

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF CORAZA INTEGRATED TECHNOLOGY BERHAD (“CORAZA” OR THE “COMPANY”) DATED 22 DECEMBER 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](http://www.bursamalaysia.com) (“Website”).

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

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

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

**Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, M&A Securities and Coraza 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 22 December 2021 and will close at 5.00 p.m. on 6 January 2022.

In the event the Closing Date is extended, Coraza will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date.

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.



# CORAZA

**CORAZA INTEGRATED TECHNOLOGY BERHAD**

(202001039065 (1395386-M))

(Incorporated in Malaysia)

Lot 2777, Lorong Industri 5  
Kawasan Industri Bukit Panchor  
14300 Nibong Tebal  
Pulau Pinang, Malaysia  
Tel: +604 – 595 8888

[www.corazaintech.com](http://www.corazaintech.com)



CORAZA INTEGRATED TECHNOLOGY BERHAD PROSPECTUS

# P R O S P E C T U S

# CORAZA

## CORAZA INTEGRATED TECHNOLOGY BERHAD

(202001039065 (1395386-M))

(Incorporated in Malaysia)

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

- (I) **PUBLIC ISSUE OF 117,791,000 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:**
- **21,416,550 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
  - **21,416,550 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND**
  - **74,957,900 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;**
- AND**
- (II) **OFFER FOR SALE OF 21,416,600 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS**

**AT AN ISSUE/OFFER PRICE OF RM0.28 PER SHARE, PAYABLE IN FULL UPON APPLICATION.**

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



**M & A SECURITIES SDN BHD**

(197301001503 (15017-H))

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Prospectus has been registered by the SC. The registration of this Prospectus, should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. The SC is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

**YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF 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 157.**

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

**THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS NOT A PROPOSAL REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SC UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.**

THIS PROSPECTUS IS DATED 22 DECEMBER 2021



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 there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

M&A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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

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

Securities listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") are offered to the public premised on full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 8 October 2021. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The valuation utilised for the purpose of the Listing should not be construed as an endorsement by Bursa Securities, on the value of the subject assets.

The SC has on 2 December 2021 approved the resultant equity structure of our Company under the Bumiputera equity requirement for public listed companies pursuant to our Listing (as defined herein).

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC based on the audited combined financial statements for the financial year ended 31 December 2020. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status will be released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

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

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

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

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

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

### **ELECTRONIC PROSPECTUS**

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

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

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

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

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

- (a) We and our Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

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

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

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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**INDICATIVE TIMETABLE**

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

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

<b>Events</b>	<b>Indicative date</b>
Issuance of this Prospectus/Opening of Application	22 December 2021
Closing Date/Closing of Application	6 January 2022
Balloting of Application	10 January 2022
Allotment/Transfer of IPO Shares to successful applicants	17 January 2022
Date of Listing	20 January 2022

In the event there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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*All terms used in this section are defined under "Definitions" commencing from page vii.*

All references to "Coraza" and "Company" in this Prospectus are to Coraza Integrated Technology Berhad (Registration No: 202001039065 (1395386-M)). Unless otherwise stated, references to "Group" are to our Company and our subsidiary taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiary. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Technical Glossary" appearing after this section. Words denoting singular shall include plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

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

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

This Prospectus includes statistical data provided by our management and various third-parties and cites third-party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from the internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, such information can be assumed to originate from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

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

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**FORWARD-LOOKING STATEMENTS**

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

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

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

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

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

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

- (a) The ongoing Covid-19 pandemic and possible similar future outbreak;
- (b) The economic, political and investment environment in Malaysia; and
- (c) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 9 – "Risk Factors" and Section 12 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.



## DEFINITIONS

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

### **COMPANIES WITHIN OUR GROUP:**

"Coraza" or "Company"	: Coraza Integrated Technology Berhad (202001039065 (1395386-M))
"Coraza Systems"	: Coraza Systems Malaysia Sdn Bhd (200101023388 (559146-T))
"Coraza Group" or "Group"	: Coraza and its subsidiary, collectively

### **GENERAL:**

"ACE Market"	: ACE Market of Bursa Securities
"Acquisition"	: Acquisition by Coraza of the entire equity interest of Coraza Systems from Armour Holdings for a purchase consideration of RM29,252,868 which was wholly satisfied by the issuance of 310,540,000 new Shares at an issue price of RM0.0942 per share, which was completed on 19 November 2021
"Act"	: Companies Act, 2016
"ADA"	: Authorised Depository Agent
"Adviser" or "Sponsor" or "Placement Agent" or "Underwriter"	: M&A Securities
"Application"	: Application for IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form"	: Printed application form for the application of our IPO Shares accompanying this Prospectus
"Armour Holdings"	: Armour Holdings Sdn Bhd (200101015367 (551124-P)) (formerly known as Coraza Holdings Sdn Bhd), formerly the sole shareholder of Coraza Systems which was subsequently disposed to Coraza pursuant to the Acquisition
"ASEAN"	: Association of Southeast Asian Nations
"ATM"	: Automated teller machine
"BNM"	: Bank Negara Malaysia
"Board"	: Board of Directors of Coraza
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
"Bursa Securities"	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))

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**DEFINITIONS (Cont'd)**

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"CAGR"	:	Compound annual growth rate
"CDS"	:	Central Depository System
"CDS Account"	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
"Central Depositories Act"	:	Securities Industry (Central Depositories) Act, 1991
"CFA"	:	Certificate for Accommodation
"Closing Date"	:	Date adopted in this Prospectus as the last date for acceptance and receipt of the Application
"CMSA"	:	Capital Markets and Services Act, 2007
"Constitution"	:	Our constitution
"COVID-19"	:	Coronavirus disease 2019, an infectious disease which is a global pandemic
"Customer A"	:	Comprising 2 companies based in Malaysia and Singapore held under an American based corporation listed on the New York Stock Exchange. The group is principally an analytical instrumentation development and manufacturing company that caters to customers in life sciences, diagnostics and applied chemical markets, providing application focused solutions that include instruments, software, services and consumables for the entire laboratory workflow. The group has operations worldwide, including but not limited to, China, Malaysia, Brazil, Denmark, Italy, Japan, Australia, India, Germany, Singapore, USA and Vietnam  We are unable to disclose the identities of Customer A and its related companies by virtue of a master agreement executed with Customer A and the non-disclosure terms extend to its related companies. Please refer to Section 7.10 for further details
"Customer J"	:	Comprising mainly a company based in Malaysia held under an American based corporation listed on the New York Stock Exchange. The group is principally a provider of worldwide manufacturing services and solutions. It provides comprehensive electronics design, production and product management services to companies in various industries and end markets. The group's services enable its customers to reduce manufacturing costs, improve supply chain management, reduce inventory obsolescence, lower transportation costs and reduce product fulfilment time. The group has operations in facilities that are located worldwide, including but not limited to, China, Malaysia, Mexico, Singapore, USA and Vietnam

## **DEFINITIONS (Cont'd)**

We are unable to disclose the identities of Customer J and its related companies by virtue of various agreements executed with Customer J and its related companies, being a master agreement, purchasing agreement, supplier owned inventory agreement and non-disclosure agreement, all of which have non-disclosure clauses that prohibit the disclosure of information in relation to Customer J. Please refer to Section 7.10 for further details

"Customer K" : Comprising mainly 2 companies based in Singapore and Malaysia held under an American based corporation listed on the New York Stock Exchange. The group principally manufactures electronics test and measurement equipment and software, focused on electronics and radio frequency. It mainly serves the telecommunications, aerospace/defence, industrial, computer, and semiconductor industries. They have operations worldwide, spanning 34 countries

We are unable to disclose the identities of Customer K and its related companies by virtue of various agreements executed with Customer K and its related companies, being a master agreement, development and manufacturing agreement, supplied managed inventory agreement and forecast-and-release agreement, all of which have non-disclosure clauses that prohibit the disclosure of information in relation to Customer K without prior written consent. Please refer to Section 7.10 for further details

"Customer M" : Comprising 2 companies based in Singapore and USA held under an American based corporation listed on the Nasdaq Global Select Market. The group principally supplies equipment, services and software for the manufacture of semiconductor (integrated circuit) chips for electronics, flat panel displays for computers, smartphones and televisions, and solar products. They have operations in USA, Europe, China, Canada, India, Southeast Asia, Taiwan, Japan, Korea and Israel

We are unable to disclose the identities of Customer M and its related companies by virtue of a master agreement executed with the holding company of Customer M and the non-disclosure terms extend to its related companies. Please refer to Section 7.10 for further details

"Customer N" : Comprising a company based in Singapore held under an American based corporation listed on the Nasdaq Global Select Market. The group is a developer and supplier of critical subsystems, components and parts, and ultra-high purity cleaning and analytical services primarily for the semiconductor industry. The group has operations in USA, Scotland, Czech Republic, Singapore, Thailand, Taiwan, the Philippines, Israel, Korea and China

We are unable to disclose the identities of Customer N and its related companies by virtue of a non-disclosure agreement executed with Customer N which prohibits the disclosure of information in relation to Customer N without prior written consent. Please refer to Section 7.10 for further details

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**DEFINITIONS (Cont'd)**

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"Customer P"	: Comprising a company based in Malaysia held under an American based corporation listed on the Nasdaq Global Select Market. The group is a participant in the electronics manufacturing services industry, providing product design, supply chain, materials management, manufacturing, test, fulfilment, and aftermarket solutions to branded product companies in the wireline and networking, wireless infrastructure, medical, industrial and commercial, defence, security, and aerospace market sectors. The group has operations in China, Malaysia, Mexico, Singapore, Romania, Germany and USA
	We are unable to disclose the identities of Customer P and its related companies by virtue of various agreements executed with Customer P and its related companies, being a master agreement and Kanban agreement (to limit inventory buildup) of Customer P, which have non-disclosure clauses that prohibit the disclosure of information in relation to Customer P without prior written consent. Please refer to Section 7.10 for further details
"Customer V"	: Comprising a company based in Malaysia held under a Singaporean based corporation listed on the Singapore Stock Exchange. The group principally provides manufacturing, product design and development, engineering and supply-chain management services. The group manufactures communications and networking equipment, data processing equipment, and medical scientific equipment and instrumentation. The group has operations in Singapore, Netherlands, Spain, China, USA, Malaysia and the British Virgin Islands
	We are unable to disclose the identities of Customer V and its related companies by virtue of a non-disclosure agreement executed with Customer V and the non-disclosure terms extend to its related companies. Please refer to Section 7.10 for further details
"D&D"	: Design and development
"Depository Rules"	: Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"Director(s)"	: An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
"E&E"	: Electrical and electronics
"EBIT"	: Earnings before interest and tax
"EBITDA"	: Earnings before interest, tax, depreciation and amortisation
"Electronic Prospectus"	: Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	: Application for IPO Shares through a Participating Financial Institution's ATM



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**DEFINITIONS (Cont'd)**

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"EMS"	: Electronics manufacturing services
"EPS"	: Earnings per share
"ERP"	: Enterprise resource planning
"FYE"	: Financial year(s) ended/ending 31 December, as the case may be
"FPE"	: Financial period(s) ended/ending 30 June, as the case may be
"Government"	: Government of Malaysia
"GP"	: Gross profit
"IFRS"	: International Financial Reporting Standards
"IMR"	: Protégé Associates Sdn Bhd (200401037256 (675767-H)), our Independent Market Researcher
"IMR Report"	: Independent Market Research Report titled "Strategic Analysis of the Engineering Supporting Industry in Malaysia" dated 30 November 2021
"Internet Participating Financial Institution(s)"	: Participating financial institution(s) for Internet Share Application as listed in Section 16.6
"Internet Share Application"	: Application for IPO Shares through an online share application service provided by Internet Participating Financial Institution
"Initial Public Offering" or "IPO"	: Our initial public offering comprising the Public Issue and Offer for Sale
"IPO Price"	: Issue/Offer price of RM0.28 per Share under our Public Issue and Offer for Sale
"IPO Share(s)"	: Issue Share(s) and Offer Share(s), collectively
"Issue Share(s)"	: New Share(s) to be issued under the Public Issue
"Issuing House"	: Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
"ISO"	: International Organisation for Standardisation
"IT"	: Information technology
"Listing"	: Listing of and quotation for our entire enlarged share capital of RM62.2 million comprising 428,331,001 Shares on the ACE Market
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	: Comprising the Public Issue, Offer for Sale and Listing, collectively

## **DEFINITIONS (Cont'd)**

"Lot 2773 & 2776"	:	2 parcels of vacant industrial land held under GM 1510 and Geran 59350 (Lots 2773 and 2776 respectively), Jalan Bukit Panchor, Mukim 07, Daerah Seberang Perai Selatan, Negeri Pulau Pinang, which were acquired by us in 2018 for the construction of our new factory in line with our future expansion plans
"LPD"	:	23 November 2021, being the latest practicable date for ascertaining certain information contained in this Prospectus
"M&A Securities"	:	M & A Securities Sdn Bhd (197301001503 (15017-H))
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"MCO"	:	The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"MNC"	:	Multi-national corporation
"MFRS"	:	Malaysian Financial Reporting Standards
"MITI"	:	Ministry of International Trade and Industry Malaysia
"MIDA"	:	Malaysian Investment Development Authority
"MOH"	:	Ministry of Health, Malaysia
"NA"	:	Net assets
"NBV"	:	Net book value
"NRP"	:	National Recovery Plan
"OEM"	:	Original equipment manufacturer
"Offer for Sale"	:	Offer for sale of 21,416,600 Offer Shares by our Selling Shareholders at our IPO Price
"Offer Share(s)"	:	Existing Share(s) to be offered under our Offer for Sale
"Participating Institution(s)"	Financial	: Participating financial institution(s) for Electronic Share Application as listed in Section 16.5
"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"PE Multiple"	:	Price-to-earnings multiple

## **DEFINITIONS (Cont'd)**

"Pink Form Allocations"	: Allocation of 21,416,550 Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group, which forms part of our Public Issue
"Promoter(s)"	: Paul Heng Weng Seng, Liew Sow Ying and Lim Teik Hoe, collectively
"Prospectus"	: This prospectus dated 22 December 2021 in relation to our IPO
"Public Issue"	: Public issue of 117,791,000 Issue Shares at our IPO Price
"ROC"	: Registrar of Companies
"SOP"	: Standard operating procedures
"SME"	: Small and medium enterprises
"SC"	: Securities Commission Malaysia
"Selling Shareholders"	: Paul Heng Weng Seng and Liew Sow Ying, who are undertaking the Offer for Sale
"Share(s)"	: Ordinary share(s) in Coraza
"sq ft"	: Square feet
"STS"	: Surface Technology Solutions Sdn Bhd (201601004170 (1175096-P))
"Supplier A"	<p>: Comprising a company based in the USA, which is principally a distributor of base materials such as aluminium, stainless steel, copper, copper nickel, brass bronze, and other corrosion-resistant alloys. The company has operations in several states in USA and Canada, and it ships internationally</p> <p>We are unable to disclose the identity of Supplier A as its dealings with us are related to Customer J, with whom we have various agreements with non-disclosure clauses that extend to the dealings with Supplier A. In this respect, Supplier A is an approved vendor of Customer J for a strategic material which has strategic impact on Customer J's competitiveness. Customer J has emphasised to Coraza the need to maintain confidentiality of Supplier A's identity. There are no other suppliers who are involved in such arrangements. Please refer to Section 7.12 for further details</p>
"Underwriting Agreement"	: Underwriting agreement dated 30 November 2021 entered into between Coraza and M&A Securities for the purpose of our IPO
"UK"	: United Kingdom
"USA"	: United States of America

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**DEFINITIONS (*Cont'd*)**

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***CURRENCY:***

"RM" or "sen" : Ringgit Malaysia and sen respectively

"SGD" : Singapore Dollar

"USD" : American Dollar

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## TECHNICAL GLOSSARY

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

AQP	: Advance quality planning which is a structured process aimed at ensuring customer satisfaction with new products and/ or processes
Blanking	: A metal fabrication process whereby a metal piece is removed from the primary metal sheet after undergoing punching. The material removed is called a blank
CAD	: Computer-aided design which is used to create computer models of the intermediate metal products to be produced
CAM	: Computer-aided manufacturing, which is used to generate the programme for CNC machines to produce the metal piece parts according to designs made using CAD software
CNC	: Computer numerical control, which refers to technology where a computer converts a design produced by CAD software into numbers. These numbers act as coordinates to control the movement of the CNC machine, enabling it to control the cuts into the sheet metal or metal blocks
Intermediate metal products	: Sheet metal and metal blocks that have undergone sheet metal fabrication and precision machining processes. Intermediate metal products may undergo further processing or assembly to produce the finished products. Intermediate metal products include metal piece parts and precision-machined components
LLM	: Lower-level material, which are simpler materials used together with intermediate parts to produce products based on customers' designs. LLM include materials such as fasteners, hinges, rivets, wiring and various electronic parts
Metal piece part	: Sheet metal that have undergone fabrication such as cutting, welding, and bending
Peening	: The process of working a metal's surface to improve its material properties
Precision-machined components	: Metal blocks that have undergone precision machining processes such as milling and turning
Prototype	: The first or preliminary version of a product
QMS	: Quality management system, which is a set of policies, processes, and procedures to achieve quality policies and objectives of an organisation
Sub-modular assembly	: Partial assembly of intermediate metal products into sub-modular assembled products. Sub-modular assembled products then undergo further processing to be made into final products

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Designation</b>	<b>Residential address</b>	<b>Nationality/ Profession</b>	<b>Gender</b>
Ng Fook San	Executive Chairman	11, Lengkok Kenari Satu Desaria, Sungai Ara 11900 Bayan Lepas Pulau Pinang	Malaysian/ Director	Male
Ng Hong Kiat @ Ng Han Kiat	Independent Non- Executive Deputy Chairman	5-15-1, Hillcrest Residences Jalan Bukit Jambul 11900 Bayan Lepas Pulau Pinang	Malaysian/ Director	Male
Lim Teik Hoe	Managing Director	44, Changkat Delima Satu Island Glades 11700 Gelugor Pulau Pinang	Malaysian/ Director	Male
Paul Heng Weng Seng	Non-Independent Non-Executive Director	29, Jalan PU3/3A Taman Puchong Utama 47140 Puchong Selangor	Malaysian/ Director	Male
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Independent Non- Executive Director	37, Jalan Selangor 10400 Georgetown Pulau Pinang	Malaysian/ Director	Male
Rusmin Alwani Binti Shukery	Independent Non- Executive Director	47, Lengkok Mahsuri 11950 Bayan Baru Pulau Pinang	Malaysian/ Advocate & Solicitor	Female

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ng Hong Kiat @ Ng Han Kiat	Chairman	Independent Non-Executive Deputy Chairman
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Member	Independent Non-Executive Director
Rusmin Alwani Binti Shukery	Member	Independent Non-Executive Director

**NOMINATING AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Rusmin Alwani Binti Shukery	Chairwoman	Independent Non-Executive Director
Ng Hong Kiat @ Ng Han Kiat	Member	Independent Non-Executive Deputy Chairman
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Member	Independent Non-Executive Director

**RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Chairman	Independent Non-Executive Director
Lim Teik Hoe	Member	Managing Director
Rusmin Alwani Binti Shukery	Member	Independent Non-Executive Director
Ng Hong Kiat @ Ng Han Kiat	Member	Independent Non-Executive Deputy Chairman

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

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- COMPANY SECRETARY** : Tan She Chia (MAICSA 7055087)  
SSM Practising Certificate No.: 202008001923  
*(Chartered Secretary and Associate of the Malaysian Institute of Chartered Secretaries and Administrators)*  
  
48, Jalan Chow Thye  
10050 Georgetown  
Pulau Pinang  
  
Telephone: +604-226 2188
- REGISTERED OFFICE** : 48, Jalan Chow Thye  
10050 Georgetown  
Pulau Pinang  
  
Telephone: +604-226 2188
- HEAD OFFICE** : Lot 2777, Lorong Industri 5  
Kawasan Industri Bukit Panchor  
14300 Nibong Tebal  
Pulau Pinang  
  
Telephone: +604-595 8888
- EMAIL ADDRESS AND WEBSITE** : Website: [www.corazaintech.com](http://www.corazaintech.com)  
Email address: [ir@corazaintech.com](mailto:ir@corazaintech.com)
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR LISTING** : Grant Thornton Malaysia PLT (AF 0737)  
Level 5, Menara BHL  
51, Jalan Sultan Ahmad Shah  
10050 Pulau Pinang  
  
Telephone: +604-228 7828  
  
Partner's name: Terence Lau Han Wen  
*(Chartered Accountant, Member of the Malaysian Institute of Accountants)*  
Approved number: 03298/04/2023 J
- SOLICITORS FOR OUR LISTING** : Zaid Ibrahim & Co  
51-22-B&C, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Pulau Pinang  
  
Telephone: +604-227 0888
- ISSUING HOUSE AND SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd  
(197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
8, Jalan Kerinchi  
59200 Kuala Lumpur  
  
Telephone: +603-2783 9299

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

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<b>INDEPENDENT MARKET RESEARCHER</b>	: Protégé Associates Sdn Bhd (200401037256 (675767-H)) Suite C-09-12, Plaza Mont' Kiara 2, Jalan Kiara Mont' Kiara 50480 Kuala Lumpur  Telephone: +603-6201 9301  Managing Director's name: Seow Cheow Seng <i>(Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia)</i>
<b>ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT</b>	: M & A Securities Sdn Bhd (197301001503 (15017-H)) 45-11, The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur  Telephone: +603-2284 2911
<b>LISTING SOUGHT</b>	: ACE Market
<b>SHARIAH STATUS</b>	: Approved by Shariah Advisory Council of SC

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## 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 IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

<b>No. of Shares to be issued under Public Issue:</b>	<b>117,791,000</b>
- For application by the Malaysian Public	21,416,550
- For Pink Form Allocations	21,416,550
- For private placement to selected investors	74,957,900

No. of Shares to be offered under the Offer for Sale entirely for private placement to selected investors 21,416,600

Enlarged no. of Shares upon Listing 428,331,001

IPO Price per Share RM0.28

Market capitalisation (calculated based on our IPO Price and enlarged no. of Shares upon Listing) RM119,932,680

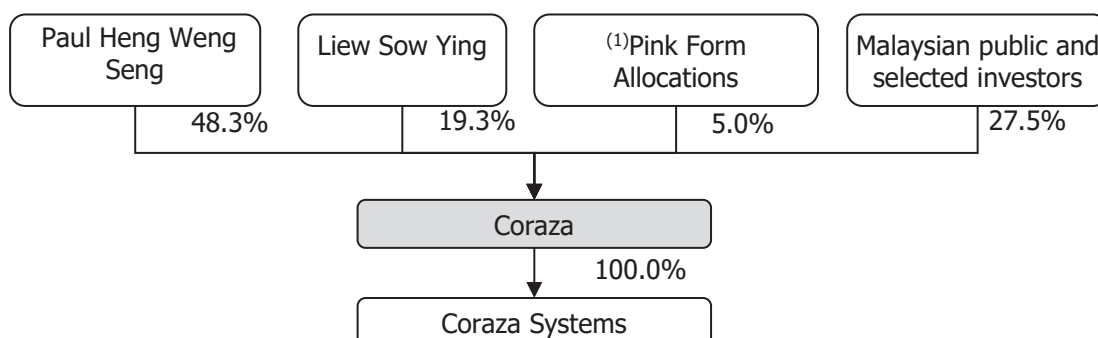
Further details of our IPO are set out in Section 4.

Our Promoters' entire shareholdings after IPO will be held under moratorium for 6 months from the date of Listing. Thereafter, our Promoters' shareholdings amounting to 45% of our share capital will remain under moratorium for another 6 months. Our Promoters may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of their shares held under moratorium upon expiry of the second 6 month period. Further details on the moratorium on our Shares are set out in Section 3.2.

### 2.2 GROUP STRUCTURE, BUSINESS MODEL AND OPERATIONAL HIGHLIGHTS

Our Company was incorporated in Malaysia under the Act on 30 November 2020 as a private limited company under the name of Coraza Integrated Technology Sdn Bhd. On 5 July 2021, we converted into a public limited company and adopted our present name.

Our principal activity is that of an investment holding company. Our Group structure after our IPO will be as follows:





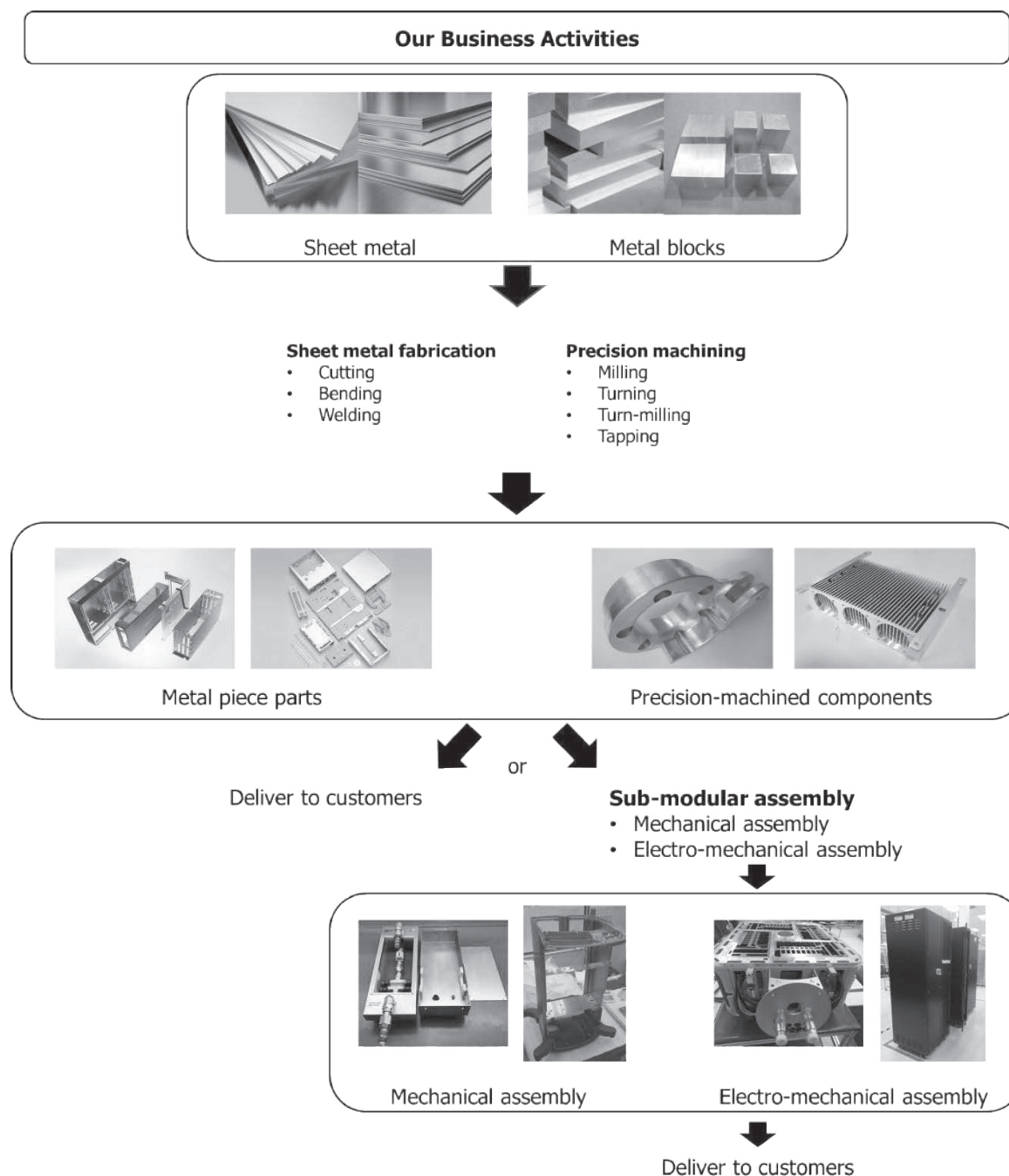
## 2. PROSPECTUS SUMMARY (Cont'd)

### Note:

- (1) Assuming that all our eligible Directors, employees and persons who have contributed to the success of our Group will subscribe for the Pink Form Allocations.

Through our subsidiary, we are principally involved in the fabrication of sheet metal and precision machined components, as well as the provision of related services, such as D&D and value-added sub-module assembly services. We support customers in various industries including semiconductor, instrumentation, life science and medical devices, telecommunications, aerospace, and E&E.

Our production process is depicted as follows:



**2. PROSPECTUS SUMMARY (Cont'd)**

Our Group is an integrated engineering supporting services provider. We provide fabrication services involving various processes of working with metal such as cutting, bending, welding, milling, turning, and other associated processes such as polishing to produce intermediate metal products, ranging from metal piece parts to precision machined components. These intermediate metal products, which we fabricate according to our customers' designs and specifications, are then used to produce various finished products by our customers in a diverse range of industries such as, among others, semiconductor, instrumentation, life science and medical devices, telecommunications, aerospace and E&E.

We also provide value-added sub-module mechanical or electro-mechanical assembly services whereby we assemble the intermediate metal products into frames, structures, or enclosures according to the designs and specifications provided by our customers.

In addition to metal fabrication and assembly services, we also conduct joint product development with our customers. We will collaborate with them on the D&D of their products to produce a prototype of the product. Once the prototype has been confirmed then the planning for production begins. We implement an AQP process during our production process that facilitates communication and collaboration between our Group and our customers to achieve production efficiency by reducing cost and improving production cycle time.

As at 30 June 2021, we occupy a 1.5-storey factory measuring 93,219.7 sq ft, running 2 12-hour shifts a day in a 6-day work week. We have 75 units of machinery, comprising bending, punching, cutting, milling, welding and tapping machinery, which cater to various customer requirements.

Our focus is to provide integrated engineering support to our customers, several of whom are large MNCs involved in various industries. These include semiconductor, instrumentation, life science and medical devices, telecommunications, aerospace, and E&E industries. For FYE 2018, 2019, 2020 and FPE 2021, our top 5 customers comprise such MNCs, who contributed 91.7%, 90.1%, 86.2% and 80.3% of our Group's total revenue respectively. Our revenue by industry for the financial years/period under review is as follows:

<b>Industry</b>	<b>FYE 2018</b>		<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FPE 2021</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Semiconductor	20,734	37.0	23,722	40.5	49,156	58.7	24,382	56.5
Instrumentation	14,643	26.1	16,920	28.9	16,362	19.6	7,744	17.9
Life science and medical devices	17,052	30.4	13,001	22.2	14,079	16.8	8,086	18.7
Aerospace, telecommunications and E&E	3,594	6.5	4,951	8.4	4,089	4.9	2,983	6.9
<b>Total</b>	<b>56,023</b>	<b>100.0</b>	<b>58,594</b>	<b>100.0</b>	<b>83,686</b>	<b>100.0</b>	<b>43,195</b>	<b>100.0</b>

We deal with our customers mainly through their operations in Malaysia, and some in Singapore. We do not maintain an order book, as our sales are based on purchase orders. For FYE 2018, 2019, 2020 and FPE 2021, our revenue from Malaysia contributed 74.4%, 70.6%, 70.7% and 61.9% of our Group's total revenue respectively, and our revenue from Singapore contributed 23.0%, 22.4%, 21.5% and 28.3% of our Group's total revenue respectively.

Further details of our Group and our business model are set out in Sections 6 and 7.

## 2. PROSPECTUS SUMMARY (*Cont'd*)

### 2.3 IMPACT OF COVID-19 AND MCO

The Government has imposed the MCO to curb the spread of the COVID-19 virus throughout Malaysia from 18 March 2020 to 3 May 2020, conditional MCO from 4 May 2020 to 9 June 2020 and recovery MCO from 10 June 2020 to 31 December 2020. During the end of 2020, the number of COVID-19 cases increased and led to the Government imposing a second MCO in various states beginning 13 January 2021. The country transitioned into a CMCO beginning 5 March 2021. However, increasing COVID-19 cases saw the MCO re-imposed nationwide beginning 12 May 2021.

On 18 March 2020, we temporarily ceased operations, but received approval from MITI to resume operations on 26 March 2020. In compliance with MITI's approval, on 28 March 2020, 30% of our production staff resumed work while non-production staff worked remotely from home. Subsequently, we have since 10 June 2020 fully resumed our operations. On 28 May 2021, the Government subsequently announced a full MCO, also known as total lockdown ("**FMCO**") effective 1 June 2021. Similar to the initial MCO period in 2020, we had received approval from the MITI to continue operating during the FMCO, albeit with production staff reduced to 60% and a work-from-home policy for managerial and administrative staff.

Despite the MCO restrictions, our operations were not significantly impacted, and we managed to record an increase in revenue for FYE 2020 of RM83.7 million compared to RM58.6 million for FYE 2019. The cost incurred in relation to COVID-19 and SOP compliance amounted to approximately RM248,026 up to LPD which covers the cost of implementing the various SOP, COVID-19 tests, quarantine accommodation, and sanitisation and disinfection activities.

On 27 May 2021, we noticed an increasing incidence of employees testing positive for COVID-19, where 4 employees were tested positive over the past 7 days. We then conducted a plant-wide mass testing exercise, during which an additional 122 of our employees were tested positive for COVID-19. As a result, the MOH issued Coraza Systems a shutdown notice effective 31 May 2021. Upon a follow up check by MOH, we were able to resume our operations on 8 June 2021. As a result of the plant-wide testing, Coraza was part of the cluster known as Kluster Industri Bukit Panchor, Pulau Pinang, which has since ended.

On 15 June 2021, the Government announced that the country would transition from the FMCO to the NRP which is a 4-phase strategy for the country to emerge from the COVID-19 pandemic. The NRP is based on 3 indicators, namely (i) the daily number of COVID-19 cases, (ii) utilisation rate of beds in intensive care unit wards, and (iii) the percentage of people who have been fully vaccinated against COVID-19. Depending on the indicators, each Malaysian state would be in the various phases of the NRP, which would have different restrictions on economic and social activities. Amidst a higher vaccination rate, the Government announced on 7 August 2021 that the daily number of COVID-19 cases would no longer be an indicator for the NRP for states that have vaccinated 50% of its population. For such states, the indicator would be replaced by the daily number of hospitalisations of symptomatic COVID-19 patients.

As at 11 August 2021, all of our operations are under Phase 2 of the NRP, where we are allowed to operate at 80% staffing capacity i.e. employee attendance capacity limit set by MITI for the manufacturing sector under Phase 2 of the NRP, except for our operations in Kulim which is still under Phase 1 of the NRP, where we are allowed to operate at 60% staffing capacity. This limited the available workers (comprising both production and non-production staff) for planning (non-production) and production and resulted in reduced production output. However, our Group is not able to reasonably quantify the value of reduced production output caused by the limited production staff.

## **2. PROSPECTUS SUMMARY (*Cont'd*)**

Nevertheless, that there was no significant negative impact in meeting our customers' orders, receiving raw materials and delivering finished goods, and there is unlikely to be any adverse impact on our financial performance as a result of the restrictions under the NRP. From 24 August 2021, our operations under Phase 2 of the NRP were allowed to operate at full workforce capacity, having complied with the necessary vaccination rates for our employees. MITI approval conditions allow to operate at full workforce capacity for full vaccination rates of 80% to 100% among employees, and our Group had achieved 95.3% vaccination rate among employees at the point in time.

In FYE 2021, our production activities were temporarily halted due to our shutdown notice on 31 May 2021, leading to delay in delivery to our customers. These orders were eventually delivered subsequent to the resumption of business and there were no cancellation of orders as a result of COVID-19 and the MCO. We have not experienced and do not expect any penalties from our customers on the delay and are in constant communication with them. We also continue to receive new orders amounting to RM0.7 million from our customers during this period of shutdown from 31 May 2021 to 7 June 2021. Additionally, our collection of receivables was not materially affected since the imposition of MCO. As a result, we believe that the delays in delivery will not have any significant adverse impact on our business and financial performance for FYE 2021.

Further details on the impact of COVID-19 and MCO and our measures to commence and continue operations are set out in Section 7.8.1.

### **2.4 COMPETITIVE STRENGTHS**

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

- (a) We are an integrated engineering supporting services provider, with a wide range of services. These services encompass fabrication of sheet metal, precision engineering, as well as provision of related services, such as D&D and value-added sub-module assembly services.
- (b) We have an established track record and long-standing relationships with our customers. 4 of our major customers have more than 10 years of business relationships with us.
- (c) We are led by a team of experienced and knowledgeable personnel. Our Executive Chairman, Ng Fook San has over 40 years of experience in the E&E industry, and our Managing Director, Lim Teik Hoe also has over 30 years of experience in the E&E industry. They are supported by a team of experienced key personnel who have extensive experience in their respective fields.
- (d) We continuously invest in new and advanced machinery in line with improving technology and the requirements of our customers. As such, we are able to meet our customers' advanced requirements as well as keep up with the demands of the market and capture new customers in new markets.

Further details of our competitive strengths are set out in Section 7.16.

## **2. PROSPECTUS SUMMARY (Cont'd)**

### **2.5 BUSINESS STRATEGIES**

Our business objectives are to maintain sustainable growth and create long term shareholder value. To achieve our business objectives, we will implement the following business strategies over the period of 36 months from the date of our Listing:

- (a) We plan to construct a new factory on Lot 2773 & 2776, which is adjacent to our current factory in Nibong Tebal, Pulau Pinang over 3 phases, within the next 2 years. This is to expand our production capacity and enable us to provide new services to our customers in the future. Phase 1 of the construction is expected to be completed by February 2023 and we expect to commence operations therein by March 2023.
- (b) In conjunction with the construction of our new factory, we plan to purchase new machinery over the next 3 years for our existing and new factories, which will improve our production capacity as well as our service offerings. As at LPD, we have purchased and commissioned machinery during the third quarter of 2021. Moving forward, we will progressively acquire machinery over 3 years which will increase our capacity by a further 25.0%.

Further details of our business strategies are set out in Section 7.19.

### **2.6 RISK FACTORS**

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk factors as set out in Section 9. Some of the more important risk factors are summarised below:

- (a) We are dependent on our top 3 major customers. They collectively contribute a total of approximately 76.8%, 75.8%, 75.8% and 66.5% of our Group's revenue for FYE 2018, 2019, 2020 and FPE 2021 respectively. It is an industry norm to not have long term contracts with our customers, and it is not feasible to enter into long term contracts in view that our Group's services cater for a high variety of customised products with lower volume. Any adverse changes to the business relationship between our Group and our major customers such as cancellation of orders or a termination of the relationship may lead to a negative impact on our operations and financial performance.
- (b) Our manufacturing activities are dependent on the supply of skilled workers, which form our core team of engineers and skilled production workers (comprising employees under the technical, executives, technicians and welders categories). Of our 643 employees as at LPD, we are dependent on a core team of 42 engineers (6.5%) and 20 skilled production workers (3.1%). Of this core team, 2 engineers are contractual employees, and the rest of the core team are permanent employees. Although we have automated machinery in our factory, we are still reliant on skilled production workers. We face the risk of competing for our skilled workers among other companies involved in engineering supporting services. In the event that we are unable to retain or replace them, our business operations and financial performance may be negatively affected.
- (c) The success and achievements of our Group can be attributed to the efforts of our Directors and key management, who are directly involved in developing our business strategies and managing our operations. The loss of our Directors and key management without suitable or timely replacements may affect our business operations and our ability to compete with our competitors, thus affecting the financial performance of our Group.

**2. PROSPECTUS SUMMARY (Cont'd)**

- (d) We experienced a few disruptions over the course and various phases of the MCO, further details of which are set out in Section 7.8.1. Despite these disruptions, and operating at a lower capacity during the various MCO phases, we did not experience any significant negative impact on our production output nor did we experience any decrease in demand from our customers. However, if there is any tightening of restrictions in the future or resurgence of COVID-19 cases in our factory that may lead to closure of our factory or further reduction in our workforce, there can be no assurance that our manufacturing activities will not be materially affected. This may result in an adverse financial impact on our operations and financial performance.
- (e) LLM, aluminium and cold rolled steel contributed a total of 77.9%, 76.1%, 84.1% and 78.9% of our raw material purchases for FYE 2018, 2019, 2020 and FPE 2021 respectively. The prices of LLM, aluminium, and steel are affected by factors including but not limited to the supply and demand conditions. During FPE 2021 and up to LPD, our raw materials costs increased between 10% to 70%, depending on the type of materials. We are in the midst of requoteing our selling prices to our customers to reflect the increased cost of raw materials. We have historically been able to pass down the increase of costs of raw materials to our customers for the financial years under review. Moving forward, if the cost of our raw materials continue to increase, and we are unable to pass such increase to our customers, our margins may be affected which will adversely affect our Group's financial performance and operations.
- (f) For 3 FYE 2018 to 2020 and FPE 2021, our export sales contributed 25.6%, 29.4%, 29.3% and 38.1% of our total revenue respectively. Our export revenue is mainly denominated in USD. A fluctuation of 10% in RM against USD will result in a fluctuation in our PBT for FPE 2021 by RM2.0 million. There can be no assurance that fluctuations in foreign currency will not affect the revenue and earnings of our Group.
- (g) The business of our Group is dependent on the end-user markets of our customers which may be adversely affected by numerous factors such as political, economic, and regulatory risks; changes in technology; and decrease in demand for their products. A negative performance in the end-user markets of our customers may affect the demand for our products and may lead to an adverse impact on our business operations and financial performance.
- (h) We are subject to changes and advancements in technology in the various industries that our customers are involved in. In the event that we are unable to anticipate the changes in technology and develop new products and services in a timely manner, we may be unable to retain our customers or attract new customer. This may lead to an adverse effect on our earnings and financial performance.

**2.7 DIRECTORS AND KEY MANAGEMENT**

Our Directors and key management are as follows:

<b>Name</b>	<b>Designation</b>
<b>Directors</b>	
Ng Fook San	Executive Chairman
Ng Hong Kiat @ Ng Han Kiat	Independent Non-Executive Deputy Chairman
Lim Teik Hoe	Managing Director
Paul Heng Weng Seng	Non-Independent Non-Executive Director
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Independent Non-Executive Director
Rusmin Alwani Binti Shukery	Independent Non-Executive Director



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**2. PROSPECTUS SUMMARY (Cont'd)**

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<b>Name</b>	<b>Designation</b>
<b>Key management</b>	
Kor Han Chin	Head of Operations and Head of Production
Tan Hooi Siam	Head of Finance
Bathumavathy A/P Suppiah	Head of Planning
Tan Guit See	Head of Engineering
Kottukapallil Joseph Williams	Head of Quality Assurance

Further details of our Directors and key management are set out in Section 5.

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## 2. PROSPECTUS SUMMARY (Cont'd)

### 2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

	<sup>(1)</sup> Before IPO			<sup>(2)</sup> After IPO		
	Direct	Indirect		Direct	Indirect	
Name	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Paul Heng Weng Seng	217,378,000	70.0	-	206,669,700	48.3	-
Liew Sow Ying	93,162,001	30.0	-	82,453,701	19.3	-
Lim Teik Hoe	-	-	(3)93,162,001	-	(3)82,453,701	19.3

#### Notes:

- (1) Based on the share capital of 310,540,001 Shares before IPO.
- (2) Based on the enlarged share capital of 428,331,001 Shares after IPO.
- (3) Deemed interest by virtue of the shareholdings of his spouse pursuant to Section 59(11)(c) of the Act.

Further details of our Promoters and substantial shareholders are set out in Section 5.

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**2. PROSPECTUS SUMMARY (Cont'd)****2.9 UTILISATION OF PROCEEDS**

The gross proceeds to be raised by our Company from the Public Issue of RM33.0 million shall be utilised in the following manner:

<b>Utilisation of proceeds</b>	<b>RM'000</b>	<b>%</b>	<b><sup>(1)</sup>Estimated timeframe for utilisation</b>
Purchase of new machinery	15,500	47.0	Within 36 months
Construction of factory	6,412	19.5	Within 36 months
Implementation of ERP system	1,200	3.6	Within 12 months
Extension of existing building	1,500	4.6	Within 12 months
Repayment of bank borrowings	4,600	13.9	Within 12 months
Estimated listing expenses	3,770	11.4	Within 1 month
<b>Total</b>	<b>32,982</b>	<b>100.0</b>	

**Note:**

<sup>(1)</sup> From the date of listing of our Shares.

There is no minimum subscription to be raised from IPO.

Detailed information on our utilisation of proceeds is set out in Section 4.9.

**2.10 FINANCIAL HIGHLIGHTS**

The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

**2.10.1 Combined statements of comprehensive income**

The following table sets out the financial highlights based on our combined statements of comprehensive income for FYE 2018 to 2020 and FPE 2020 and 2021:

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2018</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FPE 2020</b>	<b>FPE 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	56,023	58,594	83,686	43,282	43,195
GP	13,542	14,719	21,322	12,331	13,077
Adjusted PBT <sup>(1)</sup>	4,916	4,361	8,623	7,010	7,126
Adjusted PAT <sup>(1)</sup>	3,451	3,417	6,305	5,328	5,412
GP margin (%) <sup>(2)</sup>	24.2	25.1	25.5	28.5	30.3
PAT margin (%) <sup>(3)</sup>	6.2	5.8	7.5	12.3	12.5
Basic EPS (sen) <sup>(4)</sup>	1.11	1.10	2.03	1.72	1.74
Diluted EPS (sen) <sup>(5)</sup>	0.81	0.80	1.47	1.24	1.26

Further details on the financial information are set out in Sections 12 and 13.

**Notes:**

<sup>(1)</sup> Included in our other income in FYE 2020 is a gain from disposal of property, which is non-recurring. Our adjusted PBT and PAT for FYE 2020 exclude the said other income net of real property gains tax.

## 2. PROSPECTUS SUMMARY (Cont'd)

- (2) Calculated based on GP over revenue.
- (3) Calculated based on adjusted PAT over revenue.
- (4) Calculated based on adjusted PAT and share capital of 310,540,001 Shares in issue before Public Issue.
- (5) Calculated based on adjusted PAT and enlarged share capital of 428,331,001 Shares after Public Issue.

There were no exceptional items during the financial years/periods under review. Our audited combined financial statements for the past financial years/periods under review were not subject to any audit qualifications.

### 2.10.2 Pro forma statements of financial position

The following table sets out a summary of the pro forma statements of financial position of our Group to show the effects of the Acquisition, Public Issue and utilisation of proceeds. It is presented for illustrative purposes only and should be read together with the pro forma statements of financial position as set out in Section 14.

		I	II	III
	As at 30 June 2021	After Acquisition	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>				
Total non-current assets	-	24,369	24,369	62,337
Total current assets	(1)-	46,494	79,475	46,386
<b>TOTAL ASSETS</b>	(1)-	<b>70,863</b>	<b>103,844</b>	<b>108,723</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	(1)-	29,253	62,234	60,110
Retained profits	(28)	32,166	32,166	30,414
Reserves	-	(26,753)	(26,753)	(26,753)
<b>TOTAL EQUITY</b>	<b>(28)</b>	<b>34,666</b>	<b>67,647</b>	<b>63,771</b>
Total non-current liabilities	-	13,063	13,063	22,612
Total current liabilities	28	23,134	23,134	22,340
<b>TOTAL LIABILITIES</b>	<b>28</b>	<b>36,197</b>	<b>36,197</b>	<b>44,952</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	(1)-	<b>70,863</b>	<b>103,844</b>	<b>108,723</b>
No. of Shares in issue ('000)	(2)-	310,540	428,331	428,331
NA per Share (RM)	(28)	0.11	0.16	0.15
Borrowings	-	17,703	17,703	22,547
Gearing (times)	-	0.51	0.26	0.41

#### Notes:

- (1) Representing RM1.00.
- (2) Representing 1 share.

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## 2. PROSPECTUS SUMMARY *(Cont'd)*

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### 2.11 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. It is our intention to pay dividends to shareholders in the future, however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board.

During FYE 2018 to 2020 and FPE 2021, we declared and paid the following dividend:

	<b>FYE 2018</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FPE 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Dividend declared and paid	-	-	6,800	-

No dividend was declared and paid subsequent to FPE 2021 and up to LPD.

Further details of our dividend policy are set out in Section 12.16.

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### 3. APPROVALS AND CONDITIONS

#### 3.1 APPROVALS AND CONDITIONS

##### 3.1.1 Bursa Securities approval

Bursa Securities had, vide its letter dated 8 October 2021, approved our admission to the Official List of the ACE Market and Listing. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Submit the following information with respect of the moratorium on the shareholdings of the promoters to Bursa Depository:  (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares;	Complied
(b)	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
(c)	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
(d)	Furnish to Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Coraza on the first day of Listing;	To be complied
(e)	Ensure any director of the Company who has not attended the Mandatory Accreditation Programme must do so prior to the Listing;	Complied
(f)	In relation to the Public Issue to be undertaken by Coraza, to announce at least 2 Market Days prior to the listing date, the result of the offering including the following:  (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of Coraza arising from the Public Issue, if any; and	To be complied
(g)	Coraza or M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Coraza to the Official List of the ACE Market.	To be complied



### 3. APPROVALS AND CONDITIONS (*Cont'd*)

#### 3.1.2 SC approval

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

The SC had, vide its letter dated 2 December 2021, approved our resultant equity structure pursuant to our Listing under the Bumiputera equity requirement for public listed companies. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Coraza to make available at least 50% of the shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of listing;	To be complied
(b)	Coraza to allocate 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved by the MITI within one (1) year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or five (5) years after being listed on the ACE Market, whichever is earlier (" <b>Compliance Date</b> ");	To be complied
(c)	Coraza to submit to the SC a proposal to comply with the equity condition stated in paragraph (b) above, at least six (6) months prior to the Compliance Date; and	To be complied
(d)	M&A Securities or Coraza to submit Coraza's equity structure to the SC upon completion of the Listing.	To be complied

The Shariah Advisory Council of SC had, vide its letter dated 28 October 2021 classified our Shares as shariah-compliant based on our audited combined financial statements for FYE 2020.

#### 3.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Promoters as follows:

- The moratorium applies to the entire shareholdings of our Promoters for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- Upon the expiry of the First 6-Month Moratorium, our Company must ensure that our Promoters' aggregate shareholdings amounting to 45% of our nominal ordinary share capital remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- On the expiry of the Second 6-Month Moratorium, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight line basis) of those Shares held under moratorium.

### 3. APPROVALS AND CONDITIONS (Cont'd)

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

	Year 1			Year 2			Year 3		
	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	Moratorium shares		Moratorium shares	Moratorium shares		
	No. of Shares	(1)%		No. of Shares	(1)%		No. of Shares	(1)%	
Paul Heng Weng Seng	206,669,700	48.3	137,779,812	32.2	91,853,208	21.4	45,926,604	10.7	
Liew Sow Ying	82,453,701	19.3	54,969,138	12.8	36,646,092	8.6	18,323,046	4.3	
	<b>289,123,401</b>	<b>67.5</b>	<b>192,748,950</b>	<b>45.0</b>	<b>128,499,300</b>	<b>30.0</b>	<b>64,249,650</b>	<b>15.0</b>	

#### Note:

(1) Based on the enlarged share capital of 428,331,001 Shares after IPO.

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

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

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#### **4. DETAILS OF OUR IPO**

##### **4.1 OPENING AND CLOSING OF APPLICATION PERIOD**

The Application period will open at 10.00 a.m. on 22 December 2021 and will remain open until 5.00 p.m. on 6 January 2022. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

##### **4.2 INDICATIVE TIMETABLE**

<b>Events</b>	<b>Indicative date</b>
Issuance of this Prospectus/ Opening of Application	22 December 2021
Closing Date/Closing of Application	6 January 2022
Balloting of Application	10 January 2022
Allotment/Transfer of IPO Shares to successful applicants	17 January 2022
Date of Listing	20 January 2022

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

##### **4.3 DETAILS OF OUR IPO**

###### **4.3.1 Listing scheme**

###### **(a) Public Issue**

A total of 117,791,000 Issue Shares, representing approximately 27.5% of our enlarged share capital are offered at our IPO Price. The Issue Shares shall be allocated in the following manner:

###### **(i) Malaysian Public**

21,416,550 Shares, representing approximately 5.0% of our enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

(aa) 10,708,275 Shares made available to public investors; and

(bb) 10,708,275 Shares made available to Bumiputera public investors.

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

21,416,550 Shares, representing approximately 5.0% of our enlarged share capital, are reserved for our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.2.

###### **(iii) Private placement to selected investors**

74,957,900 Shares, representing approximately 17.5% of our enlarged share capital, are reserved for private placement to selected investors.

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

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The basis of allocation of the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

Upon completion of our Public Issue, our share capital will increase from RM29.3 million comprising 310,540,001 Shares to RM62.2 million comprising 428,331,001 Shares. There is no over-allotment or 'greenshoe' option that will increase the number of our IPO Shares.

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

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

##### (b) Offer for Sale

A total of 21,416,600 Offer Shares, representing 5.0% of our enlarged share capital, are offered by our Selling Shareholders to selected investors by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus.

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

Name / Address	Relationship with our Group	<sup>(1)</sup> Before IPO		Offer Shares offered		After IPO	
		No. of Shares	%	No. of Shares	(2)%	(3)%	No. of Shares
Paul Heng Weng Seng / 29, Jalan PU3/3A Taman Puchong Utama 47140 Puchong Selangor	Promoter, substantial shareholder and Non-Independent Non-Executive Director	217,378,000	70.0	10,708,300	3.4	2.5	206,669,700
Liew Sow Ying / 44, Changkat Delima Satu Island Glades 11700 Gelugor Pulau Pinang	Promoter and substantial shareholder	93,162,001	30.0	10,708,300	3.4	2.5	82,453,701
							48.3
							19.3

##### Notes:

<sup>(1)</sup> As at LPD, after completion of the Acquisition but before IPO.

<sup>(2)</sup> Based on the share capital of 310,540,001 Shares before IPO.

<sup>(3)</sup> Based on our enlarged share capital of 428,331,001 Shares after IPO.

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

**4. DETAILS OF OUR IPO (Cont'd)****(c) Listing**

Upon completion of our IPO, our Company's entire enlarged share capital of RM62.2 million comprising 428,331,001 Shares shall be listed on the ACE Market.

**4.3.2 Pink Form Allocations**

We have allocated 21,416,550 Issue Shares under the Pink Form Allocations to our eligible Directors, employees and persons who have contributed to the success of our Group as follows:

<b>Category</b>	<b>No. of eligible persons</b>	<b>Aggregate no. of Issue Shares allocated</b>
Eligible Directors	4	3,950,600
Eligible employees	406	8,786,350
Persons who have contributed to the success of our Group	30	8,679,600
	<b>440</b>	<b>21,416,550</b>

Entitlements which are not accepted by certain eligible Directors, employees and persons who have contributed to the success of our Group will be re-allocated to the other eligible Directors as set out in the table below and other eligible employees and persons who have contributed to the success of our Group at the discretion of our Board.

**(a) Allocation to eligible Directors**

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Lim Teik Hoe (our Managing Director) and Paul Heng Weng Seng (our Non-Independent Non-Executive Director) have opted not to participate in the Pink Form Allocations as they are already our substantial shareholders.

Details of the proposed allocation to our other Directors are as follows:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Ng Fook San	Executive Chairman	1,786,000
Ng Hong Kiat @ Ng Han Kiat	Independent Non-Executive Deputy Chairman	1,786,000
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Independent Non-Executive Director	200,000
Rusmin Alwani Binti Shukery	Independent Non-Executive Director	178,600
		<b>3,950,600</b>

Each Board member was offered up to a maximum allocation of approximately RM500,000 in value. The resultant allocation to each Board member is the amount they have respectively accepted at their own discretion.

**(b) Allocation to our eligible employees**

The criteria of allocation to our eligible employees (as approved by our Board) are based on, inter-alia, the following factors:

- (i) Our employees must be an eligible and confirmed employee and on the payroll of our Group;



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

(ii) The number of shares allocated to our eligible employees are based on their seniority, position, length of service and respective contribution made to our Group as well as other factors deemed relevant to our Board; and

(iii) Full time employee of at least 18 years of age.

Included in the allocation to our eligible employees are the proposed allocations to our key management:

<b>Name</b>	<b>Designation</b>	<b>No. of Issue Shares allocated</b>
Kor Han Chin	Head of Operations	357,100
Tan Hooi Siam	Head of Finance	357,100
Bathumavathy A/P Suppiah	Head of Planning	357,100
Tan Guit See	Head of Engineering	357,100
Kottukapallil Joseph Williams	Head of Quality Assurance	357,100
		<b>1,785,500</b>

**(c) Allocation to persons who have contributed to the success of our Group**

Persons who have contributed to the success of our Group include business associates, subcontractors, customers and suppliers.

The number of Issue Shares to be allotted to those persons who have contributed to the success of our Group are based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group.

**4.3.3 Placement and underwriting arrangement**

Our Underwriter will underwrite 42,833,100 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 74,957,900 Issue Shares and 21,416,600 Offer Shares available for selected investors have been placed out by our Placement Agent and will not be underwritten.

Any of our Issue Shares not subscribed by the Malaysian Public or Pink Form Allocations will be made available to selected investors via private placement.

However, if all Issue Shares offered to the Malaysian Public are oversubscribed, shares not subscribed for under the Pink Form Allocations (if any), will be made available for application by the Malaysian Public. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement. Our Board will ensure that any excess IPO Shares will be allocated on a fair and equitable manner.

**4.3.4 Minimum and over-subscription**

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

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

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

Under the Listing Requirements, at least 25.0% of our enlarged share capital for which listing is sought must be in the hands of a minimum of 200 public shareholders, each holding not less than 100 Shares upon our admission to the ACE Market. We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing on the ACE Market.

In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

**4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS**

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

<b>Details</b>	<b>No. of Shares</b>	<b>RM</b>
<b>Share capital</b>		
As at the date of this Prospectus	310,540,001	29,252,869
To be issued under our Public Issue	117,791,000	32,981,480
<b>Enlarged share capital upon our Listing</b>	<b>428,331,001</b>	<b>62,234,349</b>

Our Offer for Sale will not have any effect on our share capital.

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

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

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

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution.

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

**4.5 PURPOSES OF OUR IPO**

The purposes of our IPO are as follows:

- (a) To enable our Group to raise funds for the purposes specified in Section 4.9 herein;
- (b) To gain recognition through our listing status to enhance our reputation and to retain and attract new, skilled employees from the engineering industry;

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

- (c) To provide an opportunity for the Malaysian Public, including our eligible Directors, employees and persons who have contributed to the success of our Group to participate in our equity; and
- (d) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

#### 4.6 BASIS OF ARRIVING AT OUR IPO PRICE

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

- (a) Our pro forma NA per Share as at 30 June 2021 after IPO and utilisation of proceeds of RM0.15, calculated based on our pro forma NA after IPO and utilisation of proceeds as at 30 June 2021 of approximately RM63.8 million and enlarged share capital of 428,331,001 Shares upon Listing;
- (b) The PE Multiple of our IPO Price of approximately 19.0 times based on our adjusted EPS of approximately 1.47 sen for FYE 2020, calculated based on our adjusted PAT for FYE 2020 of RM6.3 million (after adjusting for one off gain from disposal of property of RM1.9 million) and enlarged share capital of 428,331,001 Shares upon Listing;
- (c) Our historical financial track record as follows:

	<b>FYE 2018</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FPE 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	56,023	58,594	83,686	43,195
GP	13,542	14,719	21,322	13,077
Adjusted PAT <sup>(1)</sup>	3,451	3,417	6,305	5,412

**Note:**

- (1) Included in our other income in FYE 2020 is a gain from disposal of property, which is non-recurring. Our adjusted PAT for FYE 2020 exclude the said other income net of real property gains tax.

- (d) Our competitive strengths as set out in Section 7.16; and
- (e) Our business strategies and prospects as set out in Section 7.19.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 9 before deciding to invest in our Shares.

#### 4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 428,331,001 Shares upon Listing, our total market capitalisation will be RM119.9 million.

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

##### 4.8 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	<b>RM</b>
IPO Price	0.28
Pro forma NA per Share as at 30 June 2021 before IPO	0.11
Pro forma NA per Share as at 30 June 2021 after IPO and utilisation of proceeds	0.15
Increase in pro forma NA per Share attributable to existing shareholders	0.04
Dilution in pro forma NA per Share to our new public investors	(0.13)
Dilution in pro forma NA per Share as a percentage of our IPO Price	(46.4%)

Further details of our pro forma NA per Share as at 30 June 2021 is set out in Section 14.

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

<b>Shareholders</b>	<b>No. of Shares received</b>	<b>Total consideration RM</b>	<b>Average effective cost per Share RM</b>
Liew Sow Ying	<sup>(1)</sup> <sup>(2)</sup> 93,162,001	8,775,861	0.09
Paul Heng Weng Seng	<sup>(1)</sup> 217,378,000	20,477,008	0.09
	<b>310,540,001</b>	<b>29,252,869</b>	

##### Notes:

(1) Issued under the Acquisition.

(2) Including 1 Share which was acquired from Lim Teik Hoe after the Acquisition.

Save as disclosed above and the Pink Form Allocations to our eligible Directors and key management, there has been no acquisitions or subscription of any of our Shares by our Directors or key management, substantial shareholders or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to LPD.

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**4. DETAILS OF OUR IPO (Cont'd)****4.9 UTILISATION OF PROCEEDS****4.9.1 Public Issue**

The estimated gross proceeds from our Public Issue of RM33.0 million will accrue entirely to us and are planned to be utilised in the following manner:

<b>Utilisation of proceeds</b>	<b>Notes</b>	<b>RM'000</b>	<b>%</b>	<b><sup>(1)</sup>Estimated timeframe for utilisation</b>
Purchase of new machinery	(a)	15,500	47.0	Within 36 months
Construction of factory	(b)	6,412	19.5	Within 36 months
Implementation of ERP system	(c)	1,200	3.6	Within 12 months
Extension of existing building	(d)	1,500	4.6	Within 12 months
Repayment of bank borrowings	(e)	4,600	13.9	Within 12 months
Estimated listing expenses	(f)	3,770	11.4	Within 1 month
<b>Total</b>		<b>32,982</b>	<b>100.0</b>	

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions.

**Note:**

<sup>(1)</sup> From the date of Listing.

**(a) Purchase of new machinery**

Over the course of the next 3 years following our Listing, we have allocated RM15.5 million to gradually increase our capacity and improve our service offerings to meet the increasing demand from our customers in terms of order size as well as capabilities, for which new machinery are required. The increasing demand anticipated is based on the booming semiconductor industry segment where Customer J and Customer P are operating in. In addition, we are also expecting to secure additional customers from this industry.

To this end, we have as at LPD purchased and drawn down our trade lines amounting to RM2.0 million for 2 bending machines (RM1.3 million), a sanding machine (RM0.5 million) and design software Trutops Boost that is packaged together and is specifically required to operate the machinery (RM0.2 million). These machinery are used for our sheet metal fabrication and are installed in our existing factory. They were commissioned during the third quarter of 2021.

For the aforementioned acquisitions totalling RM2.0 million, the proceeds raised from our Public Issue will be used to repay the bank borrowings undertaken to finance their purchase, and will save us annual interests of approximately RM50,800 based on an interest rate of 2.54% per annum.

The balance RM13.5 million worth of machinery will be acquired progressively over the next 3 years following our Listing, in accordance with our plans to construct our new factory over 3 phases. These machinery comprise the following:

<b>Machinery</b>	<b>No. of units</b>	<b>Cost (RM'000)</b>	<b>Location</b>
Laser and turret punching machine	1	4,000	Existing factory
Laser machine	1	3,400	Existing factory
Bending machine	3	2,200	Existing factory
Finishing line	1	3,900	Phase 3 of new factory
		<b>13,500</b>	

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

These additional machinery require additional space in our existing factory, which will be available upon completion of the extension as detailed under item (d) as well as the relocation of some existing machinery to Phase 1 of our new factory as detailed under item (b). These additional machinery will further increase our capacity by approximately 25.0%, measured based on the increase in number of bending machines, which is the present bottleneck in our fabrication process, and is therefore most reflective to illustrate our capacity. As at LPD, our finishing for aerospace parts are outsourced. The new finishing line will enable us to provide such process in-house. The investment into aerospace is a strategy to enhance our Group's capabilities in meeting aerospace engineering and quality standards, which are higher than those of other industry segments. This serves as a competitive advantage for our Group to engage customers, even for the non-aerospace industry segments. Please refer to Section 11.1 for details on our rationale to venture into provision of finishing services for aerospace parts.

It should be noted that the utilisation of our machinery as at LPD is at an overall surplus, as set out in Section 7.17, due to the complexities of the components produced, where not all machinery are used in production at any one point in time. Notwithstanding our current utilisation rate, the substantial investment of RM13.5 million made for these machinery is to expand our sheet metal fabrication capabilities. These machinery have advanced functions such as being able to combine laser and turret punching processes together, and are therefore more expensive than the ones which were ordered as at LPD.

**(b) Construction of factory**

We have earmarked RM6.4 million towards the construction of a new factory on Lot 2773 & 2776 located in Nibong Tebal, Pulau Pinang, which measures a land area of 90,136.9 sq ft. The factory is expected to cost a total of RM19.7 million, comprising the construction costs (structural works and electrical), fittings and professional fees. The balance RM13.3 million of these costs not funded from our Public Issue will be funded via bank borrowings which we have obtained from Malaysian Industrial Development Finance Berhad. The details of each phase of our new factory are as follows:

<b>Phase</b>	<b>Description</b>	<b>Built-up area (sq ft)</b>	<b>Construction cost (RM'000)</b>	<b>Activities</b>
Phase 1	3-storey office and a 2-storey factory	40,101.0	9,141	Precision machining segment (new and existing machinery <sup>(1)</sup> relocated from existing factory)
Phase 2	2-storey factory	25,858.1	5,353	Sheet metal fabrication involving frames and structures <sup>(2)</sup>
Phase 3	2-storey factory	25,151.0	5,206	Finishing services
		<b>91,110.1</b>	<b>19,700</b>	

**4. DETAILS OF OUR IPO (Cont'd)****Notes:**

- (1) The relocation of existing machinery to Phase 1 is for general operational efficiency, where the existing factory will be dedicated to sheet metal fabrication, and Phase 1 will be used for precision machining. To achieve this, our Group needs to relocate certain existing precision machining machinery to the new factory to make space in its existing factory for new machinery to be acquired for our sheet metal fabrication.
- (2) The sheet metal fabrication in Phase 2 will be focused on the fabrication of frames and structures whilst existing factory will be focused on enclosures.

The indicative timeline of construction for our new factory is as follows:

<b>Timeframe</b>			<b>Milestones</b>
<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	
January 2022	July 2022	January 2023	Submit building plan
April 2022	September 2022	March 2023	Commencement of construction
February 2023	July 2023	November 2023	Completion of construction Certificate of Completion and Compliance obtained
March 2023	August 2023	December 2023	Installation / Relocation of machinery and equipment to new facility and commencement of operations

As at LPD, the layout plan for the Phase 1 development of the land has been submitted to Seberang Perai City Council in October 2021 and is expected to be approved by early January 2022. Thereafter, we expect to submit the building plan and earthwork plan for approval, which is expected to be received by end January 2022 and end February 2022 respectively, barring any further disruptions arising from the COVID-19 pandemic.

Delays in the construction of our new factory may lead to higher than anticipated costs. In the event that construction is delayed, we may be forced to use internally generated funds to pay for the additional costs, thus reducing our available working capital. We may also be forced to utilise additional bank borrowings, thus increasing our interest cost.

Additionally, continued delays or future delays in the completion and construction of our new factory and subsequent relocation of our machinery to this facility will delay our business growth, and may result in us losing competitiveness in terms of business demands that required the realisation of such plans. This will also result in a material adverse impact to our operations and financial performance as we may not be able to continue securing orders from customers should we not remain competitive.

As at LPD, during the process of obtaining authorities approval for the layout plan of Phase 1, our construction consultants and architect have re-estimated construction costs in view of anticipated increase in construction material costs. This has resulted in an increase of approximately RM3.9 million in overall construction costs of our factory, amounting to a total of RM19.7 million. The delays during this process has also delayed business growth which is to be achieved together with the acquisition and installation of new machinery. Please refer to Section 7.19.1 and 9.1.8 for details of our future expansion plans and the risk of delays in realising our future plans respectively. We will continue to keep our shareholders updated with the progress and changes to the timeline for construction of our new factory in our annual reports and quarterly financial results announcements.



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

##### **(c) Implementation of ERP system**

We are currently in the process of implementing a new ERP system to streamline and automate our processes for more efficient operations. The ERP system currently used by our Group is E-Soft ERP, which is an entry level system. With the growing database over the years, our Group needs a more advanced ERP system which integrates the order processing from sales to delivery, and provides specific features catered for manufacturing industry (i.e. work recording, planning and scheduling). In addition, it also enables machinery integration, electronic data interchange, flexibility in designing own reports and document formats.

This system is expected to cost RM1.2 million in total which comprises system integration, infrastructure and requisite licenses. It is expected to be fully integrated by January 2022. For this purpose, as at LPD, we have drawn down a total of RM0.6 million of trade lines to finance the purchase of the ERP system, and expect to continue funding the ERP system pending the completion of the Listing. The proceeds from our Public Issue will be used to repay these borrowings, which will save us annual interests of approximately RM30,480 based on an interest rate of 2.54% per annum.

##### **(d) Extension of existing factory**

We have earmarked RM1.5 million to extend our existing factory to add an additional area for capacity expansion. As at LPD, we have drawn down RM1.3 million of funds from our trade lines for this purpose, and expect to continue funding the total cost of this extension of RM1.5 million pending the completion of the Listing. The proceeds from our Public Issue will be used to repay these borrowings, and will save us annual interests of approximately RM38,100 based on an interest rate of 2.54% per annum.

As at LPD, approvals for the extension from the local government and the fire department have been obtained, and extension works have also been completed. We are currently awaiting approval from the local authority for additional site works as further required by the said local authority, namely the drainage system on site retention, as well as concrete pavement and road resurfacing, which were completed in November 2021. The approval from local authority and the relevant Certificate of Completion and Compliance are expected to be obtained by January 2022. The additional space measures 10,000 sq ft of space in our existing factory, and will accommodate the purchase of new machinery we have ordered, as detailed in (a) above.

##### **(e) Repayment of bank borrowings**

We have allocated RM4.6 million to partially repay our term loans and bankers' acceptances which were mainly drawn down to finance the purchase of land and construction of our existing factory as well as for working capital requirements. The cost of construction and acquisition of land for the existing factory is RM7.7 million, of which RM4.8 million was funded by term loan. The remaining RM2.9 million was funded by internally generated funds.

We have decided to prioritise the repayment of our term loans from Public Bank Berhad as they carry higher effective interest rate of 3.37% for FPE 2021 compared to our other bank borrowings which carry interest rates of 1.97% to 2.54%.

For illustrative purpose, the details of our borrowings as at LPD are set out as follows, among which we have indicated which facility the RM4.6 million repayment will be made to, in order of priority:

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

Financial institution/Type of facility	Purpose	Interest rate per annum	Maturity date	Balance as at LPD RM'000	Amount to be repaid RM'000	Annual interest savings RM'000
Public Bank Berhad / Term loan	Purchase of land and construction for our existing building	Base lending rate – 2.10% (effectively 3.37%)	December 2022 to January 2026	1,438	1,438	48
Public Bank Berhad / Term loan	Working capital	Base lending rate – 2.10% (effectively 3.37%)	June 2026 to October 2026	2,077	2,077	70
Public Bank / Bankers' acceptance	Working capital	2.54%	Revolving tenure of 90 days	441	441	11
Malayan Banking Berhad / Bankers' acceptance	Working capital	Ranging from 1.97% to 2.00%	Revolving tenure of 90 days	7,438	644	13
Malaysian Industrial Development Finance Berhad ("MIDF") / Term loan	Purchase of freehold land and renovation	2.45%	September 2042	3,133	-	-
MIDF / Hire Purchase	Purchase of new machinery and equipment	2.47% to 3.19%	April 2023 to October 2024	5,092	-	-
<b>Total</b>				<b>19,619</b>	<b>4,600</b>	<b>142</b>

If the balance term loan from Public Bank Berhad as at the time of repayment is less than the amount allocated, the excess amount allocated will be used to repay the bankers' acceptances in the order of priority as set out above. We will not repay our borrowings from MIDF from the RM4.6 million allocated here. As at LPD, our outstanding bankers' acceptances amounted to RM7.9 million. However, we expect to drawdown further bankers' acceptances to support our working capital requirements as our business continues to grow.

The early repayment of the term loans from Public Bank Berhad will attract a one-off early settlement fee of approximately RM107,000. Nonetheless, the expected annual interest savings from the repayment of the bank borrowings are approximately RM150,000 based on the interest rate of 2.54% to 3.37% per annum as tabulated above. However, the actual interest savings may vary depending on the then applicable interest rates.

**4. DETAILS OF OUR IPO (Cont'd)****(f) Estimated listing expenses**

An amount of RM3.8 million is allocated to meet the estimated cost of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

<b>Estimated listing expenses</b>	<b>RM'000</b>
Professional fees <sup>(1)</sup>	1,749
Underwriting, placement and brokerage fees	1,500
Printing, advertising fees and contingencies <sup>(2)</sup>	521
	<b>3,770</b>

**Notes:**

(1) Includes advisory fees for, amongst others, our Principal Adviser, solicitors, reporting accountants, IMR and Issuing House.

(2) Other incidental or related expenses in connection with our IPO.

If our actual listing expenses are higher than the amount budgeted, the deficit will be funded from internally generated funds. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements.

**4.9.2 Offer for Sale**

The Offer for Sale is expected to raise gross proceeds of approximately RM6.0 million which will accrue entirely to our Selling Shareholders and we will not receive any of the proceeds.

The Selling Shareholders shall bear all of the expenses relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.2 million.

**4.10 BROKERAGE FEES, PLACEMENT FEES AND UNDERWRITING COMMISSION****4.10.1 Brokerage fees**

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

**4.10.2 Placement fees**

Our Placement Agent has placed out a total of 74,957,900 Issue Shares and 21,416,600 Offer Shares to selected investors.

We will pay our Placement Agent a placement fee of 2.5% of our IPO Price multiplied by the number of Issue Shares placed out by our Placement Agent.

The placement fee of 2.5% of the value of those Offer Shares placed out by our Placement Agent will be paid by our Selling Shareholders.

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

##### **4.10.3 Underwriting commission**

Our Underwriter has agreed to underwrite 42,833,100 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We will pay our Underwriter an underwriting commission of 3.0% of our IPO Price multiplied by the number of Shares underwritten.

##### **4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 42,833,100 Issue Shares ("**Underwritten Shares**") as set out in Section 4.3.3.

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:

- 1.1 In consideration of the underwriting commission to be paid by our Company to the Underwriter and relying upon each of the representations, warranties and undertakings by our Company as set out in the Underwriting Agreement, the Underwriter agrees to underwrite the Underwritten Shares upon the terms and conditions in the Underwriting Agreement.
- 1.2 The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon ("**Conditions**"):
  - (a) the acceptance of the listing proposal from Bursa Securities, the clearance of registrable prospectus from SC and the lodgement of registrable prospectus with the Companies Commission of Malaysia respectively together with copies of all documents required under Section 154 of the Act prior to the issuance of this Prospectus to the public;
  - (b) the issuance of this Prospectus (including all procedures, requirements, letters and documents) required under Section 154 of the Act to the public within three (3) months from the date of the Underwriting Agreement or such extension as mutually agreed between our Company and the Underwriter;
  - (c) there having been, as at any time hereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of our Company and our subsidiaries (which in the reasonable opinion of the Underwriter is or will be material in the context of the issue of the Issue Shares) from that set forth in this Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to an extent which is or will be material in any of the representations, warranties and undertakings contained in the Underwriting Agreement if they are repeated on and as of the Closing Date which would or reasonably be expected to materially affect the success of the Public Issue or the distribution of the Issue Shares);
  - (d) the issue, offering and subscription of the Issue Shares in accordance with the provisions of the Underwriting Agreement and this Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

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

- (e) all necessary approvals and consents required in relation to the Public Issue including but not limited to governmental approvals having been obtained and are in full force and effect;
  - (f) the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses under the Underwriting Agreement;
  - (g) the delivery to the Underwriter prior to the date of registration of this Prospectus of (i) a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors of our Company and our shareholders in general meeting approving the Underwriting Agreement, this Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of this Prospectus; (ii) a certificate dated the date of this Prospectus signed by duly authorised officers of the Company stating that, after having made all reasonable enquiries, there has been no such change, development or occurrence;
  - (h) the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Board of Directors of our Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the Company or its subsidiaries nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained under the Underwriting Agreement as though they have been given and/or made on such date; and
  - (i) the Underwriter being satisfied that our Company will, following completion of the Public Issue be admitted to the official list and its issued and paid-up share capital listed and quoted on the ACE Market of Bursa Securities without undue delay.
- 1.3 In the event any of the conditions set forth in Item 1.2 above are not satisfied by the Closing Date, any party may terminate the Underwriting Agreement by notice given to the other party not later than three (3) Market Days after the Closing Date and upon such termination, our Company and the Underwriter shall be released and discharged from their obligations under this Agreement save for our Company's obligations to pay for costs and expenses which are incurred prior to termination.
- 1.4 Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may by notice in writing to our Company at any time on or before the allotment and issuance of the Issue Shares Closing Date, terminate its commitment to underwrite the Underwritten Shares if:
- (a) there is any material breach by our Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within ten (10) Market Days after notice of such breach shall be given to our Company, or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement which would or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the Public Issue, or the distribution of the Issue Shares;

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

- (b) there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within ten (10) Market Days after notice of such breach shall be given to our Company, which would or can reasonably be expected to have, a material adverse effect on the success of the Public Issue, or the distribution of the Issue Shares;
- (c) there shall have occurred, happened or come into effect any material and/or adverse change to the business or financial condition of our Company or any of its subsidiaries which would or reasonably be expected to materially affect the success of the Public Issue or the distribution of the Issue Shares;
- (d) there shall have occurred, happened or come into effect any of the following circumstances which would or reasonably be expected to materially affect the success of the Public Issue or the distribution of the Issue Shares or make any material part of the Underwriting Agreement incapable of performance in accordance with its terms:
  - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
  - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Company and/or the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents); or
  - (iii) the FTSE Bursa Malaysia KLCI Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day: -
    - (1) on or after the date of this Agreement; and
    - (2) prior to the allotment of the Public Issue Shares,

lower than ninety percent (90%) of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least three (3) Market Days; or
  - (iv) in the event of national disorder, outbreak of war or the declaration of a state of national emergency.
- (e) there is failure on the part of our Company to perform any of our respective obligations contained in the Underwriting Agreement which, if capable of remedy, is not remedied within ten (10) Market Days after notice of such breach shall be given to our Company;
- (f) any matter which arose immediately before the date of this Prospectus would have constituted a material and adverse omission in the context of the Public Issue; or

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

- (g) any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on our Company in the context of the Public Issue pursuant to the indemnities contained under the Underwriting Agreement.
- 1.5 Upon the notice as described in item 1.4 above being given, the Underwriter shall be released and discharged of its obligation without prejudice to its rights under the Underwriting Agreement, and where the Underwriter has terminated or withdrawn its Underwriting Commitment pursuant to item 1.4, the Underwriting Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of the Underwriting Agreement, except the following:
- (a) our Company shall pay the Underwriting Commission and any SST, tax, duties or levies chargeable in respect of the Underwriting Commission in accordance with the Underwriting Agreement;
  - (b) our Company shall pay for costs and expenses which are incurred prior to termination; and
  - (c) our Company shall continue to be liable to indemnify the Underwriter against any losses, claims, damages or liabilities to which the Underwriter may become subject under any statute, at common law or otherwise, insofar as such losses, claims, damages, liabilities or litigation arising out of, or are based upon, any untrue statement in this Prospectus or any deliberate omission by our Company to state therein a material fact required or necessary to be stated therein or any misrepresentation or breach of any of the representation, warranties or undertakings by our Company.

#### **4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET**

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

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

Upon our Listing, transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired.

Trading of shares of companies listed on Bursa Securities is normally done in "board lots" of 100 shares. Investors who desire to trade less than 100 shares will trade under the odd lot board. Settlement of trades done on a "ready" basis on Bursa Securities generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the second Market Day following the transaction date.



## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

### 5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Promoters' and substantial shareholders' shareholdings

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

			<sup>(1)</sup> Before IPO			<sup>(2)</sup> After IPO		
			Direct		Indirect	Direct		Indirect
Name	Nationality	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Paul Heng Weng Seng	Malaysian	217,378,000	-	70.0	-	206,669,700	48.3	-
Liew Sow Ying	Malaysian	93,162,001	-	30.0	-	82,453,701	19.3	-
Lim Teik Hoe	Malaysian	-	(3)93,162,001	-	30.0	-	- (3)82,453,701	19.3

#### Notes:

(1) Based on the share capital of 310,540,001 Shares before IPO.

(2) Based on the enlarged share capital of 428,331,001 Shares after IPO.

(3) Deemed interest by virtue of the shareholdings of his spouse pursuant to Section 59(11)(c) of the Act.

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Group.

#### 5.1.2 Profiles of Promoters and/or substantial shareholders

##### (a) Paul Heng Weng Seng

Paul Heng Weng Seng, a Malaysian male aged 61 is our Promoter and Non-Independent Non-Executive Director. He was appointed to our Board on 3 May 2021.

He graduated with a Bachelor of Science in Electrical Engineering from Trinity University, Texas, USA in 1984. He obtained a Master of Business Administration in 1987 from Ohio University, Ohio, USA. He was conferred an Honorary Doctor of Business Management from the University of Cambodia, Phnom Penh in 2006.

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

He began his career in 1988 with Centon Electronics, Inc in California, USA as a Procurement Manager and was responsible for procuring materials for the Company. He left in 1990 to join Advanced Micro Devices, Inc in California, USA as a Product Marketing Manager where he was responsible for driving the growth of the programmable logic solutions department. He left the company in 1991.

In 1991, he founded Unigen Corporation in California, USA, a company involved in the design, testing, and manufacturing of memory storage, in the Silicon Valley. He is currently its Chief Executive Officer, a role he has held since the company's inception. He is responsible for overseeing the operations of the company. Since its incorporation, the company has grown and has begun to provide electromechanical services.

In 2003, he invested in Coraza Systems through Armour Holdings. He has not had any role in Coraza Systems other than being a non-executive member of its board of directors.

In 2016, he co-founded iMedrix Incorporated in California, USA and became the Chairman of its board, a position which he currently still holds. The company is involved in digital healthcare and it is focused on using artificial intelligence, cloud technology, and machine learning for faster and more accurate diagnoses of cardiac healthcare. His responsibilities in the company include overseeing the strategic vision of the company and leading it towards the digital health era.

As at LPD, he also sits on the board of several private limited companies, as disclosed in Section 5.2.3.

### **(b) Liew Sow Ying**

Liew Sow Ying, a Malaysian female aged 59 is our Promoter and substantial shareholder. She is the spouse of Lim Teik Hoe, our Managing Director.

She is a member of the Association of Chartered and Certified Accountants since 1988.

She began her career with Singam & Yong as an Audit Assistant in 1982, where she was responsible for financial audits and various secretarial assignments. She left Singam & Yong in 1984 in order to pursue her studies.

After completing her course for the Association of Chartered and Certified Accountants, she joined Baharom-Jasani as an Audit Senior in 1987. She was involved in conducting financial audits as well as secretarial and special assignments. She left the company in 1989.

She then joined Federal Telecommunications Sdn Bhd, a subsidiary of FCW Berhad, a company listed on the Main Board of Bursa Securities (now known as the Main Market) as an Accountant in 1989. The responsibilities of her role included financial and accounting matters. She was promoted in 1991 to Group Accountant under FCW Berhad where she was in charge of overseeing the Finance and Logistics department in various aspects such as finance, accounting, store management, and project costing. She left her role in 1993.

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

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She subsequently joined Levi Strauss (Malaysia) Sdn Bhd in 1994 as the Head of Finance and Administration. She reported to the General Manager and the Regional Finance Director and was responsible for overseeing the finance and accounting as well as human resource and administration functions in Malaysia. She was also a part of the senior management team and was actively participating in task forces to implement a variety of marketing projects. She left the company in 1999.

She then joined Hong Hong Printing Sdn Bhd in 1999 as the Finance Manager where she was involved in preparing and reviewing financial statements and preparing budgets.

She left her role in Hong Hong Printing Sdn Bhd in the same year in order to operate a chain of apparel outlets under the Levi's and Dockers brands in Kuala Lumpur and Pulau Pinang from 1999 to 2008. She managed a retail service team of 15 employees and gained hands-on experience in store management and carrying out marketing programmes.

In 2002, she was appointed to the board of Coraza Systems when she invested in the company, and served as the head of the finance committee where she was responsible for reviewing all financial and operational processes, systems and documentation flow, as well as business planning and investment decisions. She had also represented the company in applying for grants from the Malaysian Technology Development Corporation Sdn Bhd and successfully received a Technology Acquisition Fund for Women in 2006. She resigned from the board of Coraza Systems in 2015. After her resignation in 2015, Liew Sow Ying has not had any executive role in Coraza Systems.

**(c) Lim Teik Hoe**

Lim Teik Hoe, a Malaysian male aged 62, is our Managing Director. He is the spouse of Liew Sow Ying, our Promoter and substantial shareholder. He was appointed to our Board on 30 November 2020. He is a member of our Risk Management Committee. He is responsible for implementing the Group's business strategy and managing our overall operations and resources. He also oversees the sales and marketing department of our Group. For avoidance of doubt, although Lim Teik Hoe manages the overall operations and resources of our Group, he relies on the heads of departments for direct involvement in their respective departments, including the engineering department.

In 1982, he obtained a Diploma in Radiography from the Ministry of Health, Malaysia. He was also a former member of the College of Radiographers, UK and Malaysian Society of Radiographers.

In 1982, he started his career in Penang General Hospital as a Radiographer responsible for producing x-rays, magnetic imaging resonance scans and other medical images to assist clinical radiologists and other doctors in diagnosing, monitoring and treating a patient's injury or illness. He left Penang General Hospital in 1991.

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

In 1991, he joined D'nonce (M) Sdn Bhd, a subsidiary of D'nonce Technology Bhd, a company listed on the Main Market of Bursa Securities as an executive director and was responsible for business development, sales and marketing. He was then appointed as an executive director of D'nonce Technology Berhad in 2000. In 2014, he announced his retirement and relinquished his position from the company.

He subsequently joined Coraza Systems in 2014 as the Chief Executive Officer where he was responsible for overseeing the overall operations of the company and driving the company's growth.

As at LPD, Mr Lim Teik Hoe sits on the board of several private limited companies as disclosed in Section 5.2.3.

### 5.1.3 Changes in Promoters' and substantial shareholders' shareholdings

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

Name	As at incorporation			<sup>(1)</sup> After IPO		
	Direct	Indirect		Direct	Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Paul Heng Weng Seng	-	-	-	-	206,669,700	48.3
Liew Sow Ying	-	-	-	-	82,453,701	19.3
Lim Teik Hoe	1	100.0	-	-	-	-
					(2)82,453,701	19.3

#### Notes:

- (1) Based on the enlarged share capital of 428,331,001 Shares after IPO.
- (2) Deemed interest by virtue of the shareholdings of his spouse pursuant to Section 59(11)(c) of the Act.

### 5.1.4 Persons exercising control over the corporation

Save for our Promoters as set out in Section 5.1.1, there is no other person who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

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

### 5.2 DIRECTORS

Our Board takes note of the recommendations under the Malaysian Code of Corporate Governance ("MCCG") released in April 2021 and intends to have our Group adhere to its recommendations. Specifically on Practice Note 5.9, where it is recommended that the Board comprises 30% female members. As at LPD, our Board comprises 1 female out of 6 members, which is a departure from Practice Note 5.9. We undertake to secure the appointment of additional female Directors within a year after Listing to meet the recommendation of 30% female Board members. Save for Practice Note 5.9, the composition of our Board presently adheres to the other recommendations of the MCCG.

#### 5.2.1 Directors' shareholdings

The shareholdings of our Directors in our Company before and after IPO assuming that our Directors will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	<sup>(1)</sup> Before IPO			<sup>(2)</sup> After IPO		
		Direct		Indirect		Direct	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Ng Fook San	Executive Chairman/ Malaysian	-	-	-	-	1,786,000	0.4
Ng Hong Kiat @ Ng Han Kiat	Independent Non- Executive Deputy Chairman / Malaysian	-	-	-	-	1,786,000	0.4
Paul Heng Weng Seng	Non-Independent Non-Executive Director/ Malaysian	217,378,000	70.0	-	-	206,669,700	48.3
Lim Teik Hoe	Managing Director/ Malaysian	-	-	(3)93,162,001	30.0	-	(3)82,453,701
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Independent Non- Executive Director/ Malaysian	-	-	-	-	200,000	<0.1
							19.3
							-

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

Name	Designation/ Nationality	<sup>(1)</sup> Before IPO				<sup>(2)</sup> After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Rusmin Alwani Binti Shukery	Independent Non-Executive Director/ Malaysian	-	-	-	-	178,600	<0.1	-	-

**Notes:**

- (1) Based on the share capital of 310,540,001 Shares before IPO.
- (2) Based on the enlarged share capital of 428,331,001 Shares after IPO.
- (3) Deemed interest by virtue of the shareholdings of his spouse pursuant to Section 59(11)(c) of the Act.

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

### 5.2.2 Profiles of Directors

Save for the profiles of our Promoters Paul Heng Weng Seng and Lim Teik Hoe, which can be found in Section 5.1.2, the profiles of our Directors are as follows:

**Ng Fook San**, a Malaysian male aged 70, is our Executive Chairman. He was appointed to our Board on 3 May 2021. He is responsible for overseeing the activities of our Board such as presiding over Board meetings and managing Board deliberations. He is also involved in the engineering aspects of our Group's operations in terms of providing oversight and guidance to the engineering department, drawing from his extensive working experience and education background.

In June 1976, he graduated with a Bachelor of Electrical Engineering (Honours) from the University of Malaya. He is an industry veteran in the global semiconductor industry with more than 40 years of combined working experience in the field of engineering, manufacturing, sales, quality operations, and general management.

In 1976, he began his career in GEC (Radio and Television) Malaysia Sdn Bhd as an Engineer in quality and instrumentation engineering. He left the company in 1979.

He then joined Litronix Malaysia Sdn Bhd (now known as OSRAM Opto Semiconductors (Malaysia) Sdn Bhd) as a Quality Engineer in 1979. During his time with the company, he was involved in various departments such as manufacturing, engineering, quality, and sales and he held multiple positions including Production Manager and Engineering Manager. He left the company in 1997 as a Quality Manager.

In 1997, he joined Infineon Technologies Asia Pacific Pte Ltd, Singapore as the Vice President of Marketing. Infineon Technologies Asia Pacific Pte Ltd is the Singaporean branch of Infineon Technologies AG, a renowned semiconductor company headquartered in Germany, and listed on the Frankfurt Stock Exchange. As the Vice President of Marketing, he was responsible for developing new markets and marketing for the Asia Pacific region. In 1998, he became the Vice President of Sales and was involved in the expansion of the Infineon group in the Asian region.

He left the company in 2002 and in the same year, he joined OSRAM Opto Semiconductors (Malaysia) Sdn Bhd as the Vice President of Sales and Marketing. He was responsible for setting up the sales and marketing functions for Asia. He left the company in 2005.

In 2005, he re-joined Infineon Technologies AG and was appointed as the President and Managing Director of Infineon Technologies Asia Pacific Pte Ltd where he continued to spearhead the company's business expansion in the Asia Pacific region. In October 2005, he became the Group Vice President and General Manager of the Communication business group of Infineon Technologies AG where he was involved in overseeing the integrated semiconductors for communications business segment. He remained with the company until his retirement in 2007.

He was then appointed as the Chief Executive Officer and President of Achieva Limited, a company listed on the Main Board of the Singapore Stock Exchange in 2007 where he was involved in overseeing the operations of the company and liaising with the board of directors on the direction of the company's growth. He announced his retirement and left the company in 2010.

In 2012, he was appointed as a director of Dialight Penang Sdn Bhd, a subsidiary of Dialight PLC, a company listed on London Stock Exchange. He resigned as a director of the company in 2016.



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

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He was appointed to the board of Coraza Systems in 2012 and was key to driving the company's growth in sheet metal fabrication and precision machining.

He was appointed to the board of Armour Holdings in 2015.

In 2018, he was appointed as Independent Director of Renaissance United Limited, a company listed on the Singapore Stock Exchange. He was also an Independent Director for various companies within the Renaissance United Limited group during that time. In 2020, he announced his retirement and relinquished his positions from Renaissance United Limited group of companies.

Further details on Ng Fook San's appointment to the boards of other private limited and public listed companies can be found in Section 5.2.3.

As at LPD, he sits on the boards of several private limited companies as well as public listed companies as disclosed in Section 5.2.3.

**Ng Hong Kiat @ Ng Han Kiat**, a Malaysian male aged 70, is our Independent Non-Executive Deputy Chairman. He was first appointed to the board of Coraza Systems on 1 February 2021. Subsequently, he was appointed to our Board on 3 May 2021, and thereafter he resigned from the board of Coraza Systems on 2 June 2021. He is the Chairman of our Audit Committee. He is also a member of the Nominating and Remuneration Committee, as well as Risk Management Committee.

He completed his course for the Association of Chartered Certified Accountants, England in August 1979. He has been a member of the Association of Chartered Accountants since 1980 and a member of the Malaysian Institute of Accountants since 1983.

He began his career with Midgley & Co in London in 1977 as an Audit Assistant and was subsequently promoted to an Audit Manager in 1979. His responsibilities included preparation of accounts and conducting audits on various companies. He left the firm in 1980 to return to Malaysia.

He then joined Ernst & Whinney as an Audit Senior in 1980 where he was in charge of undertaking audits as well as supervising a team of auditors.

He left the firm in 1981 and subsequently joined Song Pang Seng Construction Sdn Bhd in the same year as an Accountant, where he was responsible for preparing accounts and financial statements as well as budgets and business plans. He held this position until 1982.

In 1982, he joined Associated Tile Works Sdn Bhd, a subsidiary of Hong Leong Industries Bhd, as an Accountant where he was involved in preparing financial statements and accounts, business plans, and cashflow management. He was transferred to Hong Leong Equipment Sdn Bhd as an Accountant in 1985 and was responsible for heading the Finance department. He was promoted to Manager-Branch Operations in the same year. His responsibilities included overseeing the operations and performance of 5 branches of the company. He was then seconded to Hong Leong Yamaha Motors Sdn Bhd in 1986 as an Accountant to head the Finance department, where he was responsible for preparing budgets and accounts, and cashflow management. He left the company in 1987.

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

He subsequently joined Perumahan Farlim Sdn Bhd as a Finance and Marketing Manager in 1987. He headed the Finance and Marketing department and was involved in preparing accounts and developing marketing strategies and marketing campaigns. In 1990, he was promoted to Senior Manager in Finance and Marketing and was responsible for preparing business plans, achieving annual sales, and overseeing a team of marketing staff. He was subsequently promoted to Deputy General Manager in 1992 where he was involved in the development and promotion of new product to improve profitability, business development, and sourcing for new landbank. In 1995, he was promoted to General Manager and was responsible for the business operations and developing policies.

He was subsequently promoted to Senior General Manager in 2000 and was involved in overseeing the performance of the Farlim group of companies. During this time, he was also appointed as the Chairman of the Management Committee. In 2018, he announced his retirement and relinquished his position from the company.

As at LPD, he sits on the boards of several private limited companies, and is also Independent Non-Executive Director of a public listed company, Emico Holdings Bhd, a company listed on the Main Market of Bursa Securities as disclosed in Section 5.3.2.

**Dato' Seri Haji Abdul Rafique Bin Abdul Karim**, a Malaysian male aged 65 is our Independent Non-Executive Director. He was appointed to our Board on 22 November 2021. He is the Chairman of the Risk Management Committee and a member of the Audit as well as Nominating and Remuneration Committees.

He completed his Higher School Certificate in 1974 from Penang Free School.

Upon leaving school in 1974, he joined his family textile business under F.A Karim Cloth House as Assistant Manager being responsible for sales and marketing. In 1980, whilst continuing his role in the family textile business, he ventured into Syarikat Manora Sdn Bhd with other partners to expand into the business of construction and property development. At the time, he was a director and shareholder of the company holding 25% equity interest. Over time, his role centred on the development and growth of Syarikat Manora Sdn Bhd, which has completed several housing and commercial projects in Pulau Pinang.

In 1986, he established Al Rokiah Karim Holdings Sdn Bhd which is an investment holdings company to expand his family interests in retailing and wholesaling of textiles, as well as property investment. Through the years, he has led this family firm to invest in several properties and expanded the family textile business.

In addition to his and his family's businesses, which he is actively involved to this day, he also undertook the following additional roles:

- (a) In 6 March 2000, he was appointed as the Independent Non-Executive Director of Unimech Group Berhad (a company listed on the Main Market of Bursa Securities), in its journey to listing on the then Second Board of Bursa Securities, which was completed on 27 June 2000;
- (b) In 1995, he was appointed as a director of Labursama Sdn Bhd, which is involved in the provision of harbour tug boats services to Penang Port;
- (c) In 2002, he was appointed as Managing Director of Airtropolis Sdn Bhd, a Class A Contractor, where he has overseen the completion of several projects; and
- (d) In 2005, he was appointed as a director of Cyberguard Systems Sdn Bhd, which is a supplier and systems installer for surveillance cameras and security systems.

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

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**Rusmin Alwani Binti Shukery**, a Malaysian female aged 48, is our Independent Non-Executive Director. She was appointed to our Board on 3 May 2021. She is the Chairwoman of our Nominating and Remuneration Committee. She is also a member of our Audit Committee and Risk Management Committee.

She graduated with a Bachelor of Laws from University of Malaya in 1997. She undertook her pupillage with Ghazi & Lim and was called to the Malaysian Bar on 1998. She is experienced in performing both general and civil litigation in multiple fields ranging from banking and finance law to contract law and company law.

She began her career at Shahrizat & Tan in April 1998 as a Legal Assistant where she was mainly involved in corporate and insolvency law, contract and commercial law, as well as general and civil litigation specialising in banking and finance litigation. In 2003, Shahrizat & Tan underwent a merger with Rashid & Lee and the resulting firm changed its name to Shahrizat Rashid & Lee. She was promoted to a Senior Associate in 2003 and was involved in heading the corporate banking and mortgage division of the firm. She left the firm in 2005.

In 2005, she became a Senior Partner at Rusmin Ida & Taryna. As a Senior Partner, she was involved in amongst others general and civil litigation including claims relating to fraud and asset recovery; company law; contract law including joint venture disputes and building contract disputes; as well as providing corporate advice.

As at LPD, she does not sit on the board of any other private limited or public listed companies.

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

**5.2.3 Principal business performed outside our Group**

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

**(a) Ng Fook San**

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
<b><u>Past involvement</u></b>						
Armour Precision Engineering Sdn Bhd (formerly known as Coraza Precision Engineering Sdn Bhd)	Dormant with no intended business activities	Director	7 February 2020	3 May 2021	-	-
STS	Finishing services	Director	23 November 2017	3 May 2021	-	-
Dialight Penang Sdn Bhd (a subsidiary of Dialight PLC, a company listed on London Stock Exchange)	Manufacturing, importers, exporters and dealers in LED lighting fixtures and LED components	Director	27 April 2012	2 February 2016	-	-
Armour Holdings	Investment holding company providing management services, where its subsidiaries provides finishing services	Director	19 June 2015	3 May 2021	-	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
Renaissance United Limited group of companies (a company listed on Singapore Stock Exchange)	Investment holding company, where its subsidiaries are in infrastructure and turnkey construction, development of residential real estate for sale, supplying gas to households, commercial and industrial users, manufacture and sale of electronic components, investment securities trading and provision of other management services	Director	19 January 2018	17 July 2020	-	-

**(b) Ng Hong Kiat @ Ng Han Kiat**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
<b><u>Present involvement</u></b>						
3SCAPE Construction Sdn Bhd	Construction of buildings; landscaping care and maintenance service activities	Director/ Shareholder	19 August 2019	-	50.0	-
Properman Property Management Services Sdn Bhd	Property management	Director/ Shareholder	12 October 2018	-	50.0	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
Emico Holdings Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, where its subsidiaries are involved in manufacturing and sales of trophies and awards, property development, contract manufacturing, trading and sourcing of furniture and home furnishing products	Director	5 September 2017	-	-	-
FASMAG Engineering Sdn Bhd	Engaged in servicing, repairing and installing of lifts, elevators, escalators in building and other construction projects	Director/ Shareholder	1 December 2015	-	40.0	-
FASMAG Services Sdn Bhd	Engaged in provision of general building maintenance, mechanical and electrical maintenance services	Director/ Shareholder	6 November 2015	-	50.0	-
Neatlink Sdn Bhd	Insurance agency	Director/ Shareholder	5 August 2003	-	50.0	-
<b><u>Past involvement</u></b>						
Baka Suci Sdn Bhd	Construction of buildings	Director	3 January 2012	12 January 2017	-	-
Perumahan Farlim Sdn Bhd	Property development	Director	3 January 2012	12 January 2017	-	-
Angkatan Wawasan Sdn Bhd	Property investment holding	Director	3 January 2012	12 January 2017	-	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
JM Aquatic Sdn Bhd	Marine aquaculture. Dissolved on 7 February 2020	Director/ Shareholder	28 December 2005	7 February 2020	25.0	-
Bumiputera and Technology Venture Capital Sdn Bhd	To provide venture capital to bumiputera and other joint venture companies. In the process of winding-up	Alternate Director	16 March 2004	-	-	-
Ria Bahagia Sdn Bhd	Retail sales. Dissolved on 12 January 2017	Director	22 September 1999	12 January 2017	-	-
Farlim Jaya Sdn Bhd	Property development	Director	22 September 1999	12 January 2017	-	-
Farlim Management Sdn Bhd	Provision of management and consultancy services	Director	22 September 1999	12 January 2017	-	-
Kertih-Paka Country & Golf Resorts Sdn Bhd	Real estate activities with own or leased property	Director	22 September 1999	12 January 2017	-	-
Saga Realty & Development Sdn Bhd	Property development	Director	6 August 1999	12 January 2017	-	-
Noble Bliss Sdn Bhd	Property management	Director	1 July 1999	1 July 2017	-	-
Macro Synergy Sdn Bhd	Property management	Director	1 July 1999	1 July 2017	-	-
Macro Concept Sdn Bhd	Property management	Director	1 July 1999	1 July 2017	-	-



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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
Gema Nusa Sdn Bhd	Property management	Director	1 July 1999	1 July 2017	-	-
LJ Harta Sdn Bhd	Property development	Director	30 June 1996	7 September 2016	-	-
Bandar Baru Ayer Itam Management Sdn Bhd	Property management, letting of properties and investment holding	Director	1 June 1989	1 July 2017	-	-

**(c) Lim Teik Hoe**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
<b>Present involvement<sup>(3)</sup></b>						
Yield Technology (M) Sdn Bhd	Real estate activities with own or leased property	Director/ Shareholder	30 May 2019	-	50.0	-
Viva Knowledge Sdn Bhd	Property investment holding and property letting	Director/ Shareholder	1 November 2010	-	25.0	-
Binary Decode Sdn Bhd	Property investment holding	Director/ Shareholder	16 September 1995	-	33.33	-
Kalungan Prestij Sdn Bhd <sup>(1)</sup>	Property investment holding	Director/ Shareholder	16 September 1995	-	50.0	50.0
Ex-Pack Technology Pte Ltd <sup>(2)</sup>	Wholesale trade including import and export of electronic parts and accessories	Director/ Shareholder	14 March 2017	-	55.0	-

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

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
Fuciphagus Venture Sdn Bhd group of companies	Research and development on biotechnology; raising and breeding of swiftlet	Shareholder	N/A	N/A	15.0	-
Armour Holdings <sup>(1)</sup>	Investment holding company providing management services, where its subsidiaries provides finishing services	Indirect shareholder	N/A	N/A	-	30.0
Armour Precision Engineering Sdn Bhd (formerly known as Coraza Precision Engineering Sdn Bhd) <sup>(1)</sup>	Dormant with no intended business activities	Director/ Indirect shareholder	7 February 2020	3 May 2021	-	30.0
STS <sup>(1)</sup>	Finishing services	Director/ Indirect shareholder	5 February 2016	3 May 2021	-	30.0

### Past involvement

Coraza Technology (M) Sdn Bhd <sup>(1)</sup>	Dormant. Dissolved on 5 August 2019	Indirect shareholder	N/A	N/A	-	20.0
Coraza Automations Sdn Bhd <sup>(1)</sup>	Dormant. Dissolved on 29 May 2019	Indirect shareholder	N/A	N/A	-	20.0
Winway Electronics (M) Sdn Bhd	Manufacturing and trading in all types of cables. Dissolved on 9 October 2020	Director/ Shareholder	14 November 2017	9 October 2020	50.0	-

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

**Notes:**

- (1) Deemed interested by virtue of the shareholdings of his spouse pursuant to Section 59(11)(c) of the Act.
- (2) Lim Teik Hoe is not involved in the day-to-day operations of Ex-Pack Technology Pte Ltd, as it is managed by the other shareholder(s). Additionally, Ex-Pack Technology Pte Ltd does not compete with our Group.
- (3) Lim Teik Hoe is not involved in the day-to-day operations of these companies. Therefore, his ability to perform his role and responsibility as the Managing Director of our Group is not affected.

**(d) Paul Heng Weng Seng**

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
Present involvement						
iMedrix Incorporated	Medical technology company providing data analytics using artificial intelligence	Director/ Shareholder	10 June 2015	-	10.0	-
Armour Holdings	Investment holding company providing management services, where its subsidiaries provides finishing services	Director/ Shareholder	23 August 2002	-	70.0	-
Armour Precision Engineering Sdn Bhd (formerly known as Coraza Precision Engineering Sdn Bhd)	Dormant with no intended business activities	Indirect shareholder	N/A	N/A	-	70.0 <sup>(1)</sup>
STS <sup>(2)</sup>	Finishing services	Indirect shareholder	N/A	N/A	-	70.0 <sup>(1)</sup>

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
Unigen (HK) Limited	Procurement of memory products	Director/ Shareholder	14 July 2005	-	100.0	-
Unigen Shenzhen	Procurement of memory products	Director/ Shareholder	12 October 2007	-	100.0	-
Unigen Corporation	Industrial-focused memory modules and storage solutions manufacturer	Director/ Shareholder	23 September 1991	-	100.0	-
Unigen Vietnam Hanoi Co., Ltd	Manufacturing for Unigen Corporation	Director/ Indirect shareholder	6 December 2007	-	-	100.0 <sup>(3)</sup>
Unigen Taiwan	Sales support for Unigen Corporation	Director/ Indirect shareholder	8 April 2004	-	-	100.0 <sup>(3)</sup>
E-Memory, LLC	Dormant	Director/ Indirect shareholder	7 June 2020	-	-	100.0 <sup>(3)</sup>
AgigA Tech, Inc	Research and development for memory storage industry	Director/ Indirect shareholder	5 May 2021	-	-	100.0 <sup>(3)</sup>
<b><u>Past involvement</u></b>						
Designex 3D Sdn Bhd	Trading in 3D printers. Dissolved on 21 August 2020	Director/ Shareholder	1 July 2014	21 August 2020	50.0	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
Coraza Technology (M) Sdn Bhd	Dormant. Dissolved on 5 August 2019	Director/ Shareholder	29 December 2006	5 August 2019	50.0	-
Coraza Automations Sdn Bhd	Dormant. Dissolved on 29 May 2019	Director/ Shareholder	17 April 2007	29 May 2019	50.0	-

**Notes:**

- (1) Deemed interested by virtue of his shareholdings in Armour Holdings pursuant to Section 8 of the Act.
- (2) Paul Heng Weng Seng is not involved in the day-to-day operations of STS and his involvement does not give rise to any conflict of interest situation. Please refer to Section 11.1 for further details.
- (3) Deemed interested by virtue of his shareholdings in Unigen Corporation pursuant to Section 8 of the Act.

**(e) Dato' Seri Haji Abdul Rafique Bin Abdul Karim**

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
<b><u>Present involvement</u></b>						
Syarikat Manora Sdn Bhd	Property development	Director/ Shareholder	27 August 1980	-	95.0	-
Rng Niaga Sdn Bhd	General trading of food related products	Director/ Shareholder	13 September 1989	-	100.0	-
Labursama Sdn Bhd	Port services - tug boat services	Director/ Shareholder	1 November 1995	-	80.0	-
Manora Services Sdn Bhd	IT consultancy services	Director/ Shareholder	8 September 2005	-	50.0	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
Al Rokiah Karim Holdings Sdn Bhd	Textiles traders and property investment	Director/ Shareholder	2 September 1986	-	11.1	-
Airtropolis Sdn Bhd	Civil construction	Director/ Shareholder	15 May 1991	-	15.0	-
Cyberguard Systems Sdn Bhd	Surveillance systems and IT services	Director/ Shareholder	22 April 2005	-	99.6	-
Unimech Group Berhad (a company listed on the Main Market of Bursa Securities)	Investment holding, where its subsidiaries are involved in valves, instrumentation and fittings, electronic, pumps and others business which consists of manufacturing of metal stamped parts and tools, spraying, coating, silk screening in metal, die casting and sanitary ware	Director/ Shareholder	6 March 2000	-	1.0	-
Sunshine Amanjaya Sdn Bhd	Rental of properties	Director	15 March 2000	-	-	-
Alam Mutiara Holidays (Penang) Sdn Bhd	Travel services	Director	29 September 2005	-	-	-
Healthcare2u Sdn Bhd	Online healthcare	Director	24 September 2019	-	-	-
Aimedis Sdn Bhd	Wholesale and retail medical products	Director	26 April 2021	-	-	-

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

<b>Company</b>	<b>Principal activities</b>	<b>Position held</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>% of shareholdings held</b>	
					<b>Direct</b>	<b>Indirect</b>
Major Gateway Sdn Bhd	Transportation and general trading	Shareholder	N/A	N/A	90.0	-
Pemimex Resources Sdn Bhd	Trading of agricultural products; investment holding	Shareholder	N/A	N/A	3.1	-
<b><u>Past involvement</u></b>						
Alam Mutiara Holidays (Malaysia) Sdn Bhd	Travel services. Dissolved on 4 December 2020	Director/ Shareholder	29 September 2005	4 December 2020	70.0	-
Ramaiah Sunshine Ayurveda Sdn Bhd	Proprietor of ayurveda wellness centre and trading in ayurveda oil and herbs	Director	13 January 2017	25 May 2017	-	-
Sab Haulage (M) Sdn Bhd	Transport and general trading. Dissolved on 8 June 2018	Director/ Shareholder	11 September 2009	8 June 2018	90.0	-
Unimech Bersatu Malaysia Sdn Bhd	System design, fabrication, installation, maintenance of boilers, combustion equipment, engineering equipment and piping system. Dissolved on 3 April 2019	Director/ Shareholder	14 February 2011	31 December 2017	46.0	-
Tadika Alpha Bijak Sdn Bhd	To carry on the business of operating a kindergarden. Dissolved on 11 October 2019	Director	13 February 2012	11 October 2019	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect

Vibrant Life Essentials Sdn Bhd	To carry on the business of operating amusement centres of all kinds of entertainments. Dissolved on 24 December 2020	Director	29 January 2014	27 May 2019	-	-
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**(f) Rusmin Alwani Binti Shukery**

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect

**Present involvement**

Rusmin Ida & Taryna	Advocate and solicitor firm	Senior Partner	1 September 2005	-	50.0	50.0
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As at LPD, the directorships of our Directors in other companies are in compliance with the Listing Requirements.

Save as disclosed in Section 11, the involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in those business activities does not require significant amount of time, and hence does not affect their ability to perform their executive roles and responsibilities to our Group.

**5.2.4 Directors remuneration and benefits**

The remuneration of our Directors including fees, salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Nominating and Remuneration Committee and subsequently, be approved by our Board. The Director's fees and any benefits payable to Directors shall be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting in accordance with our Constitution. Please refer to Section 15.3 for further details.



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

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2019 to 2021 are as follows:

	Directors' fees	Salaries	Bonuses	Other emolument	Benefits-in-kind	Total
<b>FYE 2019</b>						
Ng Fook San	50	-	-	100	-	150
Lim Teik Hoe	30	300	353	30	-	713
Paul Heng Weng Seng	30	-	-	-	-	30
<b>FYE 2020</b>						
Ng Fook San	50	-	-	200	-	250
Lim Teik Hoe	30	300	662	43	-	1,035
Paul Heng Weng Seng	30	-	-	-	-	30
<b>Proposed for FYE 2021</b>						
Ng Fook San	30	183	(2)-	8	-	221
Ng Hong Kiat @ Ng Han Kiat	(1)37	-	-	-	-	37
Lim Teik Hoe	30	360	(2)-	15	-	405
Paul Heng Weng Seng	(1)37	-	-	-	-	37
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	(1)3	-	-	-	-	3
Rusmin Alwani Binti Shukery	(1)27	-	-	-	-	27

### Notes:

- (1) Pro-rated based on their respective appointment dates.
- (2) The bonuses for FYE 2021 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance and the individual's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.

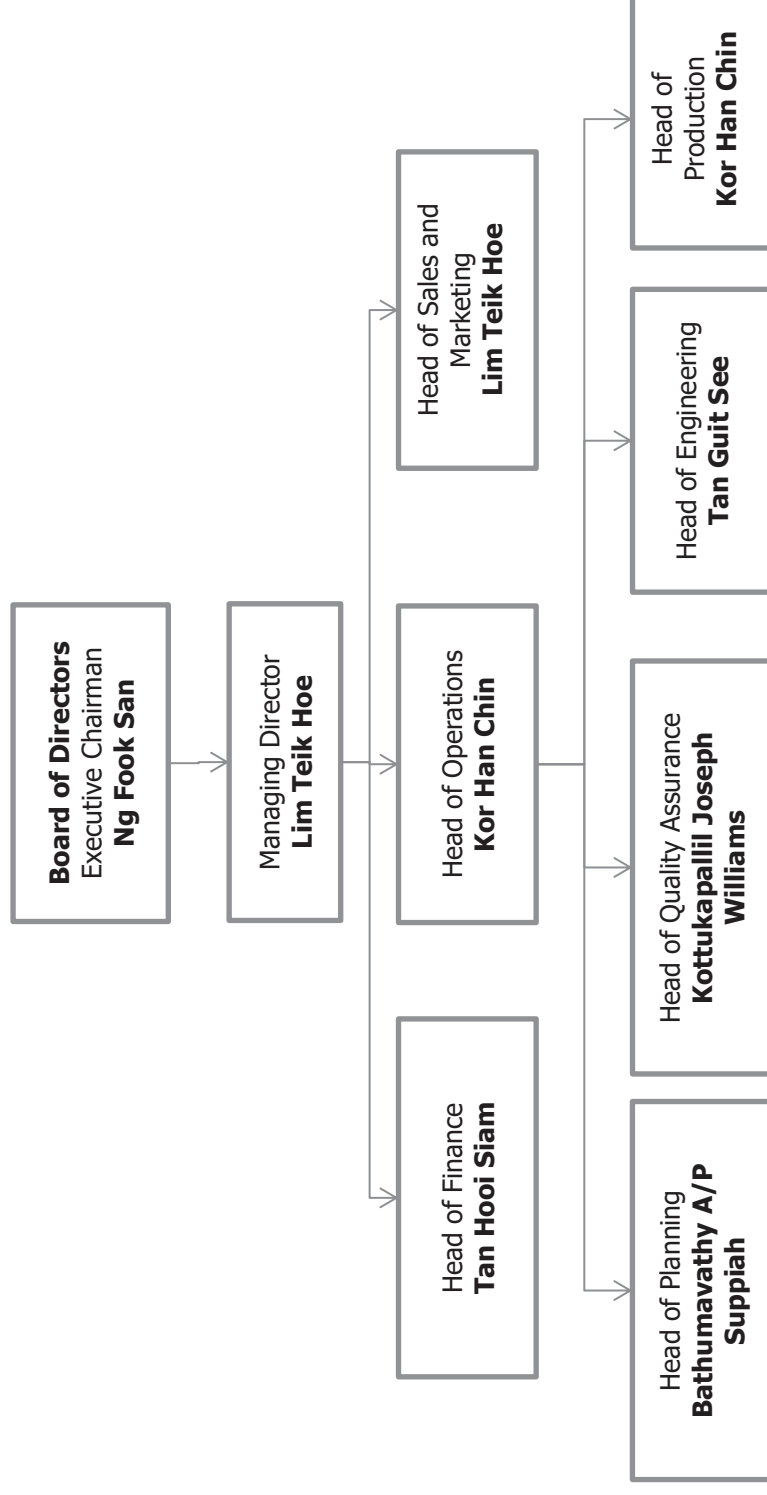
Details of other benefits paid to our Directors, Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus are disclosed in Section 15.4.

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

**5.3 KEY MANAGEMENT**

**5.3.1 Management structure**

The management reporting structure of our Group is as follows:



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

### 5.3.2 Key management shareholdings

The shareholdings of our key management in our Company before and after IPO, save for Ng Fook San and Lim Teik Hoe, which are disclosed in Section 5.2.1, assuming that they will fully subscribe for their respective entitlements under the Pink Form Allocations are set out below:

Name	Designation/ Nationality	Before IPO			(1)After IPO		
		Direct		Indirect		Direct	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Kor Han Chin	Head of Operations and Head of Production / Malaysian	-	-	-	-	357,100	<0.1
Tan Hooi Siam	Head of Finance / Malaysian	-	-	-	-	357,100	<0.1
Bathumavathy A/P Suppiah	Head of Planning / Malaysian	-	-	-	-	357,100	<0.1
Tan Guit See	Head of Engineering / Malaysian	-	-	-	-	357,100	<0.1
Kottukapallil Joseph Williams	Head of Quality Assurance / Indian	-	-	-	-	357,100	<0.1

#### Note:

(1) Based on the enlarged share capital of 428,331,001 Shares after IPO.

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

### 5.3.3 Profiles of key management

Save for the profiles of Ng Fook San and Lim Teik Hoe, which are set out in Section 5.2.2, the profiles of the other key management of our Group are as follows:

**Kor Han Chin**, a Malaysian male aged 48, is our Head of Operations as well as Head of Production. He is responsible for overseeing the manufacturing, quality, production planning, supply chain, and engineering activities of our Group. He is also involved in managing the maintenance of the production factory and engaging with customers for new projects acquisition.

He obtained a Diploma in Engineering from INTI University College (now known as INTI International University and Colleges) in 1993. He graduated with a Bachelor of Arts in Business Management from Ottawa University, Kansas, USA in 1997. He subsequently graduated with a Master of Business Administration from the University of Portsmouth, UK in 2000.

He began his career in 1998 with AE Technology Sdn Bhd as a Programme Manager where he was involved in sourcing, costing, project management and customer service. During his time with the company, he was also involved in setting up a turret and laser sheet metal forming facility in the northern region of Malaysia as well as setting up a regional and field service office in Pulau Pinang to provide sheet metal fabrication services to global customers. He left the company in 2007.

In the same year, he joined Ulbrich Asia Metals Malaysia Sdn as an Operations Manager. He was involved in various activities such as supply chain management, customer service, and overseeing production and warehousing. He was also involved in setting up a facility for fabricating stainless steel products for the medical and life sciences industry. He held this position until 2010.

He subsequently joined Interplex Electronics Malaysia Sdn Bhd in 2011 as a Supply Chain/ Operation Director where he was in charge of setting up a facility in Pulau Pinang and transferring projects from the facility in Singapore to the new facility in Pulau Pinang. He was also involved in liaising with various customers on the transfers and leading them through the transition. He left the company in 2014.

He then joined Alpha Precision Turning & Engineering Sdn Bhd in the same year as a General Manager, where he was involved in various departments such as production, supply chain, logistics and warehousing, and engineering. He was also involved in reorganising the company and introducing CAD technology to improve operational efficiency.

He left the company in 2021 to join our Group where he assumed his current position.

**Tan Hooi Siam**, a Malaysian female aged 51, is our Head of Finance. She is responsible for our financial management and reporting.

She graduated from Deakin University, Australia in 1995 with a Bachelor of Commerce. She has been a member of CPA Australia since 2002.

She began her career in 1995 at Mayban Factoring Berhad as a Business Development Executive. She was involved in conducting promotional activities to recruit clients, conducting credit investigation and credit analysis on potential clients, and preparing credit investigation reports for the management and board committees. She left the company in 1999.

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

She then joined JB Lau & Associates in 2000 as an Audit Assistant where she was involved in conducting audits, preparing consolidated audited reports, as well as tax compliance works. She was promoted to Audit Supervisor in 2004 and was involved in planning, supervising and monitoring, as well as reviewing audit work.

She left JB Lau & Associates in 2005 and subsequently joined Copthorne Orchid Hotel Penang as an Accountant. She was responsible for managing cash flow, preparing monthly and quarterly management accounts, as well as related banking and taxation matters. She left her position in 2006.

In 2006, she joined D'nonce (M) Sdn Bhd, a subsidiary of D'nonce Technology Bhd, a company listed on the Main Market of Bursa Securities as an Assistant Finance Manager where she was involved in reviewing the monthly financial performance of the company, reviewing and approving trade and non-trade supplier invoices, and reviewing documents for payment and expenditures. In 2008, she was promoted to Finance Manager and was responsible for reviewing and analysing monthly financial statements, preparing annual budgets, and liaising with government departments. She was promoted to Senior Finance Manager in 2014 and was responsible for overseeing the registration of the goods and services tax for the D'nonce group of companies in addition to preparing budgets and reviewing and analysing financial statements. She left her position in 2017.

She subsequently joined Coraza Systems in 2017 where she assumed her current role as Head of Finance.

**Bathumavathy A/P Suppiah**, a Malaysian female aged 49, is our Head of Planning. She is involved in monitoring, reviewing, and improving the efficiency our business operations.

She graduated from Universiti Sains Malaysia, Pulau Pinang in 1996 with a Bachelor of Arts. She obtained the APICS Certificate in Basics of Supply Chain Management from the Association for Operations Management in 2012. She obtained a Master of Business Administration from City University (formerly known as City University College of Science and Technology), Selangor in December 2020.

In 1996, she started her career with Kong Guan Sauce & Food Mfg. Co Sdn Bhd as a Human Resource and Admin Executive. She was responsible for carrying out human resources administrative matters as well as manpower planning. She was promoted to Marketing Assistant in 1999 and was involved in managing orders and shipments to distributors in East Malaysia, Brunei, and Singapore. She left her position in 2001.

She then joined Paradigm Metal Industries Sdn Bhd in 2002 as a Senior Planning Executive. She was involved in planning and scheduling production and liaising with the engineering team to ensure sufficient materials required for production are available.

She left the company in 2010 and subsequently joined Coraza Systems as a Planner, where she was responsible for overseeing and supervising planning for the production processes. This included monitoring levels of necessary materials, planning orders and shipments for production, as well as liaising with other internal departments and third-party vendors. She was promoted to Assistant Manager in the Planning department in 2013, where she was responsible for the master production schedule and material requirement planning, ensuring that operations were utilised effectively and with minimal delays. She was also involved in managing warehousing and logistics operations, including liaising with the relevant authorities regarding legal requirements.

She was then promoted to Manager I in the same department in 2016 and was responsible for improving production planning and forecasting as well as driving a plant-wide initiative to ensure on-time delivery of products to meet customer demands. She was promoted in 2019 to Manager II in the Planning department and was subsequently transferred to the Continuous Improvement department. During this time, she was involved in improving our production processes to improve production efficiency. In 2020, she was promoted to her current position.

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

**Tan Guit See**, a Malaysian female aged 49, is our Head of Engineering. She is responsible for overseeing our engineering functions as well as developing engineering strategies to support our operational requirements.

She completed her secondary education at Sekolah Menengah Kebangsaan Tun Syed Sheh Barakbah in Pulau Pinang and obtained her Sijil Pelajaran Malaysia in 1990.

Upon leaving school, she joined Genting Malaysia Berhad as a Casino Croupier in 1991, where she was involved in dealing cards for various card games such as baccarat and blackjack. She left the company in 1992.

She then joined a company involved in electronics in Singapore in 1992 as a Quality Control Personnel where she conducted quality control checks on products on the surface-mount technology production line, such as printed circuit boards, to ensure they meet the necessary specifications. She left her position in 1995.

She joined ACE Enclosures Sdn Bhd in 1995 as a Quality Control Supervisor. She was involved in conducting quality control checks to ensure that products meet the customers' specifications as well as to respond to quality issues faced by customers. She was promoted to Document Control Executive in 1996 where she was involved in organising documentation required for ISO certification such as quality manuals and standard operating procedures. She was also involved in conducting internal quality audits. In 1999, she was promoted to Sales and Marketing Executive where she was responsible for preparing monthly sales reports, liaising with customers on their orders, liaising with others to develop the production forecast. She was then promoted to Product Development and Design Engineer in 2001. She was involved in designing and developing new products such as carrying out 3D modelling drawings, drawings for CNC punching, building samples, and testing product quality. In 2005, she was promoted to a Back End Assistant Manager where she was in charge of painting, finishing, and assembly production. She was also involved in monitoring stock levels to ensure the production schedule runs smoothly. She was then promoted to a Material Manager in 2008. Her responsibilities included overseeing the receiving and warehousing of goods, material planning as well as supply chain and logistics. She left the company in 2010.

She subsequently joined Coraza Systems in 2010 as an Engineer II. She was involved in preparation of first article (FA) documentation as well as building the FA to meet customers' demands. She was then promoted to Senior Engineer in 2014 and was responsible for training and leading new engineers and working with new product introduction (NPI) engineers to ensure the FA built meets the customers' specifications.

She was then promoted to Assistant Manager in 2015 where she was involved in monitoring FA build performance, monitoring subcontracted finishing processes, and managing customer accounts. In 2016, she was promoted to Manager I and was in charge of overseeing overall functions of NPI engineering and introduction of new products in collaboration with customers. She was promoted to her current role, ranked as Manager II in 2017.

**Kottukapallil Joseph Williams**, an Indian male aged 33, is our Head of Quality Assurance. He is responsible for overseeing the operations of the quality assurance department such as incoming quality assurance, in-process quality assurance, and outgoing quality assurance. He is also involved in establishing objectives for customer satisfaction.

He obtained a Diploma in Tool & Die Engineering from the AWH Polytechnic College, India in 2009 with a Post Diploma in Tool Design from the Central Institute of Tool Design, India in 2012.

While studying for his diploma, he also worked as a Tool Engineer Trainee in 2009 with Jay Engineering Works in India. He was involved in the assembly of new development stamping tools and maintenance of stamping tools before deciding to leave in 2011.

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

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In 2012, he joined Indo Autotech Pvt Ltd (now known as Indo Autotech Limited) in India as a Design and Development Engineer where he was responsible for designing stamping tools, inspection jigs, and welding fixtures. He was also involved in liaising with customers to receive first approval for new parts. He left the company in 2014.

In the same year, he then joined Lakshmi Components Pvt Ltd as a Design and Development Engineer in India and was in charge of preparing product and tool costing for new developments, designing and developing various tools and fixtures, as well as coordinating with customers throughout the projects. He left the company in December 2014.

In 2015, he joined Coraza Systems as a New Product Introduction Engineer where he was responsible for designing sheet metal products, developing process flow for manufacturing, as well as preparing an in-progress checklist for inspectors to verify the quality requirements of parts during each stage of manufacturing. In 2016, he was promoted to Head - Process Engineering, where he was in charge of preparing work instructions for various manufacturing processes such as bending, welding, and machining as well as training engineers on the manufacturing processes. He was also involved in reviewing the manufacturing quality and developing improvement plans to reduce the rate of rejected parts. He was subsequently reassigned to Quality Engineering in 2019 where he was in charge of customer-focused quality engineering. His responsibilities also include developing the improvement and preventative action plan for customer complaints and feedback, liaising directly with customers regarding technical matters and quality control, as well as reviewing and improving the manufacturing process to reduce manufacturing costs without compromising the product quality. He was then promoted to his current position in November 2021.

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

### 5.3.4 Principal business performed outside our Group

Save as disclosed in Section 5.2.3 and below, none of our key management has any other principal directorship and/or principal business activities performed outside our Group as at LPD:

#### (a) Kor Han Chin

Company	Principal activities	Position held	Date of appointment	Date of cessation	% of shareholdings held	
					Direct	Indirect
<b><u>Present involvement</u></b>						
BMARK Agro & Industrial Chemicals Sdn Bhd <sup>(1)</sup>	Wholesale of fertilizers and agrochemical products, other building and industrial cleaning activities, landscape care and maintenance service activities	Director/ Shareholder	8 September 2016	-	80.0	-

#### Note:

<sup>(1)</sup> Despite his directorship and 80.0% shareholdings in the company, its operations are run by the other shareholder, who has the necessary expertise in agriculture and horticulture, is managing the operations of the company, and therefore does not require his active involvement.

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

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

### 5.3.5 Key management remuneration and benefits

The remuneration of our key management including salaries, bonuses, other emoluments and benefits-in-kind, must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board.

The aggregate remuneration and material benefits-in-kind (in bands of RM50,000) paid and proposed to be paid to our key management (save for our Directors which are disclosed in Section 5.2.4) for services rendered in all capacities to our Group for FYE 2020 and 2021 are as follows:

	<sup>(1)</sup> Remuneration band	
	FYE 2020 (Paid)	<sup>(2)</sup> FYE 2021 (Proposed)
	RM'000	
Kor Han Chin	– <sup>(3)</sup>	200 - 250
Tan Hooi Siam	250 - 300	150 - 200
Bathumavathy A/P Suppiah	100 - 150	100 - 150
Tan Guit See	100 - 150	100 - 150
Kottukapallil Joseph Williams	50 - 100	50 - 100

#### Notes:

- (1) The remuneration for key management includes salaries, bonuses, allowances and other emoluments.
- (2) The bonuses for FYE 2021 are not included. Such bonuses, if any, will be determined at a later date based on our Group's performance, and will be subject to recommendation of our Remuneration Committee and approval by our Board.
- (3) Joined Coraza Systems on 3 May 2021.

## 5.4 BOARD PRACTICE

### 5.4.1 Board

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

- (a) To provide leadership and oversee the overall conduct of our Group's businesses, including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management;
- (b) To review, challenge and approve strategic plans for our Group and to ensure that such strategic plans supports long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability;
- (c) Promote together with key management, good corporate governance culture within our Group which reinforces ethical, prudent and professional behaviour;
- (d) Identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;

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

- (e) To ensure that key management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of board and key management;
- (f) Overseeing the development and implementation of a stakeholder communications policy for our Group; and
- (g) To ensure the adequacy and the integrity of the management information and internal control systems of our Group.

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

As at LPD, 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 office are as follows:

<b>Name</b>	<b>Date of appointment as Director</b>	<b>Date of expiration of the current term in office</b>	<b>Approximate no. of months in office as at LPD</b>
Ng Fook San	3 May 2021	At the 2022 Annual General Meeting of our Company	7
Ng Hong Kiat @ Ng Han Kiat	3 May 2021	At the 2022 Annual General Meeting of our Company	7
Lim Teik Hoe	30 November 2020	At the 2022 Annual General Meeting of our Company	12
Paul Heng Weng Seng	3 May 2021	At the 2022 Annual General Meeting of our Company	7
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	22 November 2021	At the 2022 Annual General Meeting of our Company	<1
Rusmin Alwani Binti Shukery	3 May 2021	At the 2022 Annual General Meeting of our Company	7

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

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

### 5.4.2 Audit Committee

The main function of our Audit Committee is to assist our Board in fulfilling its responsibility on the oversight of the integrity of our Group's accounting and financial reporting matters. The Audit Committee's duties and responsibilities as stated in its terms of reference include, amongst others, the following:

- (a) To review the engagement, compensation, performance, qualifications and independence of our external auditors, its conduct of the annual statutory audit of our financial statements, and the engagement of external auditors for all other services;
- (b) To review and approve our quarterly and annual financial statements for recommendation to our Board, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group; and
- (d) To consider the major findings of internal investigations and management's response.

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

The members of our Audit Committee as at LPD are as follows:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ng Hong Kiat @ Ng Han Kiat	Chairman	Independent Non-Executive Deputy Chairman
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Member	Independent Non-Executive Director
Rusmin Alwani Binti Shukery	Member	Independent Non-Executive Director

Our Nominating and Remuneration Committee will review the composition, performance and effectiveness of our Audit Committee annually.

### 5.4.3 Nominating and Remuneration Committee

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

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Rusmin Alwani Binti Shukery	Chairwoman	Independent Non-Executive Director
Ng Hong Kiat @ Ng Han Kiat	Member	Independent Non-Executive Deputy Chairman
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Member	Independent Non-Executive Director

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

Our Nominating and Remuneration Committee undertakes, among others, the following functions:

### **(i) Nominating**

- (a) To assist our Board in ensuring that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (b) To ensure appropriate selection criteria and processes and to identify and recommend to our Board, candidates for directorships of our Company and members of the relevant Board committees;
- (c) To evaluate the effectiveness of our Board and the relevant Board committees;
- (d) To establish the mechanisms for the formal assessment on the effectiveness of the Board as a whole and the effectiveness of each Director;
- (e) To ensure that all Directors receive appropriate continuous training in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements;
- (f) To assist our Board to assess and evaluate circumstances where a Director's involvement outside our Group may give rise to a potential conflict of interest with our Group's businesses, upon receiving declaration of the same from our Director and thereafter, to inform our Audit Committee of the same. After deliberation with our Audit Committee, to recommend to our Board the necessary actions to be taken in circumstances where there is a conflict of interest; and
- (g) To ensure an appropriate framework and succession planning for our Board, including our Managing Director and Executive Directors.

### **(ii) Remuneration**

- (a) To formulate or review the policy and procedures for remuneration of the Chairman, Board members and key management, to be aligned with their responsibilities and contributions including scope of service agreements, terms of employment or contract of employment/service, benefits, pension or incentive scheme entitlement, bonuses, fees and expenses and any compensation payable on termination of employment/service contract by the Company and/or our Group and to review for changes to the policy, as necessary, and recommend the same to our Board for approval;
- (b) To review and recommend the remuneration package of the Non-Executive Directors including Non-Executive Chairman to the Board. The individuals concerned shall abstain from discussion of their own remuneration;
- (c) To ensure that the remuneration framework for key management and other employees are in place and structured to ensure that reward is measurably linked to individual's performance, skills, experience and level of responsibilities; and

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

- (d) To implement the policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of our Board and key management.

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

### 5.4.4 Risk Management Committee

Our Risk Management Committee is primarily responsible for assisting the Board in overseeing the risks management framework and policies within our Group and reviews the efficacy of internal controls within our Group.

The duties and responsibilities as stated in the terms of reference of our Risk Management Committee include the following:

- (a) To oversee and recommend the risk management policies and procedures of our Group;
- (b) To review and recommend changes as needed to ensure that our Group has in place at all times a risk management policy which addresses the strategic, operational, financial and compliance risks;
- (c) To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors our Group's business risks;
- (d) To review all major investment and project business cases, including the risks associated with costs, funding, financial and operational performance and recommend to the board on the appropriate decisions to be made;
- (e) To review the adequacy of management response to issues identified in risk registers, ensuring that our risks are managed within our Group's risk appetite; and
- (f) To review and discuss with management and the internal auditor the key guidelines and policies governing our Group's significant processes for risk assessment and risk management, the validity of the identified risks, and ensuring that appropriate actions are taken to mitigate the risks.

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

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

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Seri Haji Abdul Rafique Bin Abdul Karim	Chairman	Independent Non-Executive Director
Lim Teik Hoe	Member	Managing Director
Rusmin Alwani Binti Shukery	Member	Independent Non-Executive Director
Ng Hong Kiat @ Ng Han Kiat	Member	Independent Non-Executive Deputy Chairman

Notwithstanding Lim Teik Hoe being the management representative in the Risk Management Committee, the committee comprises a majority of independent directors, and his presence is significant to provide management insights. Premised on the foregoing, the Risk Management Committee will be able to discharge its duties and responsibilities.

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

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**5.5 RELATIONSHIPS AND/OR ASSOCIATIONS**

Liew Sow Ying and Lim Teik Hoe who are both our Promoters and substantial shareholders are spouses.

Save as disclosed above, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key management as at LPD.

**5.6 EXISTING OR PROPOSED SERVICE AGREEMENTS**

As at LPD, there are no existing or proposed service agreements entered into between our Company with any Directors; or between any companies within our Group with any key management.

**5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY MANAGEMENT**

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

- (a) In the last 10 years, a petition under any bankruptcy or insolvency law filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a Director or a member of key management;
- (b) Disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) In the last 10 years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) In the last 10 years, any judgment that was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (e) In the last 10 years, was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (f) Being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (g) In the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (h) Has any unsatisfied judgment against him.

## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON CORAZA

Our Company was incorporated in Malaysia under the Act on 30 November 2020 as a private limited company under the name of Coraza Integrated Technology Sdn Bhd. On 5 July 2021, we converted into a public limited company and adopted our present name.

Our Company is principally an investment holding company. There has been no material change in the manner in which we conduct our business or activities since our incorporation and up to LPD. Through our subsidiary, we are principally involved in the fabrication of sheet metal and precision machined components, as well as the provision of related services, such as D&D and value-added sub-module assembly services. Please refer to Section 7.1 for detailed information of our Group's history.

As at LPD, our share capital is RM29.3 million comprising 310,540,001 Shares, all of which have been issued and fully paid-up. The movements in our share capital since the date of our incorporation are set out below:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Consideration/ Types of issue</b>	<b>Cumulative share capital RM</b>
30 November 2020	1	RM1/ Subscriber's share	1
19 November 2021	310,540,000	RM29,252,868/ Consideration for Acquisition	29,252,869

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

Upon completion of our IPO, our enlarged share capital will increase to RM62.2 million comprising 428,331,001 Shares.

### 6.2 DETAILS OF THE ACQUISITION

In preparation for our Listing, we have undertaken the Acquisition. On 8 June 2021, we entered into a conditional share purchase agreement with Armour Holdings to acquire the entire equity interest in Coraza Systems comprising 2,500,000 ordinary shares for a purchase consideration of RM29.3 million which was satisfied by the issuance of 310,540,000 new Shares to Armour Holdings at an issue price of RM0.0942 each. To arrive at the envisaged IPO Price of RM0.28, the market capitalisation of Coraza which is valued at RM119.9 million is divided by 428,331,001 Shares. Based on the Listing Scheme, to arrive at the enlarged 428,331,001 Shares, the existing issued shares of the Company should be at 310,540,001 Shares before the Public Issue. Hence, Coraza needs to issue 310,540,000 new Shares for the Acquisition, which works out to an issue price of RM0.0942 per Share based on the purchase consideration for the Acquisition of RM29.3 million.

The purchase consideration for the Acquisition of RM29.3 million was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of Coraza Systems as at 31 December 2020 of RM29.3 million.

The Acquisition is subject to the following conditions precedent:

- Bursa Securities' approval for the Proposed Listing being obtained;
- The approval-in-principle by SC for the registration of the Prospectus being obtained, which was subsequently waived by the parties;



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

- (c) The passing at a general meeting of Coraza of a resolution to approve the Acquisition;
- (d) Any terms required to be fulfilled for the change of shareholdings of Coraza Systems, such as the consent by financiers; and
- (e) Any other approvals by any relevant authorities, if required.

The Acquisition was completed on 19 November 2021. Thereafter, Coraza Systems became our wholly-owned subsidiary.

Based on the terms of the conditional share purchase agreement for the Acquisition, Armour Holdings had irrevocably agreed that the total consideration payable by us shall be satisfied by the issuance of 310,540,000 new Shares at an issue price of RM0.0942 per Share to Paul Heng Weng Seng and Liew Sow Ying in the following proportion:

<b>Allocation of Shares</b>		
	<b>No. of Shares issued</b>	<b>% allocation</b>
Paul Heng Weng Seng	217,378,000	70.00
Liew Sow Ying	93,162,000	30.00
	<b>310,540,000</b>	<b>100.0</b>

Armour Holdings was incorporated in Malaysia on 23 June 2001 as Senzoon Enterprise Sdn Bhd, and adopted its current name on 25 November 2021. It is principally an investment holding company and also provides management services. As at LPD, its issued share capital is RM200,000 comprising 200,000 ordinary shares, which is owned directly by Paul Heng Weng Seng (70.0%) and Liew Sow Ying (30.0%). Both Paul Heng Weng Seng and Liew Sow Ying are also the only Directors of Armour Holdings.

As at LPD, the subsidiaries of Armour Holdings, all of which are incorporated in Malaysia and wholly-owned, are as follows:

<b>Name</b>	<b>Principal activities</b>
STS	Finishing services
Armour Precision Engineering Sdn Bhd (formerly known as Coraza Precision Engineering Sdn Bhd)	Dormant with no intended business activities

Armour Holdings has no associate company.

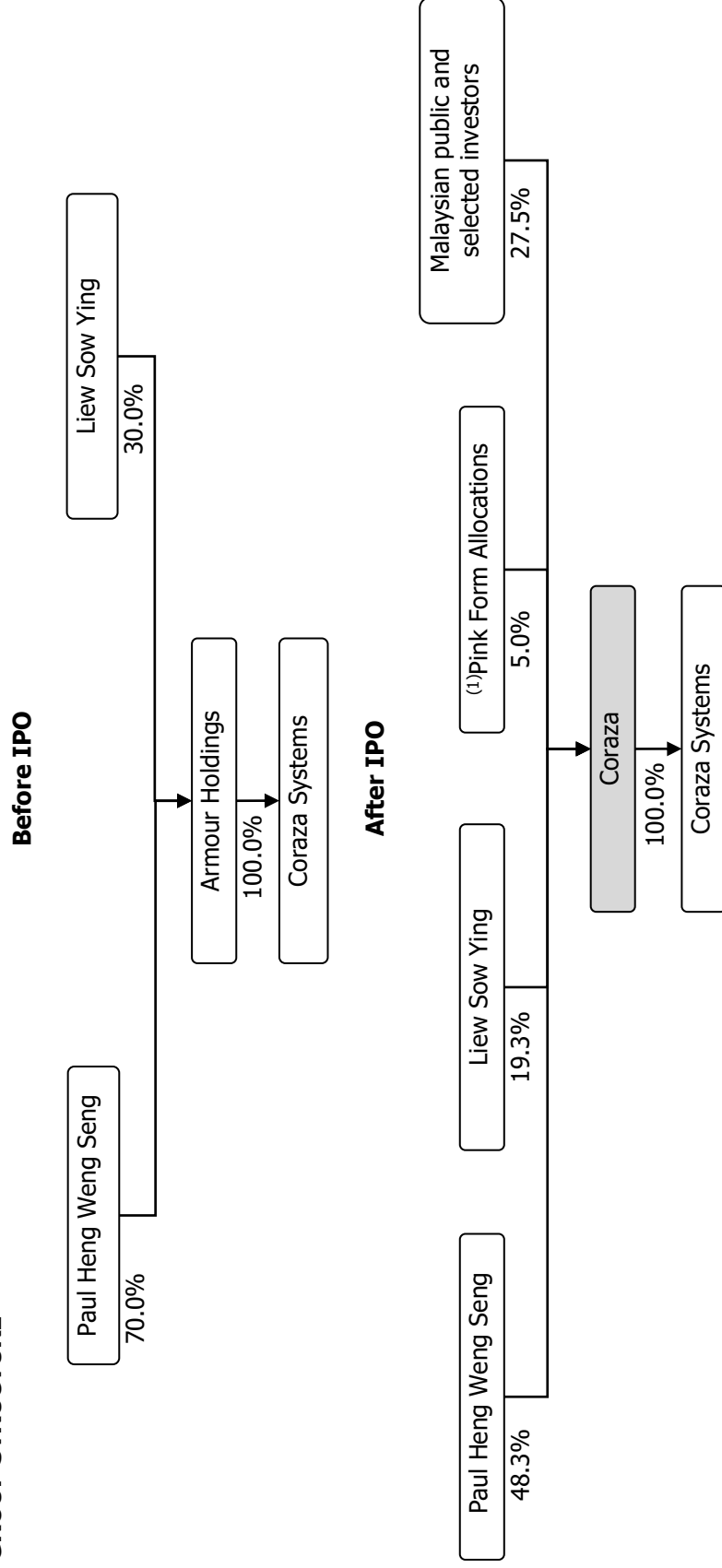
Armour Holdings was not included in our Group as it is an investment holding vehicle held by the Promoters, who wish to keep it separate from our Group as it may be potentially used for other purposes unrelated to our Group.

The new Shares issued under 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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6. INFORMATION ON OUR GROUP (Cont'd)

6.3 GROUP STRUCTURE



**Note:**

(1) Assuming that all our eligible Directors, employees and persons who have contributed to the success of our Group will subscribe for the Pink Form Allocations.

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

**6.4 SUBSIDIARIES AND ASSOCIATED COMPANIES**

Details of our subsidiary as at LPD are summarised as follows:

<b>Company</b>	<b>Date/ Place of incorporation</b>	<b>Principal place of business</b>	<b>Issued share capital RM</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
Coraza Systems	18 September 2001/ Malaysia	Malaysia	2,500,000	100.0	Fabrication of sheet metal and precision machined components, as well as the provision of related services, such as D&D and value-added sub module assembly services

Details of the share capital of our subsidiary are set out in Section 15.2.

As at LPD, we do not have any associated company.

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

### **6.5 MATERIAL CONTRACTS**

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by our Group for FYE 2018 to 2020, FPE 2021 and up to LPD:

- (a) Sale and purchase agreement dated 23 July 2018 between Coraza Systems and Macro Dimension Concrete Sdn Bhd to purchase a piece of vacant industrial land held under GM 1510, Lot 2773, Mukim 07, Jalan Bukit Panchor, Daerah Seberang Perai Selatan, Negeri Pulau Pinang for a cash consideration of RM2,251,810, the transfer of which was completed on 27 December 2018;
- (b) Sale and purchase agreement dated 23 July 2018 between Coraza Systems and Macro Dimension Concrete Sdn Bhd to purchase a piece of vacant industrial land held under Geran 59350, Lot 2776, Mukim 07, Daerah Seberang Perai Selatan, Negeri Pulau Pinang for a cash consideration of RM1,353,669, the transfer of which was completed on 26 December 2018;
- (c) Sale and purchase agreement dated 30 December 2020 between Coraza Systems and Armour Holdings for the disposal of a piece of industrial land held under GM1536, Lot 4093, Mukim 07, Jalan Bukit Panchor, Daerah Seberang Perai Selatan, Negeri Pulau Pinang bearing assessment address at 14, Lorong Industri 5, Kawasan Industri Bukit Panchor, 14300 Nibong Tebal, Seberang Perai Selatan, Pulau Pinang together with 1½-storey detached factory erected thereon for a cash consideration of RM2,800,000, which was completed on 30 December 2020;
- (d) Purchase order dated 5 February 2021 from Coraza Systems to Alam Setia Bina Sdn Bhd for expansion of our existing factory at a contract value of RM840,000, which was completed in September 2021;
- (e) Purchase order dated 25 February 2021 from Coraza Systems to Alam Setia Bina Sdn Bhd for the construction of firewall at our existing factory at a contract value of RM152,483.67, which was completed in June 2021;
- (f) Share purchase agreement dated 8 June 2021 between our Company and Armour Holdings for the Acquisition, which was completed on 19 November 2021;
- (g) Purchase order dated 11 August 2021 from Coraza Systems to Alam Setia Bina Sdn Bhd for the installation of fire insulation roller shutters at our existing factory at a contract value of RM309,431.82. The construction is expected to be completed in December 2021;
- (h) Purchase order dated 1 October 2021 from Coraza Systems to Alam Setia Bina Sdn Bhd for the construction of a drainage system on site detention at our existing factory at a contact value of RM165,000.00, which was completed on 16 November 2021;
- (i) Purchase order dated 6 October 2021 from Coraza Systems to Alam Setia Bina Sdn Bhd to carry out concrete pavement and road resurfacing at our existing factory at a contract value of RM233,000.00, which was completed in November 2021; and
- (j) Underwriting agreement dated 30 November 2021 between our Company and M&A Securities for the underwriting of 42,833,100 Issue Shares for an underwriting commission of 3.0% of the IPO Price multiplied by the number of Issue Shares underwritten.

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

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**6.6 PUBLIC TAKE-OVERS**

During the last financial year and the current financial year up to LPD, there were:

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

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

### 6.7 MAJOR APPROVALS AND LICENCES

As at LPD, there are no other major approvals, major licences and permits issued to our Group in order for us to carry out our operations other than those disclosed below:

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(a)	Coraza Systems	MITI	11 October 2006/ Nil	Manufacturing licence for the fabrication of sheet metal parts and components for machinery/equipment such as instrument chassis, internal bracketry, front panel, instrument housing, cover, card cages, etc. at Lot 2777, Lorong Industri 5, Kawasan Perindustrian Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	(a) Location: Lot 2777, Lorong Industri 5, 14300 Nibong Tebal, Pulau Pinang is subject to the approval from relevant state authority and Department of Environment. (b) MITI is to be notified of the sale of shares of this company.	Complied  Noted and complied
(b)	Coraza Systems	MITI	22 September 2006/ Nil	Manufacturing licence for the manufacturing of parts for orthopaedic instruments and equipment at Lot 2777, Lorong Industri 5, Kawasan Perindustrian Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	(a) Location: Lot 2777, Lorong Industri 5, 14300 Nibong Tebal, Pulau Pinang is subject to the approval from relevant state authority and Department of Environment. (b) MITI is to be notified of the sale of shares of this company.	Complied  Noted and complied

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

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
(c)	Coraza Systems	MITI	1 March 2021/ Nil	Manufacturing licence for the manufacturing of fabricated metal products at 24, Lorong Industri 9, Kawasan Perindustrian Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang and 136, Jalan Suasa 7, Kawasan Industrial Taman Suasa, 09000 Kulim, Kedah	<p>(a) The Company is advised to consult with the department/ company providing utilities in respect of the actual need of electricity, water and telecommunications soonest possible.</p> <p>(b) Location: 24, Lorong Industri 9, Kawasan Perindustrian Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang (is subject to approval from relevant state authority).</p> <p>(c) Location: 136, Jalan Suasa 7, Kawasan Industrial Taman Suasa, 09000 Kulim, Kedah (is subject to approval from relevant state authority).</p> <p>(d) MITI and MIDA is to be notified of the sale of shares of this company.</p> <p>(e) The total full time employment of the company must consist of at least 80% Malaysians by 31 December 2022. The employment of foreigners including workers obtained through outsourcing is subject to current policies.</p>	Complied
(d)	Coraza Systems	Royal Malaysian Customs Department	22 November 2021/ 30 November 2023	Manufacturing warehouse licence under Section 65A of the Customs Act 1967 to carry on any manufacturing process and other operation in respect of the goods, for Lot 2777, Lorong Industri 5, Kawasan Perindustrian Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang <sup>(1)</sup>	<p>(a) No dutiable goods other than raw materials/ components and machinery used directly in manufacturing, and manufactured goods which have been approved by the State Director of Customs may be stored in the licensed manufacturing warehouse</p> <p>(b) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs.</p> <p>(c) At least 80% finished product (by value) are to be exported, and not exceeding 20% of the finished products (by value) can be sold in the local market for the period of 12 months (within the licensing period starting from the approval date).</p>	Complied  Complied  Complied <sup>(2)</sup>



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

No.	Licencee	Issuing authority	Date of issue/ Date of expiry	Nature of approval/ Licences	Equity and/or major conditions imposed	Compliance status
					(d) The Company shall notify the proper officer of Customs in writing within 14 days if: (i) There is a change in the Board of Directors of the Company; (ii) The Company has been wound up; (iii) An application for winding up of the company; (iv) Appointment of receiver or liquidator has been made; or (v) The Company is subjected to civil claims, bankruptcy, closure and other similar matters.	Noted and complied
					(e) Application for renewal of a license shall be made to the State Customs Director at least one month before the expiry of the license.	Complied
					(f) Only one entity is allowed to operate within the premises of the licensed manufacturing warehouse. Any partnership with another entity within the same area is not allowed.	Complied

**Notes:**

<sup>(1)</sup> Pursuant to subsection (2) of Section 65A of the Customs Act 1967, a manufacturing warehouse licence shall be deemed to include a licence for warehousing goods as provided under Section 65 of the Customs Act 1967. Coraza Systems was previously issued with two separate licences by the Royal Malaysian Customs Department (i) warehouse licence under Section 65 of Customs Act 1967 to warehouse goods; and (ii) manufacturing warehouse licence under Section 65A of Customs Act 1967 to carry on any manufacturing process and other operation in respect of the goods.

Notwithstanding, during its application for licences renewal in November 2021, the Royal Malaysian Customs Department does not issue separate warehouse licence under Section 65 of Customs Act 1967 to Coraza Systems in view that Section 65A(1A) of the Customs Act 1967 provides that a manufacturing warehouse licence shall be deemed to include a licence for warehousing goods as provided under Section 65 of the Customs Act 1967.

<sup>(2)</sup> We have complied with this condition based on our sales, of which 99% is sold to MNCs which are considered as exports, notwithstanding that delivery is made to the MNCs locally and billing is issued to the MNCs' locally established entity. In this respect, our shipments to customers are regularly cleared by the Royal Malaysian Customs Department, who recognises these sales as exports.

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

**6.8 TRADEMARKS**

Our Group does not own any trademark.

**6.9 PROPERTY, PLANT AND EQUIPMENT**

**6.9.1 Properties owned by our Group**

The summary of the material properties owned by our Group as at LPD are set out below:

No.	Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area	Date of purchase/ Date of Certificate of Completion and Compliance	Encumbrance	Audited NBV as at 30 June 2021 RM'000
(a)	1, Lorong Industri 5 Kawasan Industri Bukit Panchor 14300 Nibong Tebal Seberang Perai Selatan Pulau Pinang/ Lot 2777 held under Geran 59351; and Lot 2783 held under GM1515 both of Mukim 07, Daerah Seberang Perai Selatan, Negeri Pulau Pinang	Industrial land and a 1½-storey detached factory annexed with a double storey office building erected thereon/ Headquarters of Coraza Systems comprising office and factory/ Freehold/ Industrial	Lot 2777 (122,245.6 sq ft) Lot 2783 (139.9 sq ft)/ 93,219.7 sq ft	21 June 2004/ 11 May 2006	Charged to Public Bank Berhad	6,222
(b)	GM 1510, Lot 2773, Mukim 07 Jalan Bukit Panchor Daerah Seberang Perai Selatan, Negeri Pulau Pinang	Vacant land/ For the construction of Coraza Systems' factory/ Freehold/ Industrial	56,295.2 sq ft/ Not applicable	23 July 2018/ Not applicable	Charged to Malaysian Industrial Development Finance Berhad	2,328

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

No.	Postal address/ Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area	Date of purchase/ Date of Certificate of Completion and Compliance	Encumbrance	Audited NBV as at 30 June 2021 RM'000
(c)	Geran 59350, Lot 2776, Mukim 07 Daerah Seberang Perai Selatan, Negeri Pulau Pinang	Vacant land/ For the construction of Coraza Systems' factory/ Freehold/ Industrial	33,841.7 sq ft/ Not applicable	23 July 2018/ Not applicable	Charged to Malaysian Industrial Development Finance Berhad	1,398
						<b>9,948</b>

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

As at LPD, approvals for the extension from the local government and the fire department have been obtained, and extension works have also been completed. We are currently awaiting approval from the local authority for additional site works as further required by the said local authority, namely the drainage system on site retention, as well as concrete pavement and road resurfacing, which were completed in November 2021. The approval from local authority and the relevant Certificate of Completion and Compliance for the extension of our factory are expected to be obtained by January 2022.

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

### 6.9.2 Properties rented by our Group

The summary of the material properties rented by our Group as at LPD are set out below:

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Land area	Period of tenancy / Rental per annum
(a)	136, Jalan Suasa 7, Kawasan Industrial Taman Suasa, 09000 Kulim	Kalungan Prestij Sdn Bhd/ Coraza Systems  Kalungan Prestij Sdn Bhd is a related party. Please refer to Section 10 for further details.	Single storey semi- detached industrial building, with no extension or renovation to the original building / Branch of our Group, which carries on electronic components manufacturing including welding. Refer to Section 7.17 for further details.	7,201.0 sq ft	1 year from 1 December 2021 to 30 November 2022 (with option to renew for 1 year subject to renegotiation of rent of not more than 10% increase of the existing monthly rent)/ RM24,000
(b)	24, Lorong Industri 9, Kawasan Industri Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	Cheah Khoo Tiang/ Coraza Systems	1½-storey terrace factory/ Production purpose - Polishing	3,186.1 sq ft	1 year from 1 September 2021 to 31 August 2022 (with option to renew for 1 year subject to renegotiation of rent of not more than 10% increase of the existing monthly rent)/ RM24,312
(c)	68, Lorong Bukit Panchor 5, Taman Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	Teoh Ah Leek, Ng Guek Eng and Teoh Jia Ni/ Coraza Systems	Double storey terrace house/ Workers' accommodation	1,097.9 sq ft	2 years from 1 January 2021 to 31 December 2022/ RM6,600
(d)	18, Lorong Bukit Panchor 6, Taman Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	Loh Kok Aun/ Coraza Systems	Double storey terrace house/ Workers' accommodation	1,194.8 sq ft	3 years from 10 November 2021 to 9 November 2024/ RM9,000

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

<b>No.</b>	<b>Postal address</b>	<b>Landlord/ Tenant</b>	<b>Description/ Existing use</b>	<b>Land area</b>	<b>Period of tenancy / Rental per annum</b>
(e)	32, Lorong Panchor Indah 23, Taman Panchor Permai, 14300 Nibong Tebal, Pulau Pinang	Teoh Lee Ling/ Coraza Systems	Double storey semi-detached house / Workers' accommodation	2,454.2 sq ft	2 years from 1 March 2021 to 28 February 2023 (with option to renew for 1 year subject to renegotiation of rent)/ RM21,600
(f)	24, Lorong Bukit Panchor 7, Taman Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	Loh Soon Beng/ Coraza Systems	Double storey terrace house/ Workers' accommodation	1,097.9 sq ft	3 year from 1 November 2021 to 31 October 2024/ RM6,000
(g)	72, Lorong Bukit Panchor 4, Taman Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	H'ng Shew Tiang/ Coraza Systems	Double storey terrace house/ Workers' accommodation	1,044.1 sq ft	3 year from 1 November 2021 to 31 October 2024/ RM4,200
(h)	56, Jalan Industri 2, Taman Seri Bayu, 14300 Nibong Tebal, Pulau Pinang	Ang Eng Eow & Ang Ming Quan/ Coraza Systems	Double storey terrace house/ Workers' accommodation	1,205.6 sq ft	2 years from 1 May 2020 to 30 April 2022 (with option to renew for 1 year subject to renegotiation of rent)/ RM8,400
(i)	39, Lorong Cenderawasih Indah 2, Taman Cenderawasih Indah, 14300 Nibong Tebal, Pulau Pinang	Ang Suan Kee/ Coraza Systems	Double storey terrace house/ Workers' accommodation	1,399.3 sq ft	2 years from 1 January 2020 to 31 December 2021, and extended for 1 year from 1 January 2022 to 31 December 2022/ RM3,600 and RM4,200 for the extended period
(j)	29, Lorong Industri 2, Taman Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	Jaganathan A/L Retnam/ Coraza Systems	Double storey terrace house/ Workers' accommodation	1,248.6 sq ft	3 years from 15 October 2020 to 14 September 2023/ RM8,640

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

No.	Postal address	Landlord/ Tenant	Description/ Existing use	Land area	Period of tenancy / Rental per annum
(k)	116, Lorong Bukit Panchor 1, Taman Bukit Panchor, 14300 Nibong Tebal, Pulau Pinang	Lim Seong Jou/ Coraza Systems	Double storey shop house/ Workers' accommodation	1,367.0 sq ft	2 years from 1 October 2020 to 30 September 2022/ RM26,400
(l)	3, Lorong Seri Pancur 3, Taman Seri Pancur, 14300 Nibong Tebal, Pulau Pinang	Loo Pei Chin/ Coraza Systems	Double storey terrace house/ Workers' accommodation	1,539.2 sq ft	3 years from 16 March 2020 to 15 March 2023 (with option to renew for 3 years subject to renegotiation of rent of not more than 10% increase of the existing monthly rent)/ RM18,000

Under the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (as amended by the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019), all employers who provide accommodation to their employees must obtain a CFA from the Director General of Labour to accommodate the employees in the premises. As at LPD, the CFA for our workers' accommodations have been issued.

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

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

### 6.9.3 Acquisition of properties

Save as disclosed below, we have not acquired nor entered into any agreements to acquire any properties during FYE 2018 to 2020, FPE 2021 and up to LPD:

No.	Date of purchase	Title details	Description of property/ Existing use/ Expiry of lease (if any)/ Category of land use (if any)	Land area/ Built-up area	Date of Certificate of Completion and Compliance	Audited	Purchase value
						NBV as at 30 June 2021	
						RM'000	RM'000
(a)	23 July 2018	GM 1510, Lot 2773, Mukim 07, Jalan Bukit Panchor, Daerah Seberang Perai Selatan, Pulau Pinang	Vacant land/ For the construction of Coraza Systems' factory/ Freehold/ Industrial	56,295.2 sq ft/ Not applicable	Not applicable	(1)2,328	2,252
(b)	23 July 2018	Geran 59250, Lot 2776, Mukim 07, Daerah Seberang Perai Selatan, Pulau Pinang	Vacant land/ For the construction of Coraza Systems' factory/ Freehold/ Industrial	33,841.7 sq ft/ Not applicable	Not applicable	(1)1,398	1,354
						<b>3,726</b>	

#### Note:

(1) Including transaction costs such as legal fees and stamp duty.

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

**6.9.4 Material machinery**

Details of our Group's material machinery are as follows:

No.	Material machinery	Average useful life (years)	Year of purchase	No. of units	No. of units fully depreciated	Audited NBV as at 30 June 2021
						RM'000
(a)	Bending	5	2001 - 2017	9	7	154
	CNC					
(b)	- Laser and turret punching	10	2010 - 2020	3	1	5,211
(c)	- Milling	5	2008 - 2020	9	4	1,808
(d)	- Turret punching	10	2001 - 2006	2	2	-
	Welding					
(e)	- Welding	5	2006 - 2020	35	5	131
(f)	- Manual laser	5	2014 - 2019	3	1	175
(g)	- Spot welding	5	2003 - 2019	6	4	18
	Robotic welding					
(h)	- Robotic laser welding	10	2017	1	-	1,869
	Machining					
(i)	- Conventional milling	5	2006 - 2020	3	1	28
(j)	- Tapping	5	2003 - 2017	3	1	1
	Others					
(k)	- Laser cut	10	2011	1	1	-
						<b>9,395</b>

We conduct periodic inspections and maintenance of our machinery and undertake certain repair works when necessary. Our maintenance procedures include oiling, corrosion prevention and cleaning. The machinery that we own are commonly used in the engineering industry and are generally available from the overseas market. Machinery which is fully depreciated would have surpassed its useful life. However, although certain machinery are fully depreciated, they can still operate effectively and efficiently. If the machinery is well maintained and can operate efficiently and effectively, it will not be disposed. Fully depreciated machinery are disposed when they cannot operate effectively, or are functionally obsolete.



**6. INFORMATION ON OUR GROUP (Cont'd)****6.9.5 Material capital expenditures and divestitures****(a) Material capital expenditures**

Save for the expenditures disclosed below, there were no other capital expenditures (including interests in other corporations) made by us for FYE 2018 to 2020, FPE 2021 and up to LPD:

	<b>At cost</b>				<b>1 July 2021 up to LPD</b>
	<b>FYE 2018</b>	<b>FYE 2019</b>	<b>FYE 2020</b>	<b>FPE 2021</b>	
<b>Capital expenditures</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Freehold land	3,712	14	-	-	-
Freehold buildings	220	-	24	-	121
Machinery and equipment	970	1,546	4,475	688	2,404
Furniture, fittings and office equipment	802	422	591	344	351
Tooling	109	-	11	-	-
Renovation	48	-	122	-	36
Motor vehicles	41	-	395	-	-
Capital work-in-progress	-	90	302	1,601	504
	<b>5,902</b>	<b>2,072</b>	<b>5,920</b>	<b>2,633</b>	<b>3,416</b>

**FYE 2018**

For FYE 2018, our capital expenditures mainly related to the purchase of:

- (a) 2 vacant industrial land under Lot 2773 & 2776 for RM3.6 million;
- (b) Machinery and equipment for RM1.0 million being mainly a milling machine, 2 laser welding machines, an oven and a forklift; and
- (c) Furniture, fittings and office equipment for RM0.8 million to accommodate the growth in our workforce as well as for machinery software and upgrading of server equipment.

**FYE 2019**

In FYE 2019, our capital expenditures comprised:

- (a) Machinery and equipment of RM1.5 million being mainly for 2 welding machines, 3 milling machines and an air cooling unit; and
- (b) Furniture, fittings and office equipment of RM0.4 million to accommodate additional staff.

**FYE 2020**

In FYE 2020, our capital expenditures comprised:

- (a) Machinery and equipment of RM4.5 million, being mainly a punching and laser machine, 2 milling machines, 3 welding machines and a visual quality control machine;

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

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- (b) Furniture, fittings and office equipment of RM0.6 million to accommodate additional staff and to adapt to the MCO situation with more laptops and networking equipment;
- (c) Motor vehicles of RM0.4 million being 2 8-tonne lorries and a transportation van; and
- (d) Capital work-in-progress of RM0.3 million in relation to clearing of land and building of a temporary storage on Lot 2773 & 2776.

**FPE 2021**

In FPE 2021, our capital expenditures comprised:

- (a) Machinery and equipment of RM0.7 million being mainly 3 units of bending machine safety system, a milling machine and a forklift;
- (b) Furniture, fittings and office equipment of RM0.3 million to accommodate the growth in our workforce with more laptops, upgrading of server equipment and design software licensing; and
- (c) Capital work-in-progress of RM1.6 million mainly in relation to building extension, construction of firewall of RM0.4 million, implementation of ERP software of RM0.3 million and also progress payment of RM0.7 million for bending machines in the existing factory which are pending commissioning.

**1 July 2021 up to LPD**

From 1 July up to LPD, our capital expenditures comprised:

- (a) Machinery and equipment of RM2.4 million being mainly 3 units of bending machine, 2 units of milling machine, 2 units of forklift and a grinding machine;
- (b) Furniture, fittings and office equipment of RM0.4 million to accommodate additional staff; and
- (c) Capital work-in-progress of RM0.5 million mainly in relation to building extension, implementing of ERP software of RM0.1 million and also progress payment of RM0.4 million for extension of existing factory.

The above capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. Our capital expenditures are mainly driven by our business growth as well as for replacement purposes.

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**6. INFORMATION ON OUR GROUP (Cont'd)****(b) Material capital divestitures**

Save for the divestitures disclosed below, there were no other capital divestitures (including interests in other corporations) made by us for FYE 2018 to 2020, FPE 2021 and up to LPD:

<b>Capital divestitures</b>	<b>At cost</b>				<b>1 July 2021 up to LPD</b>
	<b>FYE 2018 RM'000</b>	<b>FYE 2019 RM'000</b>	<b>FYE 2020 RM'000</b>	<b>FPE 2021 RM'000</b>	<b>RM'000</b>
Freehold land	-	-	310	-	-
Freehold buildings	-	-	828	-	-
Machinery and equipment	379	891	1,990	480	33
Furniture, fittings and office equipment	81	-	86	-	16
Motor vehicles	-	-	91	-	-
Renovation	-	-	-	-	28
	<b>460</b>	<b>891</b>	<b>3,305</b>	<b>480</b>	<b>77</b>

The disposal of freehold land and building in FYE 2020 refers to the industrial land held under GM1536, Lot 4093, Mukim 07, Jalan Bukit Panchor, Daerah Seberang Perai Selatan, Pulau Pinang with a 1½-storey detached factory, which was disposed to Armour Holdings for a cash consideration of RM2.8 million on an arm's length basis, where a valuation report was commissioned. Please refer to Section 10.1 for further details. We had disposed the subject property as it is not used for our Group's business. We recorded a net gain of RM1.7 million from the disposal.

Other than the disposal of the above freehold land and building, all the other capital divestitures were carried out in the ordinary course of business as part of the periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated or no longer in use or obsolete or surpassed their useful lives. In this respect, for FYE 2018, we mainly disposed a welding machine, industrial robots and benches. For FYE 2019, we mainly disposed a punching machine and a grinding machine. For FYE 2020, we mainly disposed a punching machine, hydraulic press brakes, a spot welding machine and a laser welding machine. For FPE 2021, we mainly disposed 2 units of bending machine and a batch oven. From 1 July 2021 up to LPD, we mainly disposed a forklift.

Moving forward, other than the proposed utilisation of proceeds from our Public Issue for our capital expenditure as disclosed in Section 4.9.1, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

**6.9.6 Material plans to construct, expand or improve our facilities**

Save for the proposed utilisation of proceeds from our IPO to finance the capital expenditure as set out in Section 4.9.1, our Group does not have any other immediate plans to construct, expand and improve our facilities as at LPD.

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

### **6.10 RELEVANT LAWS, REGULATIONS, RULES OR REQUIREMENTS**

The following is an overview of the major laws, regulations, rules and requirements governing the conduct of our Group's business and environmental issue which may materially affect our business operations:

#### **(a) Industrial Co-Ordination Act 1975 ("ICA")**

Pursuant to Section 3(1) of the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Failure to comply is an offence and such person shall be liable on conviction to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

"Manufacturing activity" is defined under the ICA 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 to the MITI for a manufacturing licence.

As at LPD, our subsidiary, Coraza Systems, which carries out manufacturing activity, holds valid manufacturing licences issued by the MITI.

#### **(b) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSH 1990")**

The EMSH 1990 prescribes the minimum standards of housing, nurseries and accommodation for employees (and their dependants, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees.

The EMSH 1990 was amended by the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 ("**Amended Act**") where effective from 1 June 2020, employers must abide by enhanced minimum standards on accommodation for employees which includes obtaining a CFA from the Department of Labour Peninsular Malaysia. To obtain the CFA, the employer is required to ensure that every accommodation provided for employees complies with the minimum standards required under the Amended Act or any regulations made thereunder which includes the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 ("Regulations 2020"). The Regulations 2020 came into force on 1 September 2020, giving three months grace period from the enforcement of the Amended Act i.e. 1 June 2020 to allow employers to making necessary arrangements to ensure compliance with the EMSH 1990.

Section 24F of EMSH 1990 provides that an employer or a centralised accommodation provider shall ensure that every accommodation provided for employees complies with the minimum standards required under EMSH 1990 or any regulations made thereunder. The minimum standards are set out in the Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 made under EMSH 1990.

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

Absence of CFA for accommodation provided by employers to their employees is an offence under Section 24D of the ESM 1990 and the employer shall, on conviction, be liable to a fine not exceeding RM50,000.

As at LPD, we have a total of 10 workers' accommodations. The applications for the CFA for all our workers' accommodations have been submitted on 15 December 2020 and 15 March 2021 respectively, and the accommodations have been inspected by Department of Labour Peninsular Malaysia. All shortcomings highlighted during the inspections have been rectified and notified to Department of Labour Peninsular Malaysia. As such, our workers' accommodations comply with the minimum standards required under ESM 1990.

We have obtained the CFA for all 10 of our workers' accommodations.

Please refer to Section 6.9.2 for further details of these accommodations.

Details of the major approvals, licences and permits issued to our Group in order for us to carry out our operations are set out in Section 6.7. Save as disclosed therein, as at LPD, there are no other material laws, regulations, rules or requirements governing the conduct of our business and/or major environmental issue which may materially affect our operations.

In addition to the above, our Board takes note of the increasing importance of environmental, social and governance ("ESG") matters as sustainability considerations in supporting our long-term strategies. Although our Group is not required to particularly comply with any specific major laws, regulations and rules with respect to ESG as at LPD, moving forward, our Board is committed to addressing the sustainability risks and opportunities of our Group in an integrated and strategic manner to support our long term success. To achieve this, our Board will take guidance from, amongst others, the recommendations under the Malaysian Code of Corporate Governance as well as the Sustainability Reporting Guide by Bursa Securities. We will also consider the engagement of the relevant advisers as needed, to develop a holistic approach on managing sustainability, and will report such developments in our annual report, in accordance with the Listing Requirements.

**6.11 EMPLOYEES**

As at LPD, we have a total workforce of 567 full time local employees and 76 foreign employees. For FPE 2021, we employed an average of 79 contractual employees, all of whom are foreign employees, among which 3 are under the engineers category, 1 is under the technical category, and 75 are production workers. All our foreign employees have valid working permits.

The breakdown of our employees as at 30 June 2021 and LPD are as follows:

Category of employees	No. of employees	
	As at 30 June 2021	As at LPD
Management/ Managerial	19	21
Technical	16	18
Engineers <sup>(1)</sup>	41	36
Executives (entry level position)		
- Engineers <sup>(1)</sup>	5	6
- Production	10	11
- Supply chain management	23	27

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

<b>Category of employees</b>	<b>No. of employees</b>	
	<b>As at 30 June 2021</b>	<b>As at LPD</b>
- Sales and distribution	15	11
- Finance, IT, human resources, safety and facility	15	14
Clerical/ Administrative / Cleaners	28	49
Technicians/ Welders	66	75
Operators/ Quality assurance inspectors/ Storehands	319	375
	<b>557</b>	<b>643</b>
<b>Nationality</b>		
Malaysian	478	567
Foreign	79	76
	<b>557</b>	<b>643</b>

**Note:**

- (1) Our Group employs 46 engineers as at 30 June 2021 and 42 as at LPD among the following categories of employees:

<b>Category of employees</b>	<b>No. of engineers</b>	
	<b>As at 30 June 2021</b>	<b>As at LPD</b>
Engineers	41	36
Executives (entry level position)	5	6
	<b>46</b>	<b>42</b>

There were no significant changes in the number of employees of our Group for FPE 2021 and up to LPD.

None of our employees belong to any labour union and as at LPD, there is no material dispute between our management and our employees. Over FYE 2018 to 2020 and FPE 2021, there has not been any incident of work stoppage or labour disputes that has materially affected our operations.

Our Group is in compliance with the Government's directive on COVID-19 screening for all foreign workers.

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## 7. BUSINESS OVERVIEW

### 7.1 OUR HISTORY AND BACKGROUND

#### **Our beginning and changes in ownership**

The history of our Group began with the establishment of Coraza Systems on 18 September 2001 with our rented manufacturing operations located at Seberang Perai, Pulau Pinang with a built-up area of approximately 46,000 sq ft. Coraza Systems was originally established by Coraza Systems, Inc, an American company which held 99% equity interest while the remaining 1% was held by Thomas Roy Burton, an American. They were not related parties to us. The company was initially involved in sheet metal fabrication to produce metal piece parts for a single MNC, being Customer A, which is involved in the instrumentation industry. In August 2002, Coraza Systems was sold to Armour Holdings (then known as Senzoon Enterprise Sdn Bhd) for a cash consideration of RM1.0 million. The owners of Armour Holdings at that time were Liew Sow Ying (50%) and Loh Choon Khiang (50% stake). Subsequently, in 2003, Liew Sow Ying, Loh Choon Khiang, Paul Heng Weng Seng and Loh Choon Piew subscribed for new shares in Armour Holdings, resulting in the following shareholdings - Paul Heng Weng Seng (50%), Liew Sow Ying (20%), Loh Choon Khiang (15%) and Loh Choon Piew (15%). In 2014, Paul Heng Weng Seng and Liew Sow Ying, bought over the 30% stake collectively held by Loh Choon Khiang and Loh Choon Piew. Paul Heng Weng Seng acquired 20% stake for a cash consideration of RM7.7 million, and Liew Sow Ying acquired 10% stake for a cash consideration of RM3.9 million. As a result, the shareholdings of Armour Holdings became - Paul Heng Weng Seng (70%) and Liew Sow Ying (30%). Paul Heng Weng Seng has not had an executive role since his investment in Coraza Systems until now. He was only a non-executive director of Coraza Systems during this period, a position which he still holds.

With respect to Liew Sow Ying, in 2002, she was appointed to the board of directors of Coraza Systems when she invested in the company. She served as the head of the finance committee, and was involved in business planning and investment decisions. She resigned from the board of directors of Coraza Systems in 2015. After her resignation, Liew Sow Ying has not had any executive role in Coraza Systems. Please refer to Section 5.1.2 for further information on her profile and role in Coraza Systems.

#### **Our growth**

Armour Holdings acquired Coraza Systems as they saw an opportunity for growth in the engineering supporting industry in Malaysia during a time when various MNCs were setting up operations in Pulau Pinang. Coraza Systems experienced internal growth under the new ownership team of Armour Holdings from 2002, stemming from the expanded production capabilities as well as recruitment of additional talent and began to produce a wider range of metal piece parts to an expanded customer base beyond Customer A.

In 2003, we focused on attaining a better internal QMS and were eventually awarded the ISO 9001:2000 by DQS GmbH, a renowned certification body for ISO certification, under the scope of "Fabrication and Assembly of Precision Sheet Metal Products". This represented our first step towards ensuring the quality of our service offerings were aligned to international standards. It also enabled us to offer our services to more customers and helped expanded our customer base to different industry sectors as many of them require their suppliers to be ISO certified.



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

### **Construction of our current factory and production expansion**

In 2004, Coraza Systems purchased a piece of industrial land in Nibong Tebal, Pulau Pinang, and commenced construction of our current factory cum office with a built-up area of approximately 93,219.7 sq ft. The decision to purchase the land and build a new, bigger factory was driven by the increased demand from more clients as well as to plan for future expansion of the business. Construction was completed in 2005, and we moved from the rented Seberang Perai factory to our current factory in 2006. In the same year, with a bigger production area, we invested in additional machinery and increased our production capacity.

In 2006, we successfully obtained a grant amounting to RM250,000 under the Technology Acquisition Fund by Malaysian Technology Development Corporation Sdn Bhd. The grant monies relates to the investment of high technology equipment and machinery, being a turret punching machine for the production of metal enclosure and parts. As part of our strategic intent to serve market sectors beyond the instrumentation sector with high flexibility and capabilities, as well as more stringent quality requirements, we further invested in CNC machinery to improve our flexibility, productivity, and quality.

In 2007, we were awarded with the internationally-recognised certifications by renowned certification body TÜV NORD Cert GmbH. The certifications are the ISO 14001:2004 (Environmental Management System) and the OHSAS 18001:2007 (Occupational Health and Safety Management System). The certifications are for purpose of meeting the international quality standards of fabrication that our customers require for their components. These certifications further differentiate us from other small and medium enterprises and enable us to cater to MNC requirements. In the same year, we ventured into aerospace in-flight entertainment metal fabrication business through an existing EMS customer, who recognised our in-house expertise and capability to meet the requirements for aerospace in-flight entertainment, other than finishing, which is outsourced. For avoidance of doubt, the EMS customer was not a major customer of our Group for the financial years under review.

In 2010, we updated our QMS certification to ISO 9001:2008 under the scope of "Fabrication and Assembly of Precision Sheet Metal Products" from DQS GmbH. In the same year, we complied with the AS9100C certification from DQS GmbH under the scope of "Fabrication and Assembly of Precision Sheet Metal Products for the Aerospace Industry", which allows us to better engage aerospace OEMs. This certification was officially issued to us in 2012.

### **New leadership**

In 2012, Ng Fook San was recruited into the board of Coraza Systems to transform the company by introducing a long term strategic plan focused on enhancing corporate governance, active board participation, and business growth. He brought with him over 40 years of experience in various semiconductor companies such as the Infineon group of companies and OSRAM Opto Semiconductors (Malaysia) Sdn Bhd. Prior to his recruitment, Coraza Systems was driven by Loh Choon Kiang and Loh Choon Piew.

Loh Choon Kiang was the Managing Director of Coraza Systems from 2 August 2002. He was responsible for the overall business strategy and direction of Coraza Systems. Loh Choon Piew was Operation Director of Coraza Systems from 21 May 2003. He was responsible for overseeing the day-to-day administrative and operational functions of Coraza Systems. They left their executive roles in Coraza Systems in 2012 to pursue other interests but remained as directors. Subsequently, in 2013, they retired from the board of directors of Coraza Systems, and in 2014, they divested their interests in Armour Holdings to Paul Heng Weng Seng and Liew Sow Ying.

In 2013, under the guidance of Ng Fook San as Chairman of the board, Coraza Systems put in place enhanced corporate management practices in a systematic corporate framework for the long-term success of the company.



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

In 2014, we also appointed Lim Teik Hoe as the Chief Executive Officer of Coraza Systems. Prior to joining Coraza Systems, he was a co-founder and executive director of D'nonce Technology Bhd, which is involved in the E&E sector. He oversaw the business development, sales and marketing of the company.

Under the leadership of Lim Teik Hoe, our Group put in place a 5-year plan to expand our engineering competency and resources, invest in technology, engage new sectors, and double our revenue. We also put in place modern operational management practices to improve productivity, quality and delivery.

Since his joining, we have doubled our engineering resources which strengthened our engineering competency encompassing mechanical, aerospace, material, and manufacturing engineering. As a continuous development strategy, we regularly engage with local education institutes such as colleges or universities for engineering development, by engaging their engineering department to develop robotic laser welding, and providing placement for third year students.

In 2016, we were selected as one of the 10 companies in the Entry Point Project 8 (EPP8): Developing SMEs In The Global Aerospace Manufacturing Industry Programme, an initiative by SME Corporation Malaysia under the auspices of MITI towards the development of Malaysian aerospace SME manufacturing supply chain ecosystem.

To further strengthen our position in providing services for the aerospace industry, we have been working with a European-based aerospace engineering customer since 2018. The customer has guided us in engineering process development and adoption of quality system needed in their industry. This has enabled our Group to enhance our engineering capability and quality required for the aerospace industry. With the help of the European-based aerospace engineering company, we adopted AQP into our quality control system, and will be able to produce cockpit instrumentation components, for which we are in the midst of qualification.

For Industry 4.0 readiness, we have invested in a new ERP system which is scheduled to be launched in early 2022. Industry 4.0 refers to the fourth industrial revolution, which is the ongoing automation of traditional manufacturing and industrial practices, using modern smart technology. In this respect, the ERP system will enable supply chain information integration with customers and suppliers from order to delivery.

Throughout 2017 and 2018, we were also awarded the following government matching grants from MIDA, which were fully disbursed to us for capital expenditure on modernisation of specified machinery and equipment:

- (a) RM1.1 million in 2017 for a high speed double column machining centre; and
- (b) RM2.3 million in 2018 for a laser and turret punching machine, a robotic welding machine, a robotic laser machine and fibre laser turret machine.

In 2018, we updated our QMS certification to ISO9001:2015 and AS9100D from DQS GmbH under the scope of "Fabrication and Assembly of Precision Sheet Metal and Machined Products for Aerospace Industry" from DQS GmbH. During the same year, we also purchased 2 adjoining pieces of land (Lot 2773 & 2776) located in Nibong Tebal, Pulau Pinang, measuring 56,295.2 sq ft and 33,841.7 sq ft respectively. The land is earmarked for our future expansion plan involving the construction of a new factory. We expect to increase our production capacity as well as service offerings when the new factory is completed. As at LPD, the layout plan for the Phase 1 development of the land has been submitted to Seberang Perai City Council in October 2021 and is expected to be approved by early January 2022. Thereafter, we expect to submit the building plan and earthwork plan for approval, which is expected to be received by end January 2022 and end February 2022 respectively, barring any further disruptions arising from the COVID-19 pandemic.

## 7. BUSINESS OVERVIEW (Cont'd)

Today, we are an established integrated engineering supporting services provider in Malaysia with more than 20 years of operating history with an annual sales of over RM80 million and growing. We have grown from producing metal piece parts to enclosures and precision-machined components and finally structural racks and frames where we are able to include sub-modular mechanical and electro-mechanical assembly services. We support customers in various industries including semiconductor, instrumentation, life science and medical devices, telecommunications, aerospace, and E&E.

### 7.2 KEY ACHIEVEMENTS AND MILESTONES

The key milestones and achievements of our Group since the commencement of our business are as follows:

Year	Key Milestones and Achievements
2001	Incorporated Coraza Systems to produce metal piece parts for the instrumentation industry  Set up our factory cum office with a built-up area of 46,000 sq ft in Seberang Perai, Pulau Pinang
2002	Coraza Systems was bought over by Armour Holdings (then known as Senzoon Enterprise Sdn Bhd)
2003	Attained ISO 9001:2000 certification from DQS GmbH under the scope "Fabrication and Assembly of Precision Sheet Metal Products"
2004	Purchased a piece of industrial land in Nibong Tebal, Pulau Pinang and commenced construction on our current factory cum office with a built-up area of approximately 93,219.7 sq ft
2005 - 2006	Completed construction of our factory and moved our operations from Seberang Perai, Pulau Pinang, to the new factory in Nibong Tebal, Pulau Pinang
2006	Invested in technology and purchased a CNC machine that improved the quality of our products  Obtained a grant from Malaysian Technology Development Corporation Sdn Bhd under the Technology Acquisition Fund in recognition of our investment in technology
2007	Attained ISO 14001:2004 certification from TÜV NORD Cert GmbH under the scope of "Fabrication and Assembly of Precision Sheet Metal Products"  Attained BS OHSAS 18001:2007 certification from TÜV NORD Cert GmbH under the scope of "Fabrication and Assembly of Sheet Metal Products"  Ventured into the aerospace industry offering parts for in-flight entertainment  Began to offer welding of metal piece parts
2010	Updated our QMS certification to ISO 9001:2008 under the scope of "Fabrication and Assembly of Precision Sheet Metal Products" from DQS GmbH

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

<b>Year</b>	<b>Key Milestones and Achievements</b>
2012	Appointed Ng Fook San as director of Coraza Systems  Attained AS9100C certification from DQS GmbH under the scope of "Fabrication and Assembly of Precision Sheet Metal Products for the Aerospace Industry"
2013	Began to offer precision machining services
2014	Appointed Lim Teik Hoe as Chief Executive Officer of Coraza Systems
2015	Began to offer sub-modular assembly services  Began to produce metal frames and enclosures
2016	Selected as one of the 10 companies in the Entry Point Project 8 (EPP8): Developing SMEs In The Global Aerospace Manufacturing Industry Programme
2018	Purchased Lot 2773 & 2776 for future expansion of our Group's manufacturing activities  Updated our QMS certification to ISO9001:2015 under the scope of "Fabrication and Assembly of Precision Sheet Metal and Machined Products for Aerospace Industry" from DQS GmbH  Updated our QMS certification to AS9100D from DQS GmbH under the scope of "Fabrication and Assembly of Precision Sheet Metal and Machining Products for Aerospace Industry"
2019	Updated our occupational health and safety management system to ISO 45001:2018 from TÜV NORD Cert GmbH under the scope of "Fabrication and Assembly of Precision Sheet Metal and Machined Products"  Updated our environmental management system ISO 14001:2015 certification from TÜV NORD Cert GmbH under the scope of "Fabrication and Assembly of Precision Sheet Metal and Machined Products"

**7.3 PRINCIPAL ACTIVITIES**

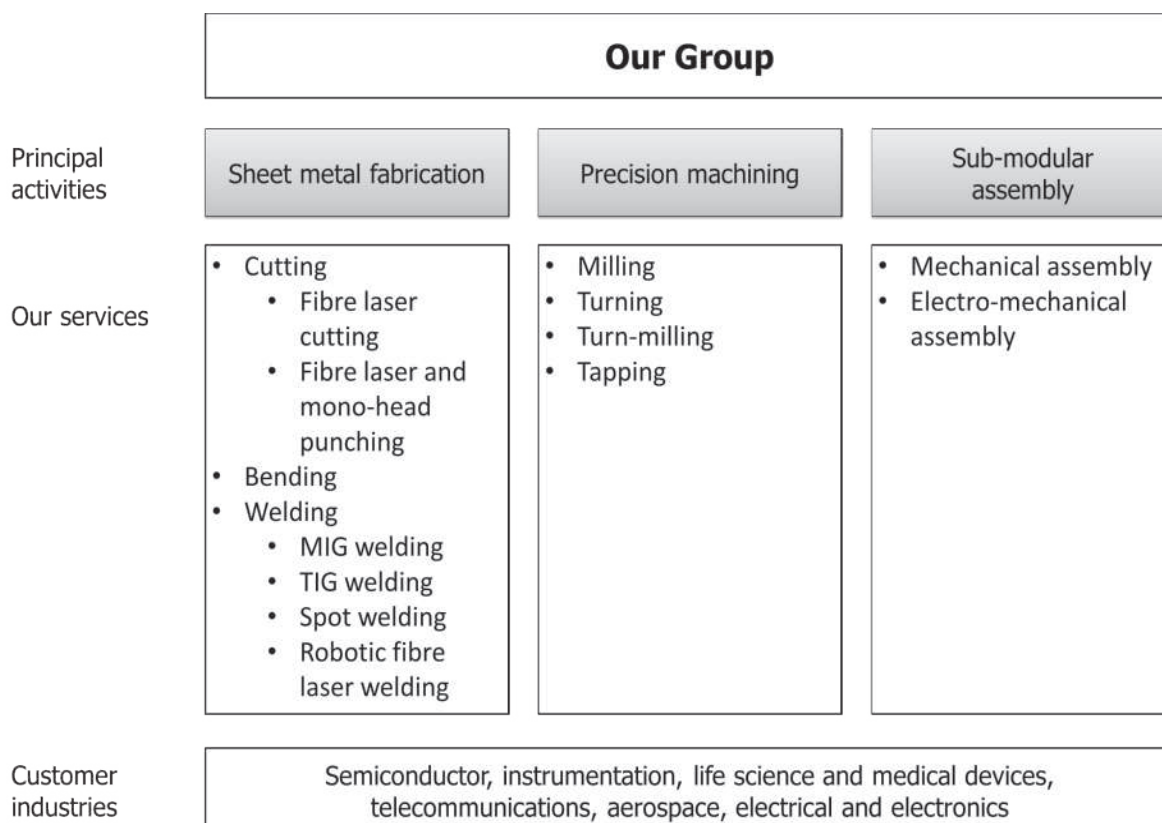
Our Group is an integrated engineering supporting services provider. We provide fabrication services involving various processes of working with metal such as cutting, bending, welding, milling, turning, and other associated processes such as polishing to produce intermediate metal products, ranging from metal piece parts to precision machined components. These intermediate metal products, which we fabricate according to our customers' designs and specifications, are then used to produce various finished products by our customers in a diverse range of industries such as, among others, semiconductor, instrumentation, life science and medical devices, telecommunications, aerospace and E&E.

We also provide value-added sub-module mechanical or electro-mechanical assembly services whereby we assemble the intermediate metal products into frames, structures, or enclosures according to the designs and specifications provided by our customers.

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

In addition to metal fabrication and assembly services, we also conduct joint product development with our customers. We will collaborate with them on the D&D of their products to produce a prototype of the product. Once the prototype has been confirmed then the planning for production begins. We implement an AQP process during our production process that facilitates communication and collaboration between our Group and our customers to achieve production efficiency by reducing cost and improving production cycle time. For avoidance of doubt, our Group does not generate any revenue from joint product development activities. Revenue and profit are generated on the eventual sale of a finalised product after joint development.

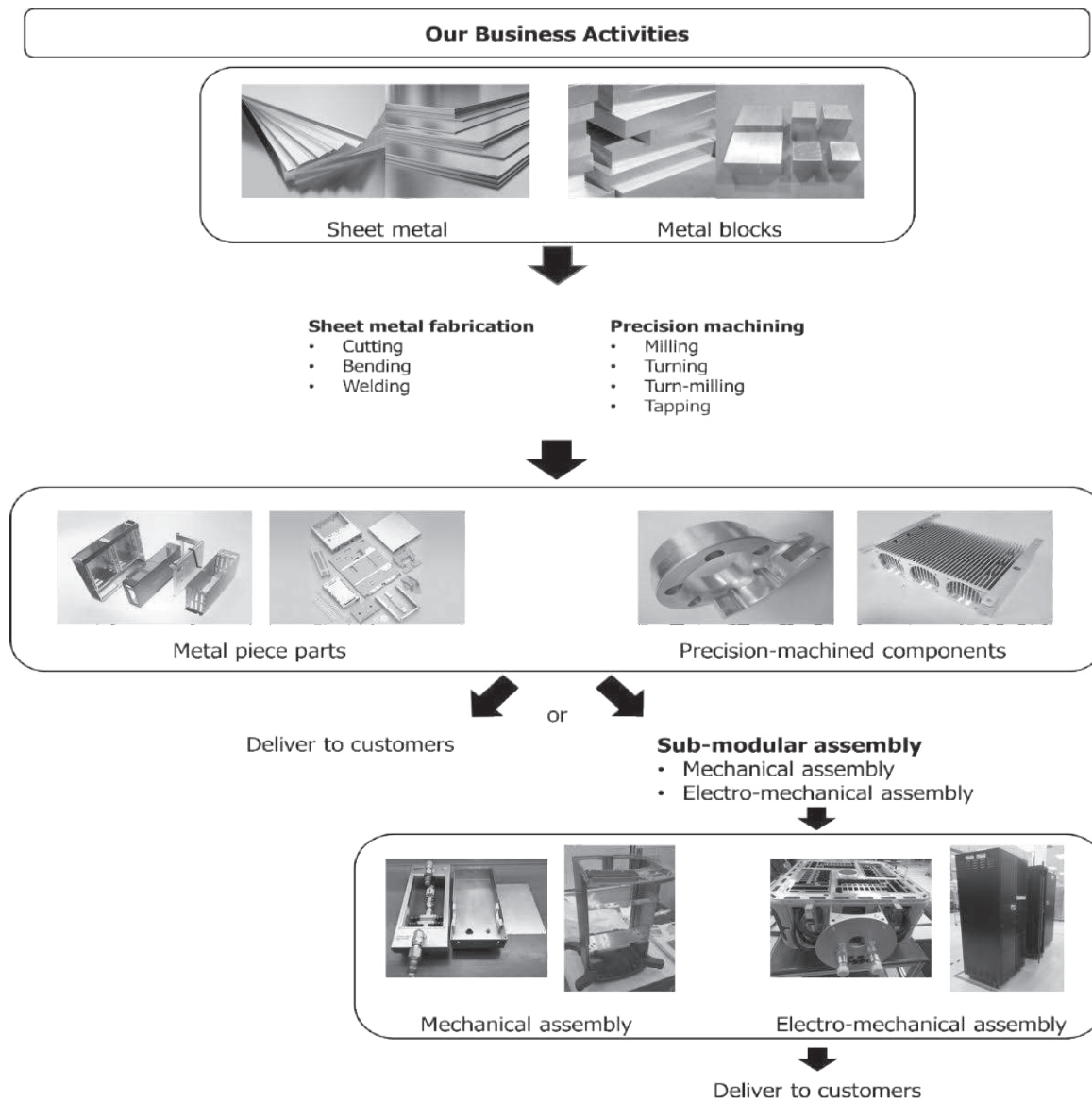
Our principal activities above can be summarised in the following diagram:



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## 7. BUSINESS OVERVIEW (Cont'd)

The following diagram illustrates our production process:



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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.3.1 Sheet metal fabrication

Sheet metal fabrication refers to the processing of sheet metal and metal blocks into intermediate metal products such as metal piece parts through various types of processes such as cutting, bending, and welding. The metal piece parts that we produce undergo more than one of these processes to reach the desired shape. We use various CNC machinery for these processes in order to achieve the precision required by our customers. Once the sheet metal has undergone the various fabrication processes, metal piece parts if required, may undergo finishing treatment such as sand-blasting or glass-blasting, surface conversion, anodizing, plating, electropolish, ultrasonic cleaning, painting, laser marking and silkscreening.

Our Group does not carry out finishing treatments and outsources them to our subcontractors. Our Group is not reliant on any single subcontractors. We have an approved list of up to 58 subcontractors used over the financial years/period under review. Where a fabrication requires specialised processes such as metal casting (pouring liquid metal into a mold) or high tonnage stamping (stamping with a significantly heavier press), both of which are typically used by automotive industry, such processes are outsourced to subcontractors. Once completed, if required, the metal piece parts are then ready for sub-module assembly.

Our subcontractors' costs as a percentage of our cost of sales over the financial years/period under review is as follows:

	FYE 2018		FYE 2019		FYE 2020		FPE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontractor costs	8,909	21.0	8,794	20.0	14,140	22.7	8,507	28.2

Details on the processes we use are as follows:

#### (a) Cutting

Cutting involves the use of cutting tools or machinery to remove excess metal from the metal sheet to create a metal piece part according to the specifications of its design. Our Group uses 2 main processes to cut sheet metal, namely fibre laser cutting and a combination of laser technology (fibre or carbon dioxide) and mono-head punching.

##### (i) Fibre laser cutting

Fibre laser cutting process



## 7. BUSINESS OVERVIEW (Cont'd)

Fibre laser cutting is a fast and efficient thermal cutting process that involves the use of a laser beam to cut the desired shapes into the sheet metal or to cut the sheet metal to the required shapes. When the laser beam is focused onto the sheet metal, the light energy is absorbed and converted to heat energy which causes the metal to heat up and melt. The molten metal is removed from the sheet, leaving behind cuts in the sheet metal. We are able to cut unique materials such as mirror surface, perforated with consistent edge, and wire mesh cloth.

### (ii) Fibre laser and mono-head punching

Fibre laser and mono-head punching process



This process combines both fibre laser cutting and mono-head punching in one machine, enabling the sheet metal to be processed via laser cutting and mono-head punching methods in a single sequence. A mono-head punch press is a type of punch press that uses a single tool on the punching head. Different tools can be exchanged into the punching head to form different shapes into the sheet metal. Mono-head punching allows for production of more complex shapes including in 3-dimensional forms. This set up enables us to conduct a "high mix, low volume" production (i.e. production of a high variety of products, which are customer specific and therefore produced in smaller quantities) without purchasing multiple expensive hard tools.

### (b) Bending

Bending process



Bending is a process that applies force on a sheet of metal, causing it to bend at an angle to form the desired shape. The sheet metal is placed between a punch on the top and a die on the bottom and the press brake machine is programmed to press the punch against the sheet metal into the die, exerting the required amount of force to bend the sheet to its desired angle or bend. The CNC bending machines we utilise enable us to bend the sheet metal using limited effort and achieve a variety of bends at tight tolerances. The CNC programme also enables us to create unique bend radius profiles based on our customers' demands.



## 7. BUSINESS OVERVIEW (Cont'd)

### (c) Welding

Welding is a process that joins together 2 or more separate pieces of metal. The process involves melting the separate metal pieces and at times adding a filler to form a joint. We are capable of performing various types of welding, namely metal inert gas ("**MIG**") welding, tungsten inert gas ("**TIG**") welding, spot welding, brazing, stud welding, flux core arc welding, laser welding and robotic fibre laser welding.

We provide different types of welding in order to cater to our customers' needs. Our customers may have a specific type of weld to use for specific products, which is specified in the drawings provided by the customers. Our welding capabilities meet the America Welding Society's codebook of welding standards. Additionally, we have machinery for peening (process of working a metal's surface to improve its material properties) to allow for stress relief of the sheet metal, a water cooling jig to reduce heat distortion, and a tungsten grinder to achieve an accurate tungsten angle tip to reduce welding penetration.

MIG welding



TIG welding



Spot welding



Robotic fibre laser welding machine



### (i) MIG welding

MIG welding is a form of gas metal arc welding, which uses heat from an electric arc formed between a consumable metal electrode (filler) and sheet metal pieces. An inert gas is used as a shielding gas that protects the joint from contamination. MIG welding has a continuous feed of the consumable metal electrode resulting in a faster welding process and suitable for welding larger or thicker materials.



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

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**(ii) TIG welding**

TIG welding is a form of welding that produces a weld using a non-consumable tungsten electrode. An electric arc formed between the tungsten electrode and the metal pieces melts the metal and forms the joint. An inert gas is used as a shielding gas that protects the joint from contamination. TIG welding is a slower process and requires more skill to achieve proper precision. This form of welding is usually used for welding thinner-gauge materials. TIG welding also results in a better post-welding surface and less post-welding works needed.

**(iii) Spot welding**

Spot welding is a form of resistance welding whereby 2 or more metal sheets are welded together without the use of a filler. The metal sheets are clamped between 2 electrodes that will convey an electrical current through the metal sheets. The heat from the electrical current causes the metal sheets to melt at the point of contact. Pressure is maintained after the electrical current is removed in order to join the 2 metal sheets as the melted metal cools and solidifies. Spot welding is usually used for producing smaller welds and joining thinner materials with less heat distortion.

**(iv) Robotic fibre laser welding**

Robotic fibre laser welding uses automation for clean and precise welding of 2 or more metal sheets. The accuracy and low heat generated using robotic laser welding allows for welding of thinner or more delicate metal sheets as it does not cause distortion or spatter. This form of welding provides a neater and cleaner weld and finish due to the focused heat which customers may prefer for certain products.

**(v) Brazing**

Brazing is a joining process whereby the parts of the same or different types of materials are joined. It is different from welding as the brazing process joins the different materials together by melting and flowing a filler metal into the joint. It also differs from welding as the brazing process does not melt the different material pieces.

**(vi) Flux core arc welding**

Flux core arc welding uses heat generated by an electric arc to fuse the sheet metal pieces in the weld joint area. The arc is formed between the sheet metal piece and the continuously-fed consumable filler wire. The sheet metal piece and the wire are melted together to form a weld joint. There are 2 types of flux core arc welding; one that uses an external shielding gas and one that relies on the flux core to protect the welding area. We primarily use flux core arc welding with an external shielding gas as it allows us to weld thicker materials and produces welds with better and more consistent mechanical properties.

## 7. BUSINESS OVERVIEW (Cont'd)

### (vii) Stud welding

Stud welding is a process where a metal fastener is welded to the sheet metal piece using an electric arc. Stud welding enables cleaner joining without deformation. Stud welding is compatible with most type of metals and are used for both round and rectangular cross-sections. There are 2 types of stud welding, namely drawn arc stud welding and capacitor discharge stud welding.

Our Group produces intermediate metal parts for our customers in various industries including the semiconductor, instrumentation, life science and medical devices, telecommunications, aerospace, and E&E. Examples of our intermediate metal parts can be seen below:

#### (a) Semiconductor industry

- Semiconductor module chassis
- Semiconductor frame
- Semiconductor enclosure

Semiconductor module chassis and frame after sub-module assembly



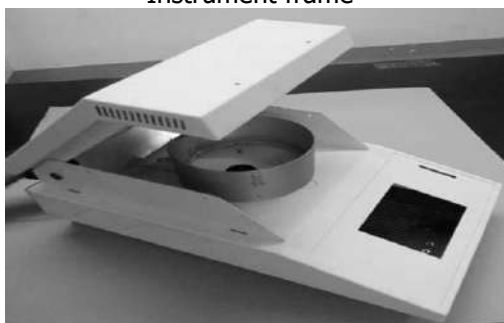
Semiconductor enclosure



#### (b) Instrumentation industry

- Instrument frame
- Instrument enclosure

Instrument frame



Instrument enclosure



## 7. BUSINESS OVERVIEW (Cont'd)

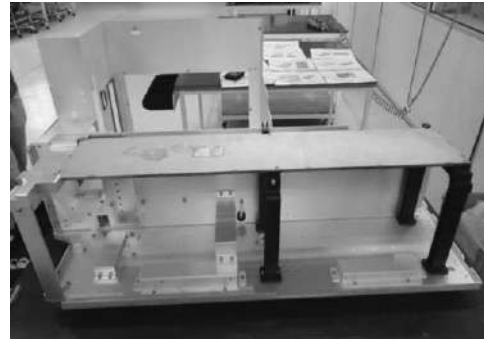
### (c) Life science and medical devices

- Medical instrument frame
- Measuring instrument frame

Medical instrument frame



Measuring instrument frame



### (d) Telecommunications

- Telecommunications frame
- Telecommunications structure
- Telecommunications enclosure

Telecommunications frame, structure and enclosure, after sub-module assembly

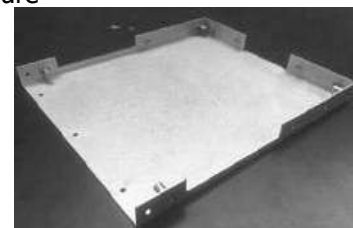
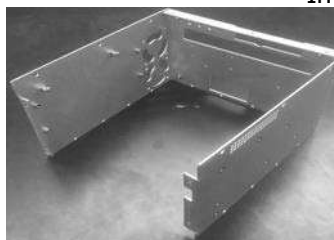


### (e) Aerospace

- Aerospace frame
- Aerospace enclosure

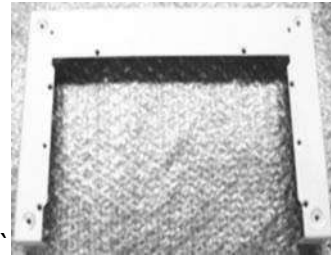
We supply frames and enclosures for in-flight entertainment and cockpit instrumentation for the aerospace industry.

In-flight entertainment unit enclosure



## 7. BUSINESS OVERVIEW (Cont'd)

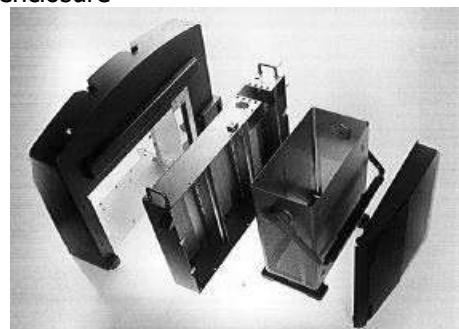
In-flight entertainment unit frame



### (f) E&E

- E&E frame
- E&E enclosure

E&E frame and enclosure



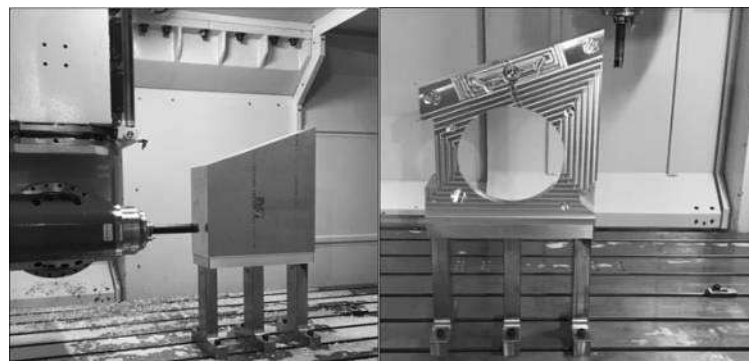
### 7.3.2 Machining

We also provide precision machining services to our customers to produce intermediate metal products such as precision-machined components according to the design and specifications required. We use CNC machining processes such as milling, turning, and turn-milling to produce precision-machined components with close tolerance finishes in a highly-precise and consistent manner. During the aforementioned processes, excess metal is removed from metal blocks to change its shape according to the customer's design and required specifications. All finishing treatments for precision machined components, if required, are outsourced to subcontractors. Prior to undergoing sub-modular assembly processes, the precision-machined components may undergo various finishing treatments.

The processes we conduct for machining are as follows:

#### (a) Milling

CNC milling process

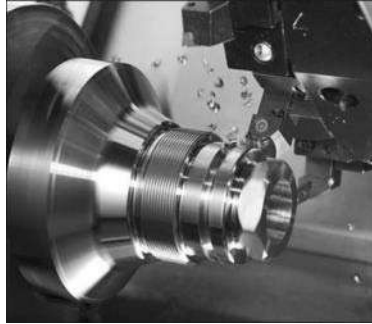


## 7. BUSINESS OVERVIEW (Cont'd)

During the milling process, a metal block is held stationary while a rotating cutting tool is held against the metal block to remove excess material and shape the metal block according to the design and specifications. Different cutting tools can be used depending on the type of cuts that are required. This process is suitable for cutting flat surfaces into the metal blocks or cutting deep cavities into the metal blocks. We are able to mill metal blocks of sizes up to 2 metres wide by 4 metres long.

### (b) Turning

CNC turning process



Turning is a process where the secured metal block is rotated and a stationary cutting tool is pressed against the rotating metal block to cut away excess material to shape the metal block. This process is suitable for producing cylindrical parts with varying diameters in different sections.

### (c) Turn-milling

CNC turn-milling process



Turn-milling combines the processes of milling and turning. A secured metal block is rotated and a rotating cutting tool is pressed against the metal block in order to remove excess material. Turn-milling is an efficient process as it reduces processing time and reduces the need for transferring the metal block from one machine to another.

### (d) Tapping

Tapping process



Tapping is a machining process that cuts a thread inside a hole so that a screw or bolt can be threaded into the hole.

## 7. BUSINESS OVERVIEW (Cont'd)

We produce precision-machined components for our customers in various industries including semiconductor, instrumentation, life science and medical devices, telecommunications, aerospace, and E&E. Examples of our precision-machined components are as follows:

Precision milling part



Precision milling part



Precision turn-milling part



Precision turn-milling part



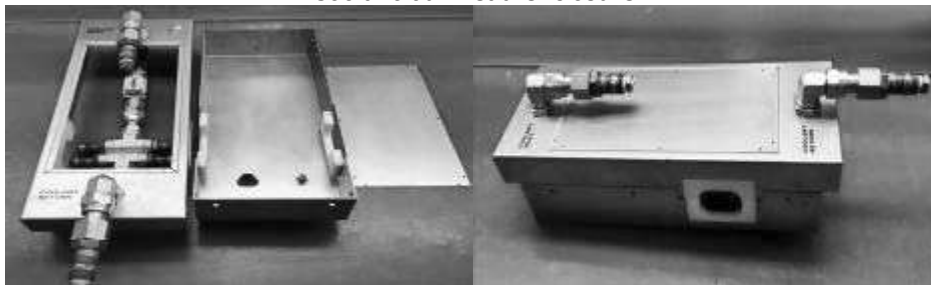
### 7.3.3 Sub-modular assembly

Our Group also provides sub-modular assembly services such as mechanical assembly and electro-mechanical assembly for our customers. After the sheet metal fabrication and precision machining process, we sub-assemble the intermediate metal products such as metal piece parts and precision-machined components into sub-modular assembled products such as frames, structures, and enclosures. These sub-modular assembled products are then delivered to our customers to undergo further processing or full assembly into finished products.

#### (a) Mechanical assembly

The mechanical assembly process involves the assembly of multiple intermediate metal products into sub-modular assembled products such as frames or enclosures. Examples of mechanical assembly are as follows:

Coolant bulkhead enclosure





## 7. BUSINESS OVERVIEW (Cont'd)

Medical instrument frame



Medical instrument frame



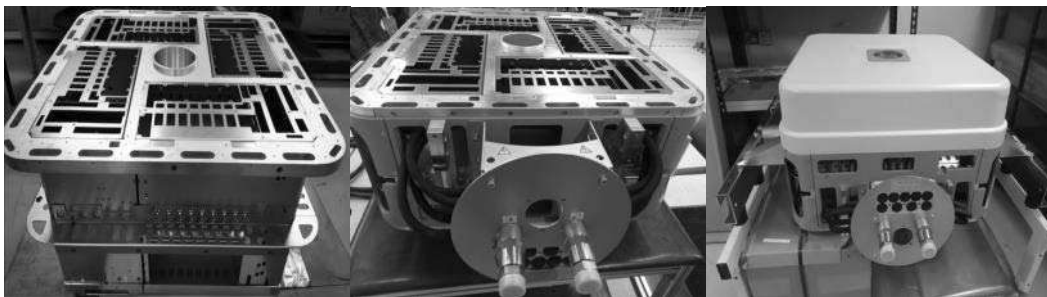
### (b) Electro-mechanical assembly

Electro-mechanical assembly is the process of assembling various electrical components such as wiring with intermediate metal products into sub-modular assembled products. The electrical components are required to move or control the mechanical parts in the sub-modular assembled products. Examples of sub-modular assembled products that have undergone electro-mechanical assembly are as follows:

Power supply rack



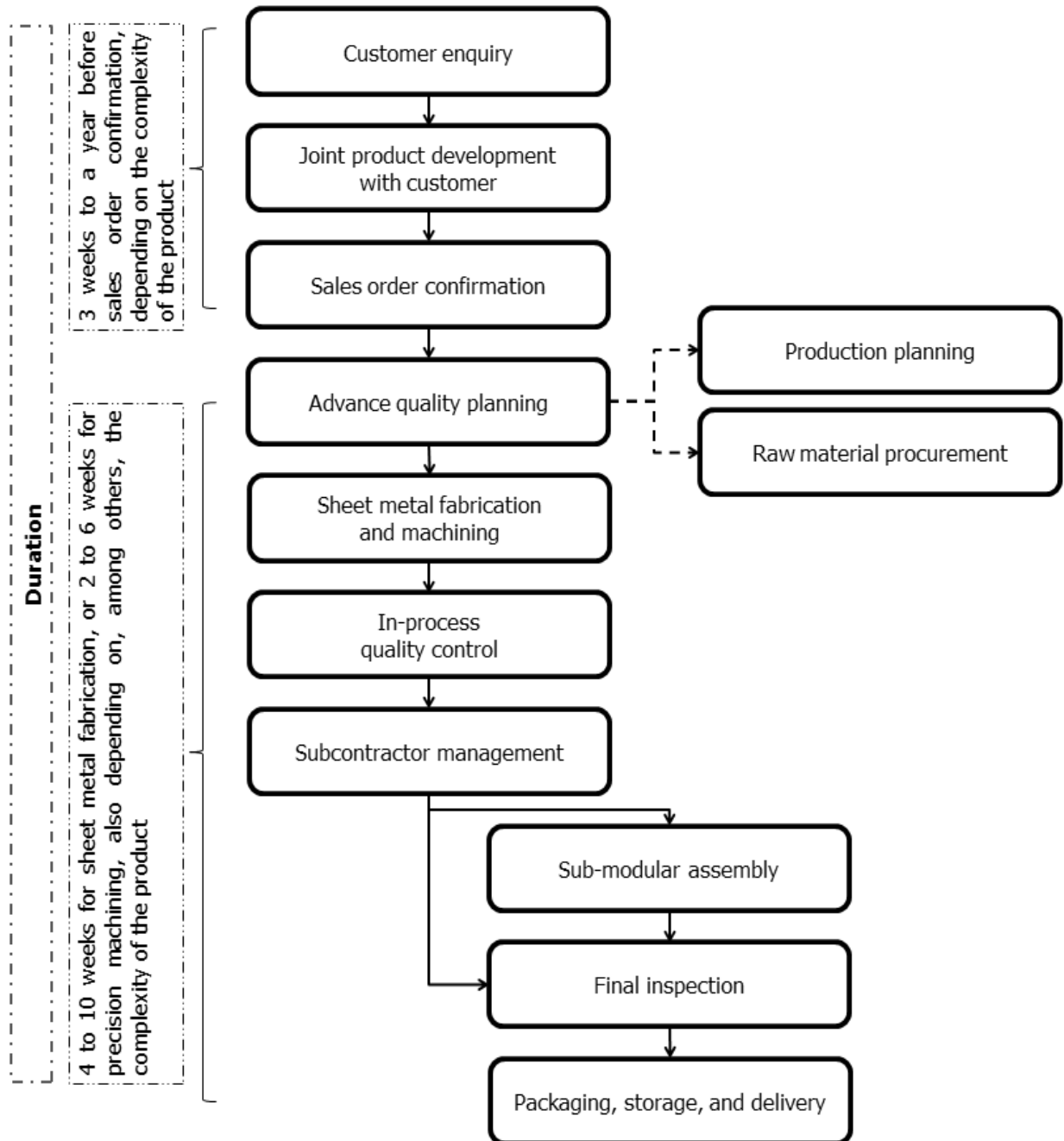
Electro-mechanical assembly of frame and enclosure for semiconductor industry



## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4 BUSINESS PROCESS

The diagram below represents our main business processes:





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

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### **7.4.1 Customer enquiry**

A customer will approach us and enquire about our services. We provide them with information on our capabilities and a quotation for our services.

### **7.4.2 Joint product development with customer**

During this step, our engineering team are involved in the D&D process with our customers. We conduct design for manufacturability based on the customer's designs and specifications which is then reviewed by our customers. Upon approval, we will begin to develop a prototype of the product based on the product design and technical information. We will test the prototype accordingly to ensure it meets the specifications and design from the customer. The final prototype will then be approved by the customer. Further details of our D&D process with our customers for new products can be found in Section 7.15.

The duration from customer enquiry and joint development varies and may take between 3 weeks to a year before sales order confirmation, depending on the complexity of the product.

### **7.4.3 Sales order confirmation**

Upon approval of the prototype from the customer, a purchase order specifying the quantity and price of the product agreed is issued by the customer to us, and we will notify our customers on the delivery schedule. No deposit is required.

After order confirmation, the time taken to fulfil the order, AQP, production, up to delivery, may take between 4 to 10 weeks for sheet metal fabrication, or 2 to 6 weeks for precision machining, which depends on, among others, the complexity of the product.

### **7.4.4 Advance quality planning**

We conduct AQP as part of our business process. AQP is a structured process aimed at ensuring customer satisfaction with new products and/ or processes. The process uses tools and techniques such as failure mode effect analysis, measurement system analysis, statistical process control, and production part approval process to ensure that the new products or processes being introduced are up to standard. AQP facilitates communication and collaboration between our Group and our customers which translates to clear understanding of product and/ or process requirements.

AQP begins with new product and/or process introduction, whereby the product/process design, technical information, and customer feedback from the joint product development stage are taken into account to produce the new product for the customer. We explore various manufacturing processes to find the most efficient manner of production and determine the testing criteria to check on the quality and specifications of the product. We will then commence production planning and raw materials procurement.

#### **(a) Production planning**

Our engineering team will work together with our planning team and quality team to develop a production schedule, taking into account factors such as raw material availability based on inventory levels, and production capacity in preparation for mass production.

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

### **(b) Raw material procurement**

After the production planning stage, our purchasing team source the raw materials required such as aluminium, stainless steel, and cold-rolled steel or along with LLM such fasteners, hinges, wires and other various electrical parts from our approved suppliers. When the raw materials arrive at our factory, they are checked by our incoming quality team to ensure the quantity and quality. The raw materials are then verified and sent for storage.

We implement AQP prior to our manufacturing process. This enables us to reduce process variation, identify any issues that arise during the manufacturing process. We also continuously collect customer feedback in order to improve our process. This enables us to improve the quality of our products, manufacture them on a consistent basis, and meet the needs of our customers.

#### **7.4.5 Sheet metal fabrication and machining**

The sheet metal fabrication and machining process refers to the various processes such as cutting, bending, welding, and precision machining that are used to produce the intermediate metal products according to the design and specifications of our customers. The various processes involved can be seen in Section 7.3.

In order to ensure that our products meet the design specifications and quality standards, we carry out in-process quality control after every sheet metal fabrication and machining process.

#### **7.4.6 In-process quality control**

We carry out additional quality control in-process at multiple stages of our production after a relevant process is complete. During such stages, we check the component's visual, dimensional and functional compliance against the product design drawings.

We follow an in-process control plan to carry our process control during each manufacturing process. In order to ensure that the products conform to customer requirements, all critical dimensions of the products are highlighted and verified.

We also carry out different modes of inspection for each manufacturing process, making sure that the most appropriate method is used during each step. For example, we may conduct machine inspection instead of manual visual inspection to eliminate possible human error.

Components that pass the inspection are then taken to storage to await delivery or sent to our sub-modular assembly area where they will undergo further processing.

#### **7.4.7 Subcontractor management**

Subcontractor service is an important part of the manufacturing chain. Our Group is not reliant on any single subcontractors. We have an approved list of up to 58 subcontractors to select from, over FYE 2018 to 2020 and FPE 2021. We engage subcontractors when our customers require specialised processes which we do not provide generally due to lack of capability, feasibility or capacity. Such services include specialised processes such as metal casting or high tonnage stamping, finishing treatments such as painting, or fabrication services for additional capacity. As not all of our production requires such processes, we only engage subcontractors when required. In order to guarantee that our subcontractors provide us with products and services that meet our standards, we continuously monitor our subcontractors' capabilities, quality, and delivery.

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

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### **7.4.8 Sub-modular assembly**

We also provide sub-modular assembly services for our customers. Certain intermediate metal products are sent to the sub-modular assembly area to undergo sub-modular assembly according to the design and specifications of the customers.

### **7.4.9 Final inspection**

The intermediate metal products or sub-modular assembled products will undergo a final outgoing quality assurance inspection to ensure that they conform to specified requirements.

### **7.4.10 Packaging, storage and delivery**

The finished goods are packed and stored. Our customer service team will issue a picking list to the store for the specific finished goods to be kitted, packed, and labelled according to our customers' requirements. The logistics personnel will then arrange for delivery of the finished goods. For domestic customers, deliveries are carried out by our own fleet of delivery drivers. For international customers, deliveries are carried out by our appointed logistic service providers.

We do not have a warranty or refund policy. Any rectifications are performed by us or subcontractor at the cost of the party responsible for the defect.

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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.5 BUSINESS SEGMENTS AND PRINCIPAL MARKETS

The breakdown of our revenue by business segments for the financial years/period under review is as follows:

Business Segment	FYE 2018		FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Fabrication of sheet metal	53,658	95.8	53,012	90.5	72,157	86.2	37,096	85.9
Precision machining	2,365	4.2	5,582	9.5	11,529	13.8	6,099	14.1
<b>Total</b>	<b>56,023</b>	<b>100.0</b>	<b>58,594</b>	<b>100.0</b>	<b>83,686</b>	<b>100.0</b>	<b>43,195</b>	<b>100.0</b>

The breakdown of our revenue by geographical locations for financial years/period under review is as follows:

Geographical Location	FYE 2018		FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia <sup>(1)</sup>	41,646	74.4	41,357	70.6	59,179	70.7	26,734	61.9
Singapore	12,887	23.0	13,136	22.4	17,977	21.5	12,204	28.3
USA	515	0.9	1,210	2.1	3,986	4.8	3,363	7.8
China	77	0.1	85	0.2	1,640	1.9	16	*
Other countries <sup>(2)</sup>	43	0.1	762	1.3	148	0.2	157	0.4
European countries <sup>(3)</sup>	855	1.5	2,044	3.5	756	0.9	721	1.6
<b>Total</b>	<b>56,023</b>	<b>100.0</b>	<b>58,594</b>	<b>100.0</b>	<b>83,686</b>	<b>100.0</b>	<b>43,195</b>	<b>100.0</b>

#### Notes:

\* Negligible

<sup>(1)</sup> Revenue from Malaysia is generated from subsidiaries of MNCs

<sup>(2)</sup> Other countries consists of Australia, Indonesia, Thailand, Taiwan, Vietnam and Japan

<sup>(3)</sup> European countries consists of Germany, Switzerland, Spain, Romania and Netherlands

## 7. BUSINESS OVERVIEW (Cont'd)

The breakdown of our revenue by industry for financial years/period under review is as follows:

Industry	FYE 2018		FYE 2019		FYE 2020		FPE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Semiconductor	20,734	37.0	23,722	40.5	49,156	58.7	24,382	56.5
Instrumentation	14,643	26.1	16,920	28.9	16,362	19.6	7,744	17.9
Life science and medical devices	17,052	30.4	13,001	22.2	14,079	16.8	8,086	18.7
Aerospace, telecommunications and E&E	3,594	6.5	4,951	8.4	4,089	4.9	2,983	6.9
<b>Total</b>	<b>56,023</b>	<b>100.0</b>	<b>58,594</b>	<b>100.0</b>	<b>83,686</b>	<b>100.0</b>	<b>43,195</b>	<b>100.0</b>

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

### **7.6 SALES AND MARKETING STRATEGIES**

Our sales and marketing team is headed by our Managing Director, Lim Teik Hoe and is responsible for growing our customer base as well as the accounts that we have with our existing customers, which they do so through the following methods highlighted below.

MNCs, OEMs and EMS companies generally like to work with well-established vendors with a proven track record and certification from recognised certifying bodies. In order to become a vendor for them, we have to go through a series of stringent processes for vetting and validation. We have account managers in our sales and marketing team that will actively approach the MNCs, OEMs, and EMS companies to market our services and showcase our engineering, quality and production capabilities. Our account managers will also handle the sales account for particular customers to develop and maintain our business relationships with them and also to drive repeat business from our existing customers. Our sales and marketing team will also keep track of new players in the E&E industry in Pulau Pinang and arrange meetings with them in order to exhibit our capabilities and offer them our services.

Our track record has also helped us to become a trusted and reliable engineering supporting services provider. Our high-quality products, timely delivery, as well as ability to service a variety of industries such as semiconductor, instrumentation, life science and medical devices, telecommunications, aerospace, and E&E have also helped us achieve brand loyalty and goodwill with our existing customers. Through this, we are able to receive referrals to potential new customers. We are also able to leverage on the network of our senior management due to their experience in the engineering supporting industry to market our products and services to potential new customers.

We also participate in various exhibitions organised by various third-party organisers. We participated in the Kuala Lumpur International Aerospace Business Convention organised by BCI Aerospace in 2016 and the Langkawi International Maritime and Aerospace Exhibition organised by the Government in 2017. In 2018, we participated in the Singapore International Airshow organised by Experia Events and in 2019, we again participated in the Langkawi International Maritime and Aerospace Exhibition organised by the Government. We set up booths at the exhibitions and provide resources such as product catalogues to showcase our capabilities to potential customers. In 2020, since travel restrictions were imposed arising from the COVID-19 and MCO situation, we have participated in various virtual events, namely The Airbus Malaysia Connect Webinar.

In addition, we also have a corporate website (<http://www.corazaintech.com>) which provides details on our profile, our products and services as well as contact details. As the website can be accessed around the world, it can help to raise global awareness of our Group and our capabilities to potential new international customers.

### **7.7 TECHNOLOGY USED OR TO BE USED**

We utilise the following technology in our manufacturing process:

#### **(a) CNC machinery**

We utilise CNC machinery for the cutting, bending, milling, and turning processes used in the fabrication of sheet metal and precision machining. Drawings produced by our technical personnel using CAD software are translated into numbers by computers. These numbers act as coordinates for the CNC machinery to determine where to cut the material, thus controlling the movement of the CNC machinery.

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

### **(b) Computer software**

We use CAD software to create 2-dimensional and 3-dimensional computer models of the intermediate metal products. This software enables our engineers to design detailed components according to our customers' specifications. We are experienced in using various CAD software such as AutoCAD, SolidWorks, Siemens NX to design our products.

We also use CAM software such as Mastercam and Siemens NX to generate the programme for our CNC machines to produce the metal parts according to the designs made using CAD software.

### **(c) Robotic machinery**

We are currently using robotic machinery in the form of a robotic laser welding machine. The robotic laser welding machine enables our Group to increase productivity while reducing wastage and reducing reliance on skilled labour. As it is more precise than manual welding, it also minimises or eliminates post-welding processing.

## **7.8 INTERRUPTIONS IN BUSINESS**

Save for the impact of COVID-19 on our business, we did not experience any material interruptions in our business activities, which had a significant effect on our operations, during the past 12 months prior to the date of this Prospectus.

### **7.8.1 Impact of COVID-19**

COVID-19 was officially declared a pandemic by the Director General of the World Health Organisation on 11 March 2020. The Government announced the imposition of a MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which began on 18 March 2020 for a period of 2 weeks and was subsequently extended to 4 May 2020. A conditional MCO ("**CMCO**") was then imposed from 4 May 2020 until 9 June 2020 followed by recovery MCO ("**RMCO**") from 10 June 2020 until 31 December 2020. During the end of 2020, the number of COVID-19 cases increased and led to the Government imposing a second MCO in various states beginning 13 January 2021. The country transitioned into a CMCO beginning 5 March 2021. However, increasing COVID-19 cases saw the MCO re-imposed nationwide beginning 12 May 2021.

During the initial MCO periods beginning 18 March 2020, all businesses including ours were required to temporarily suspend operations, except for essential services such as healthcare, food and beverage, and manufacturing of essential goods. Our Group is considered an essential service as we are a part of the engineering supporting industry and involved in the supply chain of E&E products. As such, our Group was permitted to continue our operations during the MCO after receiving approval from the MITI on 26 March 2020 to resume operations. We continued our operations on 28 March 2020 with 30% of our production staff while non-production staff worked remotely from home. We resumed operations with full staffing during the RMCO period. We have not had to decrease our production staff during the subsequent MCO and CMCO periods.

We do not qualify for the Wage Subsidy Programme by the Government.

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

In light of further increases in COVID-19 positive cases nationwide, the Government imposed FMCO effective 1 June 2021, where all social and economic activities would not be allowed to operate, with exemptions provided to certain industries deemed as essential services. Similarly to the initial MCO period in 2020, we had received approval from the MITI to continue operating during the FMCO, albeit with production staff reduced to 60% and a work-from-home policy for managerial and administrative staff.

As of 27 May 2021, prior to the announcement of the FMCO, our management team had noticed an increasing incidence of employees testing positive for COVID-19, where 4 employees were tested positive over the past 7 days. Our management team then decided to conduct a plant-wide mass testing exercise of our employees, during which an additional 122 employees were tested positive for COVID-19. We then contacted the MOH which then directed the affected employees to be quarantined at designated centres while the rest of our employees to be home quarantined. As a result of the COVID-19 cases, the MOH also issued Coraza Systems a shutdown notice effective 31 May 2021. Following this incident, plant-wide sanitisation took place on 5 and 6 June 2021. Upon a follow up check by MOH, we were cleared to resume our operations on 8 June 2021.

On 15 June 2021, the Government announced that the country would transition from the FMCO to the NRP which is a 4-phase strategy for the country to emerge from the COVID-19 pandemic. The NRP is based on 3 indicators, namely (i) the daily number of COVID-19 cases, (ii) utilisation rate of beds in intensive care unit wards, and (iii) the percentage of people who have been fully vaccinated against COVID-19. Depending on the indicators, each Malaysian state would be in the various phases of the NRP, which would have different restrictions on economic and social activities. Amidst a higher vaccination rate, the Government announced on 7 August 2021 that the daily number of COVID-19 cases would no longer be an indicator for the NRP for states that have vaccinated 50% of its population. For such states, the indicator would be replaced by the daily number of hospitalisations of symptomatic COVID-19 patients.

As at 11 August 2021, all of our operations are under Phase 2 of the NRP, where we are allowed to operate at 80% staffing capacity i.e. employee attendance capacity limit set by MITI for the manufacturing sector under Phase 2 of the NRP, except for our operations in Kulim which is still under Phase 1 of the NRP, where we are allowed to operate at 60% staffing capacity. From 24 August 2021, our operations under Phase 2 of the NRP were allowed to operate at full workforce capacity, having to complied with the necessary vaccination rates for our staff.

For FYE 2020, there were no positive cases reported. From 1 January 2021 up to 30 June 2021, a total of 126 employees were tested positive. As a result of the plant-wide testing, Coraza was part of the cluster known as Kluster Industri Bukit Panchor, Pulau Pinang, which has since ended. Nonetheless, we have not been in breach of any SOPs relating to COVID-19 and the MCO which may lead to penalties by relevant authorities.

### **(a) Measures to commence and continue our business operations**

As part of the conditions set forth by MITI permitting companies providing essential services to operate during the MCO period, we were required to follow and implement strict SOP imposed by the Government which included the following:

- (i) submitting a list of employees who are involved in operations and ensuring that their movement is limited to travelling from home to work only;
- (ii) providing thermometers at the entrance of the premises to measure employees' body temperature and to record the readings on a daily basis;
- (iii) contacting the MOH or the nearest government hospital if an employee's body temperature is found to be higher than the normal level;



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

- (iv) providing hand sanitizer at the entrance and other common areas in the premises as well as ensuring that face masks are worn by employees and that social distancing is practiced at all times;
- (v) sanitising and disinfecting common areas of the premises such as production floor, lobbies, and elevators; and
- (vi) disinfecting the premises before each shift change and disinfecting vehicles such as employee transportation vehicles as well as delivery vehicles.

There has been no breach of laws relating to COVID-19 restrictions and SOP, which may lead to penalties by relevant authorities.

In addition to the SOPs implemented by the Government, we have also provided our employees with plastic face shields as additional safeguards.

In the event that our employee has tested positive for COVID-19, our Group will cooperate with the MOH and abide by their instructions for the next course of action. Our SOP in case an employee tests positive for the virus will include measures such as the following:

- (i) compulsory COVID-19 testing for employees close the same department/ section and employees who have come into contact with the affected employee;
- (ii) sanitising and disinfecting the affected work area and other premises according to the MOH's guidelines; and
- (iii) activating a work-from-home policy where possible for other employees in the same department/ section.

The cost incurred in relation to measures to prevent COVID-19 and to comply with the SOP amounted to approximately RM248,026 as at LPD. These costs include implementation of the various SOP, the cost of COVID-19 tests, quarantine accommodation, sanitisation and disinfection activities. We do not consider the costs incurred to be material as it is only 2.4% compared to the Group's PBT for FYE 2020.

Our Group is also looking into purchasing COVID-19 vaccines and organising a mass vaccination for all our employees, depending on the availability of vaccines, to safeguard our employees and to prevent additional disruptions to our business operations due to positive COVID-19 cases.

### **(b) Impact of COVID-19 and various movement control orders on our business**

#### **(i) Impact of COVID-19 on our production and product sales**

As we were permitted to operate during the initial MCO period, albeit at a lower capacity, we were able to continue manufacturing our products and did not experience a significant negative impact on our production output. We also did not experience any decrease in demand of products from our customers. However, the lockdown and movement control measures prevented us from conducting face-to-face meetings and site visits with potential customers, which in turn slowed down our business development process. Nevertheless, we did not experience a substantial adverse impact on our product sales for FYE 2020 due to COVID-19.

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

Following the shutdown notice effective 31 May 2021 and a number of our production workers testing positive for COVID-19, we are unable to carry out our production activities. We have informed our customers on our shutdown and have rescheduled several deliveries as a result. These orders were eventually delivered subsequent to the resumption of business and there were no cancellation of orders as a result of COVID-19 and the MCO.

Our customers understand the situation and we have not incurred nor expect to incur any penalties from our customers due to the delayed delivery. Nevertheless, we remain in constant communication with our customers to update them on the situation.

During the periods of shutdown or reduced operational capacity, we continue to incur fixed costs such as the depreciation of our plant and machinery and staff costs amounting to approximately RM1.0 million for the period of 18 March 2020 to 27 March 2020, and approximately RM0.6 million for the period of 31 May 2021 to 7 June 2021, for which we generate less or no income.

Nonetheless, we have assessed the impact of the shutdown on 31 May 2021 on our financial performance and we believe that any shortfall of income experienced due to the shutdown will be made up in the remaining months of FYE 2021.

All of our operations are under Phase 2 of the NRP, except for our operations in Kulim which is still under Phase 1 of the NRP. For our operations under Phase 2 of the NRP, we are allowed to resume work with 80% of our production staff while our operations under Phase 1 of the NRP are allowed to resume with 60% of our production staff. This has resulted in a decrease in our production output. The decrease in production output was in terms of reduced staffing capacity to 80% in Phase 2 of the NRP and 60% for Phase 1, which limited the available workers (comprising both production and non-production staff) for planning (non-production) and production. However, our Group is not able to reasonably quantify the value of reduced production output caused by the limited production staff. Nevertheless, as our Group has been able to continue delivering on customers' orders without dispute or cancellation, our Group believes that there is no significant negative impact in meeting our customers' orders, and there is unlikely to be any adverse impact on our financial performance as a result of the restrictions under the NRP.

### **(ii) Impact of COVID-19 on our supply chain**

We had initially experienced minor disruption in our supply chain due to the lockdown measures. The delivery of raw material to our premises was affected briefly due to travel restrictions as well as MITI's deferred approval for businesses they deemed as non-essential. We did not experience material disruptions of products from our suppliers.

Delivery of finished goods to our local customers was minimally affected as they are carried out by our own fleet of delivery trucks, albeit subjected to strict SOPs implemented by the Government. We experienced slight delays in delivery of finished goods to our international customers due to difficulty in obtaining cargo space for air and sea freight. Despite the delays, our Group did not experience a material adverse effect in delivering products to our customers as most of them are local or based in Singapore.

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

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We were also not significantly affected by the increase in air and sea freight rates during this time as our terms with our customers are mostly ex-works, which means that they will incur the logistics costs.

Our Group has not experienced significant adverse effects on receiving raw materials and delivering finished goods during the additional movement control order phases and during the NRP phases.

As we were categorised as a company providing essential services and were allowed to operate during the various MCO periods, we have not experienced significant adverse effects on our business operations due to the COVID-19 pandemic and resulting lockdown measures for FYE 2020, as we managed to record an increase in revenue for FYE 2020 or RM83.7 million compared to RM58.6 million for FYE 2019.

However, in FYE 2021, our production activities were temporarily halted due to our shutdown notice on 31 May 2021, leading to delay in delivery to our customers. We have not experienced nor expect any penalties from our customers on the delay and are in constant communication with them. We have also continued to receive new orders amounting to RM0.7 million from our customers during this period of shutdown from 31 May 2021 to 7 June 2021. Additionally, our collection of receivables was not materially affected since the imposition of MCO. As a result, we believe that the delays in delivery will not have any significant adverse impact on our business and financial performance for FYE 2021.

**7.9 SEASONALITY**

Our business is not affected by any seasonal trends.

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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.10 MAJOR CUSTOMERS

Our top 5 major customers for FYE 2018 to 2020 and FPE 2021 is as follows:

No.	Major customer	Principal countries	Industry/ Business segment <sup>(1)</sup>	Total sales		Length of relationship Years
				RM'000	%	
<b>FYE 2018</b>						
1	Customer J	Malaysia	Semiconductor/ Instrumentation/ and Life Science	25,818	46.1	11
2	Customer A	Malaysia and Singapore	Medical and Life Science	8,867	15.8	17
3	Customer P	Malaysia	Semiconductor/ Instrumentation/ and Life Science/ Aerospace	8,366	14.9	14
4	Customer V	Malaysia	Instrumentation	4,314	7.7	8
5	Customer K	Singapore and USA	Medical and Life Science	3,984	7.1	4
<b>Total</b>				<b>51,351</b>	<b>91.7</b>	
<b>FYE 2019</b>						
1	Customer J	Malaysia	Semiconductor/ Instrumentation/ and Life Science	21,754	37.1	12
2	Customer P	Malaysia	Semiconductor/ Instrumentation/ and Life Science/ Aerospace	13,637	23.3	15
3	Customer A	Malaysia and Singapore	Medical and Life Science	9,049	15.4	18
4	Customer V	Malaysia	Instrumentation	4,735	8.1	9
5	Customer K	Singapore and USA	Instrumentation	3,607	6.2	5
<b>Total</b>				<b>52,783</b>	<b>90.1</b>	

## 7. BUSINESS OVERVIEW (Cont'd)

No.	Major customer	Principal countries	Industry/ Business segment <sup>(1)</sup>	Total sales		Length of relationship Years
				RM'000	%	
FYE 2020						
1	Customer J	Malaysia	Semiconductor/ and Life Science	37,039	44.3	13
2	Customer P	Malaysia	Semiconductor/ and Life Science/ Aerospace	16,080	19.2	16
3	Customer A	Malaysia and Singapore	Medical and Life Science	10,260	12.3	19
4	Customer M	Singapore and USA	Semiconductor	5,364	6.4	2
5	Customer V	Malaysia	Instrumentation	3,418	4.1	10
Total				72,161	86.2	
FPE 2021						
1	Customer J	Malaysia	Semiconductor/ and Life Science	15,343	35.5	14
2	Customer P	Malaysia	Semiconductor/ and Life Science/ Aerospace	8,040	18.6	17
3	Customer A	Malaysia and Singapore	Medical and Life Science	5,347	12.4	20
4	Customer M	Singapore and USA	Semiconductor	4,015	9.3	3
5	Customer N	Singapore	Semiconductor	1,932	4.5	2
				34,677	80.3	

### Note:

<sup>(1)</sup> Indicates the end user segments for which we provide our sheet metal fabrication and precision machining services.

## 7. BUSINESS OVERVIEW (Cont'd)

The details of our major customers are as follows:

Name	Description
"Customer A"	<p>: Comprising 2 companies based in Malaysia and Singapore held under an American based corporation listed on the New York Stock Exchange. The group is principally an analytical instrumentation development and manufacturing company that caters to customers in life sciences, diagnostics and applied chemical markets, providing application focused solutions that include instruments, software, services and consumables for the entire laboratory workflow. The group has operations worldwide, including but not limited to, China, Malaysia, Brazil, Denmark, Italy, Japan, Australia, India, Germany, Singapore, USA and Vietnam.</p> <p>We are unable to disclose the identities of Customer A and its related companies by virtue of a master agreement executed with Customer A and the non-disclosure terms extend to its related companies.</p>
"Customer J"	<p>: Comprising mainly a company based in Malaysia held under an American based corporation listed on the New York Stock Exchange. The group is principally a provider of worldwide manufacturing services and solutions. It provides comprehensive electronics design, production and product management services to companies in various industries and end markets. The group's services enable its customers to reduce manufacturing costs, improve supply chain management, reduce inventory obsolescence, lower transportation costs and reduce product fulfilment time. The group has operations in facilities that are located worldwide, including but not limited to, China, Malaysia, Mexico, Singapore, USA and Vietnam.</p> <p>We are unable to disclose the identities of Customer J and its related companies by virtue of various agreements executed with Customer J and its related companies, being a master agreement, purchasing agreement, supplier owned inventory agreement and non-disclosure agreement, all of which have non-disclosure clauses that prohibit the disclosure of information in relation to Customer J.</p>

## 7. BUSINESS OVERVIEW (Cont'd)

Name	Description
"Customer K"	: Comprising mainly 2 companies based in Singapore and Malaysia held under an American based corporation listed on the New York Stock Exchange. The group principally manufactures electronic test and measurement equipment and software, focused on electronics and radio frequency. It mainly serves the telecommunications, aerospace/defence, industrial, computer, and semiconductor industries. They have operations worldwide, spanning 34 countries.
	We are unable to disclose the identities of Customer K and its related companies by virtue of various agreements executed with Customer K and its related companies, being a master agreement, development and manufacturing agreement, supplied managed inventory agreement and forecast-and-release agreement, all of which have non-disclosure clauses that prohibit the disclosure of information in relation to Customer K without prior written consent.
"Customer M"	: Comprising 2 companies based in Singapore and USA held under an American based corporation listed on the Nasdaq Global Select Market. The group principally supplies equipment, services and software for the manufacture of semiconductor (integrated circuit) chips for electronics, flat panel displays for computers, smartphones and televisions, and solar products. They have operations in USA, Europe, China, Canada, India, Southeast Asia, Taiwan, Japan, Korea and Israel.
	We are unable to disclose the identities of Customer M and its related companies by virtue of a master agreement executed with the holding company of Customer M and the non-disclosure terms extend to its related companies.
"Customer N"	: Comprising a company based in Singapore held under an American based corporation listed on the Nasdaq Global Select Market. The group is a developer and supplier of critical subsystems, components and parts, and ultra-high purity cleaning and analytical services primarily for the semiconductor industry. The group has operations in USA, Scotland, Czech Republic, Singapore, Thailand, Taiwan, the Philippines, Israel, Korea and China.
	We are unable to disclose the identities of Customer N and its related companies by virtue of a non-disclosure agreement executed with Customer N which prohibits the disclosure of information in relation to Customer N without prior written consent.

## 7. BUSINESS OVERVIEW (Cont'd)

Name	Description
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"Customer P"	: Comprising a company based in Malaysia held under an American based corporation listed on the Nasdaq Global Select Market. The group is a participant in the electronics manufacturing services industry, providing product design, supply chain, materials management, manufacturing, test, fulfilment, and aftermarket solutions to branded product companies in the wireline and networking, wireless infrastructure, medical, industrial and commercial, defence, security, and aerospace market sectors. The group has operations in China, Malaysia, Mexico, Singapore, Romania, Germany and USA.
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We are unable to disclose the identities of Customer P and its related companies by virtue of various agreements executed with Customer P and its related companies, being a master agreement and Kanban agreement (to establish a scheduling system that signals for replenishment of inventory, which aims to reduce inefficiencies) of Customer P, which have non-disclosure clauses that prohibit the disclosure of information in relation to Customer P without prior written consent. Through the replenishment signals transmitted between the parties via the system, products will be pulled through Coraza's production floor and ultimately into Customer P's facility.

"Customer V"	: Comprising a company based in Malaysia held under a Singaporean based corporation listed on the Singapore Stock Exchange. The group principally provides manufacturing, product design and development, engineering and supply-chain management services. The group manufactures communications and networking equipment, data processing equipment, and medical scientific equipment and instrumentation. The group has operations in Singapore, Netherlands, Spain, China, USA, Malaysia and the British Virgin Islands.
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We are unable to disclose the identities of Customer V and its related companies by virtue of a non-disclosure agreement executed with Customer V and the non-disclosure terms extend to its related companies.

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## 7. BUSINESS OVERVIEW (Cont'd)

The salient terms of the master agreements of our major customers are set out in the table below:

Salient term	Customer A	Customer J	Customer K	Customer M	Customer N * based on Non-Disclosure Agreement	Customer P	Customer V * based on Non-Disclosure Agreement
Tenure	Expiring in 3 years after which it will be automatically renewed periodically unless terminated	Has been and will continue to be automatically renewed periodically unless terminated	Expiring in 2 years after which it will be automatically renewed periodically unless terminated	Expiring in 4 years unless terminated	Expiring in 5 years after which it will be automatically renewed periodically unless terminated	Has been and will continue to be automatically renewed periodically unless terminated	Has been and will continue to be automatically renewed periodically unless terminated
Customer's right to reject goods and/or impose penalty and/or impose alternative measures in the event of late and/or early delivery	✓	✓	✓	✓	Not applicable	✓	Not applicable
Customer's right to terminate agreement at any time by written notice and/or material breach by Coraza Systems	✓	✓	✓	✓	X	✓	X
Customer to be notified / grant written consent for relocation of Coraza Systems' manufacturing facilities	✓	✓	✓	X	Not applicable	X	Not applicable
Customer to be notified of any change of control in Coraza Systems	X	X	X	(1)✓	Not applicable	X	Not applicable
Restriction from dealing with Customer's clients	X	X	X	X	X	✓	✓

## 7. BUSINESS OVERVIEW (Cont'd)

### Note:

(1) Customer M has been informed of the Proposed Listing.

Our top 5 major customers contributed 91.7%, 90.1%, 86.2% and 80.3% of our Group's revenue for FYE 2018, 2019, 2020 and FPE 2021 respectively. We are dependent on 3 of our major customers, namely Customer J, Customer P, and Customer A. They have collectively contributed a total of approximately 76.8%, 75.8%, 75.8% and 66.5% of our Group's revenue for FYE 2018, 2019, 2020 and FPE 2021 respectively. The total number of customers for FYE 2018, 2019, 2020 and FPE 2021 are as follows:

	FYE 2018	FYE 2019	FYE 2020	FPE 2021
<b>Number of customers</b>	50	53	57	49

Our customers typically do not enter into long-term contracts with us and our sales are based on purchase orders that we receive from time to time. It is an industry norm to not have long term contracts with our customers, and it is not feasible to enter into long term contracts in view that our Group's services cater for a high variety of customised products with lower volume. As a result, the future performance of our Group is reliant, to a certain extent, on our ability to secure repeat orders from these customers. Our Group's ability to secure repeat orders depends largely on our production capabilities, competitive pricing, product quality, reliability and timely delivery. In particular, Customer J is our largest customer that contributed to 46.1%, 37.1%, 44.3% and 35.5% of our revenue for FYE 2018, 2019, 2020 and FPE 2021 respectively. They have been our customer for 14 years, during which we have progressively expanded our products and services across various end-user industries, which began with the semiconductor, instrumentation, as well as medical and life sciences.

As such, we are not reliant on a single end-user industry for Customer J. We also aim to expand our production capabilities in a bid to secure new customers to diversify our customer base. For example, we managed to secure Customer M, who is a relatively new customer compared to the other major customers.

Nevertheless, our Group has maintained good working relationships with our major customers. Specifically, we have been working with Customer A for 20 years, Customer P for 17 years, and Customer J for 14 years. Prior to servicing these customers, we were required to undergo a stringent qualification process and we have since become one of their approved/preferred vendors. We have also applied for and received certification for our QMS, which these customers require prior to working with us. We have also entered into various agreements which govern the relationship and obligations of all parties, such as:

- (a) master agreements, which set out the standard terms and conditions for future sale and purchase transactions;
- (b) supplier managed inventory agreement and/or forecast and release agreement where the customer will provide a forecast of product together with estimated quantities for us to plan and maintain our inventory of products to meet the demand of the customer; and

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

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- (c) confidentiality agreements or non-disclosure agreements where the parties agree to obligations of confidentiality in respect of information arising from the business transaction.

Our business and profitability are not materially dependent solely on these master agreements, as they mainly function to regulate our relationship with the customer, and our selling prices are still negotiated separately based on each purchase order received from the customer. The master agreements are generally required by most of our Group's customers and are therefore regarded as being in the ordinary course of our business. They are generally renewed automatically upon expiry unless terminated by the parties and/or due to breach. The master agreements do not specify any value or quantity of goods to be purchased from us and therefore does not accord us the ability to secure repeat orders. It is required to be in force by the MNC customers as a standard document to purchase goods from providers like Coraza. Our ability to secure repeat orders depends more on our capability to attract and meet customer demands, which will ensure the continuance of the master agreements. It is unlikely that our Group will continue receiving purchase orders from customers in the event the master agreements are terminated by the customers, as the termination would be a result of the end of the business relationship. Nonetheless, all master agreements with our customers have been continuously renewed since its initial execution. Please refer to Section 9.1.9 for further details of the risk of termination of the various agreements that govern our business relationships.

There has been no dispute with these customers over time which has significantly affected our operations or financial performance. We believe that our track record, capabilities, and longstanding relationships with Customer J, Customer P, and Customer A will continue to grow as we expand our capabilities to service their needs.

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## 7. BUSINESS OVERVIEW (Cont'd)

### 7.11 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS

The major types of raw materials purchased by our Group for FYE 2018 to 2020 and FPE 2021 are set out as follows:

Raw materials	Regions sourced	FYE 2018		FYE 2019		FYE 2020		FPE 2021	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
LLM	Malaysia, Australia, China, Europe, Japan, Singapore, USA	5,671	44.0	6,999	43.7	12,858	53.6	10,341	49.1
Aluminium	Malaysia, Japan, Singapore, USA	3,365	26.1	3,768	23.5	5,452	22.7	3,856	18.3
Cold rolled steel	Malaysia, China, Singapore, USA	1,000	7.8	1,428	8.9	1,871	7.8	2,425	11.5
Brass/ copper	Malaysia, Singapore, USA	554	4.3	1,004	6.3	1,212	5.0	1,555	7.4
Packaging materials	Malaysia	599	4.6	820	5.1	1,079	4.5	793	3.7
Paint/ink/chemicals	Malaysia, China, Singapore, USA	738	5.7	507	3.2	802	3.3	681	3.2
Stainless steel	Malaysia, China, Europe, Japan, Singapore, USA	909	7.1	1,419	8.9	636	2.6	1,366	6.5
Polyvinyl chloride	Malaysia, Singapore	47	0.4	58	0.4	90	0.4	58	0.3
<b>Total</b>		<b>12,884</b>	<b>100.0</b>	<b>16,003</b>	<b>100.0</b>	<b>24,000</b>	<b>100.0</b>	<b>21,075</b>	<b>100.0</b>

The percentage of raw material purchased from local and foreign suppliers are as follows:

Local/Foreign	FYE 2018		FYE 2019		FYE 2020		FPE 2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	7,317	56.8	8,486	53.0	20,612	85.9	15,116	71.7
Foreign	5,567	43.2	7,517	47.0	3,388	14.1	5,959	28.3
<b>Total</b>	<b>12,884</b>	<b>100.0</b>	<b>16,003</b>	<b>100.0</b>	<b>24,000</b>	<b>100.0</b>	<b>21,075</b>	<b>100.0</b>

The majority of our raw materials are LLM. These are simpler materials purchased in minimum order quantities which are used with metal piece parts and precision-machined components to produce our customers' products based on their design and specification. The LLM we procure include brackets, fasteners, hinges, rivets, washers as well as wiring and various electronic parts. We also procure various metals for sheet metal fabrication and precision machining. Our raw materials are sourced from various local and foreign suppliers. We have not experienced any interruption in supply of raw materials in FYE 2018 to 2020 and FPE 2021. In order to ensure a stable supply of raw materials, we endeavour to maintain stock of our principal raw materials for at least 2 to 3 months.

## 7. BUSINESS OVERVIEW (Cont'd)

As several of our raw materials are commodity based products such as aluminium, copper, and steel, they are subject to demand and supply conditions which may lead to fluctuation in market prices. Similarly, the prices of LLM products we procure are also affected by demand and supply conditions. We have not experienced any volatility of prices from our suppliers that have materially affected our business for FYE 2018 to 2020. Since the start of 2021, the price of raw materials such as aluminium, copper, and steel have increased due to lack of supply and the increases in demand. Raw material prices for aluminium, stainless steel, cold steel, and copper increased ranging from 10% to 70%. Correspondingly, as at LPD, we have informed our customers that our prices will increase to reflect the increase in raw material prices. We do not expect our GP margins to be significantly impacted by the recent increase in raw material prices. Apart from increasing selling prices to pass down the increased raw material prices, our Group has not taken any other action to mitigate the fluctuation of raw material.

### 7.12 MAJOR SUPPLIERS

Our top 5 major suppliers for FYE 2018 to 2020 and FPE 2021 is as follows:

No.	Major supplier	Country	Total purchased		Length of relationship Years	Products purchased
			RM'000	%		
FYE 2018						
1	Garmco (S) Pte Ltd	Singapore	2,229	12.1	13	Cold rolled steel, aluminium, copper
2	Textran Industries (Penang) Sdn Bhd	Malaysia	1,491	8.1	17	LLM
3	Gerestu Sdn Bhd	Malaysia	817	4.5	3	LLM/machining/tooling
4	Fizco Manufacturing Sdn Bhd	Malaysia	802	4.4	4	LLM
5	Bossard (M) Sdn Bhd	Malaysia	771	4.2	8	LLM
Total			6,110	33.3		
FYE 2019						
1	Garmco (S) Pte Ltd	Singapore	2,332	11.9	14	Cold rolled steel, aluminium, copper
2	Textran Industries (Penang) Sdn Bhd	Malaysia	1,565	8.0	18	LLM
3	Bossard (M) Sdn Bhd	Malaysia	910	4.6	9	LLM
4	Fizco Manufacturing Sdn Bhd	Malaysia	883	4.5	5	LLM
5	Tanika Steel Sdn Bhd	Malaysia	708	3.6	8	Cold rolled steel, aluminium, copper
Total			6,398	32.6		

## 7. BUSINESS OVERVIEW (Cont'd)

No.	Major supplier	Country	Total purchased		Length of relationship	Products purchased
			RM'000	%		
FYE 2020						
1	Garmco (S) Pte Ltd	Singapore	2,155	9.0	15	Cold rolled steel, aluminium, copper
2	Textran Industries (Penang) Sdn Bhd	Malaysia	1,741	7.2	19	LLM
3	Supplier A <sup>(1)</sup>	USA	1,214	5.1	5	Cold rolled steel, aluminium, copper
4	Technical Manufacturing Corporation	USA	988	4.1	1	LLM
5	Bossard (M) Sdn Bhd	Malaysia	887	3.7	10	LLM
Total			6,985	29.1		
FPE 2021						
1	MTS Manufacturing Sdn Bhd	Malaysia	1,257	8.1	3	LLM/machining
2	Bossard (M) Sdn Bhd	Malaysia	1,109	7.1	11	LLM
3	AMS Light Metal Sdn Bhd	Malaysia	1,093	7.0	4	Aluminium
4	Textran Industries (PG) Sdn Bhd	Malaysia	762	4.9	20	LLM
5	Supplier A <sup>(1)</sup>	USA	596	3.8	6	Cold rolled steel, aluminium, copper
Total			4,817	30.9		

### Note:

<sup>(1)</sup> Supplier A is an approved vendor of Customer J for a strategic material which has strategic impact on Customer J's competitiveness. Customer J has emphasised to Coraza the need to maintain confidentiality of Supplier A's identity. There are no other suppliers who are involved in such arrangements.

Our top 5 major suppliers contributed 33.3%, 32.6%, 29.1% and 30.9% of our Group's purchases for FYE 2018 to 2020 and FPE 2021 respectively. 3 of our major suppliers, namely Garmco (S) Pte Ltd, Textran Industries (Penang) Sdn Bhd, and Bossard (M) Sdn Bhd made up approximately 24.4%, 24.5%, 19.9% and 12.0% of our total purchases for FYE 2018 to 2020 and FPE 2021 respectively.

Our suppliers are selected based on several criteria such as pricing, the quality of their products and their reliability. We do not have any long term contracts with our major suppliers. However, we have maintained good working relationships with our major suppliers and we have not experienced any material disputes or major disruption in supplies in the past and as at LPD. Despite our long working relationship with most of our major suppliers, there are alternative suppliers readily available, and as such, we are not reliant on any single major supplier.



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

### 7.13 QUALITY CONTROL

We are committed to producing high-quality products in a consistent manner to our customers. As such, we have put in place various QC processes in the pre-production, production, and post-production stages to ensure the quality of our products and services.

Stage	QC Processes
Pre-production	Prior to full production launch, we undertake AQP taking into consideration customers inputs, process capability and product manufacturability to put in place preventative measures to ensure that the product meets or exceeds customer expectations; increase overall customer satisfaction; and enable continuous improvement by incorporating customer feedback and process improvement. We also carry out incoming quality assurance to ensure materials conform to specified quality requirements.
Production	We conduct in-process quality control during each stage of our manufacturing processes as specified in the process control plan and work instructions. Typically, this includes machines setups verification, people certification and first piece verification.
Post-production	Outgoing quality assurance is put in place to assure products manufactured conformed to customer specified requirements prior to delivering them to our customers.

#### 7.13.1 Quality management systems

Our QMS was first accredited with ISO 9001:2000 in the scope of "Fabrication and Assembly of Precision Sheet Metal Products" from DQS GmbH in 2003. We subsequently updated our QMS accreditation to ISO 9001:2008 in 2010 in the scope of "Fabrication and Assembly of Precision Sheet Metal Products" from DQS GmbH. In 2018, our QMS accreditation was updated to ISO 9001:2015 in the scope of "Fabrication and Assembly of Precision Sheet Metal and Machining Products for Aerospace Industry" from DQS GmbH.

Our QMS for the aerospace industry was initially accredited with AS9100C in 2012 in the scope of "Fabrication and Assembly of Precision Sheet Metal Products for the Aerospace Industry" from DQS GmbH. This accreditation meant that our Group was able to venture into providing products and services for the aerospace industry. We are currently accredited with AS9100D in the scope of "Fabrication and Assembly of Precision Sheet Metal and Machining Products for Aerospace Industry" from DQS GmbH in 2018.

Our Group's QMS was put in place to ensure that we consistently provide high-quality products and services that can meet the requirements and standards of our customers, relevant authorities and regulatory bodies. It also enables us to look for areas where we can improve on customer satisfaction and to identify the potential risks and opportunities for our Group.

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

### **7.14 HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT SYSTEMS**

We are committed to ensuring the safety and health of our employees as well as assuring that our business activities do not severely harm the environment. Some of our customers also require our Group to obtain accreditation in such systems in order to become their supplier. In line with strict international standards, our environmental management system and occupational health and safety management system have been accredited with the following:

#### **(a) ISO 14001:2015 (Environmental management system)**

Our environmental management system was first accredited with ISO 14001:2004 in 2007 in the scope of "Fabrication and Assembly of Precision Sheet Metal Products" by TÜV NORD Cert GmbH, showing our ability and commitment to our environmental responsibilities. We subsequently updated our environmental management system to ISO 14001:2015 in 2019 from TÜV NORD Cert GmbH under the scope of "Fabrication and Assembly of Precision Sheet Metal and Machined Products" with a focus on developing processes and plans on how our Group interacts with the environment.

#### **(b) ISO 45001:2018 (Occupational health and safety management system)**

Our Group is committed to ensuring the health and safety of our employees and our occupational health and safety management system was first accredited with BS OHSAS 18001:2007 in 2007 from TÜV NORD Cert GmbH in the scope of "Fabrication and Assembly of Sheet Metal Products". We subsequently updated our accreditation to ISO 45001:2018 in the scope of "Fabrication and Assembly of Precision Sheet Metal and Machined Products" from TÜV NORD Cert GmbH in 2019. Published in 2018, ISO 45001:2018 replaces the BS OHSAS 18001 certification and focuses on preventing occupational health and safety hazards and minimising risks in the workplace.

### **7.15 DESIGN AND DEVELOPMENT ACTIVITIES**

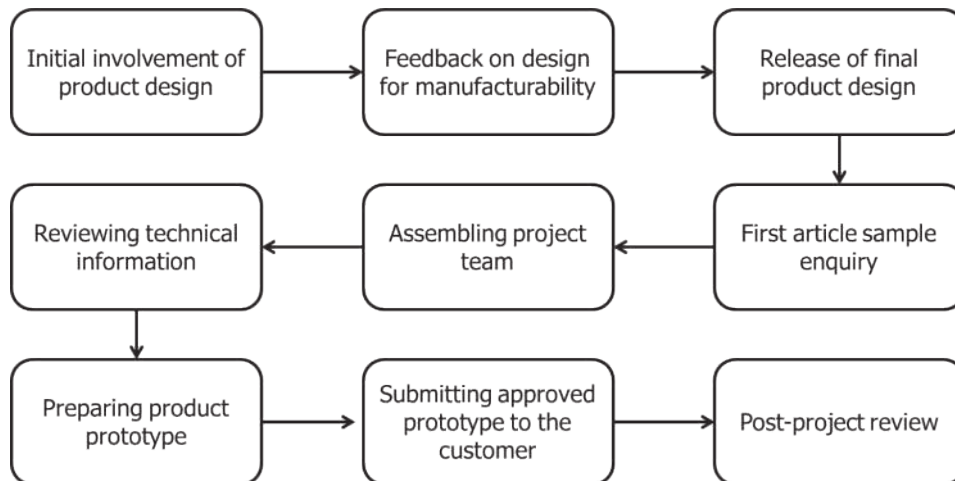
Our engineering team is actively involved in D&D activities with our customers' for new product development. Prior to commencing production, engineers from both parties will work together to develop and refine the product's design, finalise the required product, process and materials requirements, product assurance and quality and manufacturability. The nature of our D&D activities differs for each product as different customers have different product requirement and industry standards. The following diagram shows the typical processes involved during our D&D activity with our customers:

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**7. BUSINESS OVERVIEW (Cont'd)****(a) Initial involvement of product design**

During the initial stages of product design, our customer's project team (comprising of engineering, quality, and purchasing personnel) will share the preliminary design of the product with our engineering team, who will then review the design.

**(b) Feedback on design for manufacturability**

Our engineers will provide feedback on the design for manufacturability in terms of product quality, manufacturing processes, raw material and unique functional requirement.

**(c) Release of final product design**

After receiving our feedback, our customer's engineering team will fine-tune the product/process design. The process of reviewing and refining the product design may occur several times before it is finalised by our customer.

**(d) First article sample enquiry**

Upon finalising the product design, our customer will provide us with a first article sample enquiry. The first article sample refers to the prototype which is produced according to the design and technical information specified by our customer.

**(e) Assembling project team**

The first sample enquiry is then provided to our engineering team, which will then assemble a project team with personnel from various teams including engineering, planning, purchasing, and quality.

**(f) Reviewing technical information**

The project team will review the technical information of the product, which may include quality requirements, resource requirements, manufacturing processes, inspection and test activities needed, and the criteria for the acceptance of the product. Once the review is completed, our project team will then prepare the schedule that covers material preparation, engineering, quality and manufacturing activities, customer inspection, and packaging and delivery. The schedule is then provided to the customer.

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

### **(g) Preparing product prototype**

Upon confirmation of the proposed project schedule by our customer, our project team will begin to prepare a product prototype as per the schedule. To ensure effective execution, we will also prepare an overall development plan of the product, list of raw materials required, the process flow, and the product quality plan. The product quality plan is a set of procedures used as a guide in various stages of development and manufacturing process.

Our project team will then produce a prototype of the product based on the technical information specified. The prototype is then inspected and tested by our quality control team before it is sent to our customer. A first article inspection report is issued by our quality department.

### **(h) Submitting approved prototype to the customer**

The approved prototypes are submitted to our customers together with the test results from the preparation stage. Once the prototype is approved by our customer, we are able to commence production scheduling and raw material procurement in order to prepare for mass manufacturing.

### **(i) Post-project review**

Upon completion of the entire project, our project team will conduct an internal post-project review which can be used to improve future projects. The project team will assess various issues experienced during the project and propose corrective actions and improvements for future projects.

## **7.16 COMPETITIVE STRENGTHS**

### **7.16.1 We are an integrated engineering supporting services provider**

Our Group is an integrated engineering supporting services provider. We provide a wide range of services, which include fabrication of sheet metal, precision engineering, as well as provision of related services, such as D&D and value-added sub-module assembly services. All our customers engage us for end-to-end sheet metal fabrication and precision machining services which are within our capabilities and therefore would not require them to outsource multiple suppliers.

From the early D&D stage, we are able to collaborate with our customers to provide additional input on the design and manufacturability of the desired products. We implement AQP to ensure that we understand the needs of our customers and to assess the product design and manufacturing processes, which helps us to make sure that we are able to effectively manufacture the products with few issues or risks. Our experience in the engineering supporting industry ensures that we are able to assist our customers in creating the products they require.

Our ability to provide a wide variety of processes with varying complexities and high tolerances allows us to provide a more complete service to our customers. They do not have to outsource their manufacturing needs to multiple suppliers, thus streamlining their operations and making it more cost-effective.

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

In addition, we have more control over the manufacturing and sub-modular assembly of our products as we are involved in the entire process. In the event any issues arise during the manufacturing or sub-modular assembly process, we are able to easily trace the flow of operations and subsequently detect and diagnose the issues.

### **7.16.2 Established track record and long-standing relationships with our customers**

Our Group began with the fabrication of simple sheet metal parts and we have expanded our offerings to the sub-modular assembly of sheet metal structures and frames as well as production of precision metal components. Over the years, we have steadily established ourselves as a provider of quality fabricated parts, and we have implemented a QMS in our efforts to ensure customer satisfaction, to provide our customers with consistent parts and services, and to continuously improve our services. Throughout our years in operation, we have been awarded with various accreditations such as ISO 9001:2015 and AS9100D, as seen in Section 7.13.

Our ability to provide quality products and services in a consistent manner and our quality accreditations have enabled us to receive repeat orders from our customers and has eventually led to our Group becoming a preferred provider to these customers.

We believe that our ability to provide our customers with consistent quality products and services, in addition to prompt delivery of products and provision of integrated services has enabled us to develop long-standing relationships with our customers. As at LPD, our Group has business relationships of more than 10 years with 4 of our major customers.

### **7.16.3 Experienced and knowledgeable key management team**

The success of our Group can be attributed to the experiences and knowledge of our management team. Our Executive Chairman, Ng Fook San has over 40 years of experience in the E&E industry including his tenure with Infineon Technologies AG, a global semiconductor firm headquartered in Germany where he was involved in leading its business expansion in the Asia Pacific region. Our Managing Director, Lim Teik Hoe also has over 30 years of experience in the E&E industry, including his time with D'Nonce Technology Berhad where he was involved in the growth of the company and its listing on the Main Board of Bursa Securities (now known as the Main Market).

They are supported by a team of key personnel which are our respective heads of departments. These key personnel have over 20 years of relevant working experience in their respective fields. We believe that the combined experiences, knowledge possessed, and relevant competencies of our key management team have contributed to our ability to better cater to our customer's needs. For example, our competencies allow us to produce product samples and finished goods with shorter lead times, which is a key customer demand.

For further information on our Directors and key management, please refer to Section 5.2 and Section 5.3 respectively.

### **7.16.4 Continuous investment in machinery**

Our Group strives to continuously expand the range of services we provide to our customers that operate in various industries. In order to do so, we continuously invest in machinery in line with improving technology and the requirements of our customers. As such, we are able to meet our customers' more advanced requirements as well as keep up with the demands of the market and capture new customers in new markets. This has translated into increased sales over FPE 2021, as the newer machinery catered to customers' growing and changing demands. Consequently, we also enjoyed economies of scale in terms of our administrative expenses and selling and distribution expenses.

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

In FYE 2018, we invested RM1.0 million in a CNC machine, laser welding machine, oven and forklift. In FYE 2019, we invested RM1.5 million in 2 units of welding machine and 3 units of CNC machines. In FYE 2020, we further invested RM4.5 million in a CNC punching and laser machine, 2 units of bending machines, and a visual quality control machine. In FPE 2021, we invested RM0.7 million mainly for 3 units of bending machine safety system, a milling machine and a forklift.

The machinery we have acquired enables us not only to produce more complex parts but also to improve our production capacity, efficiency and quality. The machinery we possess also enables us to attract more potential customers as more advanced machinery allow for faster and more precise fabrication and machining.

**7.17 OPERATING CAPACITY AND OUTPUT**

Our Group operates 3 factories that are located at Nibong Tebal and Kulim. Our main production activities are carried out in our factory in Nibong Tebal, and we have 2 branches in Nibong Tebal and Kulim, which supports the polishing and welding processes of our production. The Kulim branch also serves as an alternative site, as well as to capture the availability of manpower in the area.

We utilise a variety of machinery to produce metal piece parts and precision-machined components based on the designs and specifications of our customers. Depending on the type of products required by our customers and the complexity of each part, the machinery used as well as the production time will differ.

Due to the complexities of the metal piece parts and precision-machined components we produce, as well as the availability of skilled operators, not all machinery are used in production at any one point in time. Depending on the specifications, a piece of sheet metal or metal block may not undergo each type of fabrication or precision machining process. As such, the utilisation rate of our machinery reflects the capacity for each particular machine type, and should not be taken as a whole to assess our overall utilisation rate.

Our Group's production capacity and utilisation of each category of machinery at our production facilities for FYE 2020 and FPE 2021 are as follows:

**FYE 2020**

<b>Types of machinery</b>	<b>No. of units as of 31 December 2020</b>	<b>(1) Estimate d maximum annual capacity (hour)</b>	<b>Actual production time per annum (hour)</b>	<b>Annual production capacity utilisation rates (%)</b>
Bending	9	58,608	37,423	63.9
CNC				
Laser and turret punching	3	19,536	11,929	61.1
Milling	8	52,096	27,231	52.3
Turret punching	2	13,024	5,953	45.7
Welding				
Welding <sup>(4)</sup>	31	100,936	70,873	70.2
Manual laser	3	19,536	13,425	68.7
Spot welding	6	39,072	23,324	59.7
Robotic welding				
Robotic laser welding <sup>(4)</sup>	1	3,256	708	21.7
Machining				
Conventional milling <sup>(4)</sup>	3	9,768	6,869	70.3

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

<b>Types of machinery</b>	<b>No. of units as of 31 December 2020</b>	<b>(1) Estimated maximum annual capacity (hour)</b>	<b>Actual production time per annum (hour)</b>	<b>Annual production capacity utilisation rates (%)</b>
Tapping	3	19,536	9,683	49.6
Others				
Laser cut	1	6,512	4,344	66.7

**FPE 2021**

<b>Types of machinery</b>	<b>No. of units as of 30 June 2021</b>	<b>(2) Estimated maximum capacity (hour)</b>	<b>Actual production time (hour)</b>	<b>Production capacity utilisation rates (%)</b>
Bending	9	29,304	23,908	81.6
CNC				
Laser and turret punching	3	9,768	8,128	83.2
Milling	9	29,304	12,762	43.6
Turret punching	2	6,512	2,893	44.4
Welding				
Welding <sup>(4)</sup>	35	56,980	53,145	93.3
Manual laser	3	9,768	7,120	72.9
Spot welding	6	19,536	10,120	51.8
Robotic welding				
Robotic laser welding <sup>(4)</sup>	1	1,628	380	23.3
Machining				
Conventional milling <sup>(4)</sup>	3	4,884	3,269	66.9
Tapping	3	9,768	1,872	19.2
Others				
Laser cut	1	3,256	3,342	<sup>(3)</sup> 102.6

**Notes:**

- (1) Our Group's estimated maximum annual capacity is calculated based on the number of machines available, the number of working hours per day, and 296 working days per annum. The number of working hours per day is based on 2 12-hour shifts per day with a 1-hour break per shift. The number of working days per annum is based on 365 days per annum subtracted by 52 Sundays and 17 public holidays.
- (2) Our Group's estimated maximum capacity is calculated based on the number of machines available, the number of working hours per day, and 145 working days. The number of working hours per day is based on 2 12-hour shifts per day with a 1-hour break per shift. The number of working days is based on 181 days subtracted by 26 Sundays and 10 public holidays.
- (3) The excess production capacity utilisation rate is due to overtime operations on Sundays and public holidays. Our Group incurred this overtime to meet the surge in demand for sheet metal components for laser cutting without forming profile, a process that utilises the laser cut machinery in particular. This demand during the period was for Customer M who is in the semiconductor industry. We rotate our staff involved in the overtime operations, and are not in violation of any labour law in doing so.
- (4) Denotes machinery that is operated for a maximum of 12 hours per day including a 1-hour break per shift.

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

We manage the utilisation of our machinery to ensure there is always spare capacity in anticipation of customers upside demands. However, of all our production processes, we recognise that bending is the bottleneck, as the process is more commonly used among our machinery. As such, for our expansion plans set out in Section 7.19.2, we have used the bending machinery as a benchmark for measuring incremental capacity in relation to the new machinery we plan to acquire.

The robotic laser welding machine is mainly used for welding parts for the aerospace industry, but may also be used for non-aerospace parts. The utilisation rate for this machine in FYE 2019 was 9.6%. The low utilisation rate was due to the higher demand for the use of other laser machinery, which shared the same laser source. In FYE 2020, the utilisation rate for the robotic laser welding machine for FYE 2020 increased to 21.7% as we invested in new laser machinery that has its own laser source, which allowed for higher usage of the robotic laser welding machine. However, it was mainly used to weld non-aerospace parts, as the demand for parts for the aerospace industry decreased as a result of the COVID-19 pandemic.

**7.18 DEPENDENCY ON CONTRACTS, AGREEMENTS OR OTHER ARRANGEMENTS**

Our Group is not dependent on any contracts, agreements or other arrangements that could materially affect our business as at LPD.

**7.19 BUSINESS STRATEGIES AND PROSPECTS**

Our Group aims to improve our long-term growth potential by undertaking the following strategies.

**7.19.1 Construction of a new factory**

As we continue to grow our business, we have planned for construction of a new factory on Lot 2773 & 2776, which is adjacent to our current factory in Nibong Tebal, Pulau Pinang. We had in 2018 acquired Lot 2773 & 2776, with a total land area of approximately 90,136.9 sq ft.

The construction will be carried out in 3 phases and targeted for completion by July 2023. Our new factory is expected to have a total built-up area of approximately 91,110.1 sq ft and expected to accommodate additional machinery to expand our production capacity and capabilities, and enable us to provide new services to our customers in the future.

The details of each phase of our new factory are as follows:

<b>Phase</b>	<b>Description</b>	<b>Built up area (sq ft)</b>	<b>Construction cost (RM'000)</b>	<b>Activities</b>
Phase 1	3-storey office and a 2-storey factory	40,101.0	9,141	Precision machining segment (new and existing machinery <sup>(1)</sup> relocated from existing factory)
Phase 2	2-storey factory	25,858.1	5,353	Sheet metal fabrication involving frames and structures <sup>(2)</sup>

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

<b>Phase</b>	<b>Description</b>	<b>Built up area (sq ft)</b>	<b>Construction cost (RM'000)</b>	<b>Activities</b>
Phase 3	2-storey factory	25,151.0	5,206	Finishing services
		<b>91,110.1</b>	<b>19,700</b>	

**Notes:**

- (1) The relocation of existing machinery to Phase 1 is for general operational efficiency, where the existing factory will be dedicated to sheet metal fabrication, and Phase 1 will be dedicated to precision machining. To achieve this, our Group needs to relocate certain existing precision machining machinery to the new factory to make space in its existing factory for new sheet metal fabrication machinery to be acquired.
- (2) The sheet metal fabrication in Phase 2 will be focused on the fabrication of frames and structures whilst existing factory will be focused on enclosures.

The indicative timeline of construction for our new factory is as follows:

<b>Timeframe</b>			<b>Milestones</b>
<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>	
January 2022	July 2022	January 2023	Submit building plan
April 2022	September 2022	March 2023	Commencement of construction
February 2023	July 2023	November 2023	Completion of construction Certificate of Completion and Compliance obtained
March 2023	August 2023	December 2023	Installation / Relocation of machinery and equipment to new facility and commencement of operations

The new factory is expected to be cost a total of RM19.7 million, which comprises the construction costs (structural works and electrical), fittings and professional fees. We have allocated RM6.4 million of the proceeds from our Public Issue for the construction of the new factory. We will finance the remaining construction cost through bank borrowings which we have obtained from Malaysian Industrial Development Finance Berhad.

As at LPD, the layout plan for the Phase 1 development of the land has been submitted to Seberang Perai City Council in October 2021 and is expected to be approved by early January 2022. Thereafter, we expect to submit the building plan and earthwork plan for approval, which is expected to be received by end January 2022 and end February 2022 respectively, barring any further disruptions arising from the COVID-19 pandemic.

Delays in the construction of our new factory may lead to higher than anticipated costs. In the event that construction is delayed, we may be forced to use internally generated funds to pay for the additional costs, thus reducing our available working capital. We may also be forced to utilise additional bank borrowings, thus increasing our interest cost.



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

As at LPD, during the process of obtaining authorities approval for the layout plan of Phase 1, our construction consultants and architect have re-estimated construction costs in view of anticipated increase in construction material costs. This has resulted in an increase of approximately RM3.9 million in overall construction costs of our factory, amounting to a total of RM19.7 million. The delays during this process has also delayed business growth which is to be achieved together with the acquisition of new machinery. Please refer to Section 9.1.8 for the risk of delays in realising our future plans. We will continue to keep our shareholders updated with the progress and changes to the timeline for construction of our new factory in our annual reports and quarterly financial results announcements.

**7.19.2 Acquisition of new machinery**

As part of our strategy to grow our business, we plan to purchase new machinery to improve our production capacity and service offerings to meet the increasing demand from our customers in terms of order size as well as capabilities, for which new machinery are required. The increasing demand anticipated is based on the booming semiconductor industry segment where Customer J and Customer P are operating in. In addition, we are also expecting to secure additional customers from this industry. We have allocated RM15.5 million of the proceeds from our Public Issue to purchase various machinery over the next 3 years for our existing and new factory.

To this end, we have as at LPD purchased and drawn down our trade lines amounting to RM2.0 million for 2 new bending machines (RM1.3 million), a sanding machine (RM0.5 million) as well as design software that is packaged together and is specifically required to operate these machinery (RM0.2 million). These machinery are installed in our existing factory and were commissioning during the third quarter of 2021.

For the aforementioned acquisitions totalling RM2.0 million, the proceeds raised from our Public Issue will be used to repay the bank borrowings undertaken to finance their purchase.

The balance RM13.5 million of machinery will be acquired progressively over the next 3 years following our Listing, in accordance with our plans to construct our new factory over 3 phases. These machinery comprise the following:

<b>Machinery</b>	<b>No. of units</b>	<b>Cost (RM'000)</b>	<b>Location</b>
Laser and turret punching machine	1	4,000	Existing factory
Laser machine	1	3,400	Existing factory
Bending machine	3	2,200	Existing factory
Finishing line	1	3,900	Phase 3 of new factory
		<b>13,500</b>	

These additional machinery require additional space in our existing factory, which will be available upon completion of the extension of our factory as well as the relocation of some existing machinery to Phase 1 of our new factory as detailed under Section 7.19.1 above. These additional machinery will further increase our capacity by approximately 25.0%, measured based on the increase in number of bending machines, which is the present bottleneck in our fabrication process, and is therefore most reflective to illustrate the increase in capacity. As at LPD, our finishing for aerospace parts are outsourced. The new finishing line will enable us to provide such process in-house. The investment into aerospace is a strategy to enhance our Group's capabilities in meeting aerospace engineering and quality standards, which are higher than those of other industry segments. This serves as a competitive advantage for our Group to engage customers, even for the non-aerospace industry segments. Please refer to Section 11.1 for details on our rationale to venture into provision of finishing services for aerospace parts.

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

It should be noted that the utilisation of our machinery as at LPD is at an overall surplus, as set out in Section 7.17, due to the complexities of the components produced, where not all machinery are used in production at any one point in time. Notwithstanding our current utilisation rate, the substantial investment of RM13.5 million made for these machinery is to expand our sheet metal fabrication capabilities. These machinery have advanced functions such as being able to combine laser and turret punching processes together, and are therefore more expensive than the ones which were ordered as at LPD.

**7.19.3 Prospects of our Group**

We believe that our prospects in the engineering support industry are favourable taking into consideration our competitive strengths in Section 7.16, our business strategies as set out above as well as the outlook of the engineering support industry as set out in the IMR Report. In this respect, Protégé Associates has projected the engineering support industry in Malaysia to expand by a CAGR of 10.3% from RM6.2 billion in 2020 to RM10.2 billion in 2025. This is driven by the following:

- (a) Growth in the global semiconductor industry is expected to expand from USD440.4 billion in 2020 to USD550.9 billion in 2021;
- (b) Growth in the life sciences and medical technology industry, which is supported by a growing ageing global population, in which persons aged 65 years and above is expected to increase from 727 million in 2020 to 1.5 billion in 2050;
- (c) Growth in the instrumentation industry, which is anticipated at a CAGR of 3.7% from USD26.0 billion in 2021 to reach USD30.1 billion in 2025, stemming from wide range of end-users and technological advancement;
- (d) Recovery and growth from the aerospace industry, which is expected to be at a CAGR of 5.0% from USD 343.3 billion 2021 to reach USD417.3 billion in 2025, supported by military spending and continuous improvements in aircraft technology; and
- (e) Resuming growth of the local machinery and equipment industry following the expected recovery from the COVID-19 pandemic.

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