To ensure we have sufficient materials to meet our manufacturing needs, we regularly monitor the inventory level of our materials and purchase sufficient quantities of the commonly used materials such as rubberwood and fabric, to be kept as stock. As part of our inventory management, we keep at least 2 months of inventory of rubberwood which translate to approximately 800 metric tonnes of rubberwood, and at least 4 months of inventory of fabric which translate to approximately 20,000 meters of fabric, based on our current manufacturing needs.

In addition, we generally take into account our suppliers' and subcontractors' lead time to prevent potential major disruptions to our operations. All selected suppliers and subcontractors are evaluated in terms of pricing, production capabilities, range and product specifications, product quality and ability to deliver in a timely manner. We also carry out annual review of our list of suppliers and subcontractors to evaluate the quality of their products and services throughout the year to ensure the quality of materials used in our business operations. Any defective materials received from our suppliers and subcontractors will be rejected and returned. In the event of product defect claims from our customers resulting from manufacturing defects caused by our suppliers or subcontractors, we will report the defects to the party responsible and request for replacement of the relevant parts of the furniture. However, there are no formalised allocation arrangements of liability or claims for defective goods/ furniture parts with our suppliers and subcontractors as we do not have a warranty policy against any defects for our products.

The breakdown of the materials and services supplied to our Group during the FYEs 2017 to 2019, FPE 2019 and FPE 2020 is as follows:

Materials and services	Audited					
	FYE 2017		FYE 2018		FYE 2019	
	RM'000	% of total supplies	RM'000	% of total supplies	RM'000	% of total supplies
Furniture parts and components ⁽¹⁾	10,276	28.67	14,145	38.08	16,965	41.44
Wood materials	10,287	28.70	10,495	28.26	11,493	28.07
Packaging and coating materials	5,310	14.81	6,392	17.21	7,509	18.34
Accessories ⁽²⁾	2,694	7.51	3,819	10.28	3,803	9.29
Subcontractor fees ⁽³⁾	7,282	20.31	2,292	6.17	1,172	2.86
Total supplies	35,849	100.00	37,143	100.00	40,942	100.00

6. BUSINESS OVERVIEW (CONT'D)

	Unaudited		Audited	
	FPE 2019		FPE 2020	
Materials and services	RM'000	% of total supplies	RM'000	% of total supplies
Furniture parts and components ⁽¹⁾	11,337	42.46	9,800	42.18
Wood materials	7,082	26.52	6,010	25.87
Packaging and coating materials	4,928	18.45	5,016	21.59
Accessories ⁽²⁾	2,523	9.45	2,137	9.20
Subcontractor fees ⁽³⁾	834	3.12	269	1.16
Total supplies	26,704	100.00	23,232	100.00

Notes:

- (1) Furniture parts and components include wooden furniture parts, cushions, fabric and marble.
- (2) Accessories include glass and mirrors, metal parts and hardware accessories.
- (3) Subcontractor fees refers to the charges paid for the subcontracting of our furniture parts production. The decrease in the subcontractor fees in FYE 2018 and FYE 2019, as well as in the FPE 2020 as compared to FPE 2019 was mainly due to lower subcontractor fees incurred as we produced the furniture parts in house instead.

6.8 PRODUCTION CAPACITIES AND OUTPUT

As the sale of dining room furniture was the largest revenue contributor of our Group's revenue in the FYE Under Review and FPE 2020, our production capacity is represented by our capacity to manufacture chairs and tables, mostly for our dining room furniture.

Our capacity to manufacture chairs and tables is calculated based on the total capacity of our conveyor system for spray painting. The conveyor system for spray painting comprises the overhead conveyor and the pallet conveyor, where small furniture parts such as chair legs, chair back rests, table legs and table frames are hung on the overhead conveyor and large or bulky furniture parts such as table tops are placed on the pallet conveyor. This is an essential step during the finishing stage for the spray painting and drying of paint for these furniture parts, hence it is used as the basis for the calculation of our production capacity.

Our annual production capacity is calculated based on the following:

- 2 working shifts of 8 hours per shift totalling to 16 hours per working day; and
- 301 working days per year (i.e. 26 working days in a month and 11 days of public holiday in a year); and
- The estimated capacity of our conveyor system for spray painting in our previously rented premises which can spray paint on approximately 898 sets of chairs and 324 sets of tables per day, based on management's estimates.

Our annual production capacity, actual production and utilisation rate for the FYE Under Review and FPE 2020 are as follows:

FYE 2017

	Annual production capacity (units)	Actual production (units)	Utilisation rate (%)
Chairs	270,298	220,039	81.41
Tables	97,524	75,767	77.69

6. BUSINESS OVERVIEW (CONT'D)**FYE 2018**

	Annual production capacity (units)	Actual production (units)	Utilisation rate (%)
Chairs	270,298	238,884	88.38
Tables	97,524	81,847	83.92

FYE 2019

	Annual production capacity (units)	Actual production (units)	Utilisation rate (%)
Chairs	270,298	250,515	92.68
Tables	97,524	80,721	82.77

FPE 2020

	Annual production capacity (units)⁽¹⁾	8 Months actual production (units)⁽²⁾	Utilisation rate (%)⁽³⁾
Chairs	951,762	150,978	23.79
Tables	467,152	41,860	13.44

Notes:

- (1) Our annual production capacity is based on 2 working shifts of 8 hours per shift totalling 16 hours per working day and 301 working days per year.
- (2) Our 8 months actual production is based on 1 working shift of 8 hours per shift totalling 8 hours per working day and 201 working days for the period of 8 months in the FPE 2020.
- (3) The utilisation rate is calculated based on 8 months production capacity.

In March 2020, we completed the move to our current manufacturing plant (Phase 1A) from our previously rented premises. In April 2020, we commissioned 2 new units of conveyor system for spray painting in our manufacturing plant (Phase 1A). Compared to our old conveyor system at our previously rented premises, our new conveyor system has better spray painting capabilities. The increase in the length of conveyor system, coupled with better spray painting capabilities, had increase the annual production capacity in our manufacturing plant (Phase 1A). As a result, it requires less operational hours of the conveyor system, from 2 working shifts of 8 hours per shift totalling to 16 hours per working day in our previously rented premises to 1 working shift of 8 hours per shift totalling 8 hours per working day in our current manufacturing plant.

If the need arises, to accommodate any future increase in orders, the 2 new units of conveyor system may be operated for 2 working shifts of 8 hours per shift totalling 16 hours per working day and 301 working days per year. Our management estimates that this will increase the production capacity to 951,762 sets of chairs and 467,152 sets of tables. The annual production capacity of our conveyor system in Phase 1A will be supported by our business strategies to purchase additional woodworking machinery and to expand our current manufacturing plant with additional blocks of factory buildings (Phase 2) for the production of cushions for use in upholstered furniture, as further explained in Section 6.14(ii) and Section 6.14(i) of this Prospectus respectively. If there is a need to increase manpower, our four-storey hostel located in our current manufacturing plant (Phase 1A) can accommodate more foreign workers given that its utilisation rate is 60.33% as at the LPD.

6. BUSINESS OVERVIEW (CONT'D)

6.9 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Impact to our operations

Our business and operations faced temporary interruption pursuant to the outbreak of the Covid-19 pandemic in Malaysia and the countries we transact with. The imposition of the MCO effective on 18 March 2020 to 3 May 2020 by the government of Malaysia to contain the spread of virus has resulted in mandatory closure of all government and private premises, except those involved in essential services, unless written permission is obtained from the relevant governmental bodies. On 1 May 2020, the government of Malaysia announced a conditional MCO effective on 4 May 2020 to 9 June 2020 which allowed more businesses to operate under a set of strict SOP. The government of Malaysia later announced a recovery MCO effective on 10 June 2020 to 31 March 2021, where most businesses, except some businesses in entertainment industry such as outbound tour activities, are allowed to operate under a set of strict SOP. In view of the resurgence of Covid-19 cases, the government of Malaysia has re-imposed conditional MCO in most of the states and territories for different durations in the last quarter of 2020, of which some have been extended to January 2021. In Muar, Johor, the conditional MCO was effective from 9 November 2020 to 21 November 2020. On 11 January 2021, the government of Malaysia announced the imposition of MCO in all federal territories and 5 states, namely, Selangor, Penang, Johor, Melaka and Sabah, effective from 13 January 2021 to 26 January 2021 which was subsequently extended to 4 February 2021. Further, state of emergency was declared on 12 January 2021 and will be effective until 1 August to control the outbreak of Covid-19 virus in Malaysia.

The imposition of the MCO had caused our operations to come to a halt since 18 March 2020. However, we had obtained approvals from the Malaysian Timber Industry Board (MTIB) to operate, thus we resumed operations on 4 April 2020 at limited capacity where only 50% of our total employees were allowed to work in our manufacturing plant at any one time and employees who were not involved in manufacturing works in the factory were allowed to work from home until 29 April 2020. On 29 April 2020, we obtained an approval from MITI to operate in full capacity under a set of strict SOP. Therefore, on 30 April 2020, we resumed all manufacturing operations while non-manufacturing employees continued to work from home. With the commencement of the conditional MCO on 4 May 2020, all aspects of our business resumed operations.

Upon the full commencement of our business on 4 May 2020, we prioritised the fulfilment of delayed orders before we began to fulfil new orders where we ensured our production capacity, manpower and sufficient materials were allocated to complete the production of these orders. We also followed up closely with our suppliers and subcontractors to ensure our orders for materials and subcontractor services respectively can be delivered to us on time to minimise any further delays. As we have sufficient available production capacities and manpower, we were not required to increase the outsourcing of the manufacturing of our furniture to fulfil these delayed orders. Nevertheless, some of our production workers were required to work overtime to rush these delayed orders.

There has been no disruption to our workforce (local and foreign) since our operations resumed and we do not foresee the need to lay off any employees or for other significant cost cutting measures at this juncture. Nevertheless, there was a temporary reduction in wages for April 2020 for all our employees except for employees under operations, quality control and storage departments.

Following the imposition of the second MCO and the declaration of state of emergency in January 2021, there has been no disruption to our operations as our business is categorised under essential services by MITI, and we have obtained approval from MITI to operate our business as usual with SOP in place. Our Group does not expect any impact to our business and operations arising from the imposition of the second MCO and the declaration of state of emergency should the terms and conditions of the second MCO remain. However, should the restrictions under the second MCO further tighten which result in mandatory closure of our operations, our business and operations may be adversely impacted as it may lead to delays in fulfilling our orders.

6. BUSINESS OVERVIEW (CONT'D)

Impact to the supply of our materials and subcontractor services

Additionally, the imposition of the MCO had also affected the operations of our subcontractors and suppliers, which had resulted in delays in supplying certain materials sourced locally (i.e. some wooden furniture parts and metal parts) and completion of our subcontracted manufacturing works (i.e. cabinets). It had therefore adversely affected our production schedule and disrupted our manufacturing activities. We did not face shortage of supplies sourced from overseas which are mainly fabric and glass as we have sufficient inventory of these supplies during the MCO and conditional MCO period. Most of the supplies of our materials from our suppliers and subcontractors have resumed and normalised whereby there are no backlog orders due to us during that period except for cushions, where we faced a 1 month delay from our cushion subcontractors. In order to avoid further delays in the supply of cushions that may lead to delays in fulfilling our orders to our customers, we had requested our cushion subcontractors to fulfil 2 months' worth of orders at the same time since our subcontractor resumed full operations after the MCO and conditional MCO period. Our current cushion subcontractors have the capacity to cater for a larger order within a shorter delivery time.

Nevertheless, we have identified and appointed 2 new cushion subcontractors. With 2 new cushion subcontractor on board, we managed to further minimise delays in the supply of cushions for the fulfilment of our orders in hand to our customers with additional capacities and reduce our reliance on our existing cushion subcontractors. We do not intend to replace any of our existing cushion subcontractors with the new subcontractors. As at the LPD, there are no backlog orders from our suppliers and subcontractors including our cushion subcontractors.

At this juncture, we do not intend to replace any of our existing cushion subcontractors with the new subcontractors. Further, we do not foresee major disruption to the supply of our materials from our suppliers and subcontractors in the near future unless the Covid-19 situation worsens and tighter movement restrictions are imposed again to the extent it disrupts the operations of our suppliers and subcontractors. As such, our Group does not have any immediate plans to adjust our materials inventory levels beyond our current manufacturing needs.

Following the imposition of the second MCO effective from 13 January 2021 to 4 February 2021, our Group has not faced any disruptions to the supply of our materials and subcontractor services as our suppliers and subcontractors are allowed to operate as usual. However, should the restrictions under the second MCO further tighten which result in mandatory closure of the operations of our suppliers and subcontractors, there may be major disruptions to our business and operations due to delays from our suppliers in supplying certain raw materials and from our subcontractors in completing our subcontracted manufacturing works.

Impact to our sales and marketing activities

Our sales and marketing activities were also affected by the Covid-19 pandemic as several furniture fairs and exhibitions, being our key sales and marketing activities, have been postponed or cancelled entirely in 2020. Further, due to the uncertainty of the global Covid-19 situation as at the LPD, we may or may not participate in trade exhibition(s) in 2021 as set out in Section 6.14(iv) of this Prospectus. This is expected to limit our reach to new potential customers to expand our customer base. Nevertheless, we continue to engage with our existing customers and approach new potential customers through emails and telephone calls to promote our products. Therefore, we expect our Group's revenue and PAT for the FYE 2020 to be similar with FYE 2019 and higher than FYE 2017 and FYE 2018.

Following the imposition of the second MCO effective from 13 January 2021 to 4 February 2021, our Group has been engaging with our existing customers and approach new potential customers through emails and telephone calls to promote our products. As such, we do not foresee any further disruption to our current sales and marketing activities due to the imposition of the second MCO.

6. BUSINESS OVERVIEW (CONT'D)

The disruption to our manufacturing activities and supply of certain materials and subcontractor services had led to production backlogs which resulted in delays in fulfilling 49 orders (comprising local and export orders) during the MCO and conditional MCO period. The shipment destinations of these 49 delayed orders are USA, Taiwan, Saudi Arabia, Spain, Singapore, Malaysia, Japan, UK and India. There are no penalty clauses in the sales orders which will allow our customers to claim for the delay in delivery of these orders. We have fulfilled all of the 49 delayed orders by July 2020. As payments for all of the 49 delayed orders have been collected in FYE 2020, there is no impact of the 49 delayed orders to our revenue and cash flow for the FYE 2020.

Impact to our sales

(a) Export sales

As we have a large export base, the pandemic had also affected our business transactions overseas. Our business and operations, especially the shipment of products to overseas customers, were also impacted by precautionary measures taken by governments of these countries, such as closure of logistics hubs, to curb the spread of the Covid-19 virus. Therefore, we were unable to fulfil the delivery orders for customers who are located in countries where their logistics hubs were closed or restricted due to Covid-19 pandemic.

During the MCO and conditional MCO period, we received requests from overseas customers to delay delivery of 14 orders (not part of the 49 orders delayed due to disruption to our manufacturing activities and supply of materials and subcontractor services). The shipment destinations of these 14 orders are Indonesia, Mexico and Canada. The requests for delays had led to higher level of finished goods in the factory. Nevertheless, we have sufficient storage space to temporarily store these finished goods. These 14 delayed orders were initially scheduled to be delivered to our overseas customers between June and August 2020. However, the last order of these 14 delayed orders was shipped to our customers by December 2020. As payments for all of the 14 delayed orders have been collected in FYE 2020, there is no impact of the 14 delayed orders to our revenue and cash flow for the FYE 2020.

(b) Local sales

During the MCO and conditional MCO period, we received requests from local customers to delay delivery of 7 orders (not part of the 49 orders delayed due to disruption to our manufacturing activities and supply of materials and subcontractor services) and to cancel 2 orders of approximately USD172,596. There are no penalties imposed on our customers for the cancellation of these orders. As we have not started any production for these 2 orders prior to the cancellation, there is no impairment on finished goods. Further, the requests for delays had led to higher level of finished goods in the factory. Nevertheless, we have sufficient storage space to temporarily store these finished goods. As at 15 October 2020, we have completed the delivery of all 7 delayed orders. As payments for all of the 7 delayed orders have been collected in FYE 2020, there is no impact of the 7 delayed orders to our revenue and cash flow for the FYE 2020.

Despite the above, we managed to secure approximately 100 new orders with cumulative value of approximately USD2.80 million from local and overseas customers during the MCO and conditional MCO periods between March 2020 and June 2020. During that period, we faced backlogs in our production to fulfil our new orders where we were able to fulfil only half of our orders for the month and the remaining half of our orders for the month were fulfilled the following month, resulting in half a month of delayed orders. This backlog was mainly caused by the delay in the supply of cushions from our subcontractor. Hence, we had requested 2 months' supply of cushions from our existing cushion subcontractors. As this will not fully resolve the backlog for the 100 new orders, we have appointed 2 new cushion subcontractors which will enable us to clear the backlog in our production. There were no implications in the delays in fulfilling the orders as we had been in close communication with our customers regarding the delay in fulfilling their orders. As at the LPD, all backlogs in our production have been cleared. Our Group has no intention to implement any price revisions to our products to drive demand from existing customers at this juncture.

6. BUSINESS OVERVIEW (CONT'D)

Our sales and marketing activities were also affected by the Covid-19 pandemic as several furniture fairs and exhibitions being our key sales and marketing activities, have been postponed or cancelled entirely in 2020. This is expected to limit our sales and marketing activities and our rate of reaching out to new potential customers to expand our customer base. Nevertheless, we continue to engage with our existing customers and approach new potential customers through emails and phone calls to promote our products. Therefore, we expect our Group's revenue and PAT for the FYE 2020 to be similar with FYE 2019 and higher than FYE 2017 and FYE 2018.

Strategy and steps taken to address the impact of Covid-19

In response to the Covid-19 virus, our Group has established a safety protocol committee to oversee the adherence of infection control measures based on the guidelines and SOP issued by MITI. The infection control measures include, amongst others:

- (i) Wearing of face masks in work places;
- (ii) Taking and recording of body temperature on a daily basis before entering the work places;
- (iii) Sanitising hands before entering work places and all employees are encouraged to sanitise and wash their hands with soap and water frequently throughout the day;
- (iv) Sanitising all common areas of work places 3 times a day (i.e. before commencement of work, after lunch and after close of business);
- (v) Practising 1 metre social distancing at work places. We also segregate our factory workers according to our factory premises to ensure they do not mingle (including during lunch time). Further, to minimise contact, we encourage all workers to communicate only to their designated supervisors, who are encouraged to communicate to other parties, including their superiors via phone calls;
- (vi) Avoidance of unnecessary face-to-face meetings, where possible; and
- (vii) Implementation of social distancing and sanitising measures twice a day in foreign workers' hostel made available by our Group.

In establishing safety precautionary measures, our Group incurred an additional cost of RM34,432 between March 2020 and December 2020 for face masks, hand sanitiser and disinfectant, which does not have a material impact on our overall expenses and profitability.

Foreign workers

In view of the spike in Covid-19 cases among foreign workers, our Group has also undertaken strict measures to prevent our foreign workers from coming into contact with foreign workers that are not under the supervision of our Group, whereby they are not encouraged to socialise with other foreign workers. Our foreign workers are also not encouraged to leave the hostel and factory premises as a precautionary measure for their health and safety during the Covid-19 pandemic. This is made possible because our hostel is located within our factory premises. Should there be a need for any purchase of items such as groceries or essential items, or for any banking activities, the foreign workers will communicate to their designated supervisors and the designated supervisors will arrange for the tasks to be carried out on behalf of the foreign workers. Nevertheless, if it is necessary for our foreign workers to leave the hostel, they will be transported and accompanied by a designated personnel to the specified location. As we have sufficient foreign workers to support our current manufacturing needs, we do not foresee an urgent need to hire any new foreign workers and we also do not foresee major challenges in renewing our existing foreign workers since all the relevant Governmental agencies have resumed full operations.

6. BUSINESS OVERVIEW (CONT'D)

In addition, the Government has announced a mandatory screening for all foreign workers in Malaysia to be completed by February 2021, starting from several states and federal territories, namely Kuala Lumpur, Selangor, Negeri Sembilan, Penang, Sabah and Labuan which was enforced on 1 January 2021. Further, according to the Government, the testing costs for foreign workers will be subsidised by Pertubuhan Keselamatan Sosial ("**Perkeso**") if the foreign workers contribute to Perkeso. As at the LPD, the guidelines for the mandatory screening for foreign workers in Johor are not yet available, and our Group has made multiple follow-ups with Perkeso on this matter. Nevertheless, due to the surge of Covid-19 infected cases in Muar, our Group has made the necessary arrangements for our foreign workers to undergo the tests (i.e. Rapid Test Kit ("**RTK**") Antigen test) by a private service provider, which is scheduled to be conducted in February 2021. Notwithstanding that, the testing costs may be subsidised by Perkeso, the quantum of which cannot be determined at this juncture as the guidelines for the mandatory screening for foreign workers in Johor are not yet available. According to the quotation received and agreed between the private service provider and our Group, we expect to incur an aggregate sum of approximately RM43,800 for the testing costs, assuming we do not receive any subsidies from Perkeso.

Business contingency plan

Our Group has put in place a business contingency plan in the event of any infected cases at our business premise, which is summarised as follows:

(i) Employee relief plan

Each employee has been assigned with a relief person for their tasks. Both personnel in-charge are not allowed to make any external appointments or business trips together to mitigate the risk of infection.

(ii) Production back-up plan

Our foreign workers have been divided into multiple teams based on our manufacturing process. We have also undertaken measures to minimise the interactions between each team of foreign workers by dividing our factory premises into several designated areas for each team of workers. In the event that any of our foreign workers are infected, the particular teams of the infected foreign workers will be quarantined in the third or fourth floor of our hostel which are currently vacant, and we may utilise foreign workers from other teams to overcome any manpower shortages.

As at the LPD, there are no suspected or confirmed cases of Covid-19 virus among our employees. If any of our employees are tested positive for Covid-19, the infected employees will be quarantined and be required to seek medical treatment immediately. Thereafter, we will close the affected part of our business premises (i.e. our office, manufacturing plant and/or hostel) for 1 day for sanitisation which will cost up to RM900 and for employees who worked at the same premises or who have come into contact with the infected employees to undergo a Covid-19 screening test (i.e. Reverse Transcription Polymerase Chain Reaction ("**RT-PCR**") test) at RM240 per test. The relief persons will then cover the duties of the infected employees to ensure the continuity of our operations. A complete shutdown of our manufacturing operations is possible if there are large number of infected employees or if the infected employees came into contact with employees from all parts of our business premises which require a large number of our workforce to seek medical treatment or to be quarantined. In such event, we will lose revenue during the period of the shutdown of our operations and continue to incur fixed cost of up to approximately RM35,000 per day. As at the LPD, our hostel currently has 13 vacant rooms which can be used for quarantine of foreign workers. If there are more foreign workers who needs to be quarantined at the same time, we will arrange for temporary housing.

Save for the abovementioned circumstances, we have not experienced any other major interruptions to our business and our operations for the past 12 months preceding the LPD.

6. BUSINESS OVERVIEW (CONT'D)

6.10 SEASONALITY AND CYCLICALITY

Generally, there are no significant seasonality or cyclical patterns in the revenue of our Group during the FYE Under Review and FPE 2020.

6.11 COMPETITIVE STRENGTHS

(i) **We offer a wide range of home furniture and consistently launch new designs to suit the latest domestic and foreign market trends and preferences**

As a furniture manufacturer specialising in home furniture, our product range is diverse across dining room furniture, living room furniture, and bedroom furniture, with an array of offerings under each category. In addition, we also provide options to customise furniture in specified dimensions and designs upon request. As at the LPD, we have over 400 designs of products ranging from dining room furniture, living room furniture and bedroom furniture available for sale.

Our Group recognises the importance of offering furniture with variety and style to suit the latest market trends. Further, given that the export segment contributes significantly to our total sales with sales contributions of 55.46%, 58.36%, 66.37% and 73.39% in the FYEs 2017 to 2019 and FPE 2020 respectively, our Group also puts emphasis on providing variety that suits the varying consumer preferences in different countries. Hence, we consistently develop and launch new designs with different specifications and enhanced functionality, durability and appearance to suit the preferences of both domestic and foreign markets. In the FYEs 2017 to 2019, we launched an average of 60 new designs annually. In the FPE 2020, we launched 37 new designs.

Our wide range of home furniture and our ability to consistently launch new designs are supported by our in-house D&D team. Our D&D team develops new designs based on their extensive understanding on the furniture requirements and ergonomics, as well as valuable inputs (i.e. market observations and feedbacks received from customers) provided by our sales and marketing team. This has allowed us to consistently develop relevant home furniture to cater to the latest market trends and consumer preferences.

Our wide range of home furniture and continuous launching of new designs by our D&D team has helped us to maintain and/or improve our competitive edge in the domestic and global furniture market. Further, it also serves as a foundation to facilitate our Group's future business expansion and growth domestically and globally.

(ii) **We have a diversified market base**

Our Group has a diversified market where our home furniture is sold locally and to many countries. Since the commencement of our business, we have exported our products to countries in Asia, North America, Europe, Middle East, South America, Australasia and North Africa. This diversified market base reduces our dependence on any one particular market should there be a decrease in purchase orders as a result of economic downturn in any particular market.

Having a diversified market base also demonstrates our ability in manufacturing home furniture that is able to cater to the varying consumer preference and requirements in different markets. This is attributed to our D&D expertise in developing relevant and up-to-date home furniture, and sales and marketing efforts in advertising and promoting our home furniture to customers locally and globally.

Our Group believes that having a diversified market base can effectively mitigate the risk of dependency on any particular markets, as well as provide us strong references and credentials to further grow our customer base and export footprints, which will in turn enhance our reputation and position in the furniture industry.

6. BUSINESS OVERVIEW (CONT'D)**(iii) We have an established industry network and long term relationships with our customers and suppliers**

Our Group has established an industry network with industry players in the furniture industry, particularly our long term relationships with customers and suppliers which have enabled us to remain competitive in the furniture industry.

Among our top 5 major customers in the FYE 2019 as set out in Section 6.16 of this Prospectus, all of these major customers have been with us for more than 3 years, where 2 out of these major customers have been with us since the inception of our Group. Our ability to maintain long term relationships with our customers is attributed to our capability in manufacturing home furniture that meet our customers' requirements and standards. Further, we have also complied with our customers' supplier selection process and have been able to accommodate any assessments required by them such as factory visits.

Among our top 5 major suppliers in the FYE 2019 as set out in Section 6.17 of this Prospectus, 3 suppliers namely CL Tan Furniture Sdn Bhd, TMH Furniture Industries Sdn Bhd and Plymax Veneer Sdn Bhd have been with us since the inception of our Group. Our established relationships with suppliers are partly attributed to our Executive Director, Quek Wee Seong's experience in wood materials related business such as timber trading. He brings with him his business network of raw materials suppliers, which benefits our Group as we are able to purchase materials at competitive prices with reduced risk of substandard materials.

Our long term relationships with customers have sustained our growth over the years and simultaneously allowed us to develop our reputation in the furniture industry as we continue to meet their demands and requirements. Meanwhile, our long term relationships with suppliers also provide an advantage for us to purchase materials effectively in terms of pricing, quality and lead time. Our Group believes that our established industry network and long term relationships with customers and suppliers will continue to propel us forward as our business expands.

(iv) We adopt automation in our manufacturing process to improve our production work stream

Our Group has adopted automation in various parts of our manufacturing process. We utilise CNC machines to carry out various processes such as cutting, drilling, tenoning, mortising, milling, grinding and carving. Computer programmed files containing details of design specifications are sent to CNC machines to perform such processes without the need for manual operations. By employing CNC machines into these processes, we are able to produce highly accurate and precise furniture parts which effectively increase productivity to achieve economies of scale, as well as reduce human errors and improve the finishing quality which in turn minimise wastage to achieve cost savings.

In addition, we also have conveyorised automated spraying systems in our manufacturing plant that automate the spray painting and drying for smaller furniture parts such as table legs and chair legs. Please refer to Section 6.5 of this Prospectus for the detailed descriptions of our conveyorised automated spraying systems. The conveyorised automated spraying systems are able to enhance our product quality and improve our operational efficiency by producing furniture parts with more even finishing meanwhile reducing manual labour needed.

6. BUSINESS OVERVIEW (CONT'D)

Our Group recognises the importance of adopting automation in our manufacturing process to improve and/or ensure our product quality, increase both operational productivity and efficiency as well as reduce cost. Therefore, we have been upgrading and/or investing in automated or semi-automated machinery and equipment when needed. During the FYEs 2017 to 2019, we invested a total of approximately RM9.71 million for purchases of several automated and semi-automated machinery and equipment, including CNC machines, conveyor system for spray painting and automated painting machines. Our Group will continue to invest in upgrading our existing machinery and equipment, or purchasing new ones in the future to support our future growth. Please refer to Section 6.14(ii) of this Prospectus for the details of our plan to purchase new machinery.

Adoption of automation in manufacturing process allows us to benefit from, amongst others, increased efficiency, productivity and precision, as well as reductions in cost and lead time. Further, through the integration of our in-house manufacturing expertise with the aid of automation, where possible, our Group is able to produce high quality furniture to meet the demand and requirements domestically and globally.

(v) We maintain stringent quality control procedures to upkeep the quality of our products

Our Group maintains stringent quality control procedures within our manufacturing process, from receipt of materials to the delivery of finished products. Our stringent quality control procedures aim to uphold the quality of our products and minimise defects to meet customer and international standards, thereby helping us to maintain customer satisfaction.

Our subsidiary, Mobilia International obtained ISO 9001:2015 certificate which demonstrates our ability to manufacture products that meet international quality management standards. As at the LPD, we have a team of 14 quality control personnel, including and led by our Quality Control Supervisor, who are dedicated to carry out quality checks at various stages of our manufacturing process according to our quality control procedures. An overview of our quality control procedures at various stages of our manufacturing process is as follows:

Manufacturing process	Quality control procedure
Materials purchasing	Incoming materials are inspected on a sampling basis to ensure they meet the required specifications, quality standards and quantity ordered as specified in our purchase order. For certain incoming materials such as marble, fabric and glass, quality control checks are carried out at our suppliers' factories.
Wood preparation and manufacturing	Quality control checks are carried out on all semi-finished parts throughout our wood preparation and manufacturing stage prior to the assembly and finishing stage. Examples of the quality control checks conducted in this stage include the sanding and wood filling conditions on the semi-finished parts.
Assembly and finishing	Quality checks are carried out on the semi-finished parts on a sampling basis prior to assembly and finishing. If more than 10% of defected parts are detected, the entire batch of defected semi-finished parts will be replaced by the subcontractor or reworked by our team. Further, our quality control team also checks the finishing quality of all parts after the spray painting process.
Packaging and delivery	Final inspection of finished goods will be carried out prior to the packing of products. Our quality control team will inspect product appearance, construction, stability, finishing quality and ease of assembling (particularly for ready-to-assemble furniture).

6. BUSINESS OVERVIEW (CONT'D)

Through our stringent quality control procedures, we have managed to maintain a minimal claim of manufacturing defects from our customers. In the FYE Under Review and FPE 2020, the manufacturing defect claims to our total revenue was approximately 0.01%, 0.08%, 0.14% and 0.11% respectively.

Our stringent quality control procedures enable us to upkeep the quality of our furniture, supported with low manufacturing defects claims of less than 0.15% of the total revenue in the FYE Under Review. Our ability to maintain the quality of our furniture also ensures customer satisfaction which attract our customers to place recurring orders with us and enable us to strengthen our relationships with customers.

(vi) We have an experienced and hands-on Key Senior Management team

Our Group is led by our Managing Director, Executive Director and Key Senior Management that have amassed years of experience in their respective field and key expertise, industry experience and/or in-depth knowledge of our business operations.

Our Managing Director, Quek Wee Seng, has over 35 years of experience in the furniture industry. His technical and industry knowledge is instrumental in determining the overall strategic direction and business development of our Group. He is supported by the following Key Senior Management:

Name	Designation	Years of relevant working experience
Quek Wee Seong	Executive Director	28
Tan Ley Wun	Group Accountant	21
Khoo Ai Lee	Human Resource and Administration Director	28
Quek Yan Song	Alternate director to Quek Wee Seng/ Business Development Manager	4
Ku Yong Yee	Manager	21
Wong Eng Chuan	Factory Manager	33

Our Key Senior Management have in-depth knowledge and capabilities as a result of years of experience in their respective fields. Further, each of our Key Senior Management takes an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transference of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

Furthermore, we also recognise the importance of succession planning in the interest of our Group's sustainability. Quek Yan Song has been identified as the potential successor to Quek Wee Seng and is being groomed by Quek Wee Seng to undertake the overall leadership of our Group in the future.

6.12 SALES, MARKETING AND BUSINESS DEVELOPMENT ACTIVITIES

As at the LPD, our Group has a team of 8 dedicated sales and marketing personnel, who are responsible for the advertising, promotion and sales of our Group's home furniture, as well as maintaining relationships with customers. Our advertisement and promotion generally took place at our trade exhibitions and events where we put up banners and distribute brochures to participants. We also send the latest information on our products, design launches as well as trade exhibitions and events to our customers via email to keep our customers updated with our latest activities.

6. BUSINESS OVERVIEW (CONT'D)

Our sales and marketing strategies are as follows:

(i) Trade exhibitions and events

Participation in trade exhibitions and events relating to the furniture industry is an effective way to showcase our range of home furniture, as well as our designing and manufacturing capabilities. Further, such trade exhibitions and events also provide us with significant opportunities to meet our potential customers, stay updated on the latest market trends and expand our industry network.

The following are the trade exhibitions and events that our Group participated in over the FYEs 2017 to 2019:

Year	Name of trade exhibitions and events	Organiser	Location	Cost of participation (RM)
2017	Malaysian International Furniture Fair 2017	United Business Media (M) Sdn Bhd	Kuala Lumpur, Malaysia	259,115
	Furniture China 2017	China National Furniture Association and Shanghai Sinoexpo Informa Markets International Exhibition Co., Ltd.	Shanghai, China	438,903
2018	Malaysian International Furniture Fair 2018	United Business Media (M) Sdn Bhd	Kuala Lumpur, Malaysia	282,756
	Furniture China 2018	China National Furniture Association and Shanghai Sinoexpo Informa Markets International Exhibition Co., Ltd.	Shanghai, China	399,243
	China International Furniture Fair 2018	China Foreign Trade Guangzhou Exhibition General Corporation and China Foreign Trade Centre	Guangzhou, China	539,580
	imm Cologne 2018	Koelnmesse GmbH	Cologne, Germany	309,030
2019	Malaysian International Furniture Fair 2019	United Business Media (M) Sdn Bhd	Kuala Lumpur, Malaysia	181,584
	Furniture China 2019	China National Furniture Association and Shanghai Sinoexpo Informa Markets International Exhibition Co., Ltd.	Shanghai, China	430,123
	China International Furniture Fair 2019	China Foreign Trade Guangzhou Exhibition General Corporation and China Foreign Trade Centre	Guangzhou, China	548,157

6. BUSINESS OVERVIEW (CONT'D)

Year	Name of trade exhibitions and events	Organiser	Location	Cost of participation (RM)
	Korea International Furniture & Interior Fair 2019	Korea Federation of Furniture Industry Cooperatives	Seoul, South Korea	7,641
	imm Cologne 2019	Koelnmesse GmbH	Cologne, Germany	281,939

In view of the Covid-19 pandemic, the Group did not participate in any trade exhibition in year 2020 and up to the LPD.

(ii) Dedicated and customer-oriented sales and marketing personnel

Our sales and marketing personnel are responsible for the advertising, promotion and sales of our Group's home furniture, as well as maintaining relationships with customers. They are also responsible for liaising with customers, providing them with information on our Group's products, taking sales orders and addressing their sales needs. They are constantly in touch with our customers to gather first-hand information and feedback, where these information gathered from our customers allows our Group to be responsive and to better understand the latest market trends and customer preferences, which eventually helps us to design more relevant and up-to-date home furniture.

(iii) Corporate website

Our Group's corporate website, *www.mobiliainternational.com*, provides brief information on our Group, including our range of home furniture to potential customers. Enquiries received through our corporate website are channelled to our sales and marketing personnel for their handling. We understand that the Internet is an important advertising medium as the current widespread use of the Internet as a source of information will potentially enhance our market reach and exposure.

(iv) Online marketing

Our Group recognises that there is a growing need to engage in online marketing to continuously reach out to potential customers and this is especially crucial in view of the Covid-19 pandemic which has led to the cancellation of many international trade exhibitions.

Hence, we undertake the following online marketing activities actively to expand our customer reach, both locally and overseas:

- Engage existing customers through phone calls, emails or virtual meetings through teleconferencing, and keep them updated with our latest catalogue and promotions.
- Conduct online searches to identify potential customers through public directories and corporate websites.
- Conduct online research on shortlisted potential customers to understand their furniture offerings, designs and styles, as well as their customer base. This facilitates us to provide suitable recommendations to the potential customers.
- Establish contact with shortlisted potential customers through phone calls, emails or virtual meetings through teleconferencing, and keep them updated with our latest catalogue and promotions.

6. BUSINESS OVERVIEW (CONT'D)

Notwithstanding that our existing sales and marketing strategies such as participations in trade exhibitions and events involve costs such as booth rentals as well as staff transportation and accommodation, it is an effective marketing strategy that allows us to have face-to-face interactions with potential customers and to build relationships with them. It also allows us to showcase our furniture and provides greater confidence to potential customers on our products. However, given that the Covid-19 pandemic has led to the cancellation of many international furniture trade exhibitions, online marketing is an alternative strategy that still allows us to reach out to potential customers worldwide during this pandemic period. Online marketing is a cost effective strategy to reach out to a large pool of potential customers, both local and overseas, without having the need to incur additional material cost as online marketing is carried out by our existing sales and marketing personnel.

Further, with the cancellation of many international furniture trade exhibitions in 2020, furniture sourcing companies such as importers and distributors are also reaching out to us through emails or our corporate website. We have been approached by several US-based furniture companies who have local offices to source for furniture manufacturers in Malaysia. We have been communicating with them through emails, phone calls and virtual meetings through teleconferencing.

6.13 D&D

As at the LPD, we do not have a formal D&D plan or policy. Nevertheless, we recognise the importance of D&D in ensuring that we remain competitive to sustain the continuous growth of our business. Thus, we presently undertake D&D efforts to continuously develop home furniture with new and innovative designs as well as enhanced functionality and durability to suit the ever-changing market needs. In the FYEs 2017 to 2019 and FPE 2020, we successfully developed and launched 63, 56, 62 and 37 new designs of home furniture respectively.

As at the LPD, our D&D team comprises 8 full-time employees who are primarily involved in the product design, detailing, development and prototyping by utilising CAD software. The key stages of our D&D activities are illustrated as follows:

(i) Conceptualisation

The new designs for our home furniture are driven by changing consumers' lifestyle and preferences from various countries. In collaboration with our sales and marketing team, our D&D team develops new designs in line with the latest consumers' lifestyle and preferences based on market observations through participation in trade exhibitions and events as well as feedbacks received from our customers. Further, we also receive ideas for new designs from our customers, where we will explore the commercial viability of these ideas during the conceptualisation stage.

(ii) Development

During the development stage, our D&D team works closely with our operations team to develop prototypes based on the drawings and specifications set during the conceptualisation stage.

(iii) Testing

Upon completion of the development stage, the prototypes are tested to determine their functionality to ensure that they meet the pre-set specifications. The testing of prototypes includes pressure test, stability test, durability test and climate test.

6. BUSINESS OVERVIEW (CONT'D)

Once the new designs and the prototypes are approved by our management and determined to be commercially viable, the new designs will be launched during furniture trade exhibitions and events, as well as displayed at our showroom and included in our marketing materials. In certain situations, samples could be shipped to our customers upon request.

Our D&D team also collaborates with an Italian designer to design new products. We have been collaborating with the designer since the Professional Designers Programme (“PDP”) initiated by the Malaysian Timber Industry Board in 2019. PDP is a programme that encourages Malaysian furniture manufacturers to collaborate with local and international designers to develop new and innovative furniture designs, in order to remain as one of the main furniture manufacturers in the global furniture market. As the Italian designer keeps abreast with consumer trends and demand in Europe, he is able to obtain first-hand feedback and insights regarding consumers’ aesthetic and/or functional preferences. This allows our Group and the Italian designer to develop relevant designs that are suited to our international customer base on a collaborative basis.

Our Group entered into an agreement with the Italian designer (who is an individual) to provide 1 to 5 design proposals to our Group under the PDP where the chosen design is to be showcased at MIFF 2019. Under this agreement, we were given the rights to manufacture and sell the furniture designed by the Italian designer and in turn, the designer will be remunerated with a design fee of RM10,000 covering costs of research, proof of concept, innovation and design with further drawings necessary for putting the design into production when a design is accepted by our Group, and royalty fees of 3.00% from sales revenue at the price to the customer, net of duties and freight cost. There is no limitation to the period of time for the Italian Designer’s entitlement to the royalty fees. The Italian designer is also entitled to RM10,000 if none of the design proposals provided are taken into production. In 2019, we accepted a design provided by the Italian designer and the chosen design was showcased at the MIFF in March 2019. The design fee of RM10,000 was paid to the Italian designer in June 2019. This remuneration package is a standard package outlined by PDP. The production of the design should commence no later than 6 months once a design proposal is accepted or the Italian Designer has the right to terminate this agreement immediately. If we cease the production and sales of the furniture designed by the Italian designer for 12 months, the rights to manufacturing of that design will be returned to the Italian Designer free of charge. As at the LPD, the furniture designed by the Italian designer under the agreement entered into in 2019 is not put into production and therefore, no revenue was generated under this agreement and the rights to manufacturing of that design was returned to the Italian Designer in June 2020. Since then, the agreement entered into in 2019 has ceased to have effect.

As part of our initiatives to expand our range of furniture design, a separate agreement (not the agreement entered under the PDP) between our Group and the same Italian designer was entered into in 2020 for the design of a series of furniture. Under this agreement, we were given the rights to manufacture and sell the series of furniture designed by the Italian designer and in turn the designer will be remunerated with royalty fees of 3.00% at the price to the customer, net of custom duties, freight cost and government tax. The furniture designed by the Italian designer is currently in the stage of design modification. However, the Covid-19 pandemic has resulted in closing of country borders whereby foreigners are not allowed to enter Malaysia. Hence, the Italian designer, who is currently not in Malaysia, is unable to travel to our premise to finalise the details of the design. Thus, as at the LPD, there is no revenue generated from the sale of furniture designed by the Italian designer under the agreement entered into in 2020. There is no limitation to the period of time for the Italian Designer’s entitlement to the royalty fees. No design fee is provided to the Italian Designer under the agreement entered into in 2020. There is no timeframe which we need to commence the production of the design once a design proposal is accepted by our Group. If we cease the production and sales of the furniture designed by the Italian designer for 12 months, the rights to manufacturing of that design will be returned to the Italian Designer free of charge. This agreement takes effect on 1 January 2020 until either party terminates the agreement.

6. BUSINESS OVERVIEW (CONT'D)

Presently, we have no plans to collaborate with any other local or foreign designers. However, in the future when a commercially viable opportunity arises, we may consider collaborations with other designers. Our Group does not expect the royalty fees to be paid to the Italian designer will be material to our financial performance.

The materials used in all stages of our D&D activities are not material and they are expensed off as part of our direct materials cost. Hence, there is no record of cost of materials used for our D&D activities. Further, the staff costs for all stages of our D&D activities amounted to RM103,204, RM113,407, RM133,331 and RM121,289 representing 0.19%, 0.17%, 0.18% and 0.27% of our Group's total revenue in the FYEs 2017 to 2019 and FPE 2020, respectively.

6.14 BUSINESS STRATEGIES AND PROSPECTS

(i) **We plan to expand our current manufacturing plant to support our long term business growth**

The construction of our current manufacturing plant is being carried out in phases. In January 2020, Phase 1A of our manufacturing plant consisting of 2 blocks of single-storey detached factory buildings and a block of four-storey detached hostel was completed with a total built-up area of 311,829 square feet. In March 2020, we completed the move of our entire manufacturing activities to our current manufacturing plant.

As for our Phase 1B and Phase 2 construction plan, we plan to construct a three-storey detached office building and 2 blocks of single storey detached factory buildings respectively, with a total built-up area of approximately 131,274 square feet. As our current production of cushions is mostly outsourced, the additional blocks of factory buildings will enable us to produce our own cushions for use in upholstered furniture including upholstered wooden sofas. This will allow us to be more flexible in producing various designs as well as increase our ability to customise to our customers' requirements without being restricted by quantity or design restrictions determined by our subcontractors. Further, the additional blocks of factory buildings will also allow us to expand our existing space for woodwork manufacturing to accommodate more machinery and manpower, and consequently allow us to accept more orders, when the need arises. The new office building is planned to comprise a showroom to showcase our range of home furniture, a designated D&D centre and also spaces for other administrative functions. Upon completion of the construction of Phase 1B and Phase 2, there will be a balance vacant land of 9,558 square feet. As at the LPD, Mobilia International does not have any current plans for the development of the vacant land.

The construction of Phase 1B had commenced in July 2020 and Phase 2 is targeted to commence in May 2021, respectively, and are expected to be completed by May 2022. The total estimated cost for the construction of Phase 1B and Phase 2 are RM3.51 million and RM5.52 million, respectively. We have obtained 1 banking facility with the total approved limit of RM20.65 million to partly finance the construction of Phase 1A, Phase 1B and Phase 2 pending the receipt of our IPO proceeds. As at LPD, we have drawn down RM11.55 million from this banking facility. If such banking facilities have been drawn down prior to the receipt of our IPO proceeds, we plan to utilise the sums allocated for the construction of Phase 1B and/or Phase 2 towards the repayment of our banking facilities.

The indicative timeline for the construction of Phase 1B and Phase 2 of our manufacturing plant is targeted to be as follows:

6. BUSINESS OVERVIEW (CONT'D)

Timeframe	Details
December 2018	- Obtained approval from the Majlis Perbandaran Muar on planning permit and building plan for Phase 1B office building
July 2020	- Commencement of Phase 1B construction
February 2021	- To obtain approval from the Majlis Perbandaran Muar on planning permit and building plan for Phase 2 factory buildings
May 2021	- Commencement of Phase 2 construction
May 2022	- Completion of Phase 1B and Phase 2 construction
November 2022	- To obtain CCC for the new office (Phase 1B) and new factory buildings (Phase 2)

As Phase 1B comprises a three-storey detached office building and a showroom, additional time of 8 months is allocated for interior design and renovation works. Phase 2 comprises 2 blocks of single-storey factory which require minimal interior design and renovation works, hence the allocated time for construction of Phase 2 is relatively shorter than Phase 1B.

The expansion of our manufacturing plant will increase our production space for woodworking manufacturing and allow for more automated machinery to be placed in our new factory buildings (Phase 2) for the production of cushions used in our upholstered furniture, in order to support the annual production capacity in Phase 1A. This subsequently will allow us to carry out more manufacturing processes in-house and reduce our dependency on subcontractors. Nevertheless, we will continue to engage subcontractors for some manufacturing works, such as the wood preparation of bedroom furniture. Having considered the cost and operational efficiencies, we have no confirmed plans to undertake the wood preparation of bedroom furniture in-house.

The Covid-19 pandemic and the temporary interruption to our business as detailed in Section 6.9 of the Prospectus has no material impact on our business strategy to expand our current manufacturing plant to support our long term business growth. However, should the restrictions under the second MCO tighten which results in a mandatory halt of the operations of our contractors, there may be a delay to the construction schedule of Phase 1B and Phase 2. Nevertheless, our construction is currently on schedule and the construction of Phase 1B commenced in the first week of July 2020. As such, as at the LPD, our Group does not foresee a delay to the construction schedule of Phase 1B and Phase 2, should the current restrictions of the second MCO remain.

(ii) We plan to purchase additional machinery to increase automation in our manufacturing process

Our sales orders have increased over the years. This is proven by the growth of our revenue in the FYE Under Review from RM55.73 million to RM75.59 million. We expect our revenue to grow in the long term, contributed by potential increase in sales orders as we continue to expand our business. Notwithstanding that our revenue for the FYE 2020 is expected to decrease due to the impact of the Covid-19 pandemic as detailed in Section 6.9 of the Prospectus, our Group believes that demand for furniture products will gradually recover after the Covid-19 impact subsides. The anticipated increase in sales orders is expected to be driven by our continuous D&D effort in developing new and innovative designs of home furniture to expand our range of collections to retain our major customers and to attract new customers. In addition, we engage our major customers closely to obtain their feedback with regards to their design preference and requirements and adjust our designs to suit their preference and requirements to encourage our major customers to continue purchasing more furniture from us. Through

6. BUSINESS OVERVIEW (CONT'D)

active engagements with our major customers, we are also able to keep abreast with the latest trend and popular designs which in turn allows us to produce appealing products and enable us to secure more sales from existing and new customers. Further, our continuous sales and marketing strategies in advertising and promoting our home furniture is also expected to expand our market outreach and expand our customer base.

In preparation for the anticipated increasing sales orders over a longer term and to support the annual production capacity in Phase 1A, we plan to purchase new automated machinery to support the increasing manufacturing activities, with details as follows:

- **CNC machine**

CNC machine is a fully automated machine, mainly use for wood processing in the manufacturing of furniture such as milling, sanding and boring, specifically for table tops. It is controlled by a computer and hand-held remote control, whereby the machine can be pre-set with the required specifications and perform the functions according to the specification set repeatedly and automatically with precision and consistency. This is expected to reduce risk of defects due to human errors, thus minimising manufacturing defect rates and reducing material wastage. Further, the computer can calculate the exact time needed to produce the product and to simulate manufacturing process, amongst others, which allows our operations team to visualise the processes ahead of manufacturing. Further, the machine is also equipped with suction caps as a cleaning mechanism, therefore allowing for efficient waste disposal. As the CNC machine is able to perform multiple wood processing processes, we will be able to centralise more wood processing processes within a machine and allocate the other machines for other functions, which is expected to reduce manufacturing time and workers required to move semi-finished parts from one machine to another. As at the LPD, our Group has 1 similar CNC machine. We intend to purchase 1 unit of CNC machine which is estimated to cost RM0.99 million.

- **Automatic Panel Saw**

Automatic panel saw is a semi-automated machine which cuts medium density fibreboard into specified dimensions and angles. It is highly precise where it is expected to reduce risk of defects due to human errors, thus minimising manufacturing defect rates and reducing material wastage. The automatic panel saw is also able to maximise our cutting capacity for wooden boards as it can handle both individual and stacked wooden boards, thus is expected to shorten the time required to complete the manufacturing of tables. This will allow us to minimise the cost incurred from overtime claims by our workers while helping us to fulfil more orders. As at the LPD, our Group does not have a panel saw machine at similar efficiency and we purchase pre-cut medium density fibreboards from our suppliers. With the purchase of the automatic panel saw, we can reduce our reliance on suppliers for the supply of pre-cut medium density fibreboards and we estimate our cost savings to be up to approximately 3.84% or RM2.73 for each medium density fibreboard processed in-house as compared to the cost of purchase from our suppliers. We intend to purchase 1 unit of automatic panel saw which is estimated to cost RM0.11 million.

- **Automatic fabric spreading and cutting machine**

Automatic fabric spreading and cutting machine is a combination of a spreading machine and a cutting machine. The spreading machine unwinds large rolls of fabric before they are fed into the cutting machine for cutting into specified length. As at the LPD, our Group does not have an automatic fabric spreading and cutting machine. The unwinding of fabric rolls is carried out manually and the fabric cutting process is carried out with chalks and hand-held measuring and cutting tools. With the purchase of the automatic fabric spreading and cutting machine, we expect to have a higher accuracy on cutting and reduce manufacturing defects thus, reducing time, cost and manpower wasted to repeat manufacturing processes to replace defective parts which subsequently increases the efficiency of our manufacturing process. Further, it

6. BUSINESS OVERVIEW (CONT'D)

will help us to outsource less of the production of cushions. We intend to purchase 1 unit of automatic fabric spreading and cutting machine which is estimated to cost RM0.20 million.

The purchases of the abovementioned machines are estimated to cost RM1.30 million in total, which will be fully funded from our IPO proceeds. As at the LPD, we have identified several brands and models of these machines which we plan to purchase within 24 months from our Listing. The purchase of the abovementioned machinery is in preparation for the anticipated increase in orders as a result of business growth and expansion, as well as to support the annual production capacity in Phase 1A.

Despite the Covid-19 pandemic and the temporary interruption to our business as detailed in Section 6.9 of the Prospectus, our Group continues to receive sales orders from customers and we believe that our sales performance will improve with the gradual recovery of the demand for furniture products after the Covid-19 impact subsides. Hence the Covid-19 pandemic is not expected to have an adverse impact on our business strategy to purchase additional machinery to increase automation in our manufacturing process including the estimated timeframe to purchase these machines, in both the near term and long term.

(iii) We will continue to expand our range of home furniture through our continuous D&D efforts

Our Group recognises the importance of providing up-to-date home furniture and variety to suit the latest market trends and varying consumer preferences in different countries. Hence, we consistently develop and launch new designs with different specifications and enhanced functionality, durability and appearance to suit the preferences of both domestic and foreign markets. In the FYEs 2017 to 2019, we launched an average of 60 new designs annually. In the FPE 2020, we launched 37 new designs.

In order to remain competitive in the furniture industry, we will continue to place emphasis on D&D activities in order to consistently develop home furniture with innovative designs and improved functionality and durability. Moving forward, we target to develop and launch at least 60 new designs annually, covering dining room furniture, living room furniture and bedroom furniture. As such, our D&D team will continue to work closely with the Key Senior Management in exploring new designs and with the operations team to develop prototypes of the new designs. Our designs are accumulated every year and thus every addition of new design adds to a larger product range to cater to different customer preferences. Our main catalogue generally features the latest and popular designs and we also prepare separate catalogues for older designs which will be shown to our customers when required. All designs under our range of offerings are made available for orders. Hence, there is no definite timeframe for a design to be phased out.

By consistently launching new designs, we are able to keep our Group relevant and competitive in the furniture market. The continuous launching of new designs may also help to target a larger pool of customers, which will in turn contribute to our sales and enhance our financial performance.

The Covid-19 pandemic and the temporary interruption to our business as detailed in Section 6.9 of the Prospectus is not expected to have an adverse impact on our business strategy in the long term to expand our range of home furniture through our continuous D&D efforts.

6. BUSINESS OVERVIEW (CONT'D)

(iv) We plan to expand our customer base and export markets

Our home furniture is widely accepted as they are not only sold to local customers, but also exported to multiple countries. In the FYEs 2017 to 2019 and FPE 2020, export sales contributed 55.46%, 58.36%, 66.37% and 73.39% to our Group's total revenue, respectively. Our export markets in the FYEs 2017 to 2019 and FPE 2020 include, amongst other, the USA, Japan, Taiwan, Mexico and Indonesia. We intend to further expand our customer base and export markets through participation in trade exhibitions and events.

In view of the ongoing Covid-19 pandemic, our Group did not participate in any trade exhibition and events in 2020. As at the LPD, we have identified the following trade exhibitions and events that we intend to participate in:

Year	Trade exhibitions and events	Location
2021	Furniture China 2021	Shanghai, China

The cost to participate in this trade exhibition, including the participation fees and expenses for booth setup of approximately RM0.50 million, will be funded through our internally generated funds.

We believe that participation in this trade exhibition will enhance our brand visibility as it enables us to showcase our latest home furniture. Additionally, such participation also provides us with significant opportunities to meet potential customers, and keeps us updated on market trends and consumer preferences.

However, if the Covid-19 situation worsens in 2021 in the location where the identified trade exhibition that we intend to participate in is held, we may decide to cancel our participation in this trade exhibition or this trade exhibition may be cancelled by the organisers. We will then look for alternative trade exhibitions and events at other locations. If there are no suitable trade exhibitions and events at similar scale or with similar potential reach to our target customers for us to participate, it may adversely impact our sales and marketing activities, which may in turn limit our reach to new potential customers to expand our customer base.

Nevertheless, we have been actively following up with potential customers who have made enquiries and indicated interests in our products through our corporate website, or potential customers who have registered contact details with us during previous trade exhibitions and events which we participated in. Our sales and marketing personnel regularly send catalogues of our latest designs to these potential customers via emails. Given the Covid-19 pandemic, we will continue to be active in following up with these potential customers who have registered their contact details with us. In addition, we will also actively engage other potential customers through online marketing as detailed in Section 6.12(iv).

6. BUSINESS OVERVIEW (CONT'D)

6.15 EMPLOYEES

As at the LPD, our Group has a total workforce of 438 employees, of which 74 are permanent employees and 364 are contract/ temporary workers. The following depicts the number of our employees according to the business function and department as at the LPD:

Business function/ department	Permanent employee		Contract/ temporary employee		Total
	Local	Foreign	Local	Foreign	
Executive directors	2	-	-	-	2
Key senior management	5	-	-	-	5
Accounts, human resources and administration	9	-	-	-	9
Information technology	2	-	1	-	3
D&D	8	-	-	-	8
Sales and marketing	8	-	-	-	8
Purchasing	11	-	-	-	11
Shipping	3	-	-	-	3
Operations	16	-	1	353	370
Quality control	5	-	-	9	14
Storage	5	-	-	-	5
Total workforce	74	-	2	362	438

As at the LPD, local employees accounted for approximately 17.35% of the total workforce while the remaining 82.65% were foreign workers. All our foreign workers have valid working permits issued and there has been no breach of any immigration laws by our Group.

None of our employees, whether permanent or contractual, belong to any labour union. During the FYEs 2017 to 2019 and FPE 2020, there were no industrial disputes pertaining to our employees.

Moving forward, if there are any changes to the policy pertaining to foreign workers hiring which prohibit us from employing foreign workers for our operations, we will hire local workers to ensure the continuity of our operations. Please refer to Section 8.2.1 for details on the risk relating to our dependent on the availability of foreign workers for our manufacturing activities.

6.16 MAJOR CUSTOMERS

Our Group's top 5 major customers for the FYEs 2017 to 2019 and FPE 2020 are as follows:

FYE 2017:

Major customers	Revenue contribution		Country of origin	Nature of business	Length of business relationship (years)
	RM'000	%			
Ivorie	16,670	29.91	Malaysia	Agent	7
Hin Lim Furniture Manufacturer Sdn Bhd	5,834	10.47	Malaysia	Distributor	7
PT. Home Center Indonesia	3,282	5.89	Indonesia	Retailer	3
Merkez Celik Sanayi VE Ticaret A.S.	2,931	5.26	Turkey	Retailer	4
Maderarte Industrial S.A. DE C.V.	2,757	4.95	Mexico	Distributor	2
Total	31,474	56.48			

6. BUSINESS OVERVIEW (CONT'D)**FYE 2018:**

Major customers	Revenue contribution		Country of origin	Nature of business	Length of business relationship (years)
	RM'000	%			
Ivorie	19,724	29.66	Malaysia	Agent	8
Vig Furniture, Inc.	5,879	8.84	USA	Retailer	3
Hin Lim Furniture Manufacturer Sdn Bhd	4,268	6.42	Malaysia	Distributor	8
Maderarte Industrial S.A. DE C.V.	3,755	5.65	Mexico	Distributor	3
East End NY Imports Inc	2,852	4.29	USA	Retailer	3
Total	36,478	54.86			

FYE 2019:

Major customers	Revenue contribution		Country of origin	Nature of business	Length of business relationship (years)
	RM'000	%			
Ivorie	20,582	27.23	Malaysia	Agent	9
Vig Furniture, Inc.	8,869	11.73	USA	Retailer	4
Maderarte Industrial S.A. DE C.V.	3,668	4.85	Mexico	Distributor	4
East End NY Imports Inc	2,693	3.56	USA	Retailer	4
Hin Lim Furniture Manufacturer Sdn Bhd	2,354	3.11	Malaysia	Distributor	9
Total	38,166	50.48			

FPE 2020:

Major customers	Revenue contribution		Country of origin	Nature of business	Length of business relationship (years)
	RM'000	%			
Lima Trading, LLC	9,190	20.55	USA	Retailer	5 ⁽¹⁾
Ivorie	8,373	18.72	Malaysia	Agent	10
Maderarte Industrial S.A. DE C.V.	2,480	5.54	Mexico	Distributor	5
Noble House Home Furnishings, LLC	2,370	5.30	USA	Retailer	1
Structube	1,719	3.84	Canada	Retailer	5
Total	24,132	53.95			

Note:

(1) Represents our business relationship with Vig Furniture, Inc. (predecessor to Lima Trading, LLC), since 2015 to the FPE 2020.

6. BUSINESS OVERVIEW (CONT'D)

In the FYEs 2017 to 2019 and FPE 2020, our top 5 major customers collectively contributed 56.48%, 54.86%, 50.48% and 53.95% to our total revenue, respectively. Our largest customer, for the FYEs 2017 to 2019, whom we are dependent on, is Ivorie, who registered revenue contributions of 29.91%, 29.66%, 27.23% and 18.72% to our total revenue for the FYEs 2017 to 2019 and FPE 2020 respectively. In the FPE 2020, Ivorie was ranked second with a revenue contribution of 18.72% to our total revenue. Apart from Ivorie, we are also dependent on Lima Trading, LLC which has been our Group's 2nd largest major customer for the FYE 2018 and 2019. Lima Trading, LLC had its revenue contribution increased from 8.84% in the FYE 2018 to 20.55% in the FPE 2020, ranking first for the FPE 2020.

Our Group has signed a Marketing Agreement* with Ivorie, an independent third party, to appoint Ivorie to market, promote and sell our products exclusively to their local and overseas customers, since October 2010.

The marketing and sales functions of Ivorie and the Company's in-house sales and marketing team are distinguished by the different sets of product models marketed by each of the teams to similar geographical regions. As each country within a geographical region may have different preferences in terms of furniture design, the product models marketed by Ivorie and our in-house sales and marketing team are different to suit the preference of each country.

Ivorie's subsidiary which was engaged in hotel contract services came into contact with Mobilia International to source for furniture from Mobilia International. Ivorie then commenced business relationship with Mobilia International in 2010 and has continued their business relationship ever since. There are no long-term contracts or written purchase obligations with Ivorie as all sales are carried out on purchase order basis. The tenure of the Marketing Agreement is indefinite until terminated by either party giving to the other not less than 6 months' written notice. As a written notice has to be provided 6 months ahead if any party would like to terminate the Marketing Agreement, this provides our Group sufficient time to search and secure replacement of sales from other customers should Ivorie terminate the Marketing Agreement.

Note:

* *The marketing agreement dated 1 June 2020 was entered into between Mobilia International and Ivorie for Mobilia International to appoint Ivorie to market, promote and sell exclusively Mobilia International's designated furniture and furniture parts ("**the Products**") within and outside Malaysia ("**the Territory**").*

Ivories agrees that during the continuance of this agreement, it shall not market, promote or sell furniture products of any other party other than Mobilia International in the Territory. In addition:

- (i) Ivorie shall comply with all applicable laws and regulations relating to the marketing, promotion or sale of the Products in the Territory and shall notify Mobilia International of any changes in the laws and regulations in the Territory relating to the nature, method of manufacture, packaging, labelling or sale of the Products and shall forthwith notify Mobilia International if it becomes aware that Mobilia International or any of the Products are or may be in breach of any of those laws or regulations;*
- (ii) Ivorie shall not, without the prior written consent of Mobilia International, employ any third parties to carry out the duties and obligations of Ivorie as stipulated in this agreement; if with such consent it does so, every act or omission of the third party appointed shall for the purposes of this agreement be deemed to be the act or omission of Ivorie;*
- (iii) Mobilia International shall not be liable for any defects arising from fair wear and tear, wilful damage, negligence, abnormal working conditions, failure to follow Mobilia International's instructions (whether oral or in writing), misuse or alteration or repair of the Products without Mobilia International's approval. Where a valid claim in respect of the Products which is based on the defect in the quality or condition of goods resulting from manufacturing is notified to Mobilia International within 90 days from the date of receiving the Products, Mobilia International may replace the goods (or part in question), at its sole discretion; and*

6. BUSINESS OVERVIEW (CONT'D)

- (iv) both Mobilia International and Ivorie agree that the arrangements, agreements and understanding set out in this agreement has been effective since October 2010 and shall continue to have effect until terminated by either party giving to the other not less than 6 months' written notice.

Despite not having long-term contracts with any of our customers, we are not dependent on any customers, apart from Ivorie, given the diversified customer base and long term relationships we have maintained with our customers. Should we cease to secure sales from any major customers, we believe we will be able to secure additional sales from other existing customers or new customers to compensate for any loss in sales, through our continuous D&D efforts in developing new and innovative designs of home furniture to expand our range of collections to retain our major customers and to attract new customers. Further, our continuous sales and marketing strategies in advertising and promoting our home furniture is also expected to expand our market outreach and expand our customer base. In the FYEs 2017 to 2019, FPE 2020 and as at the LPD, we have not encountered any major problems in dealing with our customers.

In view of the Covid-19 pandemic in Malaysia and exporting countries of Ivorie, our Group's sales to Ivorie from September 2020 to December 2020 amounted to RM6.38 million. As such, our revenue contribution from Ivorie in FYE 2020 is lower than the revenue contribution from Ivorie in FYE 2017. Nevertheless, our revenue is supported by the sales to Lima Trading, LLC whereby its revenue contribution for the 8-month FPE 2020 of RM9.19 million has exceeded its full-year revenue contributions for the FYE 2018 and FYE 2019.

6.17 MAJOR SUPPLIERS

Our Group's top 5 major suppliers for the FYEs 2017 to 2019 and FPE 2020 are as follows:

FYE 2017:

Major suppliers	Purchase contribution		Materials and services sourced	Country of origin	Nature of business	Length of business relationship (years)
	RM'000	%				
Nutracraft	5,160	14.39	Wood materials and subcontracted works	Malaysia	Supplier and subcontractor	7
CL Tan Furniture Sdn Bhd	4,959	13.83	Furniture parts and components and subcontracted works	Malaysia	Supplier and subcontractor	7 ⁽¹⁾
Southern Legend Sdn Bhd	2,350	6.56	Packaging materials	Malaysia	Supplier	7
Plymax Veneer Sdn Bhd	1,592	4.44	Wood materials	Malaysia	Supplier	7
Future Bright Upholstery Sdn Bhd	1,268	3.54	Furniture parts and components	Malaysia	Supplier	1
Total	15,329	42.76				

6. BUSINESS OVERVIEW (CONT'D)**FYE 2018:**

Major suppliers	Purchase contribution		Materials and services sourced	Country of origin	Nature of business	Length of business relationship (years)
	RM'000	%				
CL Tan Furniture Sdn Bhd	7,230	19.47	Furniture parts and components and subcontracted works	Malaysia	Supplier and subcontractor	8 ⁽¹⁾
Southern Legend Sdn Bhd	2,149	5.79	Packaging materials	Malaysia	Supplier	8
Future Bright Upholstery Sdn Bhd	1,639	4.41	Furniture parts and components	Malaysia	Supplier	2
Plymax Veneer Sdn Bhd	1,567	4.22	Wood materials	Malaysia	Supplier	8
TMH Furniture Industries Sdn Bhd	1,501	4.04	Wood materials	Malaysia	Supplier	8
Total	14,086	37.93				

FYE 2019:

Major suppliers	Purchase contribution		Materials and services sourced	Country of origin	Nature of business	Length of business relationship (years)
	RM'000	%				
CL Tan Furniture Sdn Bhd	9,316	22.75	Furniture parts and components and subcontracted works	Malaysia	Supplier and subcontractor	9 ⁽¹⁾
Tyonn Industries Sdn Bhd	2,058	5.03	Packaging materials	Malaysia	Supplier	1
Dong Jian Timber Sdn Bhd	1,966	4.80	Wood materials	Malaysia	Supplier	1
TMH Furniture Industries Sdn Bhd	1,913	4.67	Wood materials	Malaysia	Supplier	9
Plymax Veneer Sdn Bhd	1,712	4.18	Wood materials	Malaysia	Supplier	9
Total	16,965	41.43				

FPE 2020:

Major suppliers	Purchase contribution		Materials and services sourced	Country of origin	Nature of business	Length of business relationship (years)
	RM'000	%				
CL Tan Furniture Sdn Bhd	5,057	21.77	Furniture parts and components	Malaysia	Supplier and subcontractor	10 ⁽¹⁾
Tyonn Industries Sdn Bhd	1,335	5.75	Packaging Material	Malaysia	Supplier	2
Brilliant Biz Sdn Bhd	922	3.97	Furniture parts and components	Malaysia	Supplier	4
Southern Legend Sdn Bhd	822	3.54	Packaging Material	Malaysia	Supplier	10
Plymax Veneer Sdn Bhd	814	3.50	Wood Materials	Malaysia	Supplier	10
Total	8,950	38.53				

6. BUSINESS OVERVIEW (CONT'D)

Note:

(1) Represents our business relationship with CL Tan Furniture Sdn Bhd's predecessor, CL Tan Furniture since 2010 to the respective financial years.

In the FYEs 2017 to 2019 and FPE 2020, our top 5 major suppliers collectively contributed 42.76%, 37.93%, 41.43% and 38.53% to our total purchases respectively. Our largest supplier for the FYE 2018, FYE 2019 and FPE 2020 was CL Tan Furniture Sdn Bhd, which we have maintained business relationship with since 2010. In the FYE Under Review and FPE 2020, our purchases from CL Tan Furniture Sdn Bhd, in the form of subcontracted works for the manufacturing works of furniture parts as well as ready-made furniture parts and components (i.e. cabinets, bedframe, nightstands, dresser and chest of drawers), accounted for 13.83%, 19.47%, 22.75% and 21.77% of our total purchases respectively.

Purchases from foreign suppliers accounted for 4.80%, 5.70%, 6.03% and 8.98% of our Group's total purchases in the FYE 2017, FYE 2018, FYE 2019 and FPE 2020, respectively.

We are not dependent on any suppliers in sourcing the materials needed, or any subcontractors for the manufacturing of furniture parts, as there are other suppliers and subcontractors available in the market which provide materials or subcontracted manufacturing services at similar prices. Further, our Group is also confident of continued supply of materials and subcontracted manufacturing services at competitive prices as a result of our favourable payment track record and the strong business relationships with our suppliers. In the FYEs 2017 to 2019, FPE 2020 and as at the LPD, our Group has not encountered any significant disruptions to our production due to shortage of subcontractors or supply of materials.

We do not have any long-term contracts or agreements with any of our suppliers, as all purchases from our suppliers are on purchase order basis.

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6. BUSINESS OVERVIEW (CONT'D)

6.18 MAJOR LICENCES, PERMITS AND APPROVALS

Details of the major licenses, permits and approvals obtained by our Group for our business operations as at LPD are as follows:

No.	Holders of licenses/ permits/ approvals	Description of licenses/ permits/ approval	Permit/ Licence/ Registration No.	Date of issuance/ validity	Approving authority/ issuer	Major conditions imposed	Status of compliance
<u>Licence to operate furniture manufacturing factory</u>							
1.	Mobilia International	Manufacturing Licence to act as a licenced manufacturer to manufacture wooden furniture ⁽¹⁾ at the place of manufacturing at Lot 2782.	A021862	10 July 2019	MITI	(a) The site at Lot 2782. (b) The company shall notify MITI and Malaysian Investment Development Authority (MIDA) in the event of any sale of shares in the company. (c) The company is not allowed to use logs in its production without the prior permission of the relevant state of forest department. (d) The company shall train Malaysian citizens to ensure that the transfer of technology or expertise is transmitted at all levels of employment. (e) The company shall implement projects which are approved in	Complied Complied Not applicable Noted Noted

6. BUSINESS OVERVIEW (CONT'D)

No.	Holders of licenses/ permits/ approvals	Description of licenses/ permits/ approval	Permit/ Licence/ Registration No.	Date of issuance/ validity	Approving authority/ issuer	Major conditions imposed	Status of compliance
2.	Mobilia International	Industrial Licence to operate business as furniture manufacturing factory and to place a signboard for advertisement ⁽²⁾ at Lot 2782.	L202165952	1 January 2021 - 31 December 2021	Muar Municipal Council	accordance with the laws and regulations enforced in Malaysia. None	-
3.	Mobilia International	Wood-Based Furniture Factory Licence to site, erect, establish, operate or maintain a wood working/ furniture/ wood moulding factory ⁽³⁾ at Lot 2782.	8/2020	1 January 2020 - 31 December 2021	Johor Forestry Department	(i) The licence holder shall not: (a) transfer the ownership of the licence; (b) rent, lease, lend, control or sell the whole factory or any part of it or any equipment or any part of it; or (c) make any changes in the shareholding of the factory or any part of it without the written approval of the relevant state authority. (ii) The woodworking/ furniture/ wood moulding factory must consist of the machinery listed in Appendix B of the licence and no	Noted Noted Complied Noted

6. BUSINESS OVERVIEW (CONT'D)

No.	Holders of licenses/ permits/ approvals	Description of licenses/ permits/ approval	Permit/ Licence/ Registration No.	Date of issuance/ validity	Approving authority/ issuer	Major conditions imposed	Status of compliance
						<p>machine may be added to the list or removed from the factory without the written permission of the State Forestry Director.</p> <p>(iii) The woodworking/ furniture/ wood moulding factory must be built in accordance with the building plan, site, order and building which has been approved by the State Forestry Director, and no changes or additions may be carried out without the written permission of the State Forestry Director.</p>	Complied
						<p>(iv) The woodworking/ furniture/ wood moulding factory must be used to process finished wood products or partially finished wood products from wood, cane, bamboo and other forest produce. No logs of any kind, including logs which have been cut into two or four, can be brought into and/or processed in the factory.</p>	Complied
						<p>(v) Rough sawn timber is not allowed to be sold directly or indirectly to the export or local market.</p>	Not applicable

6. BUSINESS OVERVIEW (CONT'D)

No.	Holders of licenses/ permits/ approvals	Description of licences/ permits/ approval	Permit/ Licence/ Registration No.	Date of issuance/ validity	Approving authority/ issuer	Major conditions imposed	Status of compliance
4.	Mobilia International	<p>Certificate of Registration as exporter and supplier of wood products⁽⁴⁾:</p> <p>Type of woods</p> <p>(i) Type D, being the wood waste, including sawdust and fuel wood</p> <p>(ii) Type H, being prefabricated buildings including houses</p>	Serial No. 4140	22 January 2020 – 31 March 2021 ⁽⁵⁾	Malaysian Timber Industry Board	<p>(vi) The licence holder must keep a record which shows the wood, cane, bamboo and other forest produce that have been brought into the factory to be processed, and the finished wood products or partially finished wood products produced by the factory on a daily basis.</p> <p>(vii) The woodworking/ furniture/ wood moulding factory must be kept clean at all times and all discharges, emissions, waste, noise pollution and air pollution shall comply with the standards as stipulated under the Environmental Quality Act 1974.</p>	Complied
						None	-

Registration No.: 202001004249 (1360569-P)

6. BUSINESS OVERVIEW (CONT'D)

No.	Holders of licenses/ permits/ approvals	Description of licenses/ permits/ approval	Permit/ Licence/ Registration No.	Date of issuance/ validity	Approving authority/ issuer	Major conditions imposed	Status of compliance
		(iii) Type J, being the: (a) Other articles of wooden furniture (b) Other furniture and furniture components: wooden/ rattan and bamboo (c) Chairs and other seats of wood, rattan and bamboo (iv) Type Q, being the wooden picture frames (v) Type Y, being other articles of wood					
<u>Licence to operate management office/ service and furniture showroom</u>							
5.	Mobilia International	Business Licence to operate business as management office/ service and furniture showroom ⁽²⁾ at 1 st & 2 nd Floor, Plot 63, PTD 13189, No. 15, Jalan Sinar Bakri 1, Bukit	L202169376	1 January 2021 – 31 December 2021	Muar Municipal Council	None	-

6. BUSINESS OVERVIEW (CONT'D)

No.	Holders of licenses/ permits/ approvals	Description of licenses/ permits/ approval	Permit/ Licence/ Registration No.	Date of issuance/ validity	Approving authority/ issuer	Major conditions imposed	Status of compliance
		Bakri, Jln Bakri, 84200 Muar, Johor.					


Notes:

- (1) Granted pursuant to the Industrial Co-Ordination Act 1975.
- (2) Granted pursuant to the Local Government Act 1972 and Licensing of Trades, Business, Industries and Professions (MDMS) By-Laws 2018.
- (3) Granted pursuant to the Johor Wood-Based Industries Enactment 1986.
- (4) Granted pursuant to the Malaysian Timber Industry Board (Incorporation) Act 1973.
- (5) An application for the renewal of Certificate of Registration as exporter and supplier of wood products will be submitted to the Malaysian Timber Industry Board before the expiry of the certificate on 31 March 2021.

6. BUSINESS OVERVIEW (CONT'D)

6.19 INTELLECTUAL PROPERTY

We have registered the following trademark with the Intellectual Property Corporation of Malaysia:

Trademark	Registered owner/ registrant	Class No.	Description of class heading of trademark	Application No.	Validity period
	Mobilier International	Class 20	Furniture, mirrors, picture frames; articles of wood not included in other classes; all included in Class 20	2010023294	6 December 2010 to 6 December 2020 ⁽¹⁾

Note:

(1) Our Group had on 4 December 2020 renewed the trademark registered with the Intellectual Property Corporation of Malaysia. The renewed certificate is still pending from the Intellectual Property Corporation of Malaysia.

As at the LPD, save as disclosed above, no other intellectual and industry property has been registered by our Group.

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6. BUSINESS OVERVIEW (CONT'D)

6.20 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUES

Our business operations are regulated and governed by guidelines, regulations and laws in Malaysia. The following is an overview of the regulatory requirements governing our Group which are material to our business operations:

1. Johor Wood-Based Industries Enactment 1986 (“Wood-Based Enactment”)

The Wood-Based Enactment provides that no person shall site, construct, erect, establish, operate or maintain a wood-based industry, except under and in accordance with a licence issued to him by the state authority and signed by the State Director of Forestry.

Pursuant to Section 27 of the Enactment, any person who commits an offence under the Enactment shall, on conviction, be liable to be punished with imprisonment for a term of not exceeding 1 year, or with fine not exceeding RM2,000 or both. Under Section 23 of the Enactment, where a person charged with an offence under the Enactment is a body corporate, every person, who at the time of the commission of such offence is a director or officer of that body corporate may be charged jointly in the same proceedings with the body corporate, and where the body corporate is convicted of such offence, every such director or officer shall be deemed to be guilty of the offence unless he proves that the offence was committed without his knowledge and that he took reasonable precautions to prevent its commission.

Notwithstanding Mobilia International had previously operated without the Wood-Based Furniture Factory Licence (“**Past Non-Compliance**”), Mobilia International had on 20 June 2019, submitted an application for the Wood-based Furniture Factory Licence to Johor Forestry Department (“**JFD**”) Johor Utara and obtained such licence on 7 October 2020 for the period commencing from 1 January 2020 to 31 December 2021. JFD had not imposed any penalty for our Past Non-Compliance when issuing the Wood-Based Furniture Factory Licence to us. However, we recognise that our Past Non-Compliance could still result in a potential prosecution under Section 27 of the Enactment. Nevertheless, we believe that the likelihood of prosecution is low in view that we have already been issued the Wood-based Furniture Factory Licence without any penalty being imposed. The costs of RM385.00 incurred in applying for Wood-Based Furniture Factory Licence is also not deemed to be material to the Group.

As at the LPD, our subsidiary, Mobilia International, which operates a wooden furniture factory, holds a valid Wood-Based Furniture Factory Licence from the JFD. Please refer to Section 8.1.13 of this Prospectus for further details of the potential risks arising from our failure to have a Wood-Based Furniture Factory Licence previously.

2. Industrial Co-Ordination Act 1975 (“ICA”)

Pursuant to the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. The ICA defines “manufacturing activity” as the “making, altering, blending, ornamenting, finishing or otherwise treating or adapting any articles or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade”. Manufacturing companies with shareholders’ funds of RM2.5 million and above or engaging 75 or more full-time paid employees are required to apply for a manufacturing licence.

As at the LPD, our subsidiary, Mobilia International, which carries out the manufacturing activity holds a valid manufacturing licence issued by the MITI.

6. BUSINESS OVERVIEW (CONT'D)

3. Local Government Act 1976

Pursuant to section 102 of the Local Government Act 1976, local authorities are empowered to make, amend and revoke by-laws.

As our business is carried out in Muar, we come under the jurisdiction of the Muar Municipal Council and the relevant by-laws governing the conduct of our business would be the Licensing of Trades, Businesses and Industries (Muar Municipal Council) By-laws 2018 (“By-laws”). The By-Laws provide that any person may use any premise for operating any business activity when a licence, if necessary, has been obtained. A contravention of the By-laws would result in an offence, which upon conviction, would result in the person being liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year or to both.

As at the LPD, our Group holds and maintains valid industrial licence and business licence issued by Muar Municipal Council.

4. Malaysian Timber Industry Board (Incorporation) Act 1973 (“MTIB (Incorporation) Act”)

The MTIB (Incorporation) Act sets out provisions in respect of the registration of persons carrying out any activity as exporter, importer, supplier, grader, processor, trader, an operator or a jetty operator. Any person who fails to register with the MTIB (Incorporation) Act for the aforementioned activities shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 3 years or to both.

For the purpose of the MTIB (Incorporation) Act –

- (a) the term “export” means to take or cause to be taken out of Malaysia by land, sea or air or to place any timber in a vessel, conveyance or aircraft for the purpose of the timber being taken out of Malaysia by land, sea or air;
- (b) the term “exporter” means to a person who exports timber;
- (c) the term “supplier” means to a person who supplies timber for the purpose of export.

As at the LPD, our subsidiary, Mobilia International, which carries out activity as exporter and supplier of timber, holds a valid Certificate of Registration issued by Malaysian Timber Industry Board.

5. Factories and Machinery Act 1967 (“FMA”)

FMA and the relevant regulations made thereunder, including the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 provide for the control of factories with respect to matters relating to the safety, health and welfare of person, the registration and inspection of machinery and for matters connected therein.

Under the FMA, the occupier of the factory has a duty to maintain the standards of safety, health and welfare of his factories and factory workers, and these includes provisions requiring the taking of precautions against fire, the proper maintenance of machinery, that every factory shall be kept in a clean state, maintaining all safety appliances and machinery and the mandatory reporting of accidents and dangerous occurrences to the inspector of factories and machineries.

The FMA further provides that no person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in

6. BUSINESS OVERVIEW (CONT'D)

force in relation to the operation of the machinery a valid certificate of fitness issued under the FMA. In the case of any contravention, an inspector of factories and machineries appointed under the FMA shall forthwith serve upon the person aforesaid a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time as a valid certificate of fitness is issued.

For the purpose of FMA –

- (a) the term “machinery” includes steam boilers, unfired pressure vessels, fired pressure vessels, pipelines, prime movers, gas cylinders, gas holders, hoisting machines and tackle, transmission machinery, driven machinery, materials handling equipment, amusement device or any other similar machinery and any equipment for the casting, cutting, welding or electro-deposition of materials and for the spraying by means of compressed gas or air of materials or other materials, but does not include:
 - (i) any machinery used for the propulsion of vehicles other than steam boilers or steam engines;
 - (ii) any machinery driven by manual power other than hoisting machines;
 - (iii) any machinery used solely for private and domestic purposes; or
 - (iv) office machines.
- (b) the term “materials handling equipment” includes any powerdriven equipment for handling materials, and includes forklift, conveyor, stacker, excavator, tractor, dumper or bulldozer but does not include hoisting machine.

As at the LPD, our Group holds valid certificates of fitness issued by Department of Occupational Safety and Health Malaysia for the machineries used by us which come under the FMA.

6. Environmental Quality Act 1974 (“EQA 1974”)

The EQA 1974 sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment.

It is an offence under EQA 1974 for any person, unless licenced to do so, to amongst others:

- (a) emit or discharge wastes into the atmosphere;
- (b) emit or cause or permit to be emitted any noise greater in volume, intensity or quality;
- (c) pollute or cause or permit to be polluted any soil or surface of any land; or
- (d) emit, discharge or deposit any wastes into any inland waters,

in contravention of the acceptable conditions specified in EQA 1974.

The EQA 1974 also empowers the Minister charged with the responsibility for environment protection to make regulations specifying acceptable conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or wastes or the emission of noise into the environment. Among the regulations which have been issued includes the Environmental Quality (Scheduled Wastes) Regulations 2005 (“**Regulations 2005**”) and Environmental Quality (Clean Air) Regulations 2014 (“**Regulations 2014**”).

6. BUSINESS OVERVIEW (CONT'D)

The Regulations 2005 amongst others has specified the following requirements:

- (a) Any person who generates scheduled wastes ("**Waste Generators**") shall, within 30 days from the date of generation of scheduled wastes, notify the Director General of Environmental Quality ("**DGEQ**") of the new categories and quantities of scheduled wastes which are generated.
- (b) Scheduled wastes shall be disposed of at prescribed premises only and shall, as far as practicable, before disposal, be rendered innocuous.
- (c) Scheduled wastes shall be treated at prescribed premises or at on-site treatment facilities only and the residuals from treatment of scheduled wastes shall be treated and disposed of at prescribed premises.
- (d) Any Waste Generators may apply to the DGEQ in writing to have the scheduled wastes generated from their particular facility or process excluded from being treated, disposed of or recovered in premises or facilities other than at the prescribed premises or on-site treatment or recovery facilities. If the DCEQ is satisfied with the application made, the DGEQ may grant a written approval either with or without conditions.
- (e) Any Waste Generators shall keep an accurate and up-to-date inventory of scheduled waste generated, treated and disposed of in accordance with the fifth schedule of the Regulations 2005 and of materials or product recovered from such scheduled wastes for a period up to 3 years from the date of the scheduled wastes was generated.

Our Group has appointed a licensed service provider to carry out waste collection, transportation, disposal, treatment and waste management related services at our factory premises.

Pursuant to Regulations 2014, every premises shall be equipped with an air pollution control system in accordance with the specifications as determined by the DGEQ, where the owner or occupier of the premises shall operate and maintain the air pollution control system in accordance with sound engineering practice and ensure that all components of the air pollution control system are in good working condition.

The owner or the occupier of the premises and the professional engineer shall, within 30 days after the commencement of operations at the premises, submit a written declaration to the DGEQ, in such form as determined by the DGEQ, certifying that the design and construction of the air pollution control system have complied with the specifications as determined by the DGEQ.

Nevertheless, Regulations 2014 is applicable to –

- (a) any premises used for any industrial or trade purposes, or on which matter is burnt in connection with any industrial or trade purposes, including burning of waste, whether or not the premises are prescribed under section of the EQA 1974;
- (b) any other premises or process that discharges or is capable of discharging air pollutants into the open air;
- (c) any industrial plant; and
- (d) any fuel burning equipment.

6. BUSINESS OVERVIEW (CONT'D)

Our factory premises have been equipped with air pollution control systems, which construction has been acknowledged by the Department of Environment Malaysia.

7. Workers' Minimum Standards of Housing and Amenities Act 1990

Pursuant to the WMSHA 2019, employers must comply with the WMSHA 2019 and the relevant regulations made thereunder, which includes providing minimum space requirement for workers' accommodation, basic facilities as well as safety and hygiene standards. The WMSHA 2019 further provides that no employer or centralised accommodation provider shall use any buildings as accommodation if the buildings is unfit for human habitation in accordance with the relevant written laws. The employer or centralised accommodation provider shall ensure that every accommodation provided for employees complies with the minimum standards required under WMSHA 2019 or any regulations made thereunder. As at the LPD, our hostel complies with the minimum standards required under WMSHA 2019.

Pursuant to the WMSHA 2019, no accommodation shall be provided to an employee unless certified with a Certificate for Accommodation. Section 24D(3) of the WMSHA 2019 provides that an employer who contravenes Section 24D(1) of the WMSHA 2019 commits an offence who shall, on conviction, be liable to a fine not exceeding RM50,000.00. Given that our subsidiary, Mobilia International provides such accommodation to our employees at the hostel located at Lot 2782, a Certificate for Accommodation is required to be obtained by Mobilia International.

Mobilia International had on 8 December 2020 submitted an application for the Certificate for Accommodation for the workers' hostel located at Lot 2782 to the Department of Labour Peninsular Malaysia. The officers from the Labour Department, Muar had on 28 December 2020 conducted an inspection at our hostel located at Lot 2782. The aforementioned application is currently being processed by the Department of Labour, Muar.

We recognise that our non-compliance in obtaining this Certificate for Accommodation from 1 September 2020 up to the day before the issuance of Certificate for Accommodation could result in a potential prosecution under Section 24(3) of the WMSHA 2019. However, we believe that the likelihood of prosecution is low in view that we have been verbally informed by the Department of Labour, Muar on 20 January 2021 that our application for the Certificate for Accommodation has been approved and the issuance of the Certificate for Accommodation is being processed by the Department of Labour, Muar. Additionally, no costs has been incurred in applying for the Certificate for Accommodation.

Should there be further developments and updates to this matter after the date of this Prospectus, the relevant announcements will be made accordingly on Bursa Securities' website. Please refer to Section 8.1.13 of this Prospectus for further details of the potential risks arising from our failure to obtain a Certificate for Accommodation.

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7. INDEPENDENT MARKET RESEARCH REPORT

SMITH ZANDER INTERNATIONAL SDN BHD 201301028298 (1058128-V)
15-01, Level 15, Menara MBBM, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia
T: +603 2732 7537 W: www.smith-zander.com

SMITH ZANDER

Date: 22 January 2021

The Board of Directors

Mobilia Holdings Berhad

No. 7 (1st floor)
Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar, Johor

Dear Sirs/Madams,

Independent Market Research Report on the Furniture Industry in Malaysia and Global Furniture Market ("IMR Report")

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the initial public offering and listing of Mobilia Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

Mobilia Holdings Berhad and its subsidiaries ("Mobilia Group") is principally involved in the design and manufacturing of home furniture. Mobilia Group specialises in producing wood-based home furniture and 66.37% of its products were exported globally in the financial year ended ("FYE") 31 December 2019. Hence, the scope of work for this IMR Report will address the furniture industry in Malaysia, in which Mobilia Group operates in, and the global furniture market as Mobilia Group derives the majority of its revenue from exports.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

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The research for this IMR Report was completed on 6 January 2021.

For further information, please contact:

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 23 years of experience in market research and strategy consulting, including over 18 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

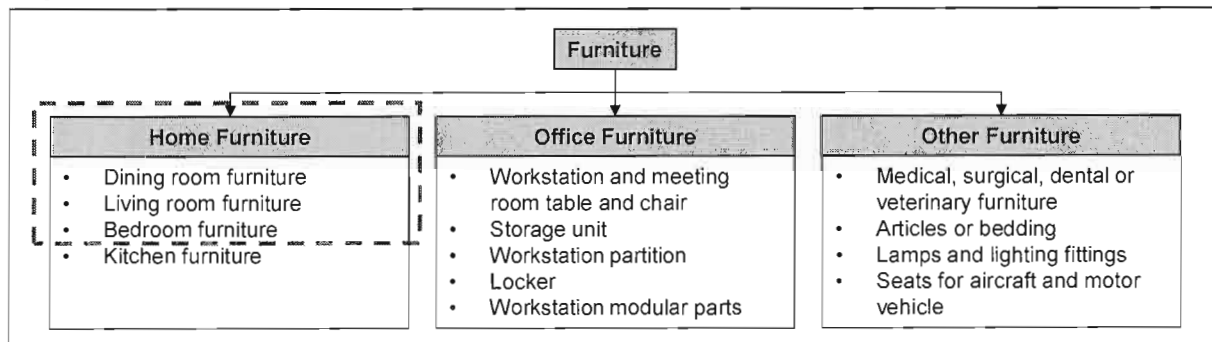
7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

1 INTRODUCTION TO THE FURNITURE INDUSTRY

The furniture industry can broadly be divided into 3 categories, namely home furniture, office furniture and other furniture, as follows:

Segmentation of the furniture industry



Notes:

- [Dashed box] denotes the segment in which Mobilia Group is involved in.
- This list is not exhaustive.

Source: SMITH ZANDER

The above segmentation shows the types of furniture available in the market and it does not represent where the furniture is used, as it is not possible to track where the furniture is specifically used. For example, it is common to find some home furniture used in commercial areas such as hotels, offices, restaurants, shopping malls and/or airports. It is also common to find office furniture used in homes.

2 THE FURNITURE INDUSTRY IN MALAYSIA

2.1 OVERVIEW

The furniture industry in Malaysia has traditionally been dominated by manufacturers who focus largely on undertaking contract manufacturing activities. Product designs were developed by the customers and the customers may also specify the requirements for the materials to be used in the manufacturing process. These manufacturers typically focus on mass production and may often be inflexible to small scale customisation requests. The industry has however developed to one where many furniture manufacturers are now able to take on product design and development, from prototype creation, detailed product design, development of product concepts and sourcing of materials to manufacturing of the furniture. Furniture manufacturers who develop and design their own products must keep abreast with international trends and technologies, and actively create new designs and explore the creative usage of different materials while maintaining the quality of their furniture. These design and development capabilities add further value to the products and enable the domestic furniture manufacturers to differentiate themselves and increase their competitiveness in the international markets.

Furniture fairs and exhibitions are key sales and marketing activities for many furniture manufacturers as they can market their products to their target group of international customers, and these events also enable the manufacturers to keep themselves updated with the latest trends in the industry. The Malaysian International Furniture Fair and Export Furniture Exhibition are two popular events attended by many Malaysian furniture exporters and international furniture companies.

In an effort to further promote development and growth of the Malaysian timber and furniture industries, the Malaysian Timber Council ("MTC") was established in 1992. The MTC has overseas offices in the Netherlands, the United Arab Emirates, China, India and the United States ("US") to promote Malaysian timber products, including furniture, in these countries and the surrounding regions. Further, the MTC also regularly participates in international furniture exhibitions to promote Malaysian furniture as well as to gather industry information and trade enquiries which will be shared among furniture manufacturers in Malaysia, to increase global exposure and support growth of the furniture industry in Malaysia.

7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



2.2 INDUSTRY PERFORMANCE, SIZE AND GROWTH

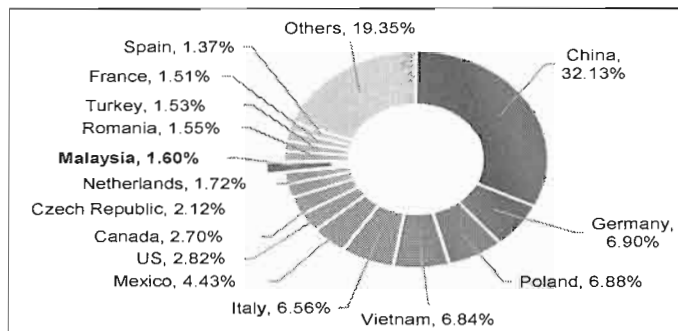
Malaysia was one of the top 15 furniture exporters in the world between 2017 and 2019. Malaysian furniture was exported globally to 180 countries¹ in 2019. In 2019, Malaysia was the 11th largest furniture exporting country globally, accounting for 1.60% of total global furniture exports of USD167.66 billion (RM694.57 billion)².

China dominated global furniture exports with a share of 32.13%, followed by Germany (6.90%), Poland (6.88%), Vietnam (6.84%), Italy (6.56%), Mexico (4.43%), US (2.82%), Canada (2.70%), Czech Republic (2.12%) and Netherlands (1.72%).

Between 2017 and 2019, Malaysia's furniture export industry grew from RM10.07 billion to RM11.10 billion, at a Compound Annual Growth Rate ("CAGR") of 4.99%. Malaysia's wood-based home furniture export industry grew from RM7.56 billion to RM8.71 billion at a CAGR of 7.34% during the same period.

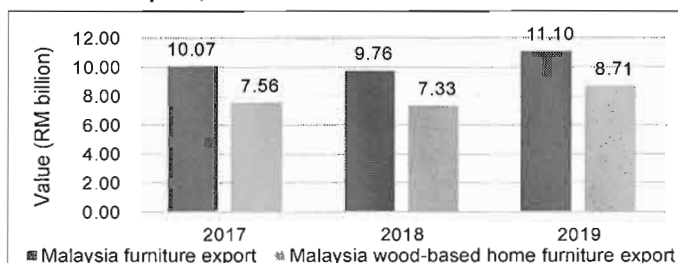
In 2019, the demand for export of Malaysian furniture and wood-based home furniture increased as the industry benefited from the US-China trade war. Please refer to **Chapter 2.3 Demand Drivers** for further information.

Composition of global furniture exporters, 2019



Sources: International Trade Centre, US Census Bureau, SMITH ZANDER analysis

Malaysia furniture export and wood-based home furniture export, 2017-2019



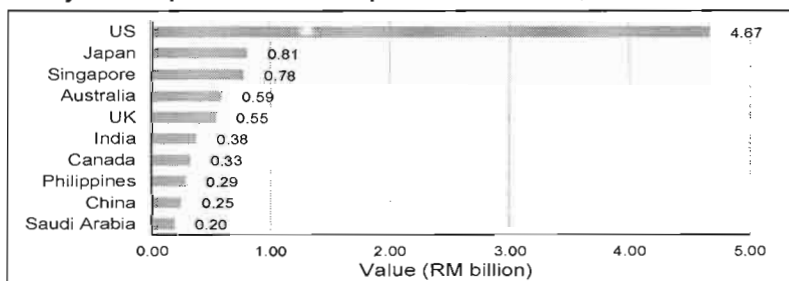
Sources: DOSM, SMITH ZANDER analysis

In view of the outbreak of the Covid-19 virus in 2020, the International Monetary Fund ("IMF") has revised the world gross domestic product ("GDP") forecast for 2020, initially targeted at 3.3%, to -4.4%, indicating potential adverse economic conditions for the year which may affect businesses, employment and consumer purchasing power. As consumers become more cautious with spending, the demand for furniture may be affected and subsequently adversely affect Malaysia's furniture exports in 2020. Nevertheless, as the outbreak of the Covid-19 pandemic has led to many countries implementing movement controls to curb the spread of the Covid-19 virus, large proportions of the global workforce have migrated from the office to working from home and students are also studying from home through online classes, leading to people increasingly purchasing home furniture to improve their living space at home. This is expected to cushion the negative impact arising from the Covid-19 pandemic and to support the demand for Malaysia's furniture exports.

In 2019, Malaysia's top 10 furniture export destinations were US, Japan, Singapore, Australia, United Kingdom ("UK"), India, Canada, the Philippines, China, and Saudi Arabia.

The value of furniture exported by Malaysia to these 10 countries was RM8.84 billion, representing 79.64% of the total value of Malaysian furniture exports in 2019.

Malaysia's top 10 furniture export destinations, 2019



Sources: DOSM, SMITH ZANDER analysis

¹ Sources: Department of Statistics Malaysia ("DOSM"), SMITH ZANDER analysis

² Exchange rate from USD to RM in 2019 was converted based on average annual exchange rates in 2019 extracted from published information from Bank Negara Malaysia at USD1=RM4.1427

7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

2.3 DEMAND DRIVERS**► The furniture industry in Malaysia is driven by export demand**

The export demand for Malaysian furniture changes in accordance to the economic environment of the world, and is particularly dependent on the US economy as the US is the largest export country for Malaysian furniture. In 2019, furniture exports to the US accounted for 42.07% of total furniture exports from Malaysia, followed by Japan (7.30%), Singapore (7.03%) and others (43.60%).³ Economic conditions affect consumer spending which determines the demand for furniture. A conducive economic environment could lead to strengthening of consumer spending power, resulting in potential increase in property transactions and home renovation or refurbishment activities which will lead to higher demand for furniture.

Demand for furniture continues to increase globally as overall growth in population and increasing urbanisation creates demand for housing, which subsequently creates demand for furniture. The world population grew at a CAGR of 1.05% from 7.55 billion in 2017 to 7.71 billion in 2019, while urban population grew at a CAGR of 1.91% from 4.14 billion in 2017 to 4.30 billion in 2019.⁴

As a result, global furniture consumption grew at a CAGR of 2.75%, from USD469.48 billion (RM2.02 trillion)⁵ in 2017 to USD495.68 billion (RM2.05 trillion) in 2019. In line with the growth of global furniture consumption, global wood-based home furniture consumption also increased from USD191.51 billion (RM0.82 trillion) in 2017 to USD199.31 billion (RM0.83 trillion) in 2019 at a CAGR of 2.02%.⁶

In view of the outbreak of the Covid-19 virus in 2020 and with the IMF's revision of world GDP forecast for 2020 to -4.4%, consumers may become more cautious with spending, which may affect the demand for furniture and subsequently adversely affect Malaysia's furniture exports in 2020. Further, the sales and marketing activities for many furniture industry players in Malaysia have been affected by the Covid-19 virus. Furniture fairs and exhibitions, which are key sales and marketing events for many furniture industry players in Malaysia to reach out to global customers, have been cancelled or postponed in view of the Movement Control Order ("MCO") between 18 March 2020 and 3 May 2020, conditional MCO between 4 May 2020 and 9 June 2020 and recovery MCO between 10 June 2020 and 31 March 2021 imposed by the Government to curb the spread of the Covid-19 virus. Following the resurgence of the Covid-19 infected cases, MCO and conditional MCO were re-imposed in most of the states and federal territories for different durations between 13 October 2020 and 4 February 2021. After the MCO, conditional MCO and recovery MCO are lifted, furniture fair and exhibition organisers and participants may still remain cautious and/or there may be continuous restrictions imposed on fairs and exhibitions by the Government until the impact of the outbreak of the Covid-19 pandemic fully subsides. Nevertheless, as people increasingly purchase home furniture to improve their living space at home due to the movement controls imposed in their countries, the increase in the demand for home furniture driven by the abovementioned factor is expected to cushion the negative impact arising from the Covid-19 pandemic and to support export demand for Malaysian furniture.

► The demand for furniture export in Malaysia is driven by global trade conditions

The ongoing economic conflict between China and the US escalated when the US increased its import tariff from 10% to 25% on USD200 billion worth of products, including furniture from China effective 10 May 2019. The increase in import tariff led to a sharp drop of 25.74% in China's export of furniture to the US, from USD22.92 billion (RM92.49 billion)⁷ in 2018 to USD17.02 billion (RM70.51 billion) in 2019. As a result, furniture exports in Malaysia benefited from the trade war, resulting in an increase in export for Malaysian furniture in 2019, mainly contributed by a 24.44% growth in the exports of furniture to the US from USD0.90 billion (RM3.63 billion) in 2018 to USD1.12 billion (RM4.64 billion) in 2019.⁸

³ Sources: DOSM, SMITH ZANDER analysis

⁴ Source: Worldometer

⁵ 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 USD1=RM4.3008

⁶ Sources: International Trade Centre, US Census Bureau, Centre for Industrial Studies, SMITH ZANDER analysis

⁷ Exchange rate from USD to RM in 2018 was converted based on average annual exchange rates in 2018 extracted from published information from Bank Negara Malaysia at USD1=RM4.0353

⁸ Sources: US Census Bureau, SMITH ZANDER analysis

7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

Further, Malaysia has implemented Free Trade Agreements ("FTAs") which reduce barriers for imports and exports between Malaysia and the respective participants of the FTAs, such as removal of onerous customs regulations and procedures, as well as elimination or reduction of customs duties, amongst others, thereby facilitating market access for Malaysian furniture exporters, encouraging furniture exports to these countries and promoting growth of the Malaysian furniture industry. The list of FTAs implemented by Malaysia is as follows:

Type of FTA	List of implemented FTAs
Bilateral FTAs	<ul style="list-style-type: none"> • Malaysia-Japan Economic Partnership Agreement (MJEPA) • Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA) • Malaysia-New Zealand Free Trade Agreement (MNZFTA) • Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) • Malaysia-Chile Free Trade Agreement (MCFTA) • Malaysia-Australia Free Trade Agreement (MAFTA) • Malaysia-Turkey Free Trade Agreement (MTFTA)
Regional FTAs	<ul style="list-style-type: none"> • ASEAN-China Free Trade Agreement (ACFTA) • ASEAN-Korea Free Trade Agreement (AKFTA) • ASEAN-Japan Comprehensive Economic Partnership (AJCEP) • ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) • ASEAN-India Free Trade Agreement (AIFTA) • ASEAN Trade In Goods Agreement (ATIGA) • ASEAN-Hong Kong Free Trade Agreement (AHKFA)

Source: Ministry of International Trade and Industry

Apart from the implemented FTAs, Malaysia has also signed 2 FTAs which are currently pending ratification and entry into force, namely Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and is undertaking negotiations for a FTA namely Malaysia-European Free Trade Association Economic Partnership Agreement (MEEPA).

2.4 INDUSTRY RISKS AND CHALLENGES

► Reliance on foreign workers as general labour

The furniture manufacturing industry is a labour intensive industry. While certain manufacturing processes for furniture with simple shapes (e.g. large flat surfaces) can be automated using machines, manufacturing processes for furniture with more complex shapes (e.g. cylindrical, round-shaped wood) may not be viable to be completely automated and still require manual labour to facilitate processes such as finger-jointing, assembly and quality control.

The issue of labour shortages is common in the manufacturing industry (which includes furniture industry) in Malaysia where Malaysia is dependent on foreign workers as a result of a limited supply of local labour for manufacturing-related operations. Any quota restrictions or suspensions in the hiring of foreign workers may cause difficulties in employing sufficient labour. Any increase in the levy rate for foreign workers or minimum wages for employees will increase the cost of labour which may result in a negative impact on the industry players' profitability. Further, furniture industry players may also face challenges arising from time required to register foreign workers, which may disrupt their operations due to insufficient workers.

If a suspension or similar policy issues were to cause a suspension or cessation of future intake of foreign workers, furniture industry players may be forced to source for local workers which may come at a higher cost. Furniture industry players who are unable to pass on the increase in labour costs to their customers may experience material impact on the profitability of their business. This may be made worse if there is a delay in hiring sufficient numbers of local workers as it would result in disruptions in their operations. Any prolonged disruptions would subsequently affect their delivery schedules and lead to a potential cancellation of orders which would adversely impact their financial performance.

7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

► **Inability to consistently offer designs that are accepted in key markets**

It is essential for furniture manufacturers who want to thrive in this export dependent industry to continuously offer products with international designs and styles that cater to the preferences of key export markets such as US, UK, Japan, Australia and Singapore.

However, changes in consumer preferences and demand trends can be frequent and are often not easily predictable. In order to stay abreast of these changing preferences and trends, furniture manufacturers in Malaysia need to regularly update their product designs and to keep informed on the changing needs of their customers through ongoing market research.

Manufacturers who are able to design and produce furniture with the latest popular trends may enjoy price premiums. Therefore, manufacturers with a suitable level of experience and skills are able to thrive over the long term.

► **Dependency on the availability of wood as key raw material in furniture manufacturing**

The raw materials used in furniture manufacturing are primarily wood, but also include metal, plastic, aluminium, glass, fabric and leather. Rubberwood is one of the main types of wood used for furniture manufacturing in Malaysia. Furniture manufacturing industry players source these raw materials from local suppliers as well as foreign distributors or manufacturers. While a majority of the raw materials required are generally readily available, there are occasions where there is shortage of local timber supply.

Timber in Malaysia has been largely sourced from natural forest and state land forest, alienated land and rubber replanting programs. As there is limited opening of state land forests and alienated land for timber harvesting, shortages in local supply may sometimes occur. To mitigate this, furniture manufacturing industry players may source timber products from overseas suppliers.

3 COMPETITIVE LANDSCAPE OF THE FURNITURE INDUSTRY IN MALAYSIA

The furniture industry in Malaysia is competitive and fragmented due to the large number of industry players including public listed companies, large private companies as well as small to medium enterprises that compete in this industry.

3.1 KEY INDUSTRY PLAYERS

For the purpose of this IMR Report, the basis for selection of the key furniture industry players in Malaysia are as follows:

- companies involved in the manufacturing and export of wood-based home furniture as Mobilia Group specialises in producing wood-based home furniture; and
- companies which recorded more than RM50 million revenue based on their latest available financial years.

The following list sets out the key industry players premised on the basis for selection above:

Company name	Examples of furniture products offered	Latest available financial year	Group/ company revenue (RM million)	Segmental revenue for furniture manufacturing ^a (RM million)	Gross profit/ (loss) margin (%)	Profit/ (loss) after tax margin (%)
Lii Hen Industries Berhad	Home furniture: Dining room, living room and bedroom furniture	31 December 2019	836.66	N/A	21.03	9.51
Poh Huat Resources	• Home furniture: Living room and bedroom furniture;	31 October 2019	701.00	N/A	17.51	7.26

7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Company name	Examples of furniture products offered	Latest available financial year	Group/ company revenue (RM million)	Segmental revenue for furniture manufacturing ^a (RM million)	Gross profit/ (loss) margin (%)	Profit/ (loss) after tax margin (%)
Holdings Berhad	• Office furniture					
Latitude Tree Holdings Berhad	Home furniture: Dining room, living room and bedroom furniture	30 June 2020	684.74	680.88	10.70	2.45
Heveaboard Berhad	Home furniture: Living room and bedroom furniture	31 December 2019	419.19	265.89	8.45	3.44
Jaycorp Berhad	Home furniture: Dining room, living room and bedroom furniture	31 July 2020	309.35	227.99	19.64	5.44
Sern Kou Resources Berhad	Home furniture: Dining room, living room and bedroom furniture	30 June 2020	300.09	91.37	13.04	5.56
LY Furniture Sdn Bhd	Home furniture: Bedroom furniture	31 December 2019	241.33	N/A	9.34	2.72
SWS Capital Berhad	Home furniture: Dining room and living room furniture	31 December 2019 ^b	178.30	85.86	14.02	(6.00)
Homeritz Corporation Berhad	Home furniture: Dining room, living room and bedroom furniture	31 August 2020	155.37	N/A	N/A	15.18
Techcential Sdn Bhd	Home furniture: Bedroom furniture	31 December 2019	154.85	N/A	22.90	8.54
SYF Resources Berhad	Home furniture: Dining room furniture	31 July 2020	132.89	116.92	(8.04)	(14.92)
Samling Housing Products Sdn Bhd	Home furniture: Dining room, living room and bedroom furniture	30 June 2019	106.59	97.71	11.44	2.64
SHH Resources Holdings Berhad	Home furniture: Dining room and bedroom furniture	30 June 2020	104.12	N/A	14.14	(3.16)
Wegmans Holdings Berhad	Home furniture: Dining room, living room and bedroom furniture	31 December 2019	85.36	N/A	N/A	9.30

7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Company name	Examples of furniture products offered	Latest available financial year	Group/ company revenue (RM million)	Segmental revenue for furniture manufacturing ^a (RM million)	Gross profit/ (loss) margin (%)	Profit/ (loss) after tax margin (%)
WA Cushion Sdn Bhd	Home furniture: Dining room, living room and bedroom furniture	31 December 2018 ^c	83.85	N/A	14.47	6.77
Rian Heng Wooden Furniture Industries Sdn Bhd	Home furniture: Dining room, living room and bedroom furniture	31 December 2018 ^c	80.26	N/A	16.11	3.30
Mobilia Group	Home furniture: Dining room, living room and bedroom furniture	31 December 2019	75.59	N/A	25.73	11.14
AX Furniture Sdn Bhd	Home furniture: Bedroom furniture	30 April 2018 ^c	69.41	N/A	10.86	1.34
Spring Art Holdings Berhad	<ul style="list-style-type: none"> Home furniture: Dining room, living room and bedroom furniture; Office furniture 	31 December 2019	61.43	N/A	29.06	13.14
Value Plus Industries Sdn Bhd	Home furniture: Dining room, living room and bedroom furniture	31 December 2018	58.19	N/A	13.23	1.01
Soon Her Sing Industries (M) Sdn Bhd	<ul style="list-style-type: none"> Home furniture: Dining room, living room and bedroom furniture; Office furniture 	30 September 2019	56.10	N/A	20.21	4.31
Dee Noon Corporation Sdn Bhd	Home furniture: Living room and bedroom furniture	31 August 2019	54.36	N/A	17.31	6.59

Notes:

- Latest available as of 6 January 2021.
 - N/A – not available.
 - The identified key industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.
- a Due to differing segmental revenue definitions of industry players, this may include some revenue derived from businesses other than furniture manufacturing and/or revenue derived from outside Malaysia.
- b Financial reporting period of 16 months from 1 September 2018 to 31 December 2019 due to the change of financial year end from 31 August to 31 December.
- c WA Cushion Sdn Bhd, Rian Heng Wooden Furniture Industries Sdn Bhd and AX Furniture Sdn Bhd are exempt private companies and their last available audited financial statements from Companies Commission of Malaysia are for the year ended 31 December 2018, 31 December 2018 and 30 April 2018 respectively.

Sources: Mobilia Group, various companies' annual reports and websites, Companies Commission of Malaysia, SMITH ZANDER analysis

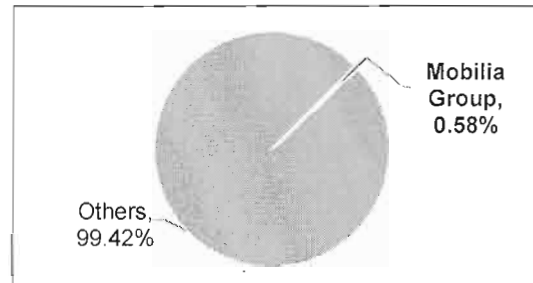
7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

3.2 EXPORT MARKET SHARE

Mobilia Group captured an export market share of 0.58% in 2019, based on its export revenue of RM50.17 million (i.e. 66.37% of its Group revenue of RM75.59 million) for the FYE 31 December 2019, computed against wood-based home furniture exports from Malaysia of RM8.71 billion in 2019.

Export market share, 2019



Sources: DOSM, SMITH ZANDER analysis

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7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

4 GLOBAL FURNITURE MARKET

4.1 OVERVIEW

Home furniture continues to be in demand globally as overall growth in population creates demand for housing, which subsequently creates demand for home furniture. The world population in 2019 was approximately 7.71 billion and is projected to increase to 8.89 billion by 2035⁹, an approximate 15.30% increase from the population in 2019.

Furniture has always served beyond its stated functionality. It is used to express individuality and culture, while also reflecting the lifestyle and status of an individual. This has resulted in a wide variety of furniture available in the market to cater for different individual lifestyle, colour and design preferences. As printed and digital materials on home furnishing, interior design and decoration ideas are increasingly accessible to consumers globally, consumers' choice of furniture is also influenced by popular trends and designs. Consequently, this leads to furniture manufacturers producing furniture to meet the demand for these trends and designs.

Technological improvement has facilitated change in furniture design over the years. Furniture can be designed with improved ergonomics and functionality to suit the current lifestyle of users. For example, there are chairs that are designed to adjust to a person's sitting position. These chairs are suitable for a rapidly growing population who spend long hours sitting with their electronic devices. While leather upholstered furniture remains desirable, many furniture manufacturers have started to introduce fabric upholstered collections in order to satisfy increasing demand. This is due to the large variety of colour and pattern options available, greater ease of cleaning and relatively lower prices of fabric upholstered furniture compared to leather upholstered furniture.

4.2 MARKET PERFORMANCE, SIZE AND GROWTH

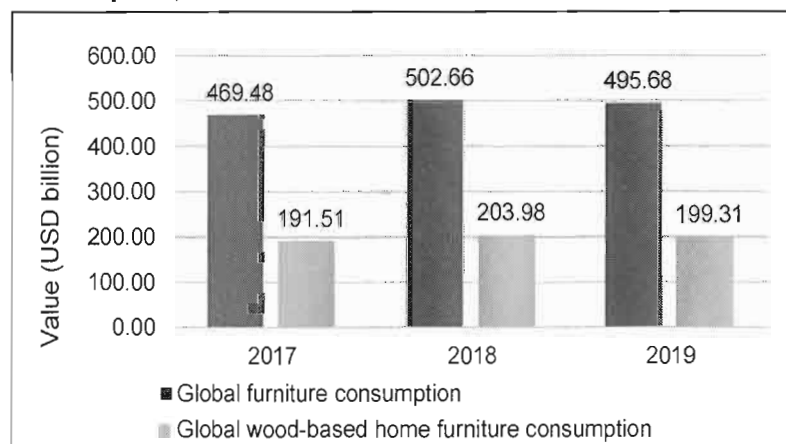
Global furniture consumption grew at a CAGR of 2.75%, from USD469.48 billion (RM2.02 trillion) in 2017 to USD495.68 billion (RM2.05 trillion) in 2019. Global wood-based home furniture consumption grew from USD191.51 billion (RM0.82 trillion) to USD199.31 billion (RM0.83 trillion), at a CAGR of 2.02%, during the same period.

As the US-China trade war escalated in 2019, it disrupted the furniture supply chain globally as some furniture wholesalers and retailers in the US were forced to source for new suppliers from other countries, replacing furniture imported from China.

Some of these furniture wholesalers and retailers have not been able to source furniture from other countries in a timely manner or at competitive pricing in the quantity and/or quality required. Hence, they may have had to delay or reduce the import of furniture resulting in lower supply of furniture available in the market and subsequently affecting the consumption of furniture and wood-based home furniture in 2019.

China, as the largest furniture exporter to the US, saw a sharp drop of 25.74% in exports of furniture to the US from USD22.92 billion (RM92.49 billion) in 2018 to USD17.02 billion (RM70.51 billion) in 2019. On the other hand, furniture industries in Southeast Asian countries such as Vietnam, Malaysia, Thailand and

Global furniture consumption and wood-based home furniture consumption, 2017-2019



Sources: International Trade Centre, US Census Bureau, Centre for Industrial Studies, SMITH ZANDER analysis

⁹ Source: Worldometer

7. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

Cambodia have benefitted as their furniture exports to the US grew by 36.33%, 24.44%, 42.11% and 233.33% respectively in 2019.

Since early 2020, the outbreak of the Covid-19 pandemic has caused many countries to impose mandatory movement controls and business operation restrictions in order to contain the spread of the virus, halting economic and business activities, including furniture businesses. This has temporarily disrupted the supply of furniture as global supply chains were affected. With the IMF's revision of world GDP forecast for 2020 to -4.4%, overall consumer spending is expected to decline and consequently adversely affect the demand for furniture. Nevertheless, as people increasingly purchase home furniture to improve their living space at home due to the movement controls imposed in their countries, the increase in the demand for home furniture driven by the abovementioned factor is expected to cushion the negative impact arising from the Covid-19 pandemic and to support global demand for furniture.

5 PROSPECTS AND OUTLOOK

In 2019, Malaysia was the 11th largest furniture exporting country globally, accounting for 1.60% of the total global furniture exports of USD167.66 billion (RM694.57 billion). Malaysia's furniture export industry grew from RM10.07 billion in 2017 to RM11.10 billion in 2019, at a CAGR of 4.99%, and Malaysia's wood-based home furniture export industry grew from RM7.56 billion to RM8.71 billion, at a CAGR of 7.34%, during the same period. The furniture export industry in Malaysia is driven by global furniture consumption, which grew from USD469.48 billion (RM2.02 trillion) in 2017 to USD495.68 billion (RM2.05 trillion) in 2019, at a CAGR of 2.75%. During the same period, global wood-based home furniture consumption also grew, from USD191.51 billion (RM0.82 trillion) to USD199.31 billion (RM0.83 trillion), at a CAGR of 2.02%.

Despite positive historical growth in Malaysia's furniture export industry and the global furniture market, the outlook of the furniture industry in Malaysia is expected to experience slower demand in 2020, caused by the potential adverse economic conditions in 2020 resulting from the outbreak of the Covid-19 pandemic.

The Covid-19 pandemic has caused many countries to impose mandatory movement controls and business operation restrictions in order to contain the spread of the virus, halting economic and business activities, including furniture businesses. This has temporarily disrupted the supply of furniture as global supply chains were affected. With the IMF's revision of world GDP forecast for 2020 to -4.4%, overall consumer spending is expected to decline and consequently adversely affect the demand for furniture. Nevertheless, as people increasingly purchase home furniture to improve their living space at home due to the movement controls imposed in their countries, the increase in the demand for home furniture driven by the abovementioned factor is expected to cushion the negative impact arising from the Covid-19 pandemic and to support global demand for furniture.

Further, as furniture is an essential item for comfort and functional purposes to support daily activities, the global demand for furniture is expected to remain strong over the longer term. Premised on this, the furniture export industry in Malaysia is expected to recover when global supply chains resume, economic conditions recover and the impact of the Covid-19 pandemic subsides or ends. This will eventually benefit the furniture export industry players in Malaysia, including Mobilia Group, as industry players will be able to leverage on the resumption of growth in global demand for furniture to continue expanding their business.

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