

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF ECA INTEGRATED SOLUTION BERHAD ("ECA INTEGRATED" OR THE "COMPANY") DATED 4 NOVEMBER 2022 ("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 <https://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, UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**"), or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

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

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, UOBKH and ECA Integrated take no responsibility for the distribution of the Electronic Prospectus and/or the sale of ordinary shares in ECA Integrated ("**Share(s)**") 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 Shares, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Persons who may be in possession of the Prospectus are required to inform themselves of and to observe such restrictions.

Close of Application

Applications will be accepted from 10.00 a.m. on 4 November 2022 and will close at 5.00 p.m. on 11 November 2022. If there are any changes to the timetable, the Company will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia.

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

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

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

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



ECA INTEGRATED SOLUTION BERHAD

(Registration No.: 202101031471 (1431771-P))
(Incorporated in Malaysia)



ECA INTEGRATED SOLUTION BERHAD
PROSPECTUS

PROSPECTUS

THIS PROSPECTUS IS DATED 4 NOVEMBER 2022



ECA INTEGRATED SOLUTION BERHAD

(Registration No.: 202101031471 (1431771-P))
(Incorporated in Malaysia)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF ECA INTEGRATED SOLUTION BERHAD ("ECA INTEGRATED") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES"), COMPRISING:

- I. A PUBLIC ISSUE OF 150,000,000 NEW ORDINARY SHARES IN ECA INTEGRATED ("ISSUE SHARE(S)") ALLOCATED IN THE FOLLOWING MANNER:
 - 28,880,000 ISSUE SHARES FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 14,400,000 ISSUE SHARES FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF ECA INTEGRATED AND ITS SUBSIDIARY; AND
 - 106,720,000 ISSUE SHARES FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

- II. AN OFFER FOR SALE OF 48,000,000 EXISTING ORDINARY SHARES IN ECA INTEGRATED ("OFFER SHARES") FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN IPO PRICE OF RM0.17 PER ISSUE SHARE/ OFFER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Placement Agent and Underwriter

UOB KayHian

UOB KAY HIAN SECURITIES (M) SDN BHD

(Registration No.: 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 35.

This Prospectus has been registered by Bursa Securities. The registration of this Prospectus should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of our Shares being offered for investment.

Bursa Securities is not liable for any non-disclosure on the part of ECA Integrated and take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness, and expressly disclaim 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.

ALL DEFINED TERMS USED IN THIS PROSPECTUS ARE DEFINED UNDER "DEFINITIONS", "GLOSSARY OF TECHNICAL TERMS", AND "PRESENTATION OF INFORMATION" COMMENCING ON PAGES V, XIV, AND XVII OF THIS PROSPECTUS, RESPECTIVELY.

RESPONSIBILITY STATEMENTS

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

UOBKH, BEING OUR PRINCIPAL ADVISER, SPONSOR, PLACEMENT AGENT AND UNDERWRITER IN RELATION TO OUR IPO, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR IPO.

STATEMENTS OF DISCLAIMER

APPROVAL HAS BEEN OBTAINED FROM BURSA SECURITIES ON 8 SEPTEMBER 2022 FOR THE LISTING OF AND QUOTATION FOR OUR SHARES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

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

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

OTHER STATEMENTS

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CMSA FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO ECA INTEGRATED.

OUR SHARES ARE OFFERED TO THE PUBLIC ON THE PREMISE OF FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING OUR IPO, FOR WHICH ANY PERSON SET OUT IN SECTION 236 OF THE CMSA, IS RESPONSIBLE.

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

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

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

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

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

ELECTRONIC PROSPECTUS

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT WWW.BURSAMALAYSIA.COM. THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE PROSPECTUS REGISTERED WITH BURSA SECURITIES.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM AND THAT YOUR INTERNET SHARE APPLICATION IS SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU DOUBT THE VALIDITY OR THE INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE 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 THIS PROSPECTUS REGISTERED WITH BURSA SECURITIES SHALL PREVAIL.

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

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

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

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

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, 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 FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY 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 WEBSITES 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

The following events are intended to take place on the following tentative dates:-

Events	Date
Issuance of this Prospectus	4 November 2022
Opening of applications for our IPO Shares	10.00 a.m., 4 November 2022
Closing of applications for our IPO Shares	5.00 p.m., 11 November 2022
Balloting of applications for our Issue Shares	16 November 2022
Allotment and transfer of our IPO Shares to successful applicants	22 November 2022
Listing	23 November 2022

If there are any changes to the timetable, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia. Following this, we will extend the dates for the balloting of applications for our Issue Shares, allotment and transfer of our IPO Shares to the successful applicants, and our Listing accordingly.

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DEFINITIONS

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

OUR GROUP OF COMPANIES:

- "ECA Integrated" or the "Company"** : ECA Integrated Solution Berhad (202101031471 (1431771-P))
- "ECA Solutions"** : ECA Advanced Solutions Sdn Bhd (201601018737 (1189673-V)), a wholly-owned subsidiary of ECA Integrated

GENERAL:

- "ACE Market"** : ACE Market of Bursa Securities
- "Acquisition of ECA Solutions"** : Acquisition by our Company of the entire issued share capital of ECA Solutions comprising 1,000,000 ordinary shares from the Promoters for a purchase consideration of RM17,100,000 which was fully satisfied by the issuance of 427,500,000 ECA Integrated Shares at an issue price of RM0.04 per Share. The Acquisition of ECA Solutions was completed on 21 September 2022
- "Act"** : Companies Act 2016
- "ADA"** : Authorised Depository Agent
- "AGM"** : Annual General Meeting
- "Application(s)"** : The application(s) for the IPO Shares by way of Application Form, Electronic Share Application and/ or Internet Share Application
- "Application Form(s)"** : Printed application form(s) for application of the IPO Shares
- "ATM"** : Automated Teller Machine
- "Authorised Financial Institution(s)"** : The authorised financial institution(s) participating in the Internet Share Application with respect to payments for the IPO Shares
- "BLR"** : Base lending rate
- "Board"** : Our board of Directors
- "Bursa Depository"** : Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
- "Bursa Securities"** : Bursa Malaysia Securities Berhad (200301033577 (635998-W))
- "CAGR"** : Compound annual growth rate
- "CCC"** : Certificate of completion and compliance or its equivalent issued by the local authorities or principal submitting person (whichever is applicable)
- "CCM" or "SSM"** : Companies Commission of Malaysia or Suruhanjaya Syarikat Malaysia
- "CDS"** : Central Depository System

DEFINITIONS (CONT'D)

"CDS Account(s)"	:	Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
"CEO"	:	Chief Executive Officer
"CFO"	:	Chief Financial Officer
"CMSA"	:	Capital Markets and Services Act 2007
"Constitution"	:	The constitution of ECA Integrated
"COO"	:	Chief Operating Officer
"COVID-19"	:	Coronavirus disease 2019
"D&D"	:	Design and development
"Director(s)"	:	The Director(s) of our Company and shall have the meaning given in Section 2(1) of the CMSA
"EBITDA"	:	Earnings before interest, taxation, depreciation and amortisation
"ECA Automation"	:	ECA Advance Automation Sdn Bhd (200501036751 (718899-D))
"ECA Integrated Group" or the "Group"	:	Collectively, ECA Integrated and its subsidiary, ECA Solutions
"ECA Integrated Share(s)" or "Share(s)"	:	Ordinary share(s) in ECA Integrated
"ECA Technology"	:	ECA Technology Sdn Bhd (199401040491 (326178-V))
"Electronic Prospectus"	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet, and/ or an electronic storage medium, including but not limited to CD-ROMs
"Electronic Application(s)"	Share	: Application(s) for the IPO Shares through a Participating Financial Institution's ATM
"Eligible Person(s)"	:	Eligible Directors and employees of our Group as well as persons who have contributed to the success of our Group
"EPF"	:	Employees' Provident Fund Board
"EPS"	:	Earnings per Share
"Executive Directors"	:	Collectively, Mr Chua and Mr Ooi
"F&B"	:	Food and beverage
"Financial Years/ Period Under Review"	:	Collectively, FYE 2019, FYE 2020, FYE 2021 and FPE 2022
"FPE"	:	8-month financial period ended 30 June

DEFINITIONS (CONT'D)

"FYE"	:	Financial year ended/ ending 31 October
"Government"	:	Government of Malaysia
"GP"	:	Gross profit
"IFRS"	:	International Financial Reporting Standards
"IMR Report"	:	Independent market research report prepared by PROVIDENCE
"Independent Researcher" "PROVIDENCE"	Market or	Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A))
"Internet Financial Institution(s)"	Participating	Participating financial institution(s) for the Internet Share Application
"Internet Application"	Share	Application for the IPO Shares through an online share application service provided by Internet Participating Financial Institutions
"IoT"	:	Internet of things, a system of interrelated computing devices, mechanical and digital machines
"IPO"	:	Initial public offering comprising the Public Issue and the Offer for Sale
"IPO Price"	:	RM0.17 per IPO Share, where applicable
"IPO Share(s)"	:	Collectively, the Issue Share(s) and the Offer Share(s)
"ISO"	:	International Organisation for Standardisation
"Issue Share(s)"	:	All or part of the 150,000,000 new Shares to be issued pursuant to the Public Issue
"Issuing House" or "MIH"	:	Malaysian Issuing House Sdn Bhd (199301003608 (258345-X))
"IT"	:	Information technology
"Listing"	:	Admission to the Official List and the listing of and quotation for the entire enlarged issued share capital of our Company of 577,500,225 Shares on the ACE Market
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	5 October 2022, being the latest practicable date prior to the issuance of this Prospectus
"Malaysian Public"	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	:	Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities

DEFINITIONS (CONT'D)

"MCO"	:	Movement control order which includes but is not limited to the conditional movement control order, recovery movement control order, full movement control order issued under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967
"MFRS"	:	Malaysian Financial Reporting Standards
"MIA"	:	Malaysian Institute of Accountants
"MIDA"	:	Malaysian Investment Development Authority
"MITI"	:	Ministry of International Trade and Industry of Malaysia
"MNC(s)"	:	Multinational corporation(s)
"Mr Chua"	:	Chua Lye Hock, who is our Promoter, substantial shareholder, Executive Director and COO
"Mr Kang"	:	Kang Ewe Kheng, who is our Promoter, substantial shareholder and Senior Vice President (Head of D&D)
"Mr Ooi"	:	Ooi Chin Siew, who is our Promoter, substantial shareholder, Executive Director and CEO
"NA"	:	Net assets
"NBV"	:	Net book value
"NRP"	:	National Recovery Plan, a phased exit strategy from the COVID-19 crisis introduced by the Government, where a different degree of travel restrictions and restriction in the operation of various economic sectors are implemented in each phase of the NRP
"Offer for Sale"	:	Offer for sale by the Selling Shareholders of 48,000,000 existing Shares representing approximately 8.3% of the enlarged issued share capital of our Company, at the IPO Price
"Offer Share(s)"	:	Up to 48,000,000 existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale
"Official List"	:	A list specifying all securities listed on Bursa Securities
"Participating Financial Institution(s)"	:	Participating financial institution(s) for the Electronic Share Application
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PC"	:	Personal computer
"Pink Application Form(s)"	:	Application form(s) for the application of the IPO Shares under the Public Issue by the Eligible Persons accompanying this Prospectus
"PPE"	:	Property, plant and equipment
"PRC"	:	People's Republic of China

DEFINITIONS (CONT'D)

"Pre-IPO Restructuring Exercise"	:	The pre-IPO restructuring exercise implemented in connection with our IPO, details of which are set out in Section 6.6 of this Prospectus
"Principal Adviser" or "Sponsor" or "Placement Agent" or "Underwriter" or "UOBKH"	:	UOB Kay Hian Securities (M) Sdn Bhd (199001003423 (194990-K))
"Promoters" or "Selling Shareholders" or "Specified Shareholders"	:	Collectively, Mr Ooi, Mr Chua and Mr Kang
"Public Issue"	:	Public issue of 150,000,000 new Shares representing approximately 26.0% of the enlarged issued share capital of our Company, at the IPO Price, comprising the following:- <ul style="list-style-type: none"> (a) 28,880,000 Issue Shares made available for application by the Malaysian Public; (b) 14,400,000 Issue Shares reserved for application by the Eligible Persons; and (c) 106,720,000 Issue Shares by way of private placement to selected investors
"QMS"	:	Quality management system
"Reporting Accountants" or "Kreston John & Gan"	:	Kreston John & Gan (AF 0113)
"Rules of Bursa Depository"	:	The rules of Bursa Depository issued pursuant to the SICDA
"SC"	:	Securities Commission Malaysia
"SICDA"	:	Securities Industry (Central Depositories) Act 1991
"SOCSSO"	:	Social Security Organisation
"SOP(s)"	:	Standard operating procedure(s)
"Tenancy Agreement"	:	Tenancy agreement dated 1 December 2021 entered into between our Group (tenant) and ECA Automation (landlord) for the rental and usage of our current factory premise
"UK"	:	United Kingdom
"Underwriting Agreement"	:	Underwriting agreement dated 28 September 2022 entered into between our Company and the Underwriter in relation to the Public Issue
"USA"	:	United States of America
"White Form(s) Application"	:	Application form(s) for the application of the IPO Shares under the Public Issue by the Malaysian Public accompanying this Prospectus
"WiFi"	:	Wireless networking technology that allows devices such as computers, mobile devices and other compatible equipment to interface with the internet

DEFINITIONS (CONT'D)**TOP 5 CUSTOMERS AND SUPPLIERS OF OUR GROUP:
(WHOSE NAMES HAVE NOT BEEN DISCLOSED THROUGHOUT THIS PROSPECTUS DUE TO REASONS SET OUT IN SECTIONS 7.15 AND 7.16 OF THIS PROSPECTUS)**

"Customer A group of companies" : Collectively, Customer A1, Customer A2 and Customer A3.

As at the LPD, the Customer A group of companies are subsidiaries of a parent company listed on the Frankfurt Stock Exchange. The parent company of Customer A group of companies is principally a semiconductor manufacturer headquartered in Germany. Customer A group of companies offer a wide range of semiconductor solutions used for industrial power control and power management ICs, LED drivers, sensors, chip card and security products, and various other applications

Customer A group of companies operate 4 segments namely:-

(a)	Automotive	Responsible for the semiconductor business for automotive electronics, including activities with memory products
(b)	Industrial power control	Concentrates on power semiconductors primarily used in industrial applications and renewable energy
(c)	Power & sensor systems	Addresses more consumer-oriented applications and power supplies in general, including but not limited to, radio frequency and sensor-based applications
(d)	Connected secure systems	Microcontrollers for non-automotive electronic applications, connectivity solutions and activities relating to traditional and new security applications are bundled in this segment

"Customer A1" : A German MNC company based in Malaysia, and forms part of Customer A group of companies. Customer A1 is principally involved in the assembling and testing of semiconductors, power semiconductors, logic ICs and sensor products

"Customer A2" : A German MNC company based in Singapore, and forms part of Customer A group of companies. Customer A2 is principally involved in the manufacturing of semiconductor devices

"Customer A3" : A German MNC company based in Philippines, and forms part of Customer A group of companies. Customer A3 is principally involved in the manufacturing of semiconductor devices

"Customer B group of companies" : Collectively, Customer B1, Customer B2, Customer B3, Customer B4, Customer B5 and Customer B6.

As at the LPD, the Customer B group of companies are subsidiaries of a parent company listed on the Nasdaq Stock Exchange. The parent company of Customer B group of companies is headquartered in USA and is principally a manufacturing services and solutions provider that provides comprehensive electronics design, production and product management services to companies in various industries and end markets.

DEFINITIONS (CONT'D)

Customer B group of companies operate 2 segments namely:-

(a)	EMS	Focus on leveraging IT, supply chain design and engineering, and technologies centered on core electronics, that primarily serves the automotive and transportation, capital equipment, cloud, computing and storage, defence and aerospace, industrial and energy, networking and telecommunications, print and retail, and smart home and appliances industries
(b)	Diversified Manufacturing Services (DMS)	Focus on provision of engineering solutions with emphasis on material sciences, technologies and healthcare

- "Customer B1"** : An American MNC company based in Malaysia, and forms part of Customer B group of companies. Customer B1 is principally an EMS solutions provider
- "Customer B2"** : An American MNC company based in Ukraine, and forms part of Customer B group of companies. Customer B2 is principally an EMS solutions provider
- "Customer B3"** : An American MNC company based in Vietnam, and forms part of Customer B group of companies. Customer B3 is principally an EMS solutions provider
- "Customer B4"** : An American MNC company based in Hungary, and forms part of Customer B group of companies. Customer B4 is principally an EMS solutions provider
- "Customer B5"** : An American MNC company based in Switzerland, and forms part of Customer B group of companies. Customer B5 is principally an EMS solutions provider
- "Customer B6"** : An American MNC company based in Poland, and forms part of Customer B group of companies. Customer B6 is principally an EMS solutions provider
- "Customer C"** : Customer C is a company that operates in Malaysia, and is a subsidiary of a parent company listed on the German stock exchanges in Frankfurt, Hamburg, Hanover and Stuttgart. Headquartered in Germany, the parent company of Customer C is a German multinational automotive parts manufacturing company specialising in brake systems, interior electronics, automotive safety, powertrain and chassis components, tachographs, tyres and other parts for the automotive and transportation industries
- "Customer D"** : Customer D is a company that is headquartered in USA, and is listed on the New York Stock Exchange. Customer D is principally a developer of wide bandgap semiconductors, which focuses on silicon carbide and gallium nitride materials and devices for power and radio frequency applications such as transportation, power supplies, power inverters, and wireless systems. As at the LPD, a majority of its products are manufactured in its production facilities located across USA

DEFINITIONS (CONT'D)

"Customer E" : Customer E is a company headquartered in Singapore, and is principally a manufacturer and distributor of equipment and consumables to the semiconductor industry. It produces proprietary products and solutions notably such as wafer dicing surfactants, dicing saw blades and dispensing systems

"Customer F" : Customer F is a company that operates in Malaysia, and is principally involved in the design, development, production outsource, and sale of consumer ink cartridges and printhead. Customer F is a subsidiary of a parent company listed on the New York Stock Exchange. The parent company of Customer F is a global provider of personal computing and other access devices, imaging and printing products, and related technologies, solutions and services

"Customer G" : Customer G is a company that operates in Malaysia, and is a subsidiary of a parent company listed on the Swiss Infrastructure and Exchange (SIX) Swiss Exchange. Headquartered in Austria and with a co-headquarter in Germany, the parent group entity of Customer G is principally a global leader in optical solutions. It operates 3 business units:-

(a)	Opto semiconductor	Provider of opto semiconductors which are crucial elements in lighting, visualisation and sensor technology
(b)	Automotive	Develops and produces lamps, light modules, and sensors, which it sells to original equipment manufacturers and their suppliers in the automotive industry and to the spare parts market
(c)	Digital	Handles all of parent group entity's business activities that will benefit the most from the growing use of digital technologies. It focuses on smart devices and solutions for IoT

"Customer H" : Customer H is a company that operates in Malaysia, and is principally a supplier of high performance silicon solutions (such as power and signal management, logic, discrete and custom semiconductor devices) for energy efficient electronic. Customer H is a subsidiary of a parent company listed on the Nasdaq Stock Exchange. The parent company of Customer H is principally a semiconductor supplier that focuses on providing intelligent sensing and power solutions to end-user markets including automotive, industrial and others such as communications, computing and consumer

"Supplier A" : Supplier A is a company headquartered in Singapore, and is principally involved in the production of automated vision quality inspection system, particularly specialising in the field of semiconductor and micro-electronic components

"Supplier B" : Supplier B is a German MNC company based in Malaysia, and is a subsidiary of a parent company (private entity) headquartered in Germany. The parent group entity of Supplier B is principally a global company that implements open automation systems based on PC control technology, and its main areas of product range cover industrial PCs, input/output (I/O) and fieldbus components, drive technology, automation software as well as control cabinet-free automation

DEFINITIONS (CONT'D)

CURRENCY:

"EUR"	:	Euro, the official currency of the European Union
"RM" and "sen"	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
"RMB"	:	Renminbi, the lawful currency of the PRC
"SGD"	:	Singapore Dollar, the lawful currency of Singapore
"USD"	:	United States Dollar, the lawful currency of the USA

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GLOSSARY OF TECHNICAL TERMS

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

- "5G"** : 5th generation mobile network. It is a new global wireless standard after 1G, 2G, 3G and 4G networks. 5G wireless technology is meant to deliver higher data speeds, ultra-low latency, more reliability, improved network capacity, increased availability and a more uniform user experience
- "AMR"** : Autonomous mobile robot, which is an autonomous self-guided robot used in assisting various processes in the manufacturing facility, including transferring and arranging inventories, components or finished products. AMR uses a sophisticated set of sensors, machine learning, and computes for path planning to interpret and navigate through real-time environment in a factory setting
- "Battery management system"** : A battery management system is an electronic system that manages and monitor a rechargeable battery (cell or battery pack) for electric vehicle
- "CNC"** : Computer numerical control, which is a computerised manufacturing process in which pre-programmed software and code controls the movement of production equipment
- "CNC machine"** : A computer numerical controlled machine that is equipped with programmable commands encoded in a software programme. Depending on the type of machine, the CNC machine can perform various processes, such as cutting, grinding, drilling or milling to fabricate modules and mechanical components, and allows for the automation of such repeatable or routine processes to help design and produce parts and components in an efficient manner
- "Digital display tag"** : A form of electronic price tag using electronic paper or liquid crystal paper to display product information on a screen, typically used for retail businesses. This digital tags are controlled by centralised terminal via internet and WiFi, and enable user to revise and change the price and description of the product through remote terminal
- "Dispenser"** : In the context of manufacturing, a dispenser is a generic term for an equipment or a system that discharges or deposits a constant amount of fluid, such as micro-volume of conductive materials or adhesives, in a precise and controlled pattern
- "Electric vehicle" or "EV"** : A vehicle that uses one or more electric motors for propulsion and can be powered by a collector system, with electricity from extravehicular sources, or it can be powered autonomously by battery
- "Electronics manufacturing service" or "EMS"** : A term used for companies that design, manufacture, test, and distribute electronic components and assemblies for equipment manufacturers

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- "Industry 4.0"** : The fourth industrial revolution, refers to the increased use of technology and computers within the manufacturing process, these include amongst others, cyber-physical systems, the internet of things, cloud computing and cognitive computing and creating smart factories and enabling production line systems to be managed and monitored remotely
- "Integrated circuit(s)" or "IC(s)"** : A set of electronic circuits on one small flat piece (or chip) of semiconductor material, usually silicon. ICs are keystone of modern electronics and are used in virtually all electronic equipment
- "Integrated production system"** : An array of automated customised modules that are integrated and interconnected. The system is controlled through software that is programmed to automatically perform a complete set of sequential operational processes in order to produce/ manufacture the intended product
- "LED"** : Light-emitting diode, a semiconductor diode which glows when a voltage is applied
- "Module"** : A set of dependant or individual parts that can be connected to form complex lines or systems. In the case of our integrated production system, a module refers to a section, component or machine which can be combined to form an entire production line
- "Printed circuit board" or "PCB"** : A flat base of insulating materials with tracks made of conductive material (such as copper) which mechanically supports and electrically connects electronic components that have been mounted onto the material
- "Printed circuit board assembly" or "PCBA"** : A printed circuit board that are soldered and mounted with all the necessary components including discrete semiconductor components like transistors, capacitors, diodes and resistors as well as IC(s), connectors and fans
- "Programmable logic controller" or "PLC"** : An industrial computer control system that monitors inputs and outputs, and makes logic-based decisions for automated processes or machines
- "Proof of concept" or "POC"** : Generally an exercise to test or determine whether an idea can be developed feasibly and/ or to validate that the idea can function as envisioned. The POC provides opportunity for our Group and/ or customers to provide and solicit feedback on the intended product development from a technological or financial standpoint, whilst also identifying key areas of potential gaps and risk in the design choices from the onset
- "PV"** : Photovoltaic, refers to conversion of light into electricity using semiconductor materials
- "PV junction box"** : A photovoltaic junction box is an enclosure on the module where the PV strings are electronically connected, and houses the electric bits on a solar panel and protects them from the environment. The PV strings are a number of PV modules connected in series to generate the required output voltage

GLOSSARY OF TECHNICAL TERMS (CONT'D)

- "Repeater"** : In telecommunications, a repeater is an electronic device that receives a signal and retransmits it, and is used to extend transmissions so that the signal can cover longer distances or be received on the other side of an obstruction
- "Semiconductor"** : A semiconductor is a material product usually comprised of silicon, that has electrical conductivity properties somewhere between a good conductor (such as copper or silver) and an insulator (such as wood or glass). Some examples of semiconductors are ICs, diodes and transistors
- "Semiconductor back-end" or "back-end"** : Refers to the back-end process of semiconductor manufacturing cycle which involves the assembly, packaging and final testing of ICs or semiconductor device
- "Semiconductor package"** : A medium encapsulating semiconductor electronic components
- "Semiconductor packaging"** : A back-end process of the semiconductor device fabrication cycle, in which the block of semiconductor material is encapsulated in a supporting case that prevents physical damage and corrosion
- "Smart factory" or "Smart factory solutions"** : Smart factory refers to production facility environments where machinery and equipment are interconnected using IoT technology. The interconnectivity of machinery and equipment enables automation of not only the electronics manufacturing process but also all other processes in the production facility, from the receipt of raw materials and supplies to the production and assembly of end-products. Smart factory solutions also enable data to be shared throughout the organisation, enabling the organisation learn and adjust in making real-time factory operational settings more responsive, proactive and predictive, identify areas of concern or improvement as well as promote better utilisation of resources
- "Smart manufacturing solution"** : Smart manufacturing solutions are collaborative manufacturing solutions (such as autonomous mobile robot and intelligent connectivity platform) that can complement or integrate with production or assembly line system, and are able to respond and adapt to real-time changes on the factory floor
- "Standalone automated equipment"** : Standalone automated equipment refers to specific standard equipment or custom-built equipment to perform specific roles or tasks within 1 standard module or production station

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PRESENTATION OF INFORMATION

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, body corporates and corporations.

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

References to "our Company" or "the Company" or "ECA Integrated" in this Prospectus are to ECA Integrated Solution Berhad, while references to "our Group" or "the Group" or "ECA Integrated Group" are made to our Company and our subsidiary taken as a whole. References to "we" or "us" or "our" or "ourselves" are to our Company, and where the context requires, our Group. Unless the context otherwise requires, references to "management" are to our Executive 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.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. In particular, certain information in this Prospectus is extracted or derived from report(s) provided by the Independent Market Researcher for inclusion in this Prospectus. We have appointed PROVIDENCE to provide an independent market and industry review relating to an overview of the economy and industry in which we operate in. In compiling their data for the review, PROVIDENCE relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. 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. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. You should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

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

Any discrepancy in the tables between the amounts listed and the totals in this Prospectus are due to rounding.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management 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 the words "believe", "expect", "consider", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:-

- i. our business strategies, trends and competitive position;
- ii. our plans and objectives for future operations;
- iii. potential growth opportunities;
- iv. our future financial position, earnings, cash flow and liquidity; and
- v. regulatory environment and the effects of future regulation.

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

- i. demands of our customers and the industries in which they serve or operate;
- ii. the general economic, business, social, political and investment environment in Malaysia and globally; and
- iii. government policy, legislation and regulation affecting us or the industries in which we or our customers operate or serve.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in **Section 5** of this Prospectus on "Risk factors", and **Section 12** of this Prospectus on Management's discussion and analysis for "Significant factors affecting our financial condition and results of operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

Save as required under Section 238(1) of the CMSA and Part II, Division 6, Paragraph 1.02 of the Prospectus Guidelines (Supplementary and Replacement Prospectus), we expressly disclaim any obligation or undertaking to release publicly any updates or revision to any forward-looking statement contained in this Prospectus to reflect any changes in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name/ Directorship	Gender	Nationality	Address
Tan Sri Abdul Rahman bin Mamat <i>Independent Non-Executive Chairman</i>	Male	Malaysian	3-11-1, The Residence, Jalan Wan Kadir 5, Taman Tun Dr. Ismail, 60000 Kuala Lumpur
Ooi Chin Siew <i>Non-Independent Executive Director/ CEO</i>	Male	Malaysian	708, Lorong Kempas 3/26, Taman Kempas Indah, 09000 Kulim, Kedah
Chua Lye Hock <i>Non-Independent Executive Director/ COO</i>	Male	Malaysian	17, Lorong Bukit Juru 7, Taman Bukit Juru, 14100 Bukit Mertajam, Pulau Pinang
Dato' Dr. Shanmughanathan A/L Vellanthurai <i>Independent Non-Executive Director</i>	Male	Malaysian	33-14-06, Blok B, Villa Scott Condo, Jalan Scott Brickfields, 50470 Kuala Lumpur
Zariner binti Ismail <i>Independent Non-Executive Director</i>	Female	Malaysian	No. 67, Jalan Sari Ilmia 2/3, Alam Sari Bangi, 43000 Kajang, Selangor
Masleena binti Zaid <i>Independent Non-Executive Director</i>	Female	Malaysian	693-10-4, Desa Kiara, Jalan Damansara, 60000 Kuala Lumpur

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Zariner binti Ismail	Chairman	Independent Non-Executive Director
Dato' Dr. Shanmughanathan A/L Vellanthurai	Member	Independent Non-Executive Director
Masleena binti Zaid	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Dr. Shanmughanathan A/L Vellanthurai	Chairman	Independent Non-Executive Director
Masleena binti Zaid	Member	Independent Non-Executive Director
Zariner binti Ismail	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Masleena binti Zaid	Chairman	Independent Non-Executive Director
Zariner binti Ismail	Member	Independent Non-Executive Director
Dato' Dr. Shanmughanathan A/L Vellanthurai	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARY : Ang Chee Hwai
Professional : Chartered Secretary
Qualification : (MAICSA 7030659)
(SSM PC No. 201908000009)

Interesources Secretarial Services Sdn Bhd
Room B, 3rd Floor
309-K Perak Road
10150 George Town
Pulau Pinang

Tel No. : 04-281 4628
Fax No. : 04-282 0200

REGISTERED OFFICE : Room B, 3rd Floor
309-K Perak Road
10150 George Town
Pulau Pinang

PRINCIPAL PLACE OF BUSINESS : Plot 248, Lorong Perindustrian Bukit Minyak 16
Kawasan Perindustrian Bukit Minyak
14100 Simpang Ampat
Pulau Pinang

Tel No. : 04-506 2388
Fax No. : 04-505 7888
Website : www.eca.com.my
Email : general@eca.com.my

AUDITORS AND REPORTING ACCOUNTANTS : Kreston John & Gan (AF0113)
Unit B-10-8
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur

Tel No. : 03-2381 2828
Website : www.kreston.com.my
Partner-in-charge : Yong Chung Sin
Approval No. : 02892/04/2024 J
Professional : Chartered Accountant, MIA
Qualification : (MIA Membership No.: 15273)

LEGAL ADVISER : Peter Ling & van Geysel
B-19-4, Tower B
Northpoint Office Suites
Mid Valley City, No. 1 Medan Syed Putra Utara
59200 Kuala Lumpur

Tel No. : 03-2282 3080
Fax No. : 03-2201 9880
Website : www.plvg.my

1. CORPORATE DIRECTORY (CONT'D)

**PRINCIPAL ADVISER,
SPONSOR, PLACEMENT
AGENT AND UNDERWRITER** : UOB Kay Hian Securities (M) Sdn Bhd (199001003423
(194990-K))
Suite 19.03, 19th Floor
Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur

Tel No. : 03-2147 1900
Fax No. : 03-2147 1950
Website : www.uobkayhian.com

**INDEPENDENT MARKET
RESEARCHER** : Providence Strategic Partners Sdn Bhd (201701024744
(1238910-A))
67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor

Tel No. : 03-7625 1769
Person-in-charge : Melissa Lim Li Hua
Professional Qualification : Bachelor of Commerce (Double
major in Marketing and
Management) from Murdoch
University, Australia

ISSUING HOUSE : Malaysian Issuing House Sdn Bhd (199301003608
(258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

Tel No. : 03-7890 4700
Fax No. : 03-7890 4680

SHARE REGISTRAR : Boardroom Share Registrars Sdn Bhd (199601006647
(378993-D))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

Tel No. : 03-7890 4700
Fax No. : 03-7890 4670

LISTING SOUGHT : ACE Market

2. APPROVALS AND CONDITIONS

2.1 Approvals and conditions

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 8 September 2022, approved our admission to the Official List and the listing of and quotation for our entire issued share capital on the ACE Market. The conditions imposed by Bursa Securities and the status of compliance are set out below:-

Conditions	Status of compliance
1. Submission of the following information with respect to the moratorium on the shareholdings of the specified shareholders to Bursa Depository:- (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	To be complied
2. Confirmation that approvals from other relevant authorities have been duly obtained for implementation of the listing proposal;	Complied
3. The Bumiputera equity requirements for public listed companies as approved/ exempted by the SC including any conditions imposed thereon;	Complied
4. Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied
5. Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of ECA Integrated on the first day of Listing;	To be complied
6. In relation to the Public Issue, 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 as per the format prescribed in Bursa Securities' approval letter; and (iv) Disclosure of placees who become substantial shareholders of ECA Integrated arising from the Public Issue, if any. Please be reminded that the overall distribution of the Company's securities should be properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied
7. ECA Integrated/ UOBKH to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of ECA Integrated to the Official List of the ACE Market.	To be complied

2.1.2 SC

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

2. APPROVALS AND CONDITIONS (CONT'D)

SC had, vide its letter dated 14 September 2022, approved the resultant equity structure of our Company pursuant to the Listing under the Bumiputera equity requirements for public listed companies. The conditions imposed by the SC and the status of compliance are set out below:-

Conditions	Status of compliance
1. ECA Integrated 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
2. ECA Integrated to allocate 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved or recognised by 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 of Bursa Securities, whichever is earlier (" Compliance Date ");	To be complied
3. ECA Integrated to submit to the SC a proposal to comply with the equity condition stated in paragraph 2 above, at least six (6) months prior to the Compliance Date; and	To be complied
4. UOBKH or ECA Integrated to submit ECA Integrated's equity structure to the SC upon completion of the Listing.	To be complied

2.2 Moratorium on our Shares

In compliance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders as follows:-

- (i) The moratorium applies to our Specified Shareholders' entire shareholdings for a period of 6 months from the date of our admission to the Official List ("**First 6-Month Moratorium**");
- (ii) Upon the expiry of the First 6-Month Moratorium, we must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45% of our total number of issued ordinary shares (adjusted for any bonus issue and subdivision of shares) remain under moratorium for a further 6 months ("**Second 6-Month Moratorium**"); and
- (iii) Upon the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight line basis) of our Shares held under moratorium.

Details of our Shares which will be subject to moratorium are as follows:-

Specified Shareholders	Shares under moratorium for Year 1				Shares under moratorium for Year 2		Shares under moratorium for Year 3	
	First 6-Month Moratorium		Second 6-Month Moratorium		No. of Shares	%^{*1}	No. of Shares	%^{*1}
	No. of Shares	%^{*1}	No. of Shares	%^{*1}				
Mr Ooi	140,392,582	24.3	96,138,379	16.6	64,092,253	11.1	32,046,126	5.6
Mr Chua	160,267,594	27.8	109,748,439	19.0	73,165,626	12.7	36,582,813	6.3
Mr Kang	78,840,049	13.6	53,988,283	9.4	35,992,188	6.2	17,996,094	3.1
Total	379,500,225	65.7	259,875,101	45.0	173,250,067	30.0	86,625,033	15.0

2. APPROVALS AND CONDITIONS (CONT'D)

Note:-

*1 Based on our enlarged issued share capital of 577,500,225 Shares after our IPO

Our Specified Shareholders have provided written undertakings to Bursa Securities that they will not sell, transfer or assign any part of their respective shareholdings in our Company during the moratorium period. The moratorium restrictions are specifically endorsed on our share certificates representing our Specified Shareholders' respective shareholdings which are under moratorium to ensure that our Company's share registrar does not register any transfer and sale that are not in compliance with the moratorium restrictions imposed.

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3. PROSPECTUS SUMMARY

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

3.1 Principal details of our IPO

	No. of IPO Shares
Public issue	
(i) Malaysian Public (via balloting)	28,880,000*
(ii) Eligible Persons (via pink form)	14,400,000
(iii) Selected investors (via private placement)	106,720,000
	150,000,000
Offer for Sale	
Selected investors (via private placement)	48,000,000
	48,000,000
	198,000,000
IPO Price	RM0.17
Market capitalisation upon Listing	RM98,175,038

Note:-

- * 28,880,000 Issue Shares representing approximately 5.0% of our enlarged issued share capital will be made available for application by the Malaysian Public through a balloting process, of which 14,440,000 Issue Shares representing approximately 2.5% of our enlarged issued share capital are allocated to Bumiputera investors, which include individuals, companies, societies, co-operatives and/ or institutions

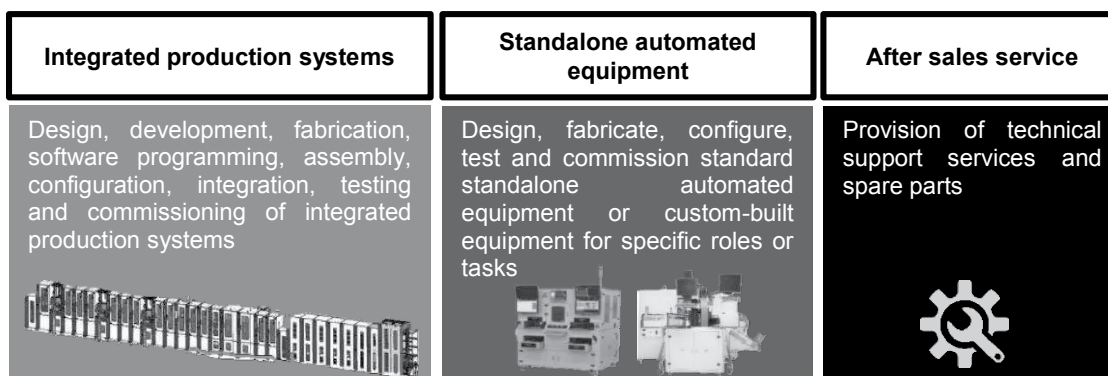
In compliance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders. Further details on the moratorium imposed on our Shares are set out in **Section 2.2** of this Prospectus. Save for the moratorium imposed on the Shares held by our Specified Shareholders, there is no other moratorium imposed on our Shares.

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

3.2 Our background information and principal activities

Our Company was incorporated in Malaysia on 28 September 2021 under the Act as a private limited company under the name of ECA Integrated Solution Sdn Bhd. On 1 March 2022, we were converted into a public limited company and assumed our present name.

We are principally an investment holding company. Through our sole subsidiary, namely ECA Solutions, we are an automated manufacturing solution provider that is principally engaged in the provision of integrated production systems and standalone automated equipment. In addition, we provide after sales service to our customers for the provision of technical support services and spare parts. Our principal activities are summarised in the following diagram:-



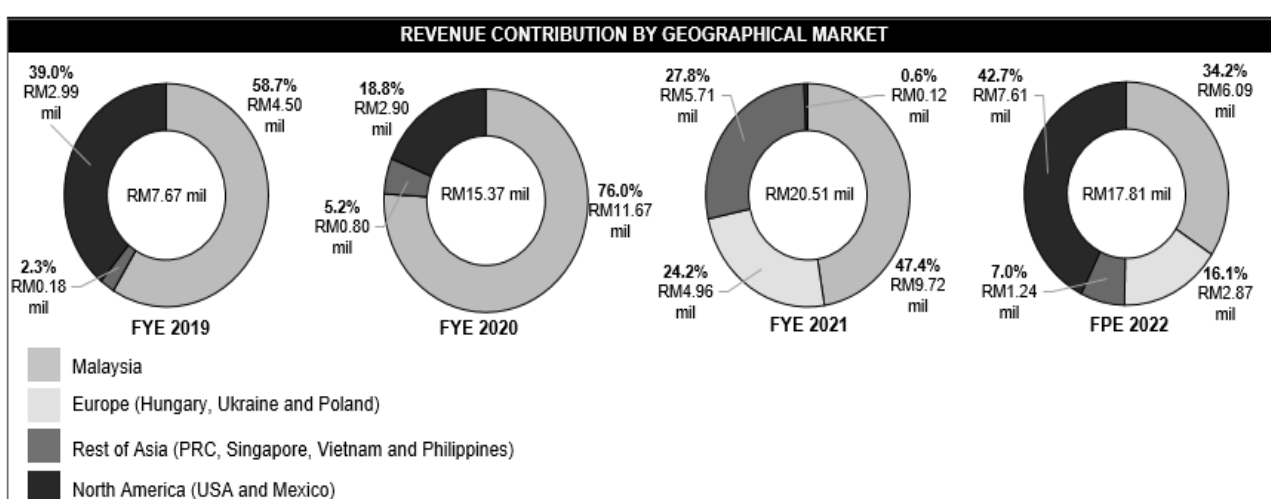
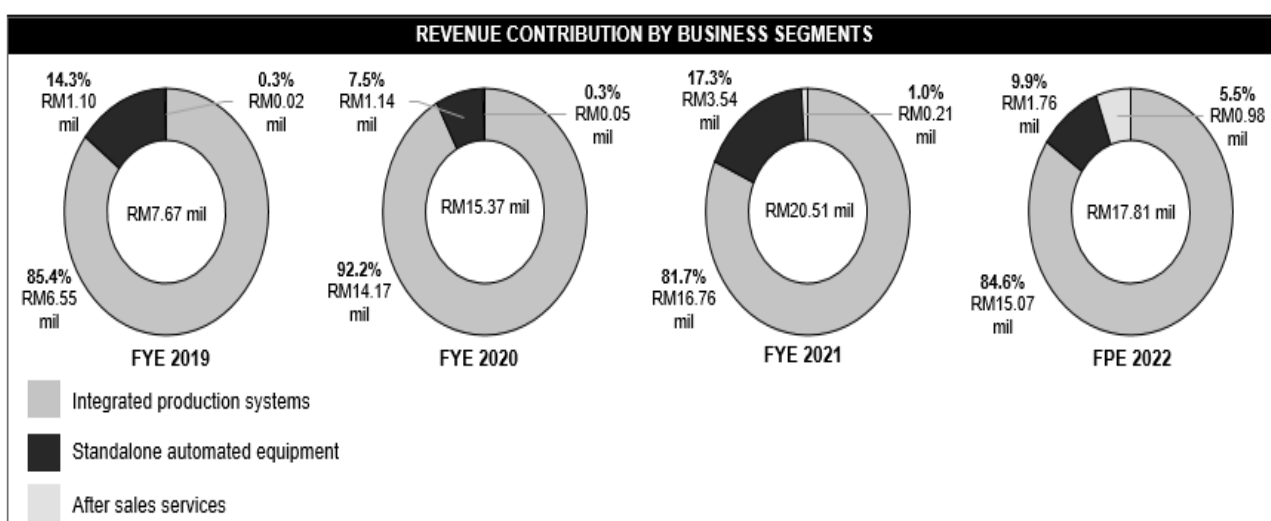
3. PROSPECTUS SUMMARY (CONT'D)

Our target customers are manufacturers who require automation process and/ or technological innovation to their production line. For the Financial Years/ Period Under Review, our customer base predominantly comprise multinational manufacturers who are involved in the manufacturing of:-

- Semiconductor products;
- EV and automotive electronic components;
- Solar system components;
- 5G telecommunication equipment components;
- Digital display tags; and
- Other commercial and industrial products.

For the Financial Years/ Period Under Review, our customers operate in Malaysia and overseas markets which include North America (USA and Mexico), Asia Pacific region (PRC, Singapore, Vietnam and Philippines) and Europe (Hungary, Ukraine and Poland).

Our revenue contribution by business segments as well as geographical market for the Financial Years/ Period Under Review are as follows:-



Further details of our background information and business overview are set out in **Sections 6 and 7** of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.3 Competitive strengths

Our competitive strengths are summarised as follows:-

i. Our integrated production systems are customised and designed to suit various manufacturing needs and requirements

Our automation solutions are purpose-built to enable manufacturers to seamlessly automate and synchronise their operations which can perform variety of functions, from specific tasks to a set of sequential operational manufacturing processes in a factory setting.

We have the capability to design and customise the production systems that will be carrying out the required operational process in producing/ manufacturing the intended product, as well as that can meet customers' operational requirements in terms of product specifications and production capacities. Our capability in understanding and analysing customer production processes enable us to design, develop and commission various forms of integrated production systems that can achieve their desired end-product.

As an automated manufacturing solutions provider, we are able to customise our solutions to cater to various manufacturing needs and industry applications globally. For the Financial Years/ Period Under Review, our revenue by industry segments in which our customers serve or operate in are as follows:-

	FYE 2019		FYE 2020		FYE 2021		8-month FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Semiconductor	6,051	78.9	4,824	31.4	6,713	32.7	5,399	30.3
Automotive	1,426	18.6	4,526	29.4	1,181	5.8	1,965	11.0
Solar	-	-	5,225	34.0	409	2.0	2,460	13.8
Telecommunication	182	2.4	168	1.1	5,023	24.5	413	2.3
Digital display tags	-	-	-	-	3,700	18.0	7,571	42.5
Printer cartridges	-	-	-	-	3,329	16.2	8	0.1
Others*	12	0.1	624	4.1	156	0.8	-	-
Total	7,671	100.0	15,367	100.0	20,511	100.0	17,816	100.0

Note:-

* Others include industry segments which contributed less than 10% of total revenue respectively. These include commercial and industry applications (such as glass products) and medical equipment

ii. We have a proven track record in delivering automated manufacturing solutions, and meeting the standards and expectations of multinational manufacturers

Multinational companies in both local and international markets generally have specific requirements for the automated manufacturing solutions that we provide. These multinational companies have in-house supplier selection processes, involving thorough due-diligence on their suppliers in terms of financial and technical capability, product quality and operating standards and/ or business practices. In order to meet these specific quality requirements, we manage every aspect of our engagements and have implemented quality control and assurance measures. This ensure that the integrity and performance of our automated production solutions are in line and comply with our customers' needs and requirements. As a testament thereto, we have secured new and repeat orders from multinational manufacturing companies, a majority of whom comprise our customer base. These MNC customers contributed in job orders amounting to 99.3%, 95.9%, 83.0% and 100.0% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

3. PROSPECTUS SUMMARY (CONT'D)

iii. We have secured recurring orders and referrals from our customers

Our solutions are customised for the purpose-built manufacturing solutions for our customers, and are designed and developed once we have established an in-depth understanding of our customers' requirements that usually involve both parties' collaboration on product conceptualisation and design process, quality assurance, and technical and operational requirements. In addition, we also provide after sales technical support and spare parts replacement services to our customers for their maintenance or system reconfiguration purposes. Given the above business relationship, our existing customers will likely return to us to cater for machinery and system upgrade or changes in their processes or products.

Since inception, we have demonstrated our ability in designing, developing and delivering customised solutions that can meet our MNC customers' operational requirements, based on recurring orders secured from our customers for new automated manufacturing solutions over the years. For the Financial Years/ Period Under Review, we have been securing repeat orders from our major customers, namely Customer A group of companies and Customer B group of companies. Further, we have also been referred by our major customers to other customers (usually their related group of companies) for new job orders, in the Financial Years/ Period Under Review.

iv. We have an experienced and technically skilled management team, and supported by a team of engineers and technicians

We are led by an experienced and technically skilled key management team. Our Executive Directors namely, Mr Ooi (Executive Director and CEO) and Mr Chua (Executive Director and COO), have been instrumental in the development of our business since our inception. They have over the years, secured and established key business relationships with our customers and suppliers. Leveraging on their business acumen, industry knowledge and over 30 years of experience in the automation industry, they are vital to the management of our business and formulation of our business strategies and future plans.

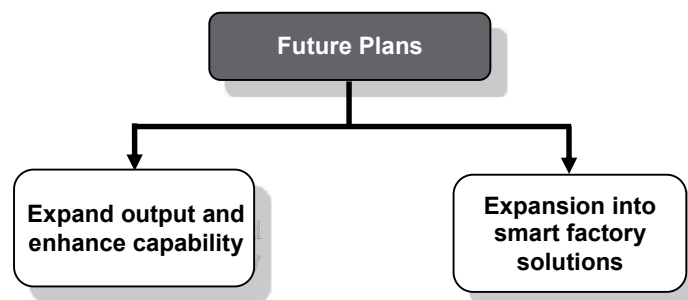
Our Executive Directors are also supported by a team of experienced key management and technical personnel with requisite skills, know-how and expertise across a range of business activities, from operations (i.e. product development, engineering, D&D, quality control) to business development, finance and sales. Their expertise and experience are instrumental in driving our Group's growth strategies.

Further thereto, we have a design and production department comprising 58 engineers and technicians as at the LPD, and they undertake the technical aspects of our automated production solutions, involving the conceptualisation of operational processes, design, fabrication, testing and commissioning. Their experience and expertise equipped with the necessary skillset and technical expertise will enable us to maintain and grow our business.

Further details of our competitive strengths are set out in **Section 7.4** of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.4 Future plans and strategies



Our future plans and strategies are summarised as follows:-

i. We intend to expand our output and enhance our capability

We intend to enhance our internal capabilities and expand our resources, by investing in new machineries and skilled manpower, to further strengthen our reputational standing as an automated manufacturing solution provider that is capable of serving various manufacturers and industry applications in line with the latest technological trend. Accordingly, we plan to undertake the following:-

- (a) Acquisition of new machineries, to cater for expansion of our output and enhancing our capability. These new machineries will enable us to increase the customisability of our solutions to suit different needs of each customer/ industry requirements, handle larger volume of fabrication works, and achieve better productivity and accuracy in our design and development; and
- (b) Recruitment of skilled technical personnel such as mechanical, software and electrical engineers, to expand technical manpower as means to increase our production output of automated manufacturing solutions. The increase in mechanical and electrical engineers allow us to undertake a higher number of active projects and to fulfil our customers' production schedule, whilst the increase in software engineers allow us to strengthen our in-house design capability of software programming that can be integrated with our automated solutions.

ii. We intend to expand into the provision of smart factory solutions

Presently, our integrated production systems may be incorporated with smart manufacturing solutions, to enhance and optimise our customers' production process where required by our customers. As set out in **Section 8** of this Prospectus, manufacturers are increasingly undergoing process transformation to automate their operations and/ or shifting towards full automation of processes to increase operational efficiency and reduce operational costs with less human resources required. The increase in awareness of Industry 4.0 technology to automate business operations with minimal human interference is further driven by the COVID-19 pandemic, thereby driving an increase in demand for smart factories.

Smart factories refer to factory environments where machinery and equipment are interconnected using IoT technology. Smart factory solutions also enable data to be shared throughout the organisation, enabling the organisation to learn and adjust in making real-time factory operational settings more responsive, proactive and predictive, identify areas of concern or improvement as well as promote better utilisation of resources.

3. PROSPECTUS SUMMARY (CONT'D)

We intend to expand into the provision of smart factory solutions as our new solutions offering, which can complement our existing integrated production systems, by undertaking the following initiatives:-

- (a) leveraging on our experience and expertise garnered from the provision of automated manufacturing solutions offered to our customers, and to pursue and collaborate on more D&D initiatives for the design, development and customisation of our solutions to potentially enable the transformation of our customers' factories to smart factories; and
- (b) cross-selling this new smart factory solutions to our existing customers. As at the LPD, we have received an enquiry from our major customer, namely Customer B group of companies, for the conceptualisation and design of smart factory solutions.

We expect the expansion into the provision of smart factory solutions will widen our range of solutions, thereby further enabling us to cater to wider audience. Our success in providing new solutions that cater to local and international demands and requirements, will contribute towards our Group's future growth in business operations and financial performance.

Further details of our future plans and strategies are set out in **Section 7.21** of this Prospectus.

3.5 Risk factors

Before investing in our Shares, you should carefully consider, along with the other matters set out in this Prospectus, the risks and investment considerations. The following are some of the key risks affecting our business, operations and industry in which we operate:-

Risks relating to our business and operations

- (i) We are dependent on certain major customers

We are dependent on the following major customers, namely Customer A group of companies and Customer B group of companies, by virtue of their revenue contribution collectively accounting for approximately 77.4%, 68.6%, 62.3% and 70.1% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively as well as given our on-going business relationship with them. We have a close working relationship with Customer A group of companies and Customer B group of companies, in view that we have established an in-depth familiarity and understanding of product conceptualisation and design process, POC protocols, procurement policies, quality assurance and operational standards with them. If there is a reduction or cessation of orders from these major customers and we are unable to secure other customers who can contribute similar revenue proportion by these major customers in a timely manner, our business, results of operations, financial position and cash flow may be materially and adversely affected.

- (ii) We are dependent on the performance of the business and industries in which our customers serve or operate in

For the Financial Years/ Period Under Review, our customers are mainly concentrated within the semiconductor, automotive, solar, telecommunication and other commercial and industrial product industries. Accordingly, our business prospect may therefore be affected by any adverse changes to the business and industries in which our customers serve or operate in, which include but not limited to, slowdown in the performance and/ or demand for our customers' products in these industries, industry consolidation amongst manufacturers to gain economies of scale which may affect our position as a supplier to these customers, changes to regulation, taxation and trade duties, and adverse political, regulatory or economic developments to which our customers' businesses are associated with, which may have unfavourable impact to these industries in which our customers serve or operate in.

3. PROSPECTUS SUMMARY (CONT'D)

- (iii) Our business, financial condition and results of operations may be affected due to the outbreak of infectious diseases pandemic such as COVID-19 in Malaysia and globally

The outbreak of pandemics, such as COVID-19, may create substantial economic uncertainty and instability, which may adversely affect business operations, consumer spending and lead to a decline in overall economic activity both domestically and globally. In line with the implementation of the MCOs, our Group was subjected to restrictions to our business operations due to the SOPs imposed by the Government, such as temporary closure of our facility and limiting workforce condition, further details as set out in **Section 7.23** of this Prospectus. Further, we may also face adverse disruptions in our supply chain and trade logistics, such as material unavailability or delays in delivery, due to shortage of raw materials, movement restrictions and other containment measures imposed in Malaysia or in the countries where our suppliers or customers operate in. There can be no assurance that our suppliers will be able to continue supplying us in a timely manner or that we will be able to fulfil our customer delivery schedule, in event the COVID-19 pandemic persists or worsens or if the Government implements further restrictions or prohibitions, and accordingly, any disruption may result in loss of revenue.

- (iv) We are dependent on our Executive Directors, key management, engineers and technical professionals for continued success

Our Group's continuous success and growth will depend upon our ability to identify, recruit and retain suitable skilled and qualified employees, including our Executive Directors, key management personnel, engineers and technical professionals with the requisite industry experience, knowledge and expertise. There can be no assurance that we will be successful in retaining our existing Executive Directors, key management team, engineers and technical professionals or that there will be a smooth transition should changes occur, which may bring about an adverse impact on our Group. The loss of any such personnel without suitable replacement in a timely manner or the inability to recruit suitable management and technical talents may adversely affect our business operations.

- (v) We do not have long term contracts with our customers

Our customers typically do not enter into long term contract or purchase commitment with us, and that our sales are primarily secured via purchase orders from our customers. Our customers will purchase our products by way of purchase orders on a project basis and/ or on an as-needed basis. The purchase orders received from our customers generally range from 1 to 12 months, as it is dependent on the project's complexity, scale and customer's requirements for the integrated production systems and standalone automated equipment.

In the absence of long term contracts or purchase commitment, there can be no assurance that our customers will continue to purchase our products in the future as the orders are based on our customers' individual capital expenditure and expansion requirements. As such, the inability of our Group to secure repeat or new purchase orders from existing and/ or new customers may have an adverse impact on our financial performance and business sustainability.

- (vi) Our production facility may face operational failure, sudden disruption or unplanned shutdown

Since inception and up to the LPD, we operate solely from our leased manufacturing facility located in Kawasan Perindustrian Bukit Minyak, Pulau Pinang, further details as set out in **Section 7.20.2** of this Prospectus. Any significant operational failure, sudden disruption or unplanned shutdown may have a material impact on our business operations and financial performance.

3. PROSPECTUS SUMMARY (CONT'D)

Further, any unanticipated failures or prolonged interruptions such as workplace accidents, mechanical breakdowns, lockdown, natural disasters (such as fire and floods), power outage, or interruption in water supply, will affect our production schedules and may affect the timely delivery of our products to our customers.

- (vii) We are subject to contractual risk in event of late delivery of our products

We have agreed upfront with our customers to adhere to certain milestones for the completion and delivery of our products and solutions. In the event that we do not meet the scheduled delivery date or if we are unable to procure extension to the delivery schedule from our customers, we may be subject to the contractual risk such as claims and/ or penalties pertaining to liquidated damages for late delivery, or that our customers have the option to terminate the purchase order without incurring any liability. Any delay in the delivery of our products may result in claims and/ or penalties imposed on our Group, or cancellation of order, which in turn may have an adverse effect on our financial performance.

- (viii) Our financial performance may be affected in the event of revocation or expiry or non-renewal of our pioneer status

We were granted a pioneer status by MITI under the Promotion of Investments Act 1986 which entitled us to a tax exemption of 100% on our statutory income derived from pioneer activities for a period of 10 years. The 10-year tax incentive period is granted for an initial 5-year period, which would be extendable by another 5 years when the relevant conditions set out in **Section 7.17** of this Prospectus are fulfilled. Our current tax incentive period under the pioneer status is valid for 5 years from 27 November 2017 to 26 November 2022. We intend to apply for a renewal of our pioneer status for the remaining validity period of 5 years effective from 27 November 2022. There is no assurance that we will be able to renew our pioneer status, or that our pioneer status may be subject to early revocation in event of changes to the prevailing rules, regulations and/ or policies. Upon expiry of the pioneer status or in the event of revocation or non-renewal of the pioneer status, our profitability will be directly affected as and when we revert to the applicable corporate tax rates in Malaysia.

Risks relating to our industry

- (i) We are subject to competition risk

We face competition from existing competitors and potential new market entrants, from domestic and abroad, in the industry we operate in. Some of these existing competitors have fundamentally similar capabilities and compete with each other on several key attributes including manufacturing competency, reliability and quality products and services, pricing, time-to-market and available production capacity. In the event we are unable to compete effectively, this may result in loss of sales orders or customers, which would adversely affect our business operations and financial performance.

- (ii) We are subject to risk of technological changes and/ or obsolescence

The demand for our products and solutions, notably the integrated production system and standalone automated equipment, is characterised by rapid technological developments, evolving industry standards, swift changes in customer requirements, new product introductions and enhancements. Our continued success to adapt to our customers' requirements would therefore depend on our ability to identify, anticipate and deploy technology that is aligned with the standards of the latest technology in the global automated manufacturing solution industry. Failure by us to successfully anticipate technological changes and adapt in a timely manner, may result in a diminution or loss of our Group's competitiveness, and in turn, we may risk losing customers and market share over time.

Further details of the risk factors are set out in **Section 5** of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.6 Directors and key management

Our Directors and key management are set out below:-

3.6.1 Directors

Name	Designation
Tan Sri Abdul Rahman bin Mamat	Independent Non-Executive Chairman
Mr Ooi	Non-Independent Executive Director / CEO
Mr Chua	Non-Independent Executive Director / COO
Dato' Dr. Shanmughanathan A/L Vellanthurai	Independent Non-Executive Director
Zariner binti Ismail	Independent Non-Executive Director
Masleena binti Zaid	Independent Non-Executive Director

3.6.2 Key management

Name	Designation
Mr Ooi	Non-Independent Executive Director / CEO
Mr Chua	Non-Independent Executive Director / COO
Mr Kang	Senior Vice President (<i>Head of D&D</i>)
Wong Kah Yeong	CFO
Cheow Beng Soon	Vice President (<i>Manager of Business Development, Sales & Marketing for Semiconductor Business</i>)

Further details of our Directors and key management are set out in **Sections 9.1, 9.2 and 9.3** of this Prospectus.

3.7 Promoters and substantial shareholders

The details of our Promoters and substantial shareholders, and their respective shareholdings in our Company before and after the IPO are as follows:-

Promoters and substantial shareholders	Nationality	<----- Before the IPO ----->				<----- After the IPO ----->			
		<-----Direct----->		<---Indirect-->		<-----Direct----->		<---Indirect-->	
		No. of Shares	%*1	No. of Shares	%*1	No. of Shares	%*2	No. of Shares	%*2
Mr Ooi	Malaysian	156,892,582	36.7	-	-	140,392,582	24.3	-	-
Mr Chua	Malaysian	178,267,594	41.7	-	-	160,267,594	27.8	-	-
Mr Kang	Malaysian	92,340,049	21.6	-	-	78,840,049	13.6	-	-

Notes:-

*1 Based on our existing issued share capital of 427,500,225 Shares before the IPO (as at the LPD)

*2 Based on our enlarged issued share capital of 577,500,225 Shares after the IPO

Further details of our Promoters and substantial shareholders are set out in **Section 9.1** of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

3.8 Utilisation of proceeds from the Public Issue

We expect to raise gross proceeds of RM25.50 million from our Public Issue based on the IPO Price. The gross proceeds are intended to be utilised in the following manner:-

No.	Details of utilisation	Amount		Estimated timeframe for utilisation upon Listing
		RM'000	%	
i.	Acquisition of machineries	7,700	30.2	Within 24 months
ii.	Repayment of bank borrowings	1,000	3.9	Within 6 months
iii.	Working capital	14,000	54.9	Within 24 months
iv.	Estimated listing expenses	2,800	11.0	Within 3 months
	Total	25,500	100.0	

Further details of our utilisation of proceeds are set out in **Section 4.9** of this Prospectus.

3.9 Financial highlights

The table below sets out a summary of our historical financial information based on the combined financial statements of our Group for the Financial Years/ Period Under Review:-

	Audited			Unaudited	Audited
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	8-month FPE 2021 RM'000	8-month FPE 2022 RM'000
<u>Profit or loss</u>					
Revenue	7,671	15,367	20,511	2,674	17,816
GP	3,828	8,425	11,281	977	6,830
PBT	1,067	5,567	8,007	137	4,675
PAT	1,369	5,567	8,177	137	4,579
<u>Other selected financial information</u>					
GP margin (%)	49.9	54.8	55.0	36.5	38.3
PBT margin (%)	13.9	36.2	39.0	5.1	26.2
PAT margin (%)	17.8	36.2	39.9	5.1	25.7
Cash and bank balances	2,908	4,229	4,996	2,419	8,691
Total borrowings	292	2,523	4,961	4,940	5,727
Total equity/ NA	2,897	8,863	17,040	9,000	21,619
Current ratio (times)	1.25	2.41	3.59	2.11	3.57
Gearing ratio (times)	0.10	0.28	0.29	0.55	0.26
<u>Cash flow</u>					
Net cash from/ (used in) operating activities	479	(827)	846	(3,462)	3,450
Net cash from/ (used in) investing activities	(180)	(177)	(61)	67	(105)
Net cash from/ (used in) financing activities	1,102	2,325	(19)	1,585	(342)
Net increase in cash and cash equivalents	1,401	1,321	766	(1,810)	3,003

Further details of our financial information are set out in **Section 12** of this Prospectus.

3.10 Dividend policy

It is our Group's intention to target a dividend payout ratio of up to 20% of our annual PAT attributable to the shareholders of our Company, after taking into account our results of operation, level of cash and bank balances, working capital requirements, and also subject to any applicable law and contractual obligations. Any dividend recommended and declared will be subject to the discretion of our Board. Further, any final dividends declared will be subject to the approval of our shareholders at our AGM.

Further details of our dividend policy are set out in **Section 12.6** of this Prospectus.

4. DETAILS OF OUR IPO

4.1 Opening and closing of applications

Application for our IPO Shares will open at 10.00 a.m. on 4 November 2022 and will remain open until 5.00 p.m. on 11 November 2022. **Late applications will not be accepted.**

4.2 Indicative timetable

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

Events	Date
Opening of application for our IPO Shares	10.00 a.m., 4 November 2022
Closing of application for our IPO Shares	5.00 p.m., 11 November 2022
Balloting of applications for our Issue Shares	16 November 2022
Allotment and transfer of our IPO Shares to successful applicants	22 November 2022
Listing	23 November 2022

If there are any changes to this timetable, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia. Following this, we will extend the dates for the balloting of applications for our Issue Shares, allotment and transfer of our IPO Shares to the successful applicants, and our Listing accordingly.

4.3 Details of our IPO

4.3.1 Summary of allocation of IPO Shares

The summary of the allocation of IPO Shares are set out below:-

	No. of IPO Shares	Percentage of our enlarged share capital ^{*1} (%)
Public issue		
(i) Malaysian Public (via balloting)	28,880,000	5.0
(ii) Eligible Persons (via pink form)	14,400,000	2.5
(iii) Selected investors (via private placement)	106,720,000	18.5
	150,000,000	26.0
Offer for Sale		
Selected investors (via private placement)	48,000,000	8.3
	48,000,000	8.3
	198,000,000	34.3

Note:-

*1 Based on our enlarged issued share capital of 577,500,225 Shares after the IPO

4. DETAILS OF OUR IPO (CONT'D)

4.3.2 Public Issue

Our Public Issue of 150,000,000 Issue Shares representing approximately 26.0% of our enlarged issued share capital, at the IPO price will be made available for application in the manner as set out below:-

i. Malaysian Public (via balloting)

28,880,000 Issue Shares representing approximately 5.0% of our enlarged issued share capital will be made available for application by the Malaysian Public through a balloting process, of which 14,440,000 Issue Shares representing approximately 2.5% of our enlarged issued share capital are allocated to Bumiputera investors, which include individuals, companies, societies, co-operatives and/ or institutions. Any Issue Shares not subscribed by the Bumiputera investors will be made available for application by other Malaysian Public.

ii. Eligible Persons (via pink form)

14,400,000 Issue Shares representing approximately 2.5% of our enlarged issued share capital ("**Pink Form Shares**") will be reserved for application by our Directors and employees, as well as persons who have contributed to the success of our Group, via pink form, in the following manner:-

		No. of Eligible Persons	No. of Pink Form Shares allocated
(i)	Our Directors* ¹	4	900,000
(ii)	Eligible employees of our Group* ²	35	8,685,000
(iii)	Persons who have contributed to the success of our Group* ³	19	4,815,000
	Total	58	14,400,000

Notes:-

*1 The criteria for allocation to our Directors is based on, amongst others, their respective roles and responsibilities in our Group, and a total of 900,000 Pink Form Shares will be allocated to our Directors (excluding our Promoters) in the following manner:-

Name	Designation	No. of Pink Form Shares
Tan Sri Abdul Rahman bin Mamat	Independent Non-Executive Chairman	300,000
Dato' Dr. Shanmughanathan A/L Vellanthurai	Independent Non-Executive Director	200,000
Zariner binti Ismail	Independent Non-Executive Director	200,000
Masleena binti Zaid	Independent Non-Executive Director	200,000
Total		900,000

*2 The criteria of allocation to our eligible employees, as approved by our Board, is based on, amongst others, confirmed employee and on our payroll, seniority, designation, length of service, past performance and respective contributions made to our Group. A total of 900,000 Pink Form Shares will be allocated to our key management personnel (excluding our Promoters) in the following manner:-

4. DETAILS OF OUR IPO (CONT'D)

Name	Designation	No. of Pink Form Shares
Wong Kah Yeong	CFO	500,000
Cheow Beng Soon	Vice President	400,000
Total		900,000

*3 The criteria of allocation to the persons who have contributed to the success of our Group, as approved by our Board, is based on, amongst others, the nature and terms of their business relationship with us, length of business relationship with us, and the level of their current and past contributions and support to our Group. These persons include our customers, suppliers and business associates

iii. Selected investors (via private placement)

106,720,000 Issue Shares representing approximately 18.5% of our enlarged issued share capital will be made available for application by way of private placement to selected investors.

Our Underwriter, UOBKH, has agreed to underwrite 43,280,000 Issue Shares to be made available for application by the Malaysian Public and our Eligible Persons, subject to the clawback and reallocation provisions as set out in **Section 4.3.4** of this Prospectus. Please refer to **Section 4.11** of this Prospectus for the salient details of the Underwriting Agreement.

Applicants who subscribe for Pink Form Shares under **Section 4.3.2(ii)** of this Prospectus may also apply by way of balloting for the Issue Shares available under the Malaysian Public. Other than the allocation of Pink Form Shares made available for application by Eligible Persons under **Section 4.3.2(ii)** of this Prospectus, we are not aware as at the LPD as to whether any of our Promoters and substantial shareholders, Directors or member of our key management have the intention to apply for the Issue Shares by way of balloting under the Malaysian Public.

On the other hand, the 106,720,000 Issue Shares to be allocated to selected investors by way of private placement as set out in **Section 4.3.2(iii)** of this Prospectus will not be underwritten, as these Issue Shares will be subject to irrevocable undertakings to be procured from the said selected investors.

4.3.3 Offer for Sale

The Selling Shareholders will offer for sale of 48,000,000 Offer Shares representing approximately 8.3% of our enlarged issued share capital at the IPO Price by way of private placement to selected investors. The gross proceeds from the Offer for Sale will accrue entirely to the Selling Shareholders in their respective portions for their personal commitments.

Details of the breakdown on the Offer Shares under the Offer for Sale committed by each Selling Shareholder are set out in **Section 4.4** of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

4.3.4 Clawback and reallocation

Our IPO Shares shall be subject to the following clawback and reallocation provisions:-

- (i) Any Issue Shares not taken up by any of the Eligible Persons ("**Excess Pink Form Shares**") will be made available for application by other Eligible Persons who have applied for excess on top of their pre-determined allocation;
- (ii) subject to (i) above, in event of undersubscription by Eligible Persons, the remaining portion shall be allocated to the Malaysian Public or selected investors under **Sections 4.3.2(i) and 4.3.2(iii)** of this Prospectus respectively, or a combination of both, at our absolute discretion;
- (iii) In event of undersubscription of the Issue Shares by the Malaysian Public and a corresponding oversubscription by selected investors, the remaining portion will be clawed-back and be reallocated to the selected investors under **Section 4.3.2(iii)** of this Prospectus;
- (iv) In event of undersubscription of the Offer Shares by selected investors and a corresponding oversubscription by the Malaysian Public and selected investors under **Sections 4.3.2(i) and 4.3.2(iii)** of this Prospectus respectively, the remaining portion will be clawed-back and be reallocated in the following manner:-
 - (a) firstly, to the Malaysian Public under **Section 4.3.2(i)** of this Prospectus to increase the participation of retail investors; and
 - (b) secondly, to the selected investors under **Section 4.3.2(iii)** of this Prospectus.

There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of our IPO Shares.

The clawback and reallocation shall not apply in the event of oversubscription under **Sections 4.3.2(i), 4.3.2(ii), 4.3.2(iii) and 4.3.3** of this Prospectus.

As at the LPD, we are not aware as to whether there is any person intending to subscribe for more than 5.0% of our IPO Shares.

4.3.5 Minimum requirements

The basis of allocating the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities as well as 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 Board.

4. DETAILS OF OUR IPO (CONT'D)

4.3.6 Minimum subscription

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

Pursuant to the Listing Requirements, we are required to have a minimum of at least 25.0% of our Shares held by a minimum number of 200 public shareholders, each holding not less than 100 Shares at the point of our Listing. If the said requirement is not met, we may not be able to proceed with our Listing. Please refer to **Section 5.3.5** of this Prospectus for details in the event there is delay to or cancellation of our Listing.

4.3.7 Classes of Shares and ranking

As at the date of this Prospectus, we have only one (1) class of shares, namely ordinary shares.

The Issue Shares, upon allotment and issue, shall rank *pari passu* in all respects with our existing issued Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the Issue Shares, subject to any applicable Rules of Bursa Depository.

The Offer Shares rank *pari passu* in all respects with our existing issued Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules of Bursa Depository.

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

At any general meeting of our Company, each shareholder is entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution, is to be voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company. On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote.

4.3.8 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism (which is in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008) for our IPO.

4. DETAILS OF OUR IPO (CONT'D)

4.4 Selling Shareholders

Details of our Selling Shareholders and the Offer Shares offered for sale, as well as the nature of their relationship with our Group within the past 3 years, are as follows:-

Name	Address	Nature of relationship	Before the IPO		Offer for Sale		After the IPO		
			No. of Shares	% ^{*1}	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	
Mr Ooi	708, Lorong Kempas 3/26, Taman Kempas Indah, 09000 Kulim, Kedah	Promoter and substantial shareholder	156,892,582	36.7	16,500,000	3.9	2.9	140,392,582	24.3
Mr Chua	17, Lorong Bukit Juru 7, Taman Bukit Juru, 14100 Bukit Mertajam, Pulau Pinang	Promoter and substantial shareholder	178,267,594	41.7	18,000,000	4.2	3.1	160,267,594	27.8
Mr Kang	58, Lorong Bukit Minyak Utama 30, Taman Bukit Minyak Utama, 14000 Bukit Mertajam, Pulau Pinang	Promoter and substantial shareholder	92,340,049	21.6	13,500,000	3.1	2.3	78,840,049	13.6
Total			427,500,225	100.0	48,000,000	11.2	8.3	379,500,225	65.7

Notes:-

*1 Based on our existing issued share capital of 427,500,225 Shares immediately prior to the IPO (as at the LPD)

*2 Based on our enlarged issued share capital of 577,500,225 Shares immediately after the IPO

Further details of our Selling Shareholders, who are also our Promoters and substantial shareholders, are set out in **Section 9.1** of this Prospectus. The 48,000,000 Offer Shares under the Offer for Sale will be placed out by our Placement Agent.

4. DETAILS OF OUR IPO (CONT'D)

4.5 Share capital

	No. of Shares	RM
Issued share capital as at LPD	427,500,225	17,100,009
New Shares to be issued under Public Issue	150,000,000	24,557,000 ^{*1}
Enlarged issued share capital upon Listing	577,500,225	41,657,009
Offer Shares to be offered under Offer for Sale	48,000,000	8,160,000
IPO Price		0.17
Market capitalisation upon Listing ^{*2}		98,175,038
Pro forma NA per Share upon Listing ^{*3}		0.08

Notes:-

- *1 Computed based on the IPO Price and after deducting estimated listing expenses of approximately RM943,000 that is directly attributable to the issuance of new Shares under Public Issue, and such portion thereof will be set off against the share capital
- *2 Computed based on the IPO Price multiplied by the enlarged number of issued Shares upon Listing
- *3 Computed based on the pro forma NA as at 30 June 2022 after the IPO and after adjusting for the utilisation of proceeds arising from the IPO, over the enlarged number of issued Shares upon Listing

The Offer for Sale will not have any effect on our issued share capital as the Offer Shares are already in existence prior to the IPO.

4.6 Basis of arriving at the IPO Price

The IPO Price was determined and agreed upon by our Directors, Promoters and Selling Shareholders together with UOBKH who is our Principal Adviser, Sponsor, Placement Agent and Underwriter, after taking into consideration the following factors:-

- i. Our pro forma combined EPS of 1.42 sen for the FYE 31 October 2021 based on our audited PAT of RM8.18 million and our enlarged issued share capital of 577,500,225 Shares upon Listing, which translates into a price-to-earnings multiple of 11.97 times;
- ii. Our competitive strengths as set out in **Section 7.4** of this Prospectus, which includes the following:-
 - (a) We have the capability to design and customise the production systems that can meet customers' operational requirements in terms of product specifications and production capacities, and that we are able to customise our solutions to cater to various manufacturing needs and industry applications globally;
 - (b) We have successfully delivered our automated manufacturing solutions that meet the stringent requirements, standards and expectations of multinational manufacturers, a majority of whom comprise our customer base;
 - (c) Since inception, we have demonstrated our ability in designing, developing and delivering customised solutions that meet our MNC customers' stringent operational requirements, based on recurring orders secured from our customers for new automated manufacturing solutions over the Financial Years/ Period Under Review; and

4. DETAILS OF OUR IPO (CONT'D)

- (d) We have an experienced and technically skilled management team, and supported by a team of engineers and technicians, whom each serve crucial role in our organisation and are instrumental in driving our Group's growth strategies;
- iii. Our future plans and strategies as set out in **Section 7.21** of this Prospectus, which include the following:-
- (a) Expand our output and enhance our capability by, amongst others, investing in new machineries and recruitment of skilled technical personnel; and
- (b) Expansion into the provision of smart factory solutions as our new solutions offering.
- iv. The prospect and outlook of the automated manufacturing solution as set out in the IMR Report in **Section 8** of this Prospectus, in which PROVIDENCE estimates that the global and local automated manufacturing solution industry are expected to grow by 8.7% and 19.3% respectively between 2022 and 2024.

You should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to consider carefully the risk factors as set out in **Section 5** of this Prospectus.

4.7 Market capitalisation upon Listing

Based on the IPO Price and our enlarged issued share capital of 577,500,225 Shares, our market capitalisation upon Listing will be approximately RM98.18 million.

4.8 Dilution

Dilution is the amount by which the IPO Price paid by the investors for our IPO Shares exceeds our pro forma combined NA per Share after the IPO.

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

		RM
IPO Price	(A)	0.17
Pro forma combined NA per Share as at 30 June 2022 after adjusting for the Acquisition of ECA Solutions but before the IPO	(B)	0.05
Pro forma combined NA per Share as at 30 June 2022 after the IPO and after adjusting for the utilisation of proceeds arising from the IPO	(C)	0.08
Increase in the pro forma combined NA per Share to existing shareholders	(C-B)	0.03
Dilution in pro forma combined NA per Share to new investors	(A-C)	0.09
Dilution in pro forma combined NA per Share to new investors as a percentage of the IPO Price	(A-C)/ (A)	52.94%

Save for the transfer of subscriber's Shares and issuance of new Shares at an issue price of RM0.04 per Share to our Promoters pursuant to the Share transfer and Acquisition of ECA Solutions taken place under the Pre-IPO Restructuring Exercise prior to our Listing (details as further set out in **Section 6.6** of this Prospectus), there has been no direct acquisition and/ or subscription of any Shares in our Company by our Directors, substantial shareholders, key management personnel or persons connected to them, or in which they have obtained the right to acquire and/ or subscribe, in the past 3 years prior to the date of this Prospectus.

4. DETAILS OF OUR IPO (CONT'D)

4.9 Utilisation of proceeds from the Public Issue

Based on the IPO Price, the gross proceeds of RM25.50 million will be raised from our Public Issue and accrue entirely to our Group. The gross proceeds from our Public Issue are intended to be utilised in the following manner:-

No.	Details of utilisation	Amount (RM'000)	Percentage of gross proceeds (%)	Estimated timeframe for utilisation upon Listing
(i)	Acquisition of machineries	7,700	30.2	Within 24 months
(ii)	Repayment of bank borrowings	1,000	3.9	Within 6 months
(iii)	Working capital	14,000	54.9	Within 24 months
(iv)	Estimated listing expenses	2,800	11.0	Within 3 months
	Total	25,500	100.0	

Further details on the utilisation of the gross proceeds are set out below:-

(i) Acquisition of machineries

We intend to invest in new machineries in line with our future plan to cater for expansion of our output and enhancement of our internal capability. Accordingly, we have earmarked RM7.70 million of our gross proceeds to acquire the following new machineries:-

Machine	Description	Note	No. of unit	RM'000
5-axis high speed gantry machining centre	High speed precision machine for cutting, milling, drilling and shaping complex workpiece which require accurate machining and continuous axis interpolation	(a)	1	2,150 ^{*1}
5-axis high speed gantry machining centre	High speed precision machine for cutting, milling, drilling and shaping complex workpiece which require accurate machining and continuous axis interpolation	(a)	1	3,550 ^{*2}
CNC vertical machine	A computerised machine that utilise vertically oriented tooling process to perform cutting, drilling or milling for fabrication of custom workpiece	(b)	4	1,120
Mill tap centre	A computerised machine that utilise rotary cutter to drill, cut and produce internal threads in a hole of a workpiece, eventually used for screws or bolts connection	(c)	4	880
Total			10	7,700

Notes:-

*1 Represents the balance purchase price as at the LPD. The cost quotation obtained from our supplier in October 2021 amounts to RM3.20 million for a unit of this gantry machining centre. We have insofar at the LPD paid a down payment of RM1.05 million to lock in our pricing and purchase commitment with the supplier, with the balance purchase price to be made by end 2022

*2 The price difference between the two 5-axis high speed gantry machining centre (i.e. RM3.55 million as compared to RM3.20 million per note 1 above), is mainly attributable to the fact that these machines are build-to-order upon receipt of buyer's order confirmation (instead of mass produced), and quotation for the unit worth RM3.55 million is merely based on supplier's estimate obtained in January 2022 after taking into account fluctuation of input material prices and prevailing market condition

4. DETAILS OF OUR IPO (CONT'D)

(a) 5-axis high speed gantry machining centre

The 5-axis high speed gantry machining centre allows a complex workpiece to be automatically shaped or manipulated from five sides at any one time under a high-speed precision controlled environment. This machine has additional axis point, tool carriages and spindles control movement which provide for increased dimensions and rotary angles for the workpiece to be cut, milled and/ or drilled simultaneously, and does not require regular human intervention for manual turning and/ or adjustment.

As at the LPD, our Group does not own any gantry machining centre. Instead, our fabrication of modules and mechanical components/ parts are mainly assisted by our CNC vertical machines, details as set out in note (b) below. As compared to CNC vertical machines, the 5-axis high speed gantry machining centre allows for more complex workpiece to be customised and fabricated, and enables higher accuracy and quality finishes over the intricate details of the desired workpiece, simultaneously at any one time. Additionally, the 5-axis high speed gantry machining centre can minimise the need for human intervention in adjusting the position of workpiece for tooling works, as the 5-axis system caters for additional automated rotary movement of tools to cut, mill and/ or drill in different angles. This in turn promotes better productivity and shorter lead time in our fabrication activities of modules and mechanical components/ parts.

In this respect, we intend to invest in two units of 5-axis high speed gantry machining centres within the next 2 years upon Listing, in order to:-

- upgrade our internal capability to undertake more tooling and fabrication works of complex and intricate workpiece simultaneously at any one time; and
- increase the customisability features of our solutions to suit different needs of each customer/ industry requirements.

The 5-axis system are commonly used in industry applications that require parts with complex geometries and tight tolerances such as aerospace, automotive, medical, energy and general industrial applications.

(b) CNC vertical machine

As at the LPD, our Group owns five units of CNC vertical machines. These machines form an integral part of our capability to fabricate and shape the desired workpiece for the production of modules and mechanical components/ parts that frequently make up the physical structure of our integrated production systems and standalone automated equipment. As compared to our existing line of CNC vertical machines, these new machines that we intend to acquire are envisaged to provide additional key features such as better cutting dynamics (due to higher quality build structure and wider base column which gives enhanced stability and cutting force absorption), and rapid selection and switching of tools (as machine will be equipped with high precision cam driven-type automatic tool changer).

As part of our plan to scale up our output and improve our solutions offering, we intend to invest in additional 4 units of higher performance CNC vertical machines that can fabricate a wider range of our metal works. These machines will largely be deployed to mass-produce different forms of metal-based structure such as aluminium, brass, stainless steel or alloy steel stock materials that can suit different requirements and specifications of factory automation solutions. By having these machineries, we can expand our output and solutions offering to undertake a higher volume of fabrication works to meet the anticipated demand from our customers in terms of job order size and scale.

4. DETAILS OF OUR IPO (CONT'D)

(c) Mill tap centre

As at the LPD, our Group does not own any mill tap centre or standalone tapping machine of a similar kind. Instead, our tapping function used in metal work fabrication is mainly assisted by our CNC vertical machines, details as set out in note (b) above. As compared to our existing CNC vertical machines, a mill tap centre can generate higher production efficiency as it can execute a tapping cycle by up to 30 times the speed of our tapping function used in CNC vertical machines.

As part of our plan to scale up our output, we intend to invest in additional 4 units of mill tap centres that are specialised to make multiple, deep threaded holes into exceptionally hard-based materials such as stainless steel. This allows for a combination of high speed and precision tapping of our module and mechanical materials, and in turn enable us to cater for more fabrication works and shorten our production lead time.

The mill tap centre will be ideal for our Group's mass rapid processing of mechanical components/ parts that can be applied in automotive and electronics applications, including but not limited to, engine structure and parts, pneumatic valve, hydraulic throttle, heat sink and camera telescopic mechanism.

All in all, these new machineries will enable us to increase the customisability of our solutions to suit different needs of each customer/ industry requirements, handle larger volume of fabrication works, and achieve better productivity and accuracy in our design and development.

Further, by having these new machineries, we will be able to undertake more in-house fabrication works in tandem with the increased output and enhanced capability, and as a result, accord our Group better control over our production lead time and process as well as close monitoring of our quality standards.

Save for our committed order for one unit of 5-axis high speed gantry machining centre worth RM3.20 million as mentioned in note 1 above, we wish to highlight that the cost estimation for other new machineries were derived based on suppliers' quotation. In the event the amount required for investment in these new machineries is higher than budgeted, any deficit will be funded through internally generated funds and/ or bank borrowings. Conversely, if the said investment quantum is less than estimated, such surplus will be allocated towards our working capital.

(ii) Repayment of bank borrowings

As at the LPD, our borrowings stood at RM6.62 million, which mainly comprise term loan, banker's acceptance, promissory notes and lease liabilities. Of this total amount, we have earmarked RM1.00 million of our gross proceeds for the repayment of our bank borrowings, as set out in the table below:-

Banking Facility	Purpose	Interest rate %	Maturity date	Balance as at the LPD RM'000	Proposed repayment RM'000	Annual interest saving RM'000
Term loan (United Overseas Bank (Malaysia) Berhad)	Purchase of input materials	BLR+1% (effectively, 6.57%)	November 2027 - October 2028	823	732	48
Term loan (Public Bank Berhad)	Purchase of input materials	3.50	October 2028	268	268	9
Total				1,091	1,000	57

4. DETAILS OF OUR IPO (CONT'D)

The term loans above were drawdown in November 2020, April 2021, October 2021 and December 2021 to fund the purchase of input materials required for our operational use. These input materials mainly consist hardware and components (i.e. robotic arms and plates, brackets and fittings) and IT and electronic components (i.e. software and programmable logic controllers (PLCs)).

For illustrative purpose, the repayment of the abovementioned term loan facilities is expected to result in an annual interest savings of approximately RM0.06 million to our Group based on the interest rates shown in the table above. However, the actual interest savings may vary subject to the then prevailing applicable interest rates imposed by the banks.

In the event the actual principal balance at the point of repayment is less than the amount allocated for the repayment of the term loans per the table above, any surplus funds thereof will be allocated towards the repayment of other banking facilities in the following priority: firstly, term loan facilities and secondly, banker's acceptance.

(iii) Working capital

For the past 3 full financial years up to the FYE 2021, our revenue increased at a CAGR of 63.5%, from RM7.67 million in the FYE 2019 to RM20.51 million in the FYE 2021, mainly driven by the job orders from our provision of integrated production systems to customers. In line with our future plans and strategies to expand our output and also our solutions offering to include smart factory solutions, we anticipate the need to utilise more operational and manpower resources to support our existing and future growth.

Premised thereto and in tandem with the anticipated growth of our business, we have earmarked RM14.00 million of our gross proceeds to finance the following working capital requirements of our Group:-

Description	Note	RM'000
Purchase of input materials	(a)	11,000
Administrative expenses and other operating expenses	(b)	3,000
Total		14,000

(a) Purchase of input materials

As set out in **Section 12.3.6(ii)(b)** of this Prospectus, our direct input material cost accounted for 34.7%, 66.0% and 67.6% of our cost of sales for the FYE 2019, FYE 2020 and FYE 2021 respectively, in which our hardware, parts and components comprise the main cost component, followed by IT software/hardware and electronics, and other materials. The increase was mainly in tandem with our business growth as we have undertaken more job orders from our customers to design, fabricate and commission integrated production system and standalone automated equipment.

4. DETAILS OF OUR IPO (CONT'D)

In this respect, we have allocated RM11.00 million to purchase the key input materials over the next 2 years upon Listing to support for our operations, details as set out below:-

	RM'000
Hardware, parts and components such as robotic arms, plates, brackets, fittings, valve, motor, generator, dispenser, aluminium, cable, wire and parts	7,000
IT software/ hardware and electronics such as software and programmable logic controllers (PLCs) including computers and peripheral devices, human-machine interfaces, electronic control cards, camera and sensors	4,000
Total	11,000

The above input materials are sourced from both local and international suppliers. We have a diverse supplier network which we can procure and purchase our above input materials from, and are not materially dependent on any one supplier.

The earmarked proceeds shall enable our Group to capitalise on the purchase of required input materials from our suppliers in a timely manner, and in turn accommodate our higher value activities of the design and development of automated manufacturing solutions, particularly the integrated production systems which represents our main revenue contributor for the Financial Years/ Period Under Review.

(b) Administrative expenses and other operating expenses

Administrative expenses and other operating expenses include, amongst others, recruitment of skilled technical personnel, office utilities, supplies and upkeep, selling and distribution expenses, insurance, and staff welfare and allowances.

(iv) **Estimated listing expenses**

We will bear all incidental expenses and fees relating to the IPO and Listing amounting to RM2.80 million, details as follows:-

	RM'000
Professional fees	1,857
Regulatory authorities' fees	67
Underwriting, placement and brokerage fees	559
Other fees and expenses in connection to the IPO and Listing such as printing, advertising, translation fees, investor relation, and service tax	317
Total estimated listing expenses	2,800

In the event of a surplus/ deficit in the actual quantum of estimated listing expenses, such variance will be adjusted to/ from the proceeds allocated for the working capital.

Pending the utilisation of proceeds from the Public Issue for the above intended purposes, we will place the proceeds (including accrued interest, if any) as deposits with licensed financial institutions in Malaysia or short-term money market instruments or funds.

4. DETAILS OF OUR IPO (CONT'D)

Our Group will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale amounting up to RM8.16 million will accrue entirely to our Selling Shareholders. Our Selling Shareholders will bear their own expenses including, but not limited to, placement fee, registration fee and transfer fee, in relation to the Offer for Sale which is estimated to be approximately RM0.16 million.

4.10 Brokerage, underwriting commission and placement fee**4.10.1 Brokerage fee**

We will pay brokerage fee in respect of the Issue Shares under the Public Issue at the rate of 1.0% (exclusive of applicable tax) of the total value of the Issue Shares based on the IPO Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/ or the Issuing House.

4.10.2 Underwriting commission

Our Underwriter, UOBKH, has agreed to underwrite 43,280,000 Issue Shares to be made available for application by the Malaysian Public and our Eligible Persons. As stipulated in the Underwriting Agreement (salient details of which are set out in **Section 4.11** of this Prospectus), we will pay our Underwriter an underwriting commission at the rate of 2.0% (exclusive of applicable tax) of the total value of the underwritten Issue Shares based on the IPO Price.

4.10.3 Placement fee

Our Placement Agent, UOBKH, has agreed to place out 106,720,000 Issue Shares and 48,000,000 Offer Shares to selected investors as set out in **Sections 4.3.2(iii) and 4.3.3** of this Prospectus respectively.

We will pay our Placement Agent a placement fee at the rate of 2.0% (exclusive of applicable tax) of the total value of the 106,720,000 Issue Shares at the IPO Price to be placed out by our Placement Agent.

The placement fee to be incurred on the sale of 48,000,000 Offer Shares will be fully borne by the Selling Shareholders. The Selling Shareholders will pay UOBKH a placement fee at the rate of 2.0% (exclusive of applicable tax) of the total value of the 48,000,000 Offer Shares at the IPO Price to be placed out by UOBKH.

4. DETAILS OF OUR IPO (CONT'D)

4.11 Salient terms of the Underwriting Agreement

We have entered into the Underwriting Agreement with the Underwriter to underwrite 43,280,000 Issue Shares to be made available for application by the Malaysian Public and our Eligible Persons as set out in **Sections 4.3.2(i) and 4.3.2(ii)** of this Prospectus respectively, both of which are subject to clawback and reallocation provisions as set out in **Section 4.3.4** of this Prospectus.

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

(i) Conditions precedent

Unless waived by the Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the several obligations of the Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and/ or satisfaction of the following:-

- (a) The Underwriter being provided with such reports or confirmation and being satisfied on the date specified in the Prospectus as the last date for the acceptance and payment for the subscription of Issue Shares, Offer Shares and excess Issue Shares or such other later date that the Company and the Underwriter may agree upon in writing ("**Closing Date**") that:-
 - (i) no material adverse change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Company from the date of the Underwriting Agreement; or
 - (ii) there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings by the Company materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by the Company;
- (b) the Underwriter receiving a certificate in the form or substantially in the form dated as at the Closing Date signed by the duly authorised officers of the Company stating inter alia that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in the Underwriting Agreement;
- (c) the Underwriter receiving copies certified by a Director of the Company or the secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the directors and the shareholders of the Company in general meeting:-
 - (i) approving the Prospectus and the application forms, the IPO, the Underwriting Agreement and the transactions contemplated by it;
 - (ii) authorising a person to sign and deliver the Underwriting Agreement on behalf of the Company and the issuance of the Prospectus;
- (d) the issue and subscription of the Issue Shares and Offer Shares are not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the IPO and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the IPO, have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;

4. DETAILS OF OUR IPO (CONT'D)

- (e) the Underwriter being satisfied that the Company has complied with and that the issuance and subscription of the Issue Shares and Offer Shares are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/ or supplements to it;
- (f) the offering of the Issue Shares having been approved by Bursa Securities and any other relevant authority or authorities and remaining in full force and effect that all conditions precedent to the approvals, to the extent possible have been complied with;
- (g) the listing of and quotation for the Issue Shares/ issued share capital of the Company on ACE Market of Bursa Securities having been approved by Bursa Securities subject to conditions which are acceptable to the Underwriter and such approval is not withdrawn;
- (h) the launching of the Prospectus taking place within 3 months from the date of the Underwriting Agreement or such other later date as the Underwriter and the Company may from time to time agree in writing;
- (i) the Prospectus having been lodged with the CCM and registered with Bursa Securities together with all the required documents in accordance with CMSA, Act and the relevant laws and regulations;
- (j) the Underwriting Agreement being duly signed by all parties and stamped;
- (k) the listing of the Issue Shares and Offer Shares within 1 month from the Closing Date or any later date as may be approved by the authorities and agreed in writing by the Underwriter; and
- (l) the Underwriting Agreement having become unconditional in all respects (save for any condition requiring the Underwriting Agreement to be unconditional) and not having been terminated or rescinded pursuant to the provisions of the Underwriting Agreement.

In the event any of the conditions set forth above are not satisfied by the Closing Date or such other time as are indicated in the respective conditions, the Underwriter shall thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to the Company not later than 3 market days after the Closing Date or such other time as are indicated in the respective conditions.

(ii) Underwriting commission

In consideration of its obligations, the Underwriter shall be entitled to receive a commission at the rate of 2.0% (exclusive of applicable tax) of the total value of the underwritten Issue Shares. The value of the underwritten Issue Shares means the total number of underwritten Issue Shares multiplied by the IPO Price.

4. DETAILS OF OUR IPO (CONT'D)

(iii) Termination

Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may by notice in writing to the Company given at any time on or before the Closing Date, terminate, cancel and withdraw their commitment to underwrite the underwritten Issue Shares if:-

- (a) there is any non-fulfilment of conditions precedent or breach by the Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement, which is not capable of remedy or if capable of remedy, is not remedied within such number of days as stipulated within the notice given to the Company by the Underwriter, or by the Closing Date whichever is earlier, which breach is, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Issue Shares and Offer Shares; or
- (b) there is failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement; or
- (c) there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Issue Shares and Offer Shares; or
- (d) there shall have occurred, happened or come into effect in the opinion of the Underwriter any material adverse effect to the business or financial condition of the Group; or
- (e) there is any delay or non-implementation of the IPO for any reason whatsoever by the Company not due to the fault of the Underwriter; or
- (f) force majeure. There shall have occurred, happened or come into effect any of the circumstances:-
 - (i) in the reasonable opinion of the Underwriter, 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 the foregoing which (in the reasonable opinion of the Underwriter) would prejudice the IPO; or
 - (ii) any event or series of events beyond the reasonable control of the Company and/ or the Underwriter (including without limitations, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents), which (in the reasonable opinion of the Underwriter), would have a material adverse effect on and/ or materially prejudice the business or the operations of the Group, the success of the IPO, or the distribution or sale of the Issue Shares and Offer Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

4. DETAILS OF OUR IPO (CONT'D)

- (iii) there shall be any development, occurrence or any change or prospective change, or any introduction or prospective introduction, of any legislation, regulation, policy, directive, guideline, ruling, in any jurisdiction, or any request or interpretation by the relevant authorities including without limitation, the SC, Bursa Securities, or any other regulatory authority, whether or not having the force of law, or occurrence of any other nature, which in the reasonable opinion of the Underwriter will materially and adversely affect the Group, the success of the IPO, the business and/ or prospects of the Group, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (iv) if the FTSE Bursa Malaysia Kuala Lumpur Composite Index declines by more than 15% from the index price on the date of execution of the Underwriting Agreement for any 3 consecutive market days at any time between the date of the Underwriting Agreement and up to and including the Closing Date and payment date; or
- (v) any stop order, injunction, direction, investigation or action having similar effect, being used or announced by Bursa Securities or any other judicial, governmental or regulatory authority in relation to the IPO; or
- (vi) any commencement of legal proceedings or action against the Company or the Group.
- (g) The imposition of any moratorium, suspension, or material restrictions on trading in all securities generally on Bursa Securities for a period exceeding 3 market days; or
- (h) any matter which arose immediately before the date of the Prospectus would have constituted a material and adverse omission in the context of the IPO; or
- (i) any event, act or omission which in the reasonable opinion of the Underwriter gives or is likely to give rise to any liability which will have a material and adverse effect on the Company and the Group pursuant to the indemnities contained under the Underwriting Agreement.

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5. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP BEFORE INVESTING IN OUR SHARES.

IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

5.1 Risks relating to our business and operations

5.1.1 We are dependent on certain major customers

We are dependent on the following major customers, namely Customer A group of companies and Customer B group of companies by virtue of their revenue contribution to our Group for the Financial Years/ Period Under Review and given our on-going business relationship with them:-

No. Major customers	Years of relationship years	FYE 2019		FYE 2020		FYE 2021		8-month FPE 2022	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%
1. <u>Customer A group of companies</u> ^{*1}									
Customer A1	5	3,133	40.8	1,437	9.4	2,662	13.0	770	4.3
Customer A2	5	2,806	36.6	2,564	16.7	1,162	5.7	1,268	7.1
Customer A3	3	-	-	796	5.2	41	0.2	3	<0.1
		5,939	77.4	4,797	31.2	3,865	18.8	2,041	11.4
2. <u>Customer B group of companies</u> ^{*2}									
Customer B1	3	-	-	5,741	37.3	243	1.2	10	<0.1
Customer B2	2	-	-	-	-	4,894	23.9	1,782	10.0
Customer B3	2	-	-	-	-	3,700	18.0	21	0.1
Customer B4	2	-	-	-	-	69	0.3	1,047	5.9
Customer B5	1	-	-	-	-	-	-	7,550	42.4
Customer B6	1	-	-	-	-	-	-	44	0.2
		-	-	5,741	37.3	8,906	43.4	10,454	58.7
Total revenue of our major customers[^]		5,939	77.4	10,538	68.6	12,771	62.3	12,495	70.1
Our Group's revenue		7,671	100.0	15,367	100.0	20,511	100.0	17,816	100.0

Notes:-

[^] For avoidance of doubt, the list of major customers in the table above is presented on a parent-grouping basis (where companies under the same parent are grouped together), whereas the list of top 5 customers as set out in the table in **Section 7.15** of this Prospectus is presented on an individual basis (disapplying the parent-grouping basis)

^{*1} Customer A group of companies refer to the following:-

No.	Name	Profile/ description
(a)	Customer A1	<ul style="list-style-type: none"> Involved in the assembling and testing of semiconductors, power semiconductors, logic ICs and sensor products Based in Malaysia
(b)	Customer A2	<ul style="list-style-type: none"> Involved in the manufacturing of semiconductor devices Based in Singapore
(c)	Customer A3	<ul style="list-style-type: none"> Involved in the manufacturing of semiconductor devices Based in Philippines

As at the LPD, the Customer A group of companies are subsidiaries of a parent company which is listed on the Frankfurt Stock Exchange. The parent company of Customer A group of companies is principally a semiconductor manufacturer based in Germany, and offers a wide range of semiconductor solutions used for industrial power control and power management ICs, LED drivers, sensors, chip card and security products, and various other applications.

5. RISK FACTORS (CONT'D)

For the Financial Years/ Period Under Review, we were engaged by Customer A group of companies to design, develop and deliver integrated production systems and standalone automated equipment, which mainly cater to their production system to automate their manufacturing process of semiconductor devices. Throughout the years, we also expanded our products and services offered to Customer A group of companies which include after sales technical support and spare parts replacement, as well as the fabrication and supply new individual machinery and equipment (such as automated vision inspection machine and rotary vision sorting machine) as part of their machinery upkeep and/ or upgrade as well as modification of their production lines. Please refer to **Section 7.15** of this Prospectus for further details on our business relationship with the Customer A group of companies.

*2 Customer B group of companies refer to the following:-

No.	Name	Profile/ description
(a)	Customer B1	<ul style="list-style-type: none"> • EMS solutions provider • Based in Malaysia
(b)	Customer B2	<ul style="list-style-type: none"> • EMS solutions provider • Based in Ukraine
(c)	Customer B3	<ul style="list-style-type: none"> • EMS solutions provider • Based in Vietnam
(d)	Customer B4	<ul style="list-style-type: none"> • EMS solutions provider • Based in Hungary
(e)	Customer B5	<ul style="list-style-type: none"> • EMS solutions provider • Based in Switzerland
(f)	Customer B6	<ul style="list-style-type: none"> • EMS solutions provider • Based in Poland

As at the LPD, the Customer B group of companies are subsidiaries of a parent company which is listed on the Nasdaq Stock Exchange. The parent company of Customer B group of companies is headquartered in USA and is principally a manufacturing services and solutions provider that provides comprehensive electronics design, production and product management services to companies in various industries and end markets.

For the Financial Years/ Period Under Review, we were engaged by Customer B group of companies to design, develop and deliver integrated production systems, which mainly cater to their production system to automate their manufacturing process of electronics components and parts that are applied in the EV (automotive), consumer electronic products, retail and 5G telecommunications industries. Please refer to **Section 7.15** of this Prospectus for further details on our business relationship with the Customer B group of companies.

We have a close working relationship with the Customer A group of companies and Customer B group of companies, in view that we have established an in-depth familiarity and understanding of product conceptualisation and design process, POC protocols, procurement policies, quality assurance and operational standards with them. Through our track record and the ability to deliver solutions that meet their operational requirements, we have also been routinely referred by them to their related group of companies that require new automation process and technological innovation/ upgrade to their production line.

Based on the foregoing, we expect our major customers to continue to contribute to our revenue in the foreseeable future. As set out in the table above, these major customers collectively accounted for approximately 77.4%, 68.6%, 62.3% and 70.1% of our Group's total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. Our total customer count (on an individual basis) stood at 7, 10, 17 and 17 as at the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

5. RISK FACTORS (CONT'D)

There is no assurance that we will be able to retain these major customers or that they will maintain their business relationships with us. If there is a reduction or cessation of orders from these major customers and we are unable to secure other customers who can contribute similar revenue proportion by these major customers in a timely manner, our business, results of operations, financial position and cash flow may be materially and adversely affected.

Further, like any of our customers, we do not enter into long term contract nor purchase commitment with our major customers, and that our sales are primarily based on purchase orders. Please refer to **Section 5.1.5** of this Prospectus for the risk associated with absence of long term contract or purchase commitment.

5.1.2 We are dependent on the performance of the business and industries in which our customers serve or operate in

As an automation solutions provider, our output in the form of automated machinery and equipment form an integral component in our customers' manufacturing activities. Accordingly, our business prospect is tied to our customers' business and the industries in which they serve or operate in. For the Financial Years/ Period Under Review, our revenue by industry segments in which our customers serve or operate in are as follows:-

	FYE 2019		FYE 2020		FYE 2021		8-month FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Semiconductor	6,051	78.9	4,824	31.4	6,713	32.7	5,399	30.3
Automotive	1,426	18.6	4,526	29.4	1,181	5.8	1,965	11.0
Solar	-	-	5,225	34.0	409	2.0	2,460	13.8
Telecommunication	182	2.4	168	1.1	5,023	24.5	413	2.3
Digital display tags	-	-	-	-	3,700	18.0	7,571	42.5
Printer cartridges	-	-	-	-	3,329	16.2	8	0.1
Others*	12	0.1	624	4.1	156	0.8	-	-
Total	7,671	100.0	15,367	100.0	20,511	100.0	17,816	100.0

Note:-

* Others include industry segments which contributed less than 10% of total revenue respectively. These include commercial and industry applications (such as glass products) and medical equipment

For the Financial Years/ Period Under Review, our customers are mainly concentrated within the semiconductor, automotive, solar, telecommunication and other commercial and industrial product industries. Accordingly, our business prospect may therefore be affected by any adverse changes to the business and industries in which our customers serve or operate in, which include but not limited to, slowdown in the performance and/ or demand for our customers' products in these industries, industry consolidation amongst manufacturers to gain economies of scale which may affect our position as a supplier to these customers, changes to regulation, taxation and trade duties, and adverse political, regulatory or economic developments to which our customers' businesses are associated with, which may have unfavourable impact to these industries in which our customers serve or operate in.

5. RISK FACTORS (CONT'D)

In addition, the recent Russia-Ukraine conflict which began in February 2022 could lead to a shortage of semiconductor chips globally in event of escalation in war or geopolitical tension. Both Russia and Ukraine are key suppliers of palladium and neon, which are raw materials used in semiconductor chips manufacturing. While foundries have stocked up on these materials, the war or geopolitical tension, if escalated or prolonged, could disrupt the supply of semiconductor chips globally which would consequently have an adverse impact on the manufacturing of electronic products. This in turn may affect the demand for automated manufacturing solutions by our customers, whom comprised manufacturers that rely on, to an extent, the availability of semiconductor chips applied in their manufacturing of semiconductor, automotive, solar, telecommunication and/ or other commercial and industrial products. Any unfavourable impact on the demand for automated manufacturing solutions may have an adverse impact on our business and financial performance.

5.1.3 Our business, financial condition and results of operations may be affected due to the outbreak of infectious diseases pandemic such as COVID-19 in Malaysia and globally

The outbreak of pandemics of infectious diseases or other health epidemics may create substantial economic uncertainty and instability, which may adversely affect business operations, consumer spending and lead to a decline in overall economic activity both domestically and globally.

The Government has imposed various forms of preventive and physical distancing measures since March 2020 to contain the spread of the COVID-19 virus which had resulted in mandatory closure of all public and private premises for a short period of time in 2020 and are later allowed to operate while adhering to a set of strict standard operating procedures. Such measures resulted in various versions of the MCOs, travel restrictions in Malaysia and closure of international borders throughout 2020 and 2021. In line with the implementation of the MCOs, our Group was subjected to restrictions to our business operations due to the SOPs imposed by the Government, such as temporary closure of our facility and limiting workforce condition. Due to these restrictions which had led to inadvertent delay in our production schedule, we have sought extension from our customers to defer the delivery schedule by about 2 to 6 months, as well as increased our headcount of production floor workers particularly in FYE 2021 to complete and fulfil our job orders, subject to SOPs put in place. Further details of the impact of COVID-19 to our business operations is set out in **Section 7.23** of this Prospectus.

Since the implementation of the first MCO in March 2020 and until the FYE 2021, our Group has incurred additional cost of approximately RM54,000 in aggregate to implement precautionary measures at our premises to minimise the risk of COVID-19 infections and to comply with the SOPs imposed by the Government. Such additional cost incurred did not have a material impact on our financial performance for the FYE 2020 and FYE 2021.

Further, we may also face adverse disruptions in our supply chain and trade logistics, such as material unavailability or delays in delivery, due to shortage of raw materials, movement restrictions and other containment measures imposed in Malaysia or in the countries where our suppliers or customers operate in, that could result in a slowdown or stoppages. During the FYE 2020 and FYE 2021, the COVID-19 pandemic had led to delays in our supply chain, in which we experienced delays in obtaining certain input materials from our suppliers, especially for IT hardware and programmable logic controllers (PLC), due to a shortage in semiconductor and other related electronic parts on the back of surge in demand for consumer electronic products as well as restrictions in manufacturing activities of chip manufacturers. This has inadvertently led to a delay in the delivery of solutions to our customers for about 2 to 6 months. Notwithstanding this, we were able to procure extensions from our customers to fulfil their delivery schedule, and accordingly, we have not experienced any delay in the delivery of our solutions which resulted in late delivery claims and/ or penalties enforced against us, or cancellation of order thereof during the Financial Years/ Period Under Review.

5. RISK FACTORS (CONT'D)

However, there can be no assurance that our suppliers will be able to continue supplying us in a timely manner or that we will be able to fulfil our customer delivery schedule, in event the COVID-19 pandemic persists or worsens or if the Government implements further restrictions or prohibitions. Any disruption may result in loss of revenue.

There can be no assurance that these restrictions and/ or prohibitions, including the temporary closure of factories will not be re-imposed in the future with periodic surges of COVID-19 cases in Malaysia or if there is a pandemic or outbreak of other infectious diseases or other health epidemics. These events may have an adverse impact on our business and financial performance. In addition, we may face disruptions in our business operations if we are required to temporarily close our factory in event our employees test positive for COVID-19. As we do not carry business interruption insurance coverage to cover breakout of diseases such as COVID-19, any losses that we may incur as a result of reduced operations are not recoverable under insurance.

5.1.4 We are dependent on our Executive Directors, key management, engineers and technical professionals for continued success

Our Group's continuous success and growth will depend upon our ability to identify, recruit and retain suitable skilled and qualified employees, including our Executive Directors, key management personnel, engineers and technical professionals with the requisite industry experience, knowledge and expertise.

Our Executive Directors namely, Mr Ooi (Executive Director and CEO) and Mr Chua (Executive Director and COO), have been instrumental in the development of our business since our inception. They have over the years, secured and established key business relationships with our customers and suppliers. Leveraging on their business acumen, industry knowledge and over 30 years of experience in the automation industry, they are vital to the management of our business and formulation of our business strategies and future plans. Recognising the need to ensure their commitment to our Group upon Listing, service agreements have been entered into between our subsidiary (ECA Solutions) and Mr Ooi as well as Mr Chua. Please refer to **Section 9.6** of this Prospectus for further details on the service agreements.

Our Executive Directors are also supported by our key management team who play pivotal role in our daily business operations based on their working profession in their respective fields and requisite knowledge on our business. For the Financial Years/ Period Under Review and up to the LPD, we have not experienced any loss or departure of our directors and key management from our Group. The profiles of our Executive Directors and key management personnel are set out in **Section 9** of this Prospectus.

Further, as the nature of our business requires continuous customised engineering and technical support to address the needs of our customers, we rely on our engineers and technical professionals to carry out various engineering and technical works. These include design, fabrication, configuration and/ or commissioning of our integrated production systems and automated equipment. As at the LPD, we have a total of 58 engineers and technicians which accounted for 78.4% of our total employee workforce.

There can be no assurance that we will be successful in retaining our existing Executive Directors, key management team, engineers and technical professionals or that there will be a smooth transition should changes occur, which may bring about an adverse impact on our Group. The loss of any such personnel without suitable replacement in a timely manner or the inability to recruit suitable management and technical talents may adversely affect our business operations.

5. RISK FACTORS (CONT'D)

5.1.5 We do not have long term contracts with our customers

Our customers typically do not enter into long term contract or purchase commitment with us, and that our sales are primarily secured via purchase orders from our customers. Our customers will purchase our products by way of purchase orders on a project basis and/ or on an as-needed basis. The purchase orders received from our customers generally range from 1 to 12 months, as it is dependent on the project's complexity, scale and customer's requirements for the integrated production systems and standalone automated equipment.

In the absence of long term contracts or purchase commitment, there can be no assurance that our customers will continue to purchase our products in the future as the orders are based on our customers' individual capital expenditure and expansion requirements. Our Group's ability to maintain our existing business relationships and establish new business relationships are dependent on the following factors:-

- (i) our ability to keep up-to-date with technological developments;
- (ii) our ability to cater our solutions to meet our customers' operational requirements, budget and capital expenditure; and
- (iii) competitive pricing and timely delivery of our solutions and services.

As such, the inability of our Group to secure repeat or new purchase orders from existing and/ or new customers may have an adverse impact on our financial performance and business sustainability.

5.1.6 Our production facility may face operational failure, sudden disruption or unplanned shutdown

Since inception and up to the LPD, we operate solely from our leased manufacturing facility located in Kawasan Perindustrian Bukit Minyak, Pulau Pinang, further details as set out in **Section 7.20.2** of this Prospectus. Any significant operational failure, sudden disruption or unplanned shutdown may have a material impact on our business operations and financial performance.

Our production facility may face risks of operational failure caused by workplace accidents, mechanical breakdowns and human errors. Further, any sudden disruption or unplanned shutdown of our production facility due to lockdown, natural disasters (such as fire and floods), power outage, or interruption in water supply, may cause interruptions to our production activities. Any unanticipated failures thereof or prolonged interruptions of any part of our operation will affect our production schedules and may affect the timely delivery of our products to our customers.

During the Financial Years/ Period Under Review and up to the LPD, we have not encountered any operational failure, sudden disruption or unplanned shutdown which has materially affected our business operations, save for certain business disruptions arising from the COVID-19 outbreak as set out in **Section 7.23** of this Prospectus, as well as the risks in relation thereto as outlined in **Section 5.1.3** of this Prospectus.

5.1.7 We are subject to contractual risk in event of late delivery of our products

We have agreed upfront with our customers to adhere to certain milestones for the completion and delivery of our products and solutions. In the event that we do not meet the scheduled delivery date or if we are unable to procure extension to the delivery schedule from our customers, we may be subject to the following contractual risk:-

5. RISK FACTORS (CONT'D)

- (i) our customers may impose charges on claims and/ or penalties pertaining to liquidated damages for late delivery. Such charges can vary from order to order after taking into account the size and complexity of each trade order. For instance, the charge typically imposed by our major customer, namely Customer A group of companies, equals to 0.5% of the total amount of the purchase order per each working day of said delay and not exceeding a maximum of 20% of this amount; and/ or
- (ii) our customers have the option to terminate the purchase order, whether in whole or in part per order, without incurring any liability.

Accordingly, any delay in the delivery of our products may result in claims and/ or penalties imposed on our Group, or cancellation of order, which in turn may have an adverse effect on our financial performance.

For the Financial Years/ Period Under Review, and save for the delay in delivery encountered by our Group in the FYE 2020 and FYE 2021 as a consequence of COVID-19 pandemic, we have not experienced any delays in the completion and delivery of our products, which results in claims and/ or penalties enforced against us, or cancellation of order thereof. As set out in **Section 5.1.3** of this Prospectus, we were able to procure extensions from our customers to fulfil their delivery schedule in respect of affected delivery due to COVID-19 pandemic. Nevertheless, there is no assurance that we would not experience any liquidated damages pertaining to delays in the delivery of our products to customers in the future.

5.1.8 Our financial performance may be affected in the event of revocation or expiry or non-renewal of our pioneer status

We were granted a pioneer status by MITI under the Promotion of Investments Act 1986 which entitled us to a tax exemption of 100% on our statutory income for a period of 10 years. The said tax exemption applies to our statutory income derived from the following activities, namely (a) the production of 3D vision inspection machines, and (b) the production of factory automation systems. The 10-year tax incentive period is granted for an initial 5-year period, which would be extendable by another 5 years when the relevant conditions set out in **Section 7.17** of this Prospectus are fulfilled. Our current tax incentive period under the pioneer status is valid for 5 years from 27 November 2017 to 26 November 2022. We intend to apply for a renewal of our pioneer status for the remaining validity period of 5 years effective from 27 November 2022.

In addition, our pioneer status is subject to our Group complying with the set of conditions as set out in **Section 7.17** of this Prospectus, which includes amongst others, the number of employees at all level of management, technical and supervisory levels must reach at least 86% of total workforce of the company, and that at least 80% of the total workforce of the company must be Malaysians. Since the commencement of the validity period of our pioneer status on 27 November 2017 and up to the LPD, we have not breached any of the conditions of our pioneer status.

There is no assurance that we will be able to renew our pioneer status, or that our pioneer status may be subject to early revocation in event of changes to the prevailing rules, regulations and/ or policies. Upon expiry of the pioneer status or in the event of revocation or non-renewal of the pioneer status, our profitability will be directly affected as and when we revert to the applicable corporate tax rates in Malaysia.

5. RISK FACTORS (CONT'D)

5.1.9 We are subject to the risk of warranty claims

We are exposed to the risk of warranty claims from our customers arising from the defects of our products or technical issues with our solutions. Based on our purchase orders with customers, we are subject to a product warranty period of up to 12 months, after final acceptance by our customer of the products/ solutions in connection with the defects or technical issues, especially in the areas of design, function, material and workmanship. Therefore, in the event of any failure or defects in the products/ solutions after acceptance by our customers, we are required to repair such defects or replace faulty parts and components at our own costs.

Any defects or technical issues in our products/ solutions, if recurrent or not rectified satisfactorily, may result in negative perception towards our industry reputation and/ or the quality of our products and services. This may adversely affect our customer relationships as well as our future engagement for business opportunities, and in turn may result in substantially lower demand for our products and services, and consequently have an adverse effect on our business and financial performance.

For the Financial Years/ Period Under Review and up to the LPD, we have neither experienced any warranty claims or made any provision for warranty claims for our products, nor any incidence of product defect or technical issues that resulted in negative publicity towards our Group. Nevertheless, there is no assurance that we would not experience any warranty claims or negative publicity which may materially affect our Group's business and financial performance in the future.

5.1.10 We are subject to credit risks

Our normal credit period given to customers is generally 90 days, and extended up to 180 days for certain customers. We generally consider extending the credit periods granted to our customers after having evaluated their background and financial position, scale and complexity of the respective projects, payment history and industry reputation. Our trade receivables constitute a substantial portion of our total assets for the Financial Years/ Period Under Review, as follows:-

	FYE 2019		FYE 2020		FYE 2021		8-month FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trade receivables	3,666	37.9	10,492	60.1	10,544	40.2	13,368	41.2
Total assets	9,667		17,456		26,252		32,475	

We are exposed to credit risks arising from our trade receivables which may arise from events and circumstances beyond our Group's control. We may experience delays in payment from our customers, or in more severe cases, we may not be able to collect payment on outstanding due to us. Any such delay in payment from our customers may adversely affect our cash flow position. Further, in the likelihood or event of payment defaults, we would have to make provisions for doubtful debt or incur bad debts written off, which may adversely affect our profitability and cash flow.

Save for the bad debt written off amounting to approximately RM0.06 million in the FYE 2020, there were no provisions for doubtful debts or any other bad debt written off for the Financial Years/ Period Under Review.

5. RISK FACTORS (CONT'D)

5.1.11 We are subject to disruptions in the supply of input materials

Our key input materials consist of physical hardware, parts and components (i.e. machinery, equipment and tools), IT software/ hardware and electronic components and other consumables. Our input materials are sourced from both local and international suppliers. Our imported materials accounted for 17.0%, 13.0%, 15.4% and 9.5% of our total purchases for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. The supply of our input materials may be materially disrupted due to the occurrence of natural disasters, disruption in trade logistics and shortages which may reduce the amount of supplies available in the market.

For the FYE 2020 and FYE 2021, we have experienced delays in shipping of supplies, especially for IT hardware and programmable logic controllers (PLC) on the back of COVID-19 pandemic. This had led to a delay in our production planning, and in turn resulting in delay of our products to customers by about 2 to 6 months. Notwithstanding this, we have been able to procure extensions from our customers to defer the affected deliveries and fulfil their sales orders, within the extended delivery schedule provided to our customers.

Any such adverse or prolonged disruptions in our supply chain may materially affect our scheduled delivery to our customers, and may in turn expose us to risk of breach in certain contractual obligations including the imposition of claims and/ or penalties on our Group due to late delivery, or the cancellation of jobs thereof by our customers. This in turn may have an adverse impact on our business operations and financial performance.

5.1.12 We are exposed to fluctuation in the foreign exchange rates that may impact our profitability

A proportion of our sales to our customers are transacted in RM and foreign currencies, namely in USD, SGD and EURO, details as follows:-

Revenue	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	8-month FPE 2022 RM'000
RM	3,515	9,449	7,844	2,764
USD	3,169	5,918	8,960	13,888
SGD	987	-	1,100	1,155
EURO	-	-	2,607	9
Total	7,671	15,367	20,511	17,816

A proportion of our purchases from our suppliers are transacted predominantly in RM, followed USD, SGD and RMB, details as follows:-

Purchases	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	8-month FPE 2022 RM'000
RM	2,322	3,321	10,245	6,179
USD	463	312	725	460
SGD	12	23	258	187
RMB	-	162	624	1
Total	2,797	3,818	11,852	6,827

As a result, we are exposed to fluctuations of USD, SGD and other foreign currencies, and any adverse movements in the foreign exchange markets may have an adverse impact on our business performance, financial position and operating results. If we pass on our foreign exchange risks by increasing the selling price of our products and services to maintain our profit margin, our products and services may become less competitive in the market and this in turn may affect our sales volume.

5. RISK FACTORS (CONT'D)

As at the LPD, we do not use any financial instruments to hedge our exposure against transactions in foreign currencies, in view that our sales and purchases is naturally hedged to an extent for those same currency denominations as well as that our exposure size is relatively manageable. For the Financial Years/ Period Under Review, there was no material impact of foreign currency translations on our historical profits:-

	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	8-month FPE 2022 RM'000
Realised loss on foreign exchange	(38)	(66)	(22)	(43)
Unrealised gain on foreign exchange	11	35	11	441
Net gain/ (loss)	(27)	(31)	(11)	398
As a percentage of PBT (%)	(2.5)	(0.6)	(0.1)	8.5

However, we will monitor and review the need to utilise financial instruments, if required, to hedge our currency exposure after taking into consideration the size of exposure, exposure periods and transaction costs. Nevertheless, there can be no assurance that any foreign currency exchange rates fluctuation will not have a material adverse effect on the business and financial performance of our Group.

5.1.13 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in the course of our business operations

We are subject to operational risks such as fire, theft and accidents, and other risks that may affect our business operations. We therefore maintain the types of insurance that are customary in our industry to protect against various losses and liabilities such as coverage protection against the following:-

- fire;
- burglary;
- public liability; and
- consequential loss of profit due to business interruption.

As at the LPD, we have taken insurance with a total insured amount of up to approximately RM16.0 million for the aforementioned liability and coverage. However, our insurance may not be adequate to cover all losses and liabilities that may be incurred in the course of our operations. For instance, while we are insured against losses resulting from fire, we do not maintain insurance against losses due to other forms of natural disasters (i.e. flood and subsidence) at our manufacturing facilities. During the Financial Years/ Period Under Review and up to the LPD, we have not made any claims against our insurance policy.

Notwithstanding the above, our insurance may not be adequate to cover the losses, damages or liabilities that may arise in the course of our business operations. Any losses, damages or liabilities in excess of our insured limits or in areas for which we are not fully insured may result in an adverse impact on our Group's business, financial performance or results of operations. Further, there can be no assurance that our insurance premiums payable in respect of the above insurance policies or additional insurance required by specific project will not increase. Any increase or mandatory imposition in insurance premium costs may affect our financial results.

5. RISK FACTORS (CONT'D)

5.1.14 Exposure to highly confidential information

As an automation solutions provider, we constantly have access to highly confidential information relating to our customer's products. Our course of service engagements may involve the storage and transmission of confidential information that may include, but not limited to, production data and technical know-how which are of a confidential, competitively sensitive or proprietary nature. Per our customers' request to maintain strict confidentiality, if required, we will enter into non-disclosure agreements with our customers to establish confidential relationship, wherein our Group is obligated to ensure that these confidential information is not disclosed and revealed to any unauthorised parties prior to any project engagement.

There can be no assurances that our Group will not be vulnerable or susceptible to external security threats to our physical information infrastructure as well as cyber security attacks on our servers where the confidential information is stored. This may include malware attacks, hacking, data theft, break-ins, internal security breaches and subsequent leakages of these confidential information to unauthorised third parties. The occurrence of such events may expose our Group to complaints, claims, termination of business relationship as well as legal actions initiated by our customers for breach of confidentiality, including but not limited to being sued for damages arising from such breach. The occurrences of these circumstances may adversely affect our Group's reputation, business and financial performance. For the Financial Years/ Period Under Review, our Group has neither encountered any claims or contract termination nor subject to legal action by our customers for breach of confidential information.

5.1.15 There is no assurance that our historical gross profit margin can be sustained

For the Financial Years/ Period Under Review, we recorded a relatively high gross profit margin of 49.9%, 54.8%, 55.0% and 38.3% for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. Please refer to **Section 12.3.6(iii)** of this Prospectus for the management discussion and analysis of our historical gross profit margin, and the IMR Report set out in **Section 8** of this Prospectus for the competitive analysis of our Group vis-à-vis industry peers.

In line with our growth strategies as set out in **Section 7.21** of this Prospectus, we plan to amongst others, expand our output and enhance our capability by amongst others, investing in new machineries and recruiting skilled technical personnel. Accordingly, our gross profit margin may decline due to the incurrence of depreciation charges and staff cost arising from investment in new machineries and staff recruitment, to a material extent if we are unable to maintain competitive pricing or secure job orders that can accommodate our increased cost structure.

Therefore, there can be no assurance that we will be able to sustain our gross profit margin at the levels recorded during the Financial Years/ Period Under Review. If there is any decline in our gross profit margin or if we fail to sustain relatively high gross profit margin, our profitability and financial condition may be affected.

5. RISK FACTORS (CONT'D)

5.1.16 There is no assurance that our business strategies and future plans can be successfully implemented

As set out in **Section 7.21** of this Prospectus, our Group intends to implement business growth strategies for our current and future operations as well as future development plan, which include the following:-

- (i) Expand our output and enhance our capability by amongst others, investing in new machineries and recruiting skilled technical personnel; and
- (ii) Expansion into the provision of smart factory solutions as our new solutions offering.

The success of achieving our business strategies and implementing our future plans relies on market conditions, sufficient financing resources, our ability to continuously secure new projects and the efficiency of our business operations. However, there is no assurance that all our business strategies and future plans will be successful upon implementation. Furthermore, there is no assurance that the successful implementation of our future plans will improve our earnings given the anticipation of additional resources or costs to be incurred to facilitate the implementation of our business strategy.

In the event we are unable to maintain and improve our operations in tandem with the growth of our Group or if we fail to effectively manage our future investment or capital resources, our operations and financial position may be adversely impacted.

5.2 Risks relating to our industry**5.2.1 We are subject to competition risk**

The automated manufacturing solution industry is competitive, and is subject to rapid technological changes and new product development, the risks of which are further elaborated in **Section 5.2.2** of this Prospectus. We face competition from existing competitors and potential new market entrants, from domestic and abroad, in the industry we operate in. Some of these existing competitors have fundamentally similar capabilities and compete with each other on several key attributes including manufacturing competency, reliability and quality products and services, pricing, time-to-market and available production capacity. These competitors may also have access to more financial resources and better technological capabilities, and/ or may have superior reputation recognition and lower cost structures in the market.

Barriers to entry of the automated manufacturing solution industry is moderately high given that the industry players (automated manufacturing solutions providers) should possess the necessary track record, capability and experience to be qualified as an approved supplier by MNCs, as well as having an adequate pool of technically skilled talent. Many of our customers are MNCs operating in Malaysia and overseas, for whom selection of product equipment for their respective manufacturing processes are based on stringent criteria such as high quality standard equipment, competitive pricing, good after sales service support and product reliability.

Notwithstanding the above, there is no assurance that we will be able to maintain our competitiveness in the future. In the event we are unable to compete effectively, this may result in loss of sales orders or customers, which would adversely affect our business operations and financial performance.

5. RISK FACTORS (CONT'D)

5.2.2 We are subject to risk of technological changes and/ or obsolescence

The demand for our products and solutions, notably the integrated production systems and standalone automated equipment, is characterised by rapid technological developments, evolving industry standards, swift changes in customer requirements, new product introductions and enhancements. Our continued success to adapt to our customers' requirements would therefore depend on our ability to identify, anticipate and deploy technology that is aligned with the standards of the latest technology in the automated manufacturing solution industry.

Although we actively engage in the D&D activities that focus on new automation process or technology innovation, and maintain close collaboration with our customers in the design/ conceptualisation stage to aid us on new technological requirements, there is no assurance that we will continue to generate innovative products and solutions to our customers in terms of price and efficiency, or that we will be able to address the technological evolution in a timely manner. Failure by us to successfully anticipate technological changes and adapt in a timely manner, may result in a diminution or loss of our Group's competitiveness, and in turn, we may risk losing customers and market share over time.

5.2.3 We are subject to political, economic and regulatory risks in foreign countries that we export to as well as in Malaysia

Our sales from the domestic market accounted for 58.7 %, 76.0%, 47.4% and 34.2% of our revenue, whilst the remaining 41.3%, 24.0%, 52.6% and 65.8% of our revenue are derived from the export markets, in FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

We are subject to risks inherent in the political, economic and regulatory conditions in both Malaysia and overseas markets that we export to such as the North America (i.e. USA and Mexico), Asia Pacific region (i.e. PRC, Singapore, Vietnam and Philippines) and Europe (i.e. Hungary, Ukraine and Poland), which include but are not limited to, changes in the government laws, monetary and fiscal policies, methods of taxation and licensing regulations, changes in trade law and other regulatory requirements, civil unrest, terrorism, riots, risk of war, expropriation, and changes in political leadership. All of these changes are beyond our control.

Any adverse developments in one or more in the above condition may affect the performance of our customers' business and prospect, result in cancellation or reduction in the scope of our projects or product offering, hike in additional operating cost, and/ or affect the selling price of our products and services. As such, there is no assurance that any adverse political, regulatory or economic developments, would not materially affect our business, financial performance and prospects of our Group.

5. RISK FACTORS (CONT'D)

5.3 Risks relating to our IPO

5.3.1 There has been no prior market for our Shares

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration various factors including but not limited to our business strategies and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and the market price of our Shares will not decline below the IPO Price.

5.3.2 Our Share price and trading volume may be volatile

The trading price and volume of our Shares may be highly volatile in response to various factors, which may be beyond our control and may be unrelated or disproportionate to our operating results. These factors include, but not limited to, the variations in the results of our operations due to the restrictions by the Government, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

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

5.3.3 Payment of dividends

Our Company is an investment holding company whereby we conduct all our operations through our subsidiary namely ECA Solutions. Accordingly, our main source of income, which is an important factor in our ability to pay dividends to our shareholders, is the receipt of dividends and other forms of distributions to us from our aforesaid subsidiary. As set out in **Section 12.6** of this Prospectus, our Group intends to target a dividend payout ratio of up to 20% of our annual PAT attributable to the shareholders of our Company, after taking into account our results of operation, level of cash and bank balances, working capital requirements, and also subject to any applicable law and contractual obligations. Any dividend recommended and declared will be subject to the discretion of our Board, after taking into consideration various factors such as availability of adequate distributable reserves and cash flow, operating cash flow requirements and financing commitment, and capital expenditure or future expansion/ investment plans. Further, any final dividends declared in the future will be subject to the approval of our shareholders at our AGM. As such, deterioration in any of the abovementioned factors may affect or restrict our ability to pay dividends in the future.

Our ability to declare dividends or make other distributions to our shareholders may also be subject to restrictions contained in our existing and/ or future banking or financing agreements. As at the LPD, there are no dividend restrictions imposed on our Group pursuant to any covenants under our banking facilities agreements.

5. RISK FACTORS (CONT'D)

Dividend payments are not guaranteed and our Board may decide, at its sole and absolute discretion, at any time and for any reason, not to pay dividends. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

5.3.4 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO

As disclosed in **Section 9.1.1** of this Prospectus, our Promoters will collectively hold approximately 65.7% of our enlarged issued share capital upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/ or by the relevant guidelines or regulations.

Nevertheless, our Group has formed and set up the Audit and Risk Management Committee which will play a crucial role in our Board's deliberation to ensure that any future transactions involving related parties are entered into on an arms-length basis and/ or on normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not detrimental to our minority shareholders.

5.3.5 There may be a potential delay to or cancellation of our Listing

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

- (i) Our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (ii) The revocation of approvals from the relevant authorities for the Listing and/ or admission for whatever reason; or
- (iii) We are unable to meet the public shareholding spread requirement of the Listing Requirements of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 200 public shareholders holding at least 100 Shares each at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our IPO Shares within 14 days, failing which the provisions of 243(2) of the CMSA will apply.

If our Listing is aborted and/ or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules. Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and Registrar of Companies within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There is no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

6. INFORMATION ON OUR GROUP

6.1 History and development

Our Company was incorporated in Malaysia on 28 September 2021 under the Act as a private limited company under the name of ECA Integrated Solution Sdn Bhd. As an integral part of our listing on the ACE Market, we had undertaken a Pre-IPO Restructuring Exercise, which involves amongst others, the Acquisition of ECA Solutions by our Company, further details as referred to in **Section 6.6** of this Prospectus. Subsequently, on 1 March 2022, our Company was converted into a public limited company under the name of ECA Integrated Solution Berhad.

We are principally an investment holding company. Through our sole subsidiary, namely ECA Solutions, we are an automated manufacturing solution provider that is principally engaged in the provision of integrated production systems and standalone automated equipment. In addition, we provide after-sales services to our customers for the provision of technical support services and spare parts. Our scope of business activities are summarised as follows:-

<u>Integrated production systems</u>	<u>Standalone automated equipment</u>	<u>After sales service</u>
Design, development, fabrication, software programming, assembly, configuration, integration, testing and commissioning of integrated production systems	Design, fabricate, configure, test and commission standard standalone automated equipment or custom-built equipment for specific roles or tasks	Provision of technical support services and spare parts

For the Financial Years/ Period Under Review, our customer base mainly comprise MNCs serving or operating in various industries such as semiconductor, automotive, solar, telecommunications, and other commercial and industrial products (such as digital display tags).

Prior to the incorporation of our Company, our Promoters, namely Mr Chua and Mr Kang had since 1991, and Mr Ooi had since 1992, been involved in the automation industry specialising in the design and engineering related field, further details of which are set out in **Section 9.1.2** of this Prospectus.

Our Promoters were previously engineers employed in companies that are principally involved in the design and fabrication of automation equipment, parts and components. Having accumulated experience and knowledge in the design and engineering related field under their previous employments, both Mr Chua and Mr Kang decided to commence their own business venture via the incorporation of ECA Technology in Malaysia in December 1994. ECA Technology was principally involved in the manufacture and selling of keyboard assembly machines and semi-auto or manual conveyor systems, to mainly serve the computer electronics market. Mr Ooi, a mutual acquaintance from within the engineering sector, joined them as a Director in ECA Technology in September 1995 and later as a shareholder in December 1995, to spearhead and oversee further business development opportunities. Leveraging on their increased technical knowledge, all 3 of our Promoters then co-founded ECA Automation in December 2005 to focus on higher end automation functions that mainly serves the back-end semiconductor manufacturing industry. ECA Automation principally engages in the sales and manufacturing of standalone automated machines which were used for testing and certain aspect of the customers' semiconductor production process such as multiple lens press machines, high speed vision sorting machines, and loader module.

In 2016, our Promoters saw an opportunity to expand their growth potential in the automation industry, on the back of market shift and transitioning competitive landscape amongst the global manufacturing players that are increasingly embracing Industry 4.0 technologies to adopt factory automation within their manufacturing process. Building on their technical know-how and capabilities, our Promoters co-founded ECA Solutions in May 2016, with the primary aim of providing automated manufacturing solutions that can cater to the complete process of an integrated production system, including but not limited to, conceptualisation and design of project solutions, software programming and fabrication of parts and mechanical components, and integration of modules and smart manufacturing solutions.

In 2017, we commenced marketing of our conceptual design and development of factory automation assembly solutions together with 3D vision inspection system and plasma treatment system, to prospective semiconductor manufacturers.

6. INFORMATION ON OUR GROUP (CONT'D)

In October 2017, ECA Solutions was granted a pioneer status by MITI under the Promotion of Investments Act 1986 which entitled us to a tax exemption of 100% on our statutory income for a period of 10 years. The said tax exemption applies to our statutory income derived from the following activities, namely (a) the production of 3D vision inspection machines, and (b) the production of factory automation systems. The 10-year tax incentive period is granted for an initial 5-year period, which would be extendable by another 5 years when the relevant conditions set out in **Section 7.17** of this Prospectus are fulfilled. Our current tax incentive period under the pioneer status is valid for 5 years from 27 November 2017 to 26 November 2022, subject to renewal for another 5-year term.

For information purpose, at the inception of ECA Solutions, our Promoters were still involved in the running of business operations of ECA Technology and ECA Automation, that focused primarily on providing automated machine solutions and standalone equipment for the computer electronics and semiconductor markets. In view to focus on our Group's business on providing automated manufacturing solutions that can cater to the complete process of production line activities, our Promoters have begun to gradually scale down the business operations of ECA Technology and ECA Automation since 2017. In this regard, ECA Technology has ceased business and became dormant in 2019, and that our Promoters had resigned as directors and fully divested their equity interests in ECA Technology to a third party in November 2021, whilst ECA Automation has ceased its manufacturing business in October 2021 and is now principally an investment holding company. One of the more prominent customers whom our Promoters have established working relationship in ECA Automation, namely Customer A group of companies (since 2009), were brought over to ECA Solutions for the potential commissioning of higher value projects catering to their factory automation assembly solutions.

In November 2017, we secured our first purchase order worth RM0.97 million from Customer E (Singapore-based manufacturer and distributor of equipment and consumables to the semiconductor industry), to produce standalone automated equipment, namely laser cutting ablation machine and laser scanning post substrate inspection machine. From February 2018 to September 2018, we had also secured notable purchase orders worth RM5.10 million (in aggregate) from Customer A1 and Customer A2 for the design, fabrication and supply of various standalone automated equipment such as automated material transfer, rotary vision sorting and test handler machines, which mainly cater to their back-end semiconductor manufacturing process. In December 2018, we were accredited with ISO 9001:2015 under the scope of design, development and assembly of automation equipment. This represents a testament of our commitment in providing quality products and services to our customers.

As part of our continuous engagement with our major customer, namely Customer A group of companies, we began incorporating additional design, development, assembly, testing, and commissioning services to our service offering, which enable us to provide more customised production line processes. In January 2019, we managed to secure a purchase order worth RM2.81 million from Customer A2 for the production of an integrated line system comprising automation vision inspection system and test solutions used in the customer's back-end semiconductor manufacturing process. This marks our maiden venture into the fabrication and production of integrated production system, which represents a transformation shift from our conventional offering of standalone automated equipment. Throughout the later part of 2019, we then manage to secure additional purchase orders for the production of integrated production systems from Customer A group of companies and a new customer, namely Customer C (German multinational automotive parts manufacturing company). Up till FYE 2019, our customers are predominantly operating in the semiconductor industry, followed by the automotive industry.

Subsequently in 2020 and 2021, we (ECA Solutions) have grown and diversified our customer base to include other industries in which our customers operate or serve in. In addition to semiconductor and automotive industries, we have secured new orders from customers operating and serving in other industries such as solar, telecommunication, and other commercial and industrial products (such as digital display tags). Amongst the notable purchase orders secured for our solutions in the FYE 2020 and FYE 2021 are from new customers such as Customer B group of companies (American multinational manufacturing services and solutions provider), Customer G (multinational optical solutions provider) and New Power Smart Modular Sdn Bhd (multinational smart machine manufacturer that serves the solar and automotive industry).

6. INFORMATION ON OUR GROUP (CONT'D)

Over the years, our range of solutions comprising standalone automated equipment and fully customised integrated production systems have allowed us to cater to various manufacturing needs and requirements. We (ECA Solutions) often work and collaborate closely with our customers throughout the project cycle, i.e. from product conceptualisation to development stage. Over time, we have cultivated good understanding of our customers' stringent requirements and from there, built our technical capabilities and know-how so as to continuously meet our customers' demand and need for more technologically advanced or sophisticated manufacturing solutions. Our knowledge and understanding of integrated production systems, coupled with our technical ability to adapt our solutions to the various manufacturing needs, has been and will continue to be key in remaining competitive as an automated manufacturing solutions provider.

6.2 Key achievements of our Group

The key achievements of our Group are set out below:-

Year	Milestone
2016	: Incorporation of ECA Solutions
2017	: ECA Solutions commenced marketing of conceptual design and development of factory automation assembly solutions together with 3D vision inspection system and plasma treatment system, to prospective semiconductor manufacturers
	: Granted a pioneer status by MITI which entitle us to a tax exemption on our statutory income derived from the following activities, namely (a) the production of 3D vision inspection machines, and (b) the production of factory automation systems
	: Secured our first purchase order with Customer E (Singapore-based manufacturer and distributor of equipment and consumables to the semiconductor industry), to produce standalone automated equipment, namely laser cutting ablation machine and laser scanning post substrate inspection machine
2018	: Obtained ISO 9001:2015 Quality Management System
2019	: Secured purchase orders from Customer A1 and Customer A2 (German-based semiconductor manufacturer) for the production of an integrated line system comprising amongst others automated vision inspection machine, track assembly, test stations and rotary vision sorting machine, to be used in their back-end semiconductor process involving the inspection, testing and sorting of IC devices. This marks our maiden venture into the fabrication and production of integrated production system
	: Diversified our customer base to include the automotive industry when we secured purchase order from Customer C (German multinational automotive parts manufacturing company) to design a factory automation assembly systems for the production and assembly of interior electronic systems and components for EV
2020	: Secured purchase orders from Customer B1 (American multinational manufacturing services and solutions provider) to design, fabricate and supply assembly line systems which are utilised for the production of (a) battery management system for EV, and (b) solar power systems
	: Secured purchase order from New Power Smart Modular Sdn Bhd (multinational smart machine manufacturer) to design, fabricate and supply integrated production systems for the customer's fabrication and assembly process of PV junction box that forms part of the solar panels
	: Obtained Manufacturing Warehouse License from Royal Malaysian Customs Department
2021	: Through our D&D collaboration with Customer B group of companies, we have successfully design and develop other forms of customised integrated production solutions that meet their diverse manufacturing needs. We were commissioned to design, fabricate and supply customised integrated production systems that are utilised in their production process of digital display tags (for retail industry) and 5G repeaters (for telecommunication industry)
	: Secured purchase order from Customer G (multinational optical solutions provider) to design, fabricate and supply factory automation assembly system mainly comprising pick-and-place, burn in loader and auto packing machines used for back-end semiconductor process
	: Incorporation of ECA Integrated as the vehicle to facilitate our Listing

6. INFORMATION ON OUR GROUP (CONT'D)

6.3 Share capital

As at the LPD, our issued share capital is RM17,100,009 comprising 427,500,225 Shares.

The details of the changes in our issued share capital since incorporation and up to the LPD are set out below:-

Date of allotment	No. of Shares allotted	Consideration	Nature of transaction	Cumulative issued share capital	
				RM	No. of Shares
28.09.2021	9	Cash	Subscribers' shares	9	9
26.01.2022	225	Not applicable	Subdivision	9	225
21.09.2022	427,500,000	Issued as consideration shares for the Acquisition of ECA Solutions	Acquisition	17,100,009	427,500,225

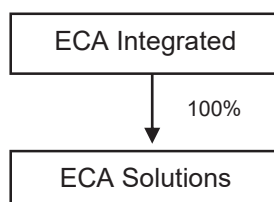
There were no discounts, special terms or instalment payment terms given in consideration of the above allotment.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our enlarged issued share capital will increase to RM41,657,009 comprising 577,500,225 Shares.

6.4 Corporate structure

The present corporate structure of our Group is diagrammatically illustrated as follows:-



The details of our subsidiary are set out below:-

Subsidiary	Date and place of incorporation	Principal place of business	Issued share capital RM	Principal activities
ECA Solutions (201601018737 (1189673-V))	31.05.2016 Malaysia	Malaysia	1,000,000	Automated manufacturing solution provider that is principally engaged in the provision of integrated production systems and standalone automated equipment

There were no changes in our core business activities and the types of services rendered by us since the commencement of our Group's business up to the LPD.

6. INFORMATION ON OUR GROUP (CONT'D)

6.5 Subsidiary

ECA Solutions

i. Background and principal activities

ECA Solutions was incorporated in Malaysia on 31 May 2016 under the Act as a private limited company under the name of ECA Advanced Solutions Sdn Bhd (201601018737 (1189673-V)).

ECA Solutions commenced its business operations in 2017. It is an automated manufacturing solution provider that is principally engaged in the provision of integrated production systems and standalone automated equipment. The principal place of business of ECA Solutions is Plot 248, Lorong Perindustrian Bukit Minyak 16, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang.

ii. Share capital

As at the LPD, the issued share capital of ECA Solutions is RM1,000,000 comprising of 1,000,000 shares.

The details of the changes in the issued share capital of ECA Solutions since incorporation and up to the LPD are set out below:-

Date of allotment	No. of shares allotted	Consideration	Nature of transaction	Cumulative issued share capital	
				RM	No. of shares
31.05.2016	1,000	Cash	Subscribers' shares	1,000	1,000
15.05.2019	99,000	Cash	Allotment of Shares	100,000	100,000
08.01.2020	400,000	Cash	Allotment of Shares	500,000	500,000
11.02.2020	500,000	Otherwise than cash	Bonus issue via the capitalisation from retained profits	1,000,000	1,000,000

There were no discounts, special terms or instalment payment terms given in consideration of the above allotment.

As at the LPD, ECA Solutions does not have any outstanding warrants, options, convertible securities or uncalled capital.

iii. Substantial shareholder

As at the LPD, ECA Solutions is our wholly-owned subsidiary.

iv. Subsidiary and associate company

As at the LPD, ECA Solutions does not have any subsidiary or associate company.

6. INFORMATION ON OUR GROUP (CONT'D)

6.6 Pre-IPO Restructuring Exercise

In conjunction with, and as an integral part of our listing of and quotation for the entire issued share capital of our Company on the ACE Market, our Company has undertaken the Pre-IPO Restructuring Exercise prior to the Listing involving the following:-

(i) Subdivision and Share transfer

Our Company was incorporated with an issued share capital of RM9 comprising 9 Shares, held entirely by a subscriber.

On 26 January 2022, we undertook a subdivision on the basis of every 1 existing Share into 25 subdivided Shares, and as a result thereof, the existing 9 Shares in issue were subdivided into 225 Shares.

Subsequently on 14 February 2022, we undertook a Share transfer to effect the transfer of the entire 225 Shares held by the subscriber to our Promoters in the following manner:-

Promoters	No. of Shares in ECA Integrated	
	Direct	%
Mr Ooi	82	36.7
Mr Chua	94	41.7
Mr Kang	49	21.6
Total	225	100.0

(ii) Acquisition of ECA Solutions

To facilitate our Listing, we have undertaken the Acquisition of ECA Solutions. On 22 February 2022, our Company had entered into a conditional share sale agreement to acquire the entire issued share capital of ECA Solutions of RM1,000,000 comprising 1,000,000 ordinary shares from the vendors of ECA Solutions, who comprise our Promoters, for a purchase consideration of RM17,100,000. The said purchase consideration were satisfied by the issuance of 427,500,000 new Shares at an issue price of RM0.04 per Share.

Pursuant to the terms of the share sale agreement, the consideration shares were issued and allotted directly to the vendors cum our Promoters, in proportion to their shareholdings held in ECA Solutions, as summarised in the following manner:-

Vendors/ Promoters	No. of ordinary shares in ECA Solutions issued	Equity interest held in ECA Solutions %	Purchase consideration RM	No. of ECA Integrated Shares issued
Mr Ooi	367,000	36.7	6,275,700	156,892,500
Mr Chua	417,000	41.7	7,130,700	178,267,500
Mr Kang	216,000	21.6	3,693,600	92,340,000
Total	1,000,000	100.0	17,100,000	427,500,000

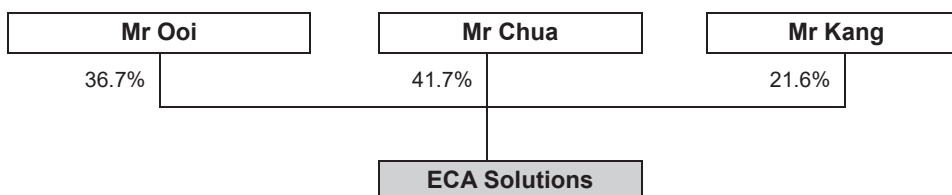
The purchase consideration of RM17,100,000 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA of ECA Solutions as at 31 October 2021 of RM17,044,189. The Acquisition of ECA Solutions was completed on 21 September 2022 and thereafter, ECA Solutions became a wholly-owned subsidiary of our Company.

Upon completion of the Acquisition of ECA Solutions, the issued share capital of our Company will increase to RM17,100,009 comprising 427,500,225 Shares.

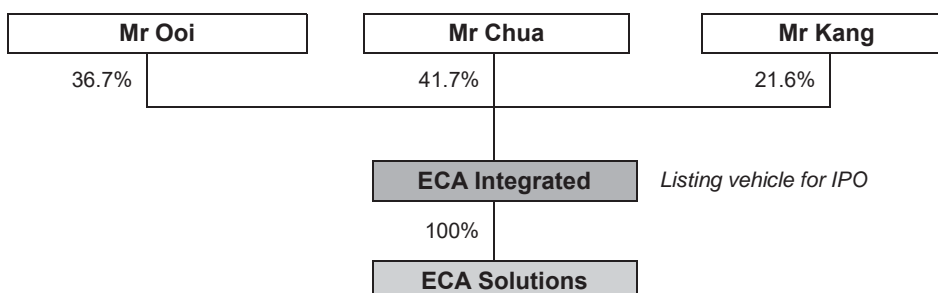
6. INFORMATION ON OUR GROUP (CONT'D)

Our Group structure before and after the Pre-IPO Restructuring Exercise and after the IPO is illustrated below:-

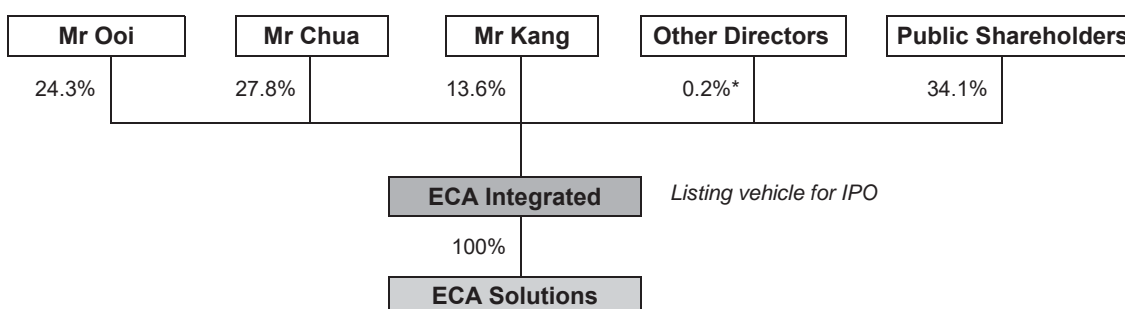
Before Pre-IPO Restructuring Exercise



After the Pre-IPO Restructuring Exercise (but before the IPO)



After the IPO



Note:-

* Assuming full subscription by our Independent Non-Executive Chairman and Independent Non-Executive Directors of their entitlements under the pink form allocation as referred to in **Section 4.3.2(ii)** of this Prospectus

6.7 Public take overs

None of the following has occurred since our incorporation and up to the LPD:-

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

6.8 Repatriation of capital and remittance of profit

As our Group does not physically operate in other countries other than in Malaysia, there is no governmental law, decree, regulation or other legislation that may affect the repatriation of capital and the remittance of profit by or to our Group.

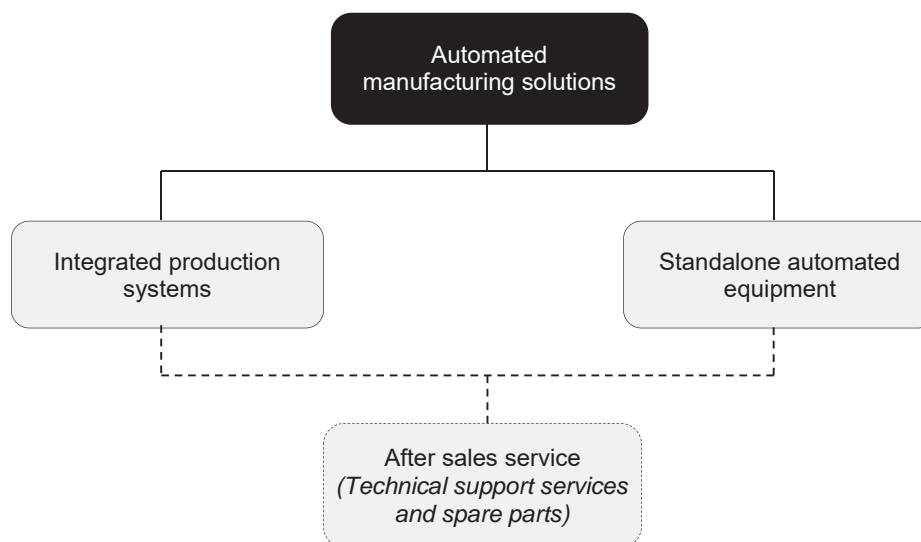
All corporations in Malaysia are required to adopt single-tier dividends. Hence, all dividends distributed to our shareholders under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payments. Therefore, the dividends to be paid to shareholders who are non-tax residents in Malaysia are not subject to withholding tax in Malaysia.

7. BUSINESS OVERVIEW

7.1 Business activities

7.1.1 Overview

We are an automated manufacturing solution provider, and are principally involved in the provision of integrated production systems and standalone automated equipment, as depicted in the diagram:-



Our core expertise is in providing **integrated production systems** to our customers. We have the capability to undertake the complete process of providing integrated production systems, which include the following scope of works:-

- conceptualising and designing suitable integrated production systems to carry out the required operational processes;
- software programming and fabrication of parts and mechanical components;
- integration of modules and smart manufacturing solutions to form a complete integrated production system; and
- testing and commissioning of the integrated production system.

We also design, fabricate, configure, test and commission **standalone automated equipment**. Standalone automated equipment refers to specific standard equipment or custom-built equipment to perform specific roles or tasks.

Further to the above, we provide **after sales service** to our customers for the provision of technical support services and spare parts. These services include provision of maintenance services, replacement of spare parts and related materials, reconfiguration, and reprogramming the equipment to perform different tasks as required by changes in production process.

For the Financial Years/ Period Under Review, our customer base predominantly comprises multinational manufacturers that serve or operate in various industries, including but not limited to, semiconductor, automotive, solar, telecommunication and other commercial and industrial products.

Further details on our principal business activities are elaborated in **Section 7.1.2** of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

Introduction to automated manufacturing solutions

Automated manufacturing solutions refer to purpose-built production solutions utilised by manufacturers to produce/ manufacture an intended product. As the operational process for each product differs, the automated manufacturing solution required to produce/ manufacture the intended product are customised accordingly for each respective customer based on their manufacturing requirements.

Our automated manufacturing solutions encompass:-

(i) **Integrated production systems**

An integrated production system refers to an array of automated customised modules that are integrated and interconnected. The system is controlled through software that is programmed to automatically perform a complete set of sequential operational processes in order to produce/ manufacture the intended product. These systems may be integrated with smart manufacturing solutions such as autonomous mobile robot and/ or intelligent connectivity platform, which are collaborative manufacturing solutions that respond and adapt to real-time changes on the factory floor.

Integrated production systems enable factory automation, where products are processed through computerisation and automation of the manufacturing process. With the integration of smart manufacturing solutions, this allows for Industry 4.0 technology deployment where various production processes in a factory setting such as material and product handling are integrated and real time data exchange between equipment are enabled. Integrated production systems provide manufacturers with benefits that include amongst others, optimisation of production processes and supply chain management, enhancement of quality control, speed and reliability of line processes, as well as minimise reliance on human labour and also rejection rate and wastages.

For the Financial Years/ Period Under Review, we have been commissioned to design, fabricate, integrate and install complete integrated production systems to cater for manufacturing of various products including semiconductor, EV and automotive electronic components, solar system components, 5G telecommunication equipment components as well as other commercial and industrial products such as digital display tags, further details of which are set out in **Section 7.1.2(i)** of this Prospectus.

(ii) **Standalone automated equipment**

As set out in **Section 7.1.1** of this Prospectus, we also design, fabricate, configure, test and commission standalone automated equipment for our customers to perform specific roles or tasks, which comprise a particular process of a manufacturing activity, such as testing and inspection, transfer and loading, laser drilling and packaging.

The types of standalone automated equipment that we offer are specific standard equipment or custom-built equipment, described as follows:-

Standard equipment

Refers to a range of standalone automated equipment that are commissioned based on the same or common base template/ model which can perform a particular process of a manufacturing activity, be it either (amongst others) testing and inspection, transfer and loading, laser drilling and packaging.

Custom-built equipment

Refers to modified template/ model of standalone automated equipment that perform similarly specific process but with certain functions or features that are custom-tailored to meet the specific project requirement. For example, our base test handler machine can be customised to add-on visual inspection function or to introduce an alternate testing feature (such as from voltage testing to image-based testing). Our custom-built equipment typically vary from order-to-order depending on the complexity and type of processes specified by our customers.

7. BUSINESS OVERVIEW (CONT'D)




Our standalone automated equipment can operate on a standalone basis without being integrated into a production line system.

For the Financial Years/ Period Under Review, we have been commissioned to design, fabricate, configure, test and commission standalone automated equipment mainly for the assembly, test and packaging of semiconductor products, such as rotary test handler, vision inspection system and laser drilling system, further details of which are set out in **Section 7.1.2(ii)** of this Prospectus.

In addition to the above, we also provide after sales service to our customers for the provision of technical support services and spare parts, which include the provision of maintenance services, replacement of spare parts and related materials, as well as reconfiguration and reprogramming of systems, where required by our customers.

7.1.2 Our principal business activities, products and services

A snapshot of our Group's business model is illustrated below:-


	Integrated production systems	Standalone automated equipment	After sales service
Business segments/ activities	<p>Design, development, fabrication, software programming, assembly, configuration, integration, testing and commissioning of integrated production systems</p> 	<p>Design, fabricate, configure, test and commission standard standalone automated equipment or custom-built equipment for specific roles or tasks</p> 	<p>Provision of technical support services and spare parts</p> 
Types of solutions	<ul style="list-style-type: none"> • Customised complete integrated production systems • Smart manufacturing solutions 	<ul style="list-style-type: none"> • Standard standalone machinery and equipment • Custom-built standalone equipment 	<ul style="list-style-type: none"> • Reconfiguration and reprogramming services • After sales and maintenance
Target customers	<p>We target manufacturers who require automation process and/ or technological innovation to their production line.</p> <p>For the Financial Years/ Period Under Review, our customer base predominantly comprise multinational manufacturers involved in the manufacturing of:-</p> <ul style="list-style-type: none"> • semiconductor products; • EV and automotive electronic components; • solar system components; • 5G telecommunication equipment components; • digital display tags; and • other commercial and industrial products. 		

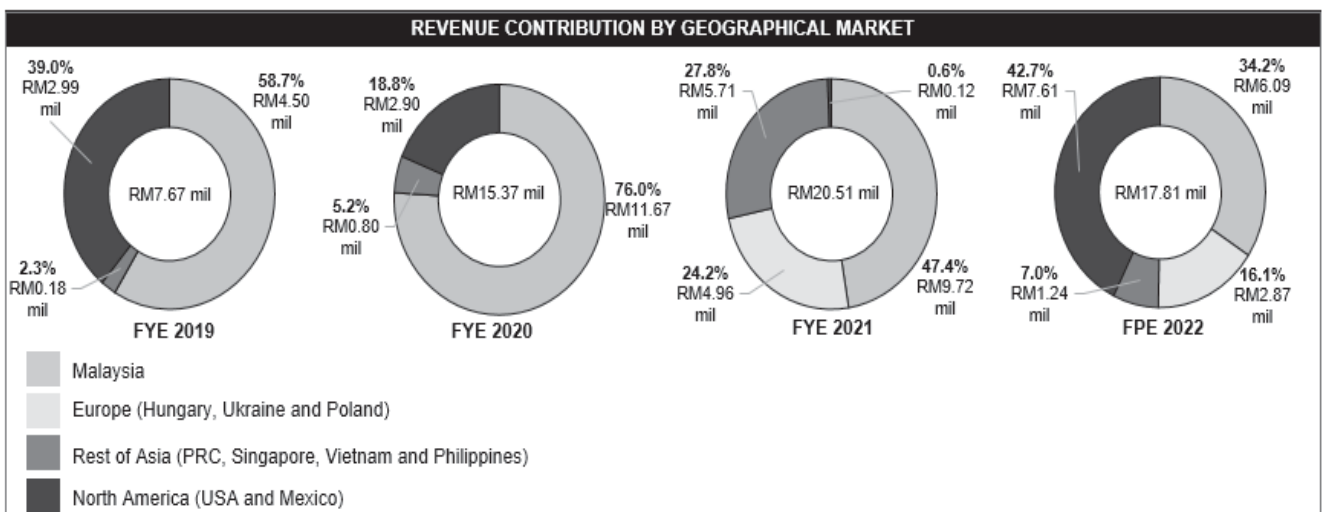
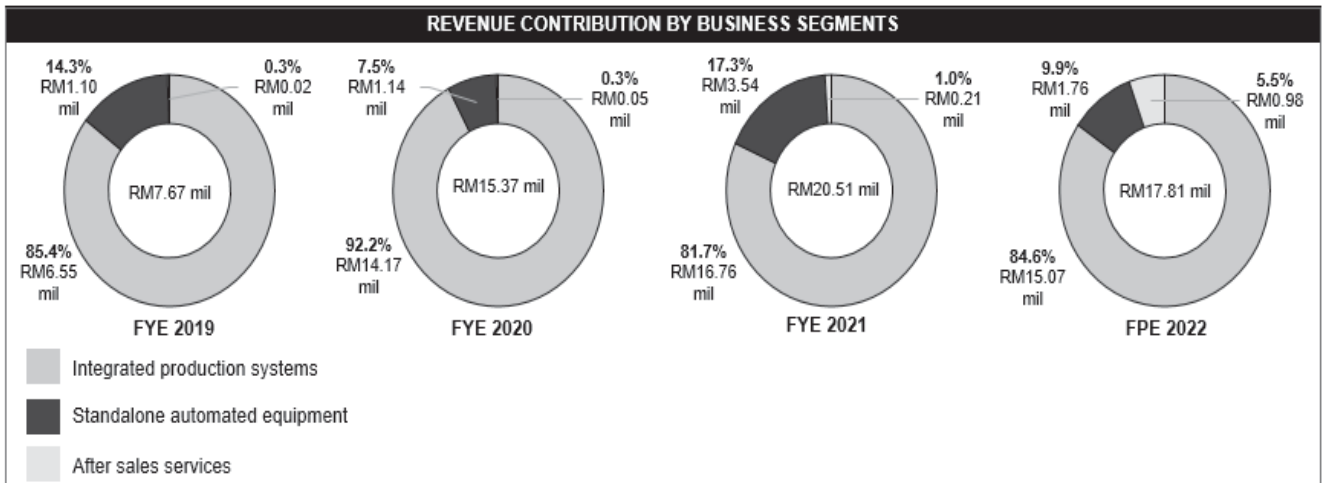
7. BUSINESS OVERVIEW (CONT'D)

Geographical markets

We target manufacturers globally in various industries.

For the Financial Years/ Period Under Review, our customers operate in Malaysia and overseas markets which include North America (USA and Mexico), Asia Pacific region (PRC, Singapore, Vietnam and Philippines) and Europe (Hungary, Ukraine and Poland).





7. BUSINESS OVERVIEW (CONT'D)

Description of our principal business activities

(i) Integrated production systems

We have the capability to design, fabricate, configure and commission integrated production systems that are customised to meet customers' operational requirements at appropriate costs.

Our core expertise lies in the following:-

<p>Conceptualising and designing suitable integrated production systems to carry out the required operational processes</p>	<p>We work closely with our customers to design and customise integrated production systems required in producing/ manufacturing our customer's intended product.</p> <p>Based on the customers' intended product or sample provided by the customer, our design department have the capability to conceptualise the production systems required to undertake the process flow of producing the product.</p> <p>Our design department also has the capability to customise the production systems to meet customers' operational requirements in terms of product specifications and intended production capacities.</p>
<p>Software programming and fabrication of parts and mechanical components</p>	<p>Our design department undertakes the programming of necessary software and fabrication of modules and components. Our fabrication of modules and components as well as software programming are undertaken in-house, as the nature of our automated manufacturing solutions require us to constantly customise the design of the production system whilst ensuring close conformity with the functionality and customers' requirements.</p> <p>Modules are machines or equipment that are fabricated and programmed in-house to perform a specified task, i.e. plasma cleaning, ultrasonic welding or automated vision inspection, and thereafter integrated to form an integrated production system. Meanwhile, the necessary software are software applications used to program the module to carry out the specified task or enable smart manufacturing solutions.</p> <p>Our in-house capabilities pertaining to the fabrication activities and software programming includes:-</p> <ul style="list-style-type: none"> • Fabrication of modules and components <p>In general, we are able to undertake the in-house fabrication of mechanical components (such as base plates, structural components, feeders and turret heads) that are within the size range of 1,500mm and which requires a degree of precision tooling. Should the component be larger in size and/ or generic in nature, then the fabrication of these module components will be outsourced to external fabricators.</p>

7. BUSINESS OVERVIEW (CONT'D)

	<p>We also possess the requisite machineries to assist us in our in-house fabrication activities. Such machineries include coordinate measurement machine and CNC machine, which aid our fabrication activities more efficiently through the use of precision measurement and computerised fabrication functions such as cutting, drilling or milling of physical objects (i.e. metal-based materials or workpieces) into mechanical module components (i.e. base plates, structural components, feeders and turret heads).</p> <ul style="list-style-type: none"> • Software programming <p>The software programming for our modules and smart manufacturing solutions are undertaken in-house. We source the programming tools or hardware such as human-machine interface, controllers and sensors from external suppliers, and thereafter integrate the software program with the relevant module or component.</p> <p>In respect of our in-house programming activities, we typically use design software and programming tools (such as SolidWorks or C++/ C# programming language) to aid our design process and also enable us to configure and embed the software program with the relevant module or component to form an integrated system.</p> <p>By undertaking the fabrication and programming in-house, we will have better control over our production lead time and process, and also enable us to respond to our customer feedback and meet our customers' delivery schedules promptly.</p> <p>However, depending on our capacity, we may outsource the fabrication of certain parts or mechanical components (particularly for metal work or tooling work) to external fabricators. As the nature of our business requires continuous customised engineering to meet our customers' requirements, we do strive to cater our solutions to meet their product requirements not only in the form of technical and design specification, but also taking into consideration their operational requirements, budget, capital expenditure and delivery schedule. Therefore at times, if we are able to procure supply from external fabricators from a better cost-effective standpoint or in a shorter lead time to fulfil our project schedule, we may outsource the fabrication of certain parts or mechanical components to external fabricators. This in turn enables our Group to maintain competitive pricing and/ or provide timely delivery of our solutions and services for purpose of maintaining business relationships with our customers.</p>
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7. BUSINESS OVERVIEW (CONT'D)

<p>Integration, testing and commissioning of modules and smart manufacturing solutions to form a complete integrated production system</p>	<p>We will integrate modules and smart manufacturing solutions to form a complete integrated production system.</p> <p>Prior to delivery, we carry out simulated test runs on our integrated production system. The simulated test runs involve operating the complete integrated production system using materials provided by the customer to produce/ manufacture the intended product.</p> <p>This will ensure that our customised integrated production system meet the required product capacity and requirements.</p> <p>Once the functionality of the customised integrated production system has been determined, we will commission the integrated production system at the customers' site and hand over the entire system to our customers.</p>
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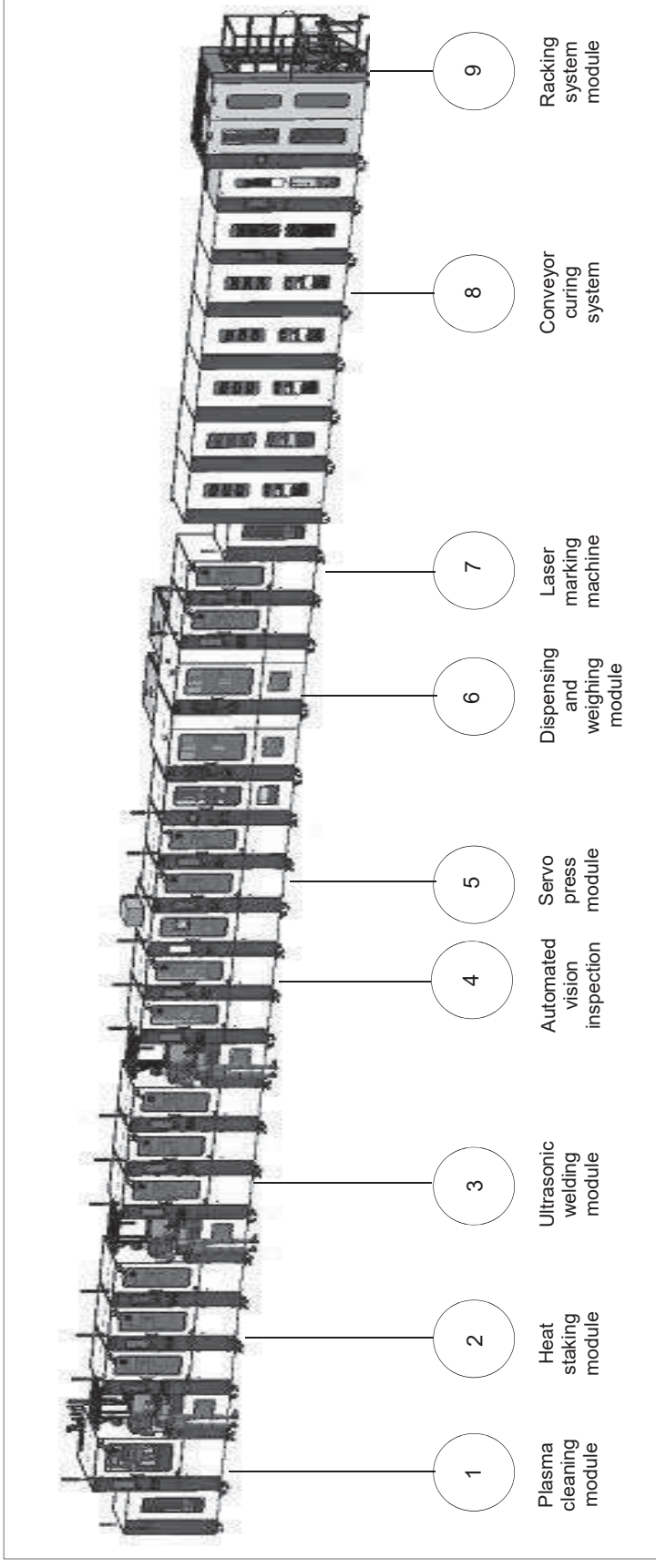
We are typically commissioned to provide complete integrated production systems when our customers have new production facilities and/ or have new product versions to manufacture and/ or require machinery and system upgrade or technological innovation in their processes.

We design, fabricate, integrate and install complete integrated production systems to cater for manufacturing of various products including semiconductor, EV and automotive electronic components, solar system components, 5G telecommunication equipment components as well as other commercial and industrial products such as digital display tags. Further elaboration on the types of industry applications are elaborated in **Section 7.2** of this Prospectus.

Our integrated production systems can be customised to include modules that have the capability of undertaking processes such as assembly, welding, inspection and curing to form the intended products. Modules are automated equipment that have been configured and programmed with the necessary software, and can be interconnected with other modules to form an integrated production system.

7. BUSINESS OVERVIEW (CONT'D)

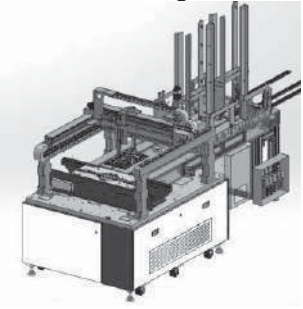
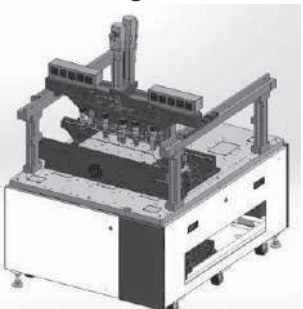
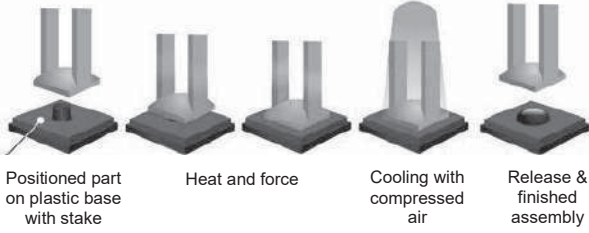
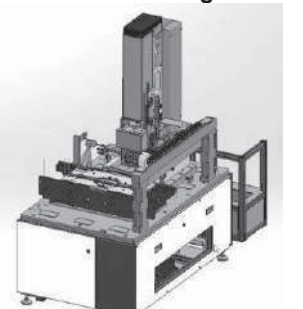
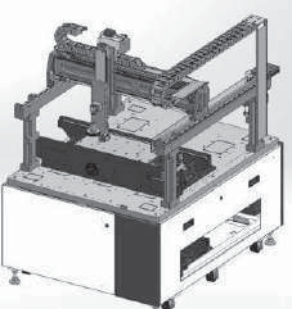
An illustration of an integrated production system and its modules are as follows:-



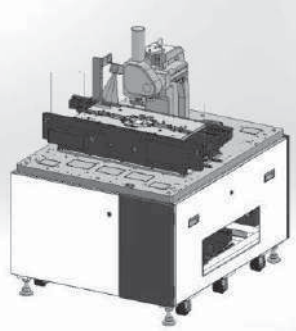
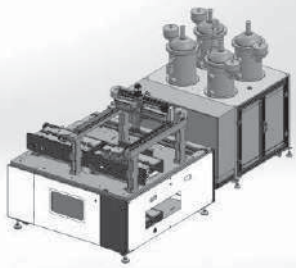
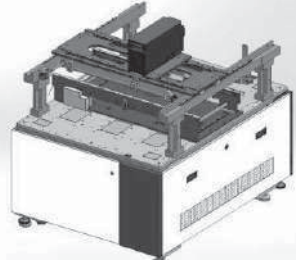

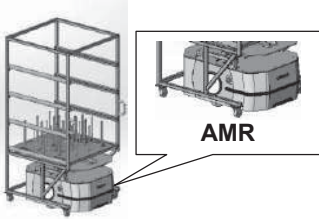
Note:-

This diagram is only for illustration purposes. Our integrated production systems vary from project to project based on customers' requirement and/ or intended process.

7. BUSINESS OVERVIEW (CONT'D)

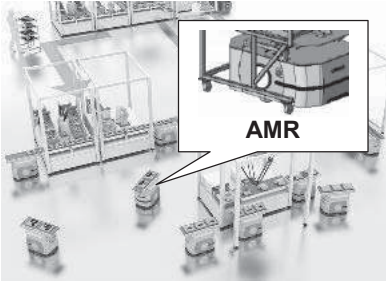

No	Modules	Description
1	<p>Plasma cleaning module</p> 	<p>Removes contaminants or foreign particles from surfaces to ensure material is clean. This process is performed on materials at the start of the production line in order to ensure that the surface of the material is free from contaminants or foreign particles which could adversely affect the effectiveness of other processes.</p>
2	<p>Heat staking module</p> 	<p>Applies heat and pressure onto 2 different material parts in order to bond 2 or more parts together. This process involves placing of a heated port to heat and place pressure onto the parts. The port is then cooled with compressed air and the bonded part is formed, as illustrated below:-</p>  <p>Such process can be applied to bond PCBA with plastic materials.</p>
3	<p>Ultrasonic welding module</p> 	<p>Applies high frequency ultrasonic vibrations on materials/ products to weld materials. This process involves the melting of the materials using high frequency ultrasonic vibrations so that cohesive or form-fit joint is produced.</p> <p>Such process can typically be applied for products such as solar junction boxes and medical products, that have parts needed to be welded together without the usage of adhesives, screws or heat, and that can conform to a high degree of process control and repeatable quality results.</p>
4	<p>Automated vision inspection</p> 	<p>Conducts image-based 3D inspection for cracks, scratches, contaminants and other cosmetic defects, marking and dimension on surfaces of the package prior to undertaking subsequent processes.</p>

7. BUSINESS OVERVIEW (CONT'D)

No	Modules	Description
5	<p>Servo press module</p> 	<p>Applies a specific and consistent force on the joints for bonding purposes. As the force applied to the joints are specific and consistent, this process is more suitable for materials which are sensitive to the amount of force applied as compared to other welding or bonding methods. Examples of servo press include electromechanical joining system to produce joints of various types using processes such as press-fitting, caulking, riveting and embossing.</p> <p>Although used frequently in the production of EV or automotive parts such as engine and transmission assembly, steering system, chassis, brakes, injection pumps and airbags, this process is also used in other application areas such as medical devices, electronics and domestic appliances.</p>
6	<p>Dispensing and weighing module</p> 	<p>Uses weight sensors to dispense the appropriate weight of materials needed to insulate or protect the product.</p> <p>Such process can typically be applied to dispense sufficient thermal interface materials on the surface of product/ material which can serve to disperse heat generated by the electronic product to the ambient environment. This in turn can ensure reliable operation of such products including electronic hardware, communication equipment and portable electronics.</p>
7	<p>Laser marking module</p> 	<p>Carries out laser marking to enable precision marking/ data metric codes to enable traceability, as well as cutting and deburring of products/ materials to enhance the finishing of the product.</p> <p>This process is typically used to laser mark barcodes onto products.</p>
8	<p>Conveyor curing system</p> 	<p>Conducts curing of materials to form the finished product. The curing of materials involve the drying of the product for a specified period of time, and such process is typically applied to ensure that the product's adhesive used is properly cured within the time frame required.</p>
9	<p>Racking system module</p> 	<p>Stacks completed finished products, and can be integrated with an AMR to arrange and transfer finished products to the test and packaging station (further information on AMR are as described below).</p>

7. BUSINESS OVERVIEW (CONT'D)

In order to complement our integrated production systems, we also customise, integrate and install smart manufacturing solutions. Smart manufacturing solutions are collaborative manufacturing solutions that respond and adapt to real-time changes on the factory floor. These include:-

Key equipment	Description
<p data-bbox="395 443 767 472">Autonomous mobile robot ("AMR")</p> 	<p data-bbox="804 443 1398 551">AMR is an autonomous self-guided robot to assist in various processes in the manufacturing facility, including transferring and arranging inventories, components or finished products.</p> <p data-bbox="804 580 1398 797">AMR uses a sophisticated set of sensors, machine learnings, and computes for path planning to interpret and navigate through real-time environment. It can perform collision avoidance to slow, stop, or reroute its path around obstacle and then continue with performing the required task, or in the event of production downtime, it can return to remote position or base station.</p> <p data-bbox="804 826 1294 855">The benefits of adopting AMR are as follows:-</p> <ul data-bbox="804 857 1398 1050" style="list-style-type: none"> • ability to safely operate and complete tasks alongside workers; • capable of navigation and planning alternate routes in dynamic environments; • capable of performing tasks that would be harmful to or not possible for human workers (i.e. such as transferring load intensive or contagious materials). <p data-bbox="804 1079 1398 1216">Additionally, the adoption of AMR also enables employees to focus on high-value activities such as customer support, business development and research & development, and in turn promotes overall efficiency and productivity across the manufacturing cycle.</p> <p data-bbox="804 1245 1398 1438">At present, we do not undertake the fabrication of AMR hardware parts and components. We source the AMR parts and components from external suppliers, and assemble and integrate these hardware parts to form the AMR in our facility. The AMR is then configured with software that has been programmed in-house to facilitate the operation of the AMR.</p>
<p data-bbox="395 1467 767 1496">Intelligent connectivity platform</p> 	<p data-bbox="804 1467 1398 1547">Intelligent connectivity platform is typically utilised in the customers' control room, to enable advanced analytics capabilities. This will allow for:-</p> <ul data-bbox="804 1576 1398 1720" style="list-style-type: none"> • visualisation of statistics to improve overall operational efficiency and control of processes; • real time monitoring; • predictive maintenance; • remote control of operations. <p data-bbox="804 1749 1398 1863">The intelligent connectivity platform is fully developed in-house. The platform components and parts such as human-machine interface, controllers and sensors are sourced from external suppliers.</p> <p data-bbox="804 1892 1398 1966">If required, this platform can be operated on the customers' "cloud" system and can interact with the following customers' software:-</p>

7. BUSINESS OVERVIEW (CONT'D)

	<p>ERP: Enterprise Resource Planning or ERP, is a software system that utilises a centralised database that contains all the necessary data in one location. In manufacturing, an ERP system basically automates processes across departments, by creating and managing the basic plant schedule including production, material use, delivery and shipping</p> <p>MES: Manufacturing Execution System or MES, are computerised systems used in manufacturing to track and document the transformation of raw materials to finished goods. MES is basically used to drive the manufacturing operation, by managing and reporting on plant activities as events occur, in real-time</p>
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(ii) Standalone automated equipment

We also design, fabricate, configure, test and commission standalone automated equipment. We can cater our standalone automated equipment to perform a particular process for any product.

The types of standalone automated equipment that we offer are specific standard equipment or custom-built equipment, described as follows:-

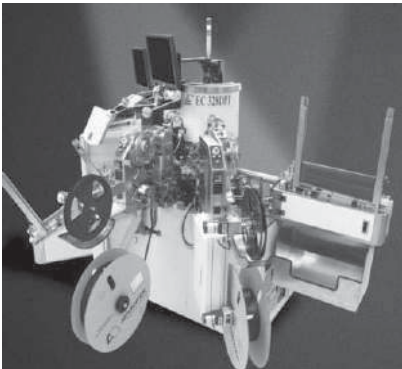
Standard equipment

Refers to a range of standalone automated equipment that are commissioned based on the same or common base template/ model which can perform a particular process of a manufacturing activity, be it either (amongst others) testing and inspection, transfer and loading, laser drilling and packaging.

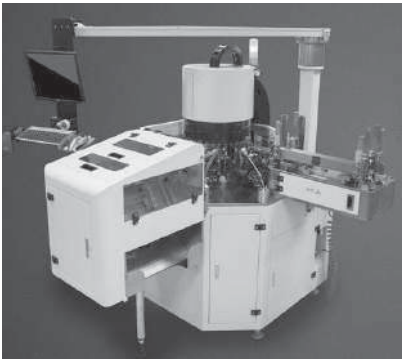
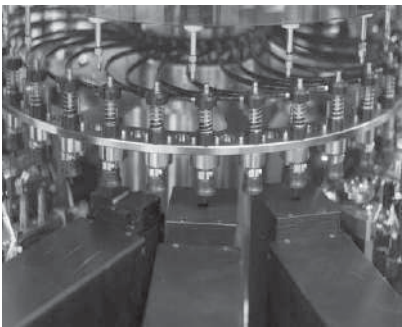
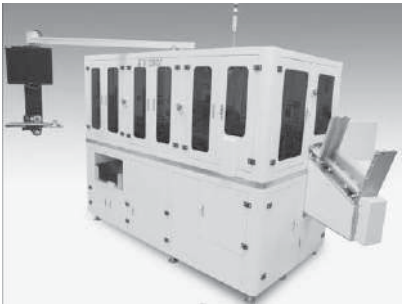
Custom-built equipment

Refers to modified template/ model of standalone automated equipment that perform similarly specific process but with certain functions or features that are custom-tailored to meet the specific project requirement. For example, our base test handler machine can be customised to add-on visual inspection function or to introduce an alternate testing feature (such as from voltage testing to image-based testing). Our custom-built equipment typically vary from order-to-order depending on the complexity and type of processes specified by our customers.


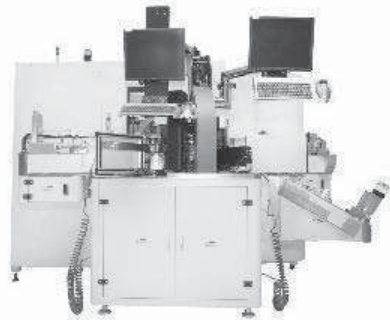

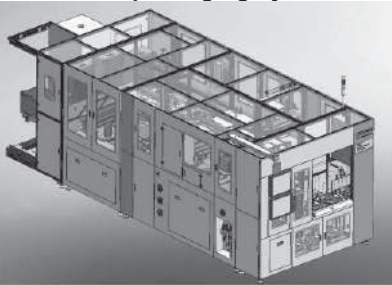
For the Financial Years/ Period Under Review, we have been commissioned to design, fabricate, configure, test and commission standalone automated equipment mainly for the assembly, test and packaging of semiconductor products. Some of the standalone automated equipment include:-

Key machinery	Description
<p>Rotary test handler</p> 	<p>This equipment can perform visual inspections or tests to determine if the IC meets the specifications. These inspections or tests include:-</p> <ul style="list-style-type: none"> • direct current (DC) testing - test for presence of direct current • serial testing - refers to multiple testing processes • open/ short testing - test if the connection of the 'device under test (DUT)' is open (pass) or a short (fail) • high voltage testing - test to ensure that the voltage requirement can be met

7. BUSINESS OVERVIEW (CONT'D)

Key machinery	Description
	<p>It has various turret stations to allow for high-speed test and inspection, and allows for multiple processes (such as testing, loading/ unloading and/ or transferring) to be performed simultaneously.</p>
<p>Automated material transfer</p> 	<p>This equipment is used for high-speed transfer and loading of materials into tubes or devices.</p> <p>It has been used to transfer semiconductor ICs that were delivered in plastic tube packaging into metal tube packaging, in preparation to be loaded into the test machine.</p>
<p>Automated vision inspection system</p> 	<p>This equipment performs image-based inspection for cracks, scratches, contaminants and other cosmetic defects on all surfaces of the material/ product. It uses vacuum in handling the material/ product.</p> <p>This equipment can be utilised before the semiconductor IC is being packaged.</p>
<p>Automated visual and test handler</p> 	<p>This equipment can perform high precision test and inspection of all surfaces of the material/ product, which includes the following:-</p> <ul style="list-style-type: none"> • image-based inspection for cracks, scratches, contaminants and other cosmetic defects • high voltage testing - test to ensure that the voltage requirement can be met • serial testing - refers to multiple testing processes <p>This equipment can be utilised to perform testing before the ICs is packaged. This equipment is designed to test semiconductor ICs that are sensitive to surface contact. It uses a gripper in handling the semiconductor ICs.</p>

7. BUSINESS OVERVIEW (CONT'D)

Key machinery	Description
<p>Automatic laser drilling system</p> <p>EL2D300</p> 	<p>This equipment performs laser drilling to form a 2-dimensional barcode marking on the lead frame (a thin metal plate part to be used in semiconductor package such as IC) before it is being plated.</p> <p>It has built-in ability to perform visual inspection before laser drilling to ensure that the lead frame is in an accurate position, and after laser drilling process to ensure that the 2-dimensional barcode matches the specifications.</p>
<p>Automated burn-in loader and unloader equipment</p> 	<p>This equipment can mount and load materials into a semiconductor test socket before it undergoes a burn-in test process. It can also dismount and unload materials after the burn-in test process is complete.</p>
<p>Automated lead frame inspection equipment</p> 	<p>This equipment can perform high precision visual inspection on all surfaces of the lead frame for cosmetic defects, upon receipt of lead frame.</p>
<p>Automated packaging system</p> 	<p>This equipment can undertake the packaging process to protect and insulate the reel containing semiconductor ICs during delivery.</p>

7. BUSINESS OVERVIEW (CONT'D)

(iii) After sales service

We provide our existing customers with technical support services to troubleshoot any issues concerning the automated manufacturing solutions provided by us.

Our production department, which consists of 37 technical personnel (as at the LPD) and supervised by our COO (Mr Chua), are on standby to provide technical support services during work hours to our customers. While we do not enter into any contract or service agreement with our customers to provide after sales service, we will continue to support customers of our automated manufacturing solutions by providing after sales service, whenever requested by our customers. Thus, should our customers inform our technical personnel of any technical difficulty(ies), our technical personnel will either resolve it remotely or on-site at customers' premises if it cannot be resolved remotely.

We typically charge a service fee for our after sales service performed for our customers, based on the services required. Such fees extend to the provision of spare parts or replacement parts, where required by our customers. Nevertheless, the after sales service in connection with defects or technical issues are complementary if it is within our warranty period of up to 12 months.

The range of services provided to our customers are as follows:-

- **Reconfiguration and reprogramming services**

We reconfigure and reprogram automated manufacturing solutions provided by us. The reconfiguration or reprogramming will enable the automated manufacturing solutions to perform different tasks as required by changes in production process.

- **After sales and maintenance services**

As part of our after sales service, we provide maintenance services for the automated manufacturing solutions we provided. We also provide warranty of up to 12 months for the automated manufacturing solutions that we provide. The said warranty commences upon the final acceptance by our customer of the products/ solutions. In the event of any technical issue with the automated manufacturing solutions, we are able to provide spare parts to replace any damaged part for a cost.

7.2 Industry applications of our automated manufacturing solutions

Our automated manufacturing solutions can be catered to customers in a variety of industries. For the Financial Years/ Period Under Review, we have been commissioned to provide automated manufacturing solutions that have the capability of undertaking processes such as assembly, welding, inspection/ testing and packaging of products or components of products such as:-

Products	Description
Semiconductor products	PCB assembly and semiconductor packages used in the manufacturing of electronic devices, such as mobile phones, computers or cameras.
EV and automotive electronics components	EV and automotive electronics components such as battery management systems and digital dashboards. A battery management system manages and monitor a rechargeable battery for a motor vehicle. Meanwhile, digital dashboard is a control panel set within the console of a motor vehicle which digitally displays the speedometer, car settings and other features.

7. BUSINESS OVERVIEW (CONT'D)

Products	Description
Solar system components	Solar system components such as the PV junction box, which is used to connect and protect solar panels, as well as connect and conduct power generated to external transmission lines.
5G telecommunication equipment components	5G telecommunication equipment components including 5G radio frequency filters. These filters can select designated signals from specific frequency bands while rejecting unwanted signals that interfere with the reception of the intended frequency.
Digital display tags	Digital display tags are a modern form of electronic display tags used by retailers to display the product pricing and information on the shelves. It is part of the retail business' digital payment systems and comprehensive IoT digital platform. These tags are connected via WiFi, and enable remote automated product pricing updates by the user.

7.3 Principal business location

We operate in a leased premise, comprising our head office and manufacturing facility, which is located in Kawasan Perindustrian Bukit Minyak, Pulau Pinang, Malaysia. Please refer to **Section 7.20.2** of this Prospectus for further details of the said facility.

7.4 Competitive strengths

Our competitive strengths are set out below:-

(i) **Our integrated production systems are customised and designed to suit various manufacturing needs and requirements**

Our automation solutions are purpose-built to enable manufacturers to seamlessly automate and synchronise their operations which can perform variety of functions, from specific tasks to a set of sequential operational manufacturing processes in a factory setting.

We have the capability to design and customise the production systems that will be carrying out the required operational process in producing/ manufacturing the intended product, as well as that can meet customers' operational requirements in terms of product specifications and production capacities. Our capability in understanding and analysing customer production processes enable us to design, develop and commission various forms of integrated production systems that can achieve their desired end-product.

As an automated manufacturing solutions provider, we are able to customise our solutions to cater to various manufacturing needs and industry applications globally. Our customised solutions can cater for products which are relevant to latest technological changes. Up till FYE 2019, our customers are predominantly operating in the semiconductor industry, followed by the automotive industry. Subsequently in FYE 2020, we have grown and diversified our customer base to include other industry applications such as automated manufacturing solutions for EV (automotive industry), solar system components and 5G telecommunication equipment components. In FYE 2021 and FPE 2022, we have then customised manufacturing solutions for customers that are involved in the production of other types of commercial and industrial products such as digital display tags, printer cartridges and glass products.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years/ Period Under Review, our revenue by industry segments in which our customers serve or operate in are as follows:-

	FYE 2019		FYE 2020		FYE 2021		8-month FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Semiconductor	6,051	78.9	4,824	31.4	6,713	32.7	5,399	30.3
Automotive	1,426	18.6	4,526	29.4	1,181	5.8	1,965	11.0
Solar	-	-	5,225	34.0	409	2.0	2,460	13.8
Telecommunication	182	2.4	168	1.1	5,023	24.5	413	2.3
Digital display tags	-	-	-	-	3,700	18.0	7,571	42.5
Printer cartridges	-	-	-	-	3,329	16.2	8	0.1
Others*	12	0.1	624	4.1	156	0.8	-	-
Total	7,671	100.0	15,367	100.0	20,511	100.0	17,816	100.0

Note:-

* Others include industry segments which contributed less than 10% of total revenue respectively. These include commercial and industry applications (such as glass products) and medical equipment

Realising the rising shift towards smart factory technologies in the manufacturing sector on the back of Industry 4.0 revolution, we began to offer smart manufacturing solutions since October 2020 when we first introduced and developed an intelligent connectivity platform that was integrated into an assembly line system for our customer's production of solar power systems. Since then, we have installed more forms of collaborative smart manufacturing solutions including analytic software and AMR that are customised and suited to improve the control of processes in our customer's production systems. Our smart manufacturing solutions enable the standardisation and streamlining of processes throughout the manufacturing operations, via the integration and adoption of analytics capabilities, real time monitoring systems, predictive maintenance and autonomous transfer of materials, inventory and finished products within the customers' factory. Accordingly, the use of these smart manufacturing solutions will enhance and optimise our customers' production process.

Our knowledge and understanding of integrated production systems, coupled with our technical ability to adapt our solutions to the various manufacturing needs, has been and will continue to be key in remaining competitive as an automated manufacturing solutions provider.

(ii) We have a proven track record in delivering automated manufacturing solutions, and meeting the standards and expectations of multinational manufacturers

Multinational companies in both local and international markets generally have specific requirements for the automated manufacturing solutions that we provide. These multinational companies have in-house supplier selection processes, involving thorough due-diligence on their suppliers in terms of:-

- Financial and technical capability; and/ or
- Product quality and operating standards; and/ or
- Business practices including supply chain management and business conduct.

Suppliers which meet their requirements will be included in these multinational companies' approved vendor list.

In order to meet these specific quality requirements, we manage every aspect of our engagements and have implemented quality control and assurance measures. This ensure that the integrity and performance of our automated production solutions are in line and comply with our customers' needs and requirements.

7. BUSINESS OVERVIEW (CONT'D)

For the Financial Years/ Period Under Review, we have successfully delivered our automated manufacturing solutions that meet our customers' requirements. As a testament thereto, we have secured new and repeat orders from multinational manufacturing companies, a majority of whom comprise our customer base. These MNC customers contributed in job orders amounting to 99.3%, 95.9%, 83.0% and 100.0% of our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. We have also been able to capture opportunities present from multinational companies relocating their production facilities to regions such as Eastern Europe and Asia Pacific.

(iii) We have secured recurring orders and referrals from our customers

The quality of the solutions we implement is crucial to maintaining good business relationships with our customers. Multinational companies tend to continuously work with solution providers that are part of their approved vendor list and have continuously provided good quality products and customer service.

Our solutions are customised for the purpose-built manufacturing solutions for our customers, and are designed and developed once we have established an in-depth understanding of our customers' requirements that usually involve both parties' collaboration on product conceptualisation and design process, quality assurance, and technical and operational requirements. In addition, we also provide after sales technical support and spare parts replacement services to our customers for their maintenance or system reconfiguration purposes. Given the above business relationship, our existing customers will likely return to us to cater for machinery and system upgrade or changes in their processes or products.

Since inception, we have demonstrated our ability in designing, developing and delivering customised solutions that meet our MNC customers' stringent operational requirements, based on recurring orders secured from our customers for new automated manufacturing solutions over the years. For the Financial Years/ Period Under Review, we have been securing repeat orders from our major customers, namely Customer A group of companies and Customer B group of companies. Further, we have also been referred by our major customers to other customers (usually their related group of companies) for new job orders, in the Financial Years/ Period Under Review.

We therefore place a strong emphasis in keeping our quality and have implemented stringent quality assurance procedures particularly in-process quality controls to ensure that we meet our customers' demands and requirements. For further details of our quality control measures, please refer to **Section 7.6** of this Prospectus.

Our success in retaining our customers is a testament to the quality of the solutions we have implemented, as well as our customer service and technical support. Further, our success in securing sales from these multinational companies serve as a reference for our Group as we continue to bid for projects and secure new orders and contracts.

7. BUSINESS OVERVIEW (CONT'D)

(iv) **We have an experienced and technically skilled management team, and supported by a team of engineers and technicians**

We are led by an experienced and technically skilled key management team. Our Executive Directors namely, Mr Ooi (Executive Director and CEO) and Mr Chua (Executive Director and COO), have been instrumental in the development of our business since our inception. They have over the years, secured and established key business relationships with our customers and suppliers. Leveraging on their business acumen, industry knowledge and over 30 years of experience in the automation industry, they are vital to the management of our business and formulation of our business strategies and future plans.

Our Executive Directors are also supported by a team of experienced key management and technical personnel with requisite skills, know-how and expertise across a range of business activities, from operations (i.e. product development, engineering, D&D, quality control) to business development, finance and sales. Their expertise and experience are instrumental in driving our Group's growth strategies.

A summary of our key management team and their working experience garnered within and outside of our Group during their respective career are as follows:-

Key management personnel	Designation	Years of experience in the relevant industry
Mr Ooi	Executive Director/ CEO	30 years of experience in the machine design and engineering related field
Mr Chua	Executive Director/ COO	31 years of experience in the machine design and engineering related field
Mr Kang	Senior Vice President (Head of D&D)	31 years of experience in the machine design and engineering related field
Wong Kah Yeong	CFO	9 years of experience in audit and accounting
Cheow Beng Soon	Vice President (Manager of Business Development, Sales & Marketing for Semiconductor business)	31 years of experience in the field of automation and engineering, specialising in business development particularly with MNCs, and sales and marketing activities within the automation and engineering sectors

Please refer to **Section 9** of this Prospectus for further details on the profiles of our Executive Directors and key management personnel.

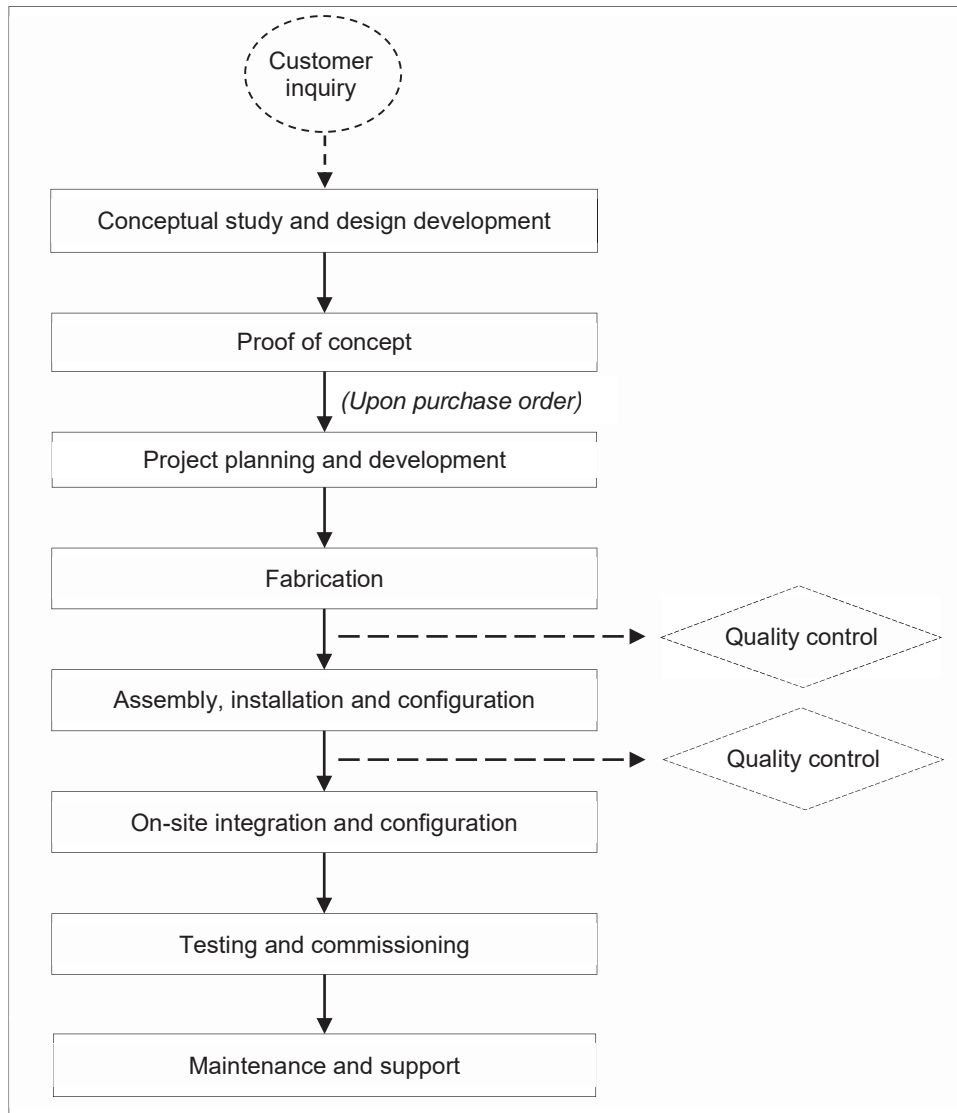
In addition, we have a design and production department comprising 58 engineers and technicians as at the LPD, and they undertake the technical aspects of our automated production solutions, involving the conceptualisation of operational processes, design, fabrication, testing and commissioning. Our production department also undertakes after sales technical support services.

The experience and expertise of our design and production department equipped with the necessary skillset and technical expertise will enable us to maintain and grow our business.

7. BUSINESS OVERVIEW (CONT'D)

7.5 Operational process flow

The typical process flow for the provision of integrated production systems and standalone automated equipment are set out in the diagram below. The process flows for both are generally the same, however the processes for integrated production systems are generally more in-depth and would require longer timeframe given that they are usually larger and more complex in nature in terms of scale and design when compared to standalone automated equipment.



(i) Conceptual study and design development

Upon receipt of an inquiry from a customer, we will form a project team comprising representatives from the design, production and marketing departments. The project team will be in charge of completing a conceptual study to determine the technical and design specifications of the project in accordance to the customer's requirements. The technical and design specifications will include details such as functions, specifications, equipment, parts and software of the integrated production systems or standalone automated equipment.

7. BUSINESS OVERVIEW (CONT'D)

As integrated production systems are designed to carry out a range of sequential operational processes to produce/ manufacture the customer's intended product, the conceptual study and design development for integrated production systems is generally more complex than for standalone automated equipment which is designed to carry out a single operational process. As such, the length of the conceptual study and design development process is also dependent on the complexity and type of processes required by the customer.

Upon completion of our conceptual study, we will then discuss and work closely with the customer to ensure the technical and design specifications of the conceptual study are in accordance to their requirements.

(ii) Proof of concept (POC)

In the context of automation industry, a POC is generally an exercise to test or determine whether an idea can be developed feasibly and/ or to validate that the idea can function as envisioned. The POC provides opportunity for our Group and/ or customers to provide and solicit feedback on the intended product development from a technological or financial standpoint, whilst also identifying key areas of potential gaps and risk in the design choices from the onset.

Once the customer request for a POC, our project team will begin the development of the POC for the automation solutions to carry out the intended processes, particularly if we have not commissioned the automation solution for the said process previously. Our POC exercise may entail the preparation of a conceptual design plan or visual/ software simulation to document the design and functionality of the concept. Whenever required, further discussions with the customer will be carried out by our project team to further understand the requirements and/ or technical and design specifications. This is to ensure that the POC will demonstrate and validate the functionality of our conceptual design of the automated solutions used to carry out a particular process.

Upon completion of the POC, the project team will provide a proposed quotation to the customer based on the conceptual design. If required by the customer, we will provide a demonstration of the POC, which will take place at our manufacturing facility or customers' premises. Once the customer agrees and accepts our POC and proposed quotation, the customer will then issue us purchase order, which marks the commencement of our project engagement with the said customer.

(iii) Project planning and development

Upon receipt of the customer's purchase order, our project team will then prepare a project plan which entails the detailed project schedule and deliverables, resource allocation, operational processes, quality requirements and other administrative procedures.

Our project team will proceed with the development of the final design including:-

- system functionalities and interfaces, design requirements and/ or site requirements; and
- schematic design of the entire solution including, but not limited to, the modules and any smart manufacturing solutions.

Throughout the project development stage, our project team will continuously liaise with the customer to ensure that the final design for the integrated production systems or standalone automated equipment complies with the customer's requirements.

7. BUSINESS OVERVIEW (CONT'D)

(iv) Fabrication

Upon completion of the final design, our project team will liaise with the purchasing personnel to procure the parts and components (i.e. aluminium and other steel and stainless steel plates and components such as robotic arms, cylinders, brackets, motors, generators and actuators) from suppliers for the fabrication of mechanical components, and other electrical components and accessories (i.e. programmable logic controllers (PLC) such as computers, human-machine interfaces, electronic control cards, and sensors). Upon receipt of the parts and components, our engineering personnel will conduct an inspection to ensure that the parts and components procured are in accordance to our purchase order and that there are no physical damages to the products.

Our engineering personnel will design and customise the necessary software required in the module or standalone automated equipment. Simultaneously, our production personnel will also begin with the fabrication of mechanical components (such as base plates, structural components, feeders and turret heads) to form the module or standalone automated equipment. In general, we are able to undertake the in-house fabrication of such mechanical components that are within the size range of 1,500mm and which requires a degree of precision tooling. Should the component be larger in size and/ or generic in nature, then the fabrication of these module components will be outsourced to external fabricators.

Depending on our capacity, we may outsource the fabrication of other parts or mechanical components to other external fabricators. We strive to cater our solutions to meet our customers' product requirements not only in the form of technical and design specification, but also taking into consideration their operational requirements, budget, capital expenditure and delivery schedule. Therefore at times, if we are able to procure supply from external fabricators from a better cost-effective standpoint or in a shorter lead time to fulfil our project schedule, we may outsource the fabrication of certain parts or mechanical components to external fabricators. This in turn enables our Group to maintain competitive pricing and/ or provide timely delivery of our solutions and services for purpose of maintaining business relationships with our customers.

(v) Assembly, installation and configuration

Our production personnel will then assemble the procured parts and components with our in-house manufactured parts and mechanical components to form the modules or standalone automated equipment. The assembled modules or equipment will then be tested to ensure that its functionality and specifications meets the customer's requirements.

Upon completion of the assembly, our production and engineering personnel will work together to install and configure the software with the equipment to form the modules which is part of the integrated production systems, or to form the complete standalone automated equipment. Thereafter, our quality control personnel will conduct a preliminary test to test the functionality and configuration of the integrated production systems or standalone automated equipment.

Depending on the complexity of the solution design, it typically takes between 4-8 weeks to assemble, install and integrate integrated production systems, and between 4-6 weeks to assemble, install and integrate standard and/ or custom-built standalone equipment.

If required, integrated production systems with many modules that are too large for transport will be disassembled prior to delivery to the customer's site.

7. BUSINESS OVERVIEW (CONT'D)

(vi) On-site integration and configuration

Our production and engineering personnel will then assemble and install our integrated production systems or standalone automated equipment at our customer's site that are based in Malaysia and/ or overseas. They will also configure the solutions to ensure that they are programmed according to the required specifications. Thereafter, a qualification test will be conducted to verify that the configuration of the integrated production systems or standalone automated equipment is in accordance with the customers' specifications.

At times, due to circumstances such as international travel restrictions, we may outsource the re-assembly, installation and configuration to external parties, which are supervised by our production personnel through online monitoring system and diagnostic reporting.

(vii) Testing and commissioning

Thereafter, a site acceptance test will be conducted on the integrated production systems or standalone automated equipment. Typically, the site acceptance test involves the setup and running of the integrated production systems or standalone automated equipment, under both simulated environment and real-time environment, to validate that the system integrity and performance is in accordance with the customer's requirements.

The site acceptance test is conducted with and witnessed by the customer together with our production personnel. This is to ensure that the integrated production systems or standalone automated equipment are fully functional and readily integrated with the customer's existing machinery, equipment or devices seamlessly. During the site acceptance test stage, the parameters in the pre-agreed buyoff checklist will be evaluated, and once all parameters are met, the buyoff checklist will be signed by the customer. This signifies the completion of the project.

(viii) Maintenance and support

If and when requested by our customer, we are able to provide maintenance and support services which include maintenance, software upgrade and technical support services for the integrated production systems or standalone automated equipment. For overseas customers, maintenance and support services may be managed remotely through a remote access and control computer software such as TeamViewer. For more complex maintenance or support, our in-house personnel or outsourced external party will carry out the service under the supervision of our in-house personnel.

Typically, a warranty period of up to 12 months is provided for the integrated production systems or standalone automated equipment.

Generally, insofar for our integrated production systems undertaken, the time taken from the point of receipt of purchase order from our customer up to the delivery of such production systems to customers takes between 16-24 weeks. Whereas for our standalone automated equipment, we typically take between 10-14 weeks for the commissioning and delivery of standard standalone equipment, and between 16-18 weeks for the commissioning and delivery of custom-built standalone equipment. The time to delivery depends on amongst others, the complexity of the solution design, sourcing of input materials, fabrication of module components, development and integration of software programming, testing and quality inspection, logistic arrangement, and on-site planning and installation at customers' premise.

7. BUSINESS OVERVIEW (CONT'D)

7.6 Quality control and quality assurance

We recognise the importance of consistently providing quality products and services to ensure that our customers' requirements are met. Our quality control and quality assurance processes are undertaken by our production department under the supervision of our COO, namely Mr Chua.

We presently comply with the following international standards:-

Standard	Certification Body	Scope of certification	Issue Date	Validity Period
QMS ISO 9001:2015	BM TRADA	Design, development and assembly of automation equipment	15.03.2022	14.03.2025

The following are the quality control procedures which are implemented at various stages of the provision of automated manufacturing solution's process flow:-

Process Flow Stage	Quality Control Procedure
Manufacturing	<ul style="list-style-type: none"> Upon receipt of parts and components from manufacturers or third-party fabricators, our engineering personnel will conduct an inspection to ensure that the parts and components procured are in accordance to our purchase order and that there are no physical damages to the products.
Assembly, installation and configuration	<ul style="list-style-type: none"> A preliminary test will be conducted by our quality control personnel to test the functionality and configuration of the integrated production systems or standalone automated equipment.
On-site integration and configuration	<ul style="list-style-type: none"> A qualification test will be conducted to verify that the configuration of the integrated production systems or standalone automated equipment is in accordance with the customers' specifications.
Testing and commissioning	<ul style="list-style-type: none"> Site acceptance test will be conducted on the integrated production systems or standalone automated equipment that has been installed at our customer's site. The site acceptance test involves the setup and running of the integrated production systems or standalone automated equipment, under both simulated environment and real-time environment, to validate that the system integrity and performance is in accordance with the customer's requirements. The site acceptance test is conducted with and witnessed by the customer. This is to ensure that the integrated production systems or standalone automated equipment are fully functional and readily integrated with the customer's existing machinery, equipment or devices seamlessly.

7.7 Technology used

The following technological tools and equipment are used in carrying out our processes:-

(i) Proprietary base design template

We maintain a database of proprietary base design templates. These templates enable our project team to create conceptual designs, final solution designs and mechanical component design drawings, as well as customise the programming of software for the modules and automated equipment.

7. BUSINESS OVERVIEW (CONT'D)

(ii) Design software and programming tools

We utilise standard engineering design software and programming tools such as SolidWorks or C++/ C# programming language to design the integrated production systems or standalone automated equipment. The standard engineering design software allows us to design and generate 3D model design of the integrated production systems and standalone automated equipment. The programming tools enable us to code and programme our own software as well as to install our own software in the modules or automated equipment.

(iii) Coordinate measurement machine

A machine that enables us to perform precise geometrical measurements up to a micron (0.001mm) on a physical object. This machine allows us to conduct dimensional measurement with high accuracy during our design customisation process, and to ascertain that the product design complies with pre-determined specifications.

(iv) Computer numerical controlled (CNC) machine

CNC machines are equipped with programmable commands encoded in a software programme. It performs various processes, such as cutting, drilling or milling to fabricate modules and mechanical components that meet the specifications required. CNC machines also allow for the automation of repeatable or routine processes through faster and more precise processes, thereby increasing production efficiency and minimise wastage.

7.8 Design and development (D&D)

Our D&D activities are undertaken throughout the development of our solutions, from the design and fabrication to the configuration of automated manufacturing solutions. We work closely with our customers to design and customise the solutions to meet their requirements and production output.

All D&D activities are undertaken by personnel in our design department. As at the LPD, there are 21 engineers, comprising mechanical, software and electrical engineers, in our design department, which is led by our Head of D&D (Mr Kang), and under the supervision of our COO (Mr Chua).

7.9 Insurance

We have purchased insurance policies to cover a variety of risks that are relevant to our business needs and operations and customary in our industry, such as fire, burglary and public liability for our operations. In addition, we also purchased insurance policy to cover consequential loss of profit due to business interruption which may be caused by fire or other extended perils covered, such as amongst others, riot, strike or malicious damage.

These insurance policies have specifications and insured limits that we believe are appropriate taking into consideration our risk levels and exposure to such loss, the cost of such insurance, applicable regulatory requirements and the prevailing industry practice in Malaysia.

7.10 Business development and marketing activities

The sales of our automated manufacturing solutions typically require in-depth knowledge and as such, both of our design and marketing departments are engaged in our sales and marketing activities, which enables us to accurately convey technical information and offer in-depth details of our automated production solutions.

We undertake the following sales and marketing strategies:-

7. BUSINESS OVERVIEW (CONT'D)

(i) Direct approach

Our sales and business development activities are primarily led by Mr Ooi (CEO) and Cheow Beng Soon (Vice President/ Manager of Business Development, Sales & Marketing for Semiconductor Business), and further assisted by personnel in the marketing department. We typically target manufacturing companies from the local and overseas market that are looking to incorporate or integrate new automation process and technology innovation into their production process. For the Financial Years/ Period Under Review, our customer base predominantly comprises multinational manufacturers that serve or operate in various industries, including but not limited to, semiconductor, automotive, solar, telecommunication and other commercial and industrial products, details as further set out in **Section 7.4(i)** of this Prospectus.

As part of our marketing approach, we assess and evaluate a customers' manufacturing environment to prepare a proposed solution and quotation before we secure the project. This approach provides us with the opportunity to obtain knowledge of the project and required solution specifications, and in turn allows us to provide suitable and tailored recommendations relating to our solutions to our customers. If required, we will demonstrate these proposed solutions by conducting a POC to validate the functionality of our solutions with our customers.

(ii) Building relationship with existing customers which leads to referrals from existing customers

We emphasise on maintaining and building our business relationship with our existing customers. We aim to provide our customers with efficient and reliable after sales services and follow ups, as a method to keep in touch and to ensure that they are satisfied with our services. As such, we have secured recurring orders from our existing customers, and these customers may also refer new business to us by 'word of mouth' due to our track record of providing quality solutions and services that meet their needs and requirements. We will continue to cultivate and enhance our business relationship with our customers by continuously maintaining the quality of our solutions and services.

As we are capable of customising our solutions to suit various manufacturing needs and industry applications, we are also able to leverage on our existing customer base by offering additional or more comprehensive solutions to cater to our customers' evolving needs and requirements. Our customers may also benefit from the cross-selling of our solutions, as we are already familiar with our customers' operational processes and requirements, and are able to offer optimised solutions that meet their needs and requirements.

(iii) Sales representative or marketing agent in the international market

Where required, we may engage external sales representative or marketing agent to conduct sale and marketing activities for our Group in the international market. We had in May 2021 appointed Eyeonthesky Machines Trading ("**Eyeonthesky**"), as our non-exclusive sales representative to market and sell certain automated solutions or equipment in the Philippines for a 5-year duration, and on commission fee basis. The products include customised automated equipment, rotary vision sorting machine, turret finishing machine, auto packaging, inspection machine, laser mark machine, and related kits and accessories. To-date, we have yet to generate any new sales lead through Eyeonthesky in the Philippines market.

This strategy enables us to establish market presence in the international markets where we may not have access to. With a local sales representative or marketing agent, we are able to promptly respond to any requests to demonstrate our solutions for sale to the customers as well as provide customer service support in a timely manner.

7. BUSINESS OVERVIEW (CONT'D)

(iv) Corporate website

We have our own corporate website at <http://www.eca.com.my/en/> which provides searchable information on our Group, our principal activities and details of our solutions and services.

7.11 Types, sources and availability of supplies

A breakdown of the purchases of our input materials for the Financial Years/ Period Under Review is as follows:-

	FYE 2019		FYE 2020		FYE 2021		8-month FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
(i) <u>Hardware, parts and components</u>	1,214	43.4	2,054	53.8	7,145	60.3	4,538	66.5
- Robotic arms and plates	546	19.5	706	18.5	3,674	31.0	2,768	40.6
- Cylinder, bracket, fitting, motor, tubing, valve, generator, actuator	274	9.8	498	13.0	1,815	15.3	894	13.1
- Dispenser	-	-	366	9.6	358	3.0	50	0.7
- Auto screw feeding system component (screw driver, torque arm)	108	3.9	-	-	-	-	-	-
- Aluminium	51	1.8	160	4.2	420	3.5	171	2.5
- Bearing, bushing, O-ring, pin, slider	27	1.0	88	2.3	314	2.7	166	2.4
- Cable, wire harness and parts	208	7.5	236	6.2	564	4.8	489	7.2
(ii) IT software/ hardware and electronics* ¹	964	34.4	1,059	27.8	3,483	29.4	1,798	26.3
(iii) Finished or semi-finished metal works and tools* ²	496	17.7	612	16.0	1,041	8.8	372	5.5
(iv) Others* ³	123	4.4	93	2.4	183	1.5	119	1.7
Total purchases	2,797	100.0	3,818	100.0	11,852	100.0	6,827	100.0

Notes:-

- *1 Comprise mainly programmable logic controllers (PLC) such as computers, human-machine interfaces, electronic control cards, and sensors
- *2 Comprise various types, forms or shapes of finished or semi-finished metal works/ tools that are sourced from third party fabricators, such as metal sheet and stainless steel metal works
- *3 Comprise mainly silicone, rubber, injector pin, handles

Our input materials are sourced from both local and international suppliers. A breakdown of our input materials sourced from local and international suppliers for the Financial Years/ Period Under Review is as follows:-

	FYE 2019		FYE 2020		FYE 2021		8-month FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
(i) Malaysia	2,322	83.0	3,321	87.0	10,021	84.6	6,176	90.5
(ii) <u>Foreign</u>	475	17.0	497	13.0	1,831	15.4	651	9.5
- China	71	2.5	298	7.8	720	6.1	142	2.1
- Singapore	394	14.1	185	4.8	1,039	8.7	445	6.5
- Others* ¹	10	0.4	14	0.4	72	0.6	64	0.9
Total purchases	2,797	100.0	3,818	100.0	11,852	100.0	6,827	100.0

7. BUSINESS OVERVIEW (CONT'D)

Note:-

- *1 Others comprise Taiwan and Ireland, each representing not more than 1.0% of our total purchase of input materials

We have a diverse supplier network which we can procure and purchase our input materials from, and are not materially dependent on any one supplier. Our total supplier count stood at 113, 126, 162 and 210 as at the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively.

We did not experience any supply disruption that has a material impact on our business performance for the Financial Years/ Period Under Review, save for the delay in obtaining certain input materials particularly consisting IT hardware and programmable logic controllers (PLC) during the COVID-19 pandemic in FYE 2020 and FYE 2021, which in turn led to a delay in some of our production and delivery schedule. The delay was mainly attributable to the shortage of semiconductor and other related electronic parts on the back of surge in demand for consumer electronic products during the COVID-19 pandemic. Notwithstanding thereto, we have been able to procure extensions of about 2 to 6 months from our customers to fulfil the delivery of our automated solutions, and did not encounter any delay in the delivery of our solutions which resulted in late delivery claims and/ or penalties enforced against us in FYE 2020 and FYE 2021. Please refer to **Section 7.23** of this Prospectus for further details on the impact of COVID-19 on our supply chain.

7.12 Operational capacities and output

As an automated manufacturing solution provider that provides integrated production systems and standalone automated equipment, we cannot reliably quantify our operational capacities and utilisation rate as we do not undertake any direct manufacturing activities. Instead, our output would be dependent on a combination of the following factors:-

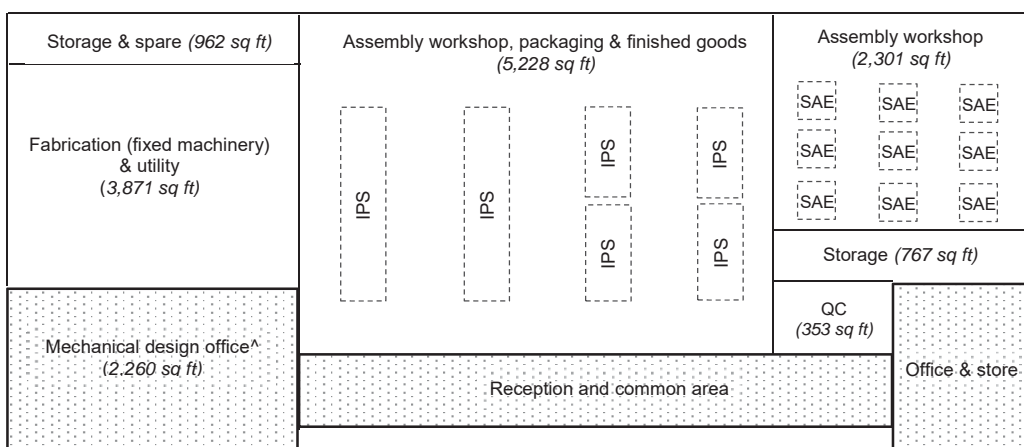
- (i) Availability of floor space required for fabrication and assembly works





We currently operate in a leased factory premise at Kawasan Perindustrian Bukit Minyak, Pulau Pinang, which has a gross built-up area of 31,055 sq ft. Of the total gross built-up, we have a floor area totalling approximately 13,482 sq ft dedicated for fabrication and assembly work area, whilst the remaining built-up area of 17,573 sq ft is mainly utilised for our office space, followed by TNB sub-station and guardhouse.

Our fabrication and assembly work area is mainly utilised as workshop where we carry out our assembly activities of work-in-progress assembly products (such as modules, parts and components), and finished products due for testing or delivery, as well as to house our materials storage and fixed machinery and equipment.

7. BUSINESS OVERVIEW (CONT'D)

For ease of illustration, we set out below the floor plan layout of our fabrication and assembly work area totalling 13,482 sq ft located at the ground floor of our building as at the LPD:-



-  Office space and ancillary (i.e. common area, storeroom)
-  Fabrication and assembly work area (measuring 13,482 sq ft)
-  Integrated production system (illustrated based on a typical base unit size ranging from 203 sq ft to 494 sq ft)
-  Standalone automated equipment (illustrated based on a typical base unit size of 106 sq ft)

Notes:-

* The above diagram is merely intended to illustrate the size and scale of our floor plan layout designated for fabrication and assembly works as at the LPD. Please note that the pictures depicting the integrated production system and standalone automated equipment therein are merely shown for illustrative purposes only, and that the size and scale of these output may vary from project to project based on customers' requirement and/ or intended process

^ After the IPO, we intend to relocate our existing mechanical design office space to the top floor of our building, where all our other office spaces (i.e. administrative, design, marketing, directors' room, meeting room) are located. After the relocation, the space totalling 2,260 sq ft will be merged with our fabrication area (3,871 sq ft) to form an enlarged fabrication area of 6,131 sq ft which will be re-designated to house existing and future fixed machinery assets. As at the LPD, our fixed machinery assets comprising mainly CNC machines occupied 1,368 sq ft floor space in the fabrication area.

As set out in **Section 4.9** of this Prospectus, we have earmarked approximately RM7.70 million from our IPO proceeds to invest in new machineries including gantry machining centre (2 units), CNC vertical machine (4 units) and mill tap centre (4 units). These new machineries are expected to occupy an estimated floor space of 2,952 sq ft. Accordingly, after allocating adequate buffer zone for mobility purpose, our management is of the view that the enlarged fabrication area of 6,131 sq ft (after relocation and merging of fabrication floor space as mentioned in the paragraph above) will be sufficient to house our future new machineries to be acquired via the IPO proceeds

Based on the present floor plan layout (as referred to in the illustration above), a total of 7,529 sq ft is allocated for our assembly workshop area. Of the 7,529 sq ft allocated for workshop area, we typically utilise approximately 106 sq ft for the assembly of a standalone automated equipment, whilst we may require floor area ranging from approximately 203 sq ft to 494 sq ft for the assembly of an integrated production system. Our range of output, particularly the integrated production system, may vary in size and scale given that such system typically consist of an array of automated customised modules that are required to be integrated together, depending on our customer's requirement.

7. BUSINESS OVERVIEW (CONT'D)

As a measure of scale of our project based on the illustrative floor space of 7,529 sq ft, we are able to accommodate the assembly activities for our largest job order to-date which require a floor area of approximately 494 sq ft. The said job order comprise an integrated production system worth RM7.31 million secured from Customer B5 in the FPE 2022.

(ii) Size and scale of our product requirement

Our modules, machinery, equipment and work-in-progress assembly products come in various sizes and scale depending on the complexity of design and project specification. Our integrated production system are usually larger and more complex in nature in terms of scale and design, and in turn utilises more floor space and requires a longer lead time, in relative to job assembly of smaller scale standalone automated equipment.

(iii) Manpower and machinery capacity and capability

The output of automated manufacturing solutions offered by us is dependent on the size and technical expertise of our engineering and production team. They play critical role in the initial design and conceptualisation, assembly and configuration, integration, installation and provision of after sales technical support. As at the LPD, we have a total of 58 engineers and technicians which accounted for 78.4% of our total employee workforce.

On top of the above, the output and type of our solutions offering are also dependent on the machineries used in our fabrication activities, specifically the CNC machines. As at the LPD, we own 5 units of CNC vertical machines which enable us to undertake in-house fabrication of mechanical components (such as base plates, structural components, feeders and turret heads) that are generally within the size range of 1,500mm and which requires a degree of precision tooling. Should the component be larger in size and/ or generic in nature, then the fabrication of these module components will be outsourced to external fabricators.

Please refer to **Section 7.21(i)** of this Prospectus which described our future plan to invest in new machineries and skilled manpower, as part of our intention to expand our output and enhance our capability. Such investment not only enable us to undertake more fabrication in-house and in turn carry out more project orders, but also allow us to increase the customisability of our solutions offering (which include but not limited to larger fabricated mechanical components in excess of 1,500mm or up to 3,000mm, or that allows for better precision, faster or more intricate tooling process) and enhance our design capability to suit different needs of each customer/ industry requirements.

7.13 Seasonality

We do not experience any material seasonality in our business.

7.14 Employees

A summary of our Group's total employees as at FYE 2021 and the LPD are set out below:-

Departments	No. of permanent employees	
	FYE 2021	As at the LPD
Executive Directors	2	2
Design (engineers)	16	21
Production (technicians)	24	37
Marketing	4	5
Finance and administration	5	9
Total	51	74

7. BUSINESS OVERVIEW (CONT'D)

All of our employees are Malaysians and are permanent employees. As at the LPD, none of our employees belong to any trade union, and there has not been any labour and/ or industrial dispute taken against our Group.

7.15 Major customers

Our top 5 customers by revenue for the Financial Years/ Period Under Review are as follows:-

FYE 2019

Customers	Country of operations	Products/ solutions sold	Length of business relationship* (years)	Revenue RM'000	Percentage of our revenue %
Customer A1^	Malaysia	Integrated production system, standalone automated equipment and after sales service	2	3,133	40.8
Customer A2^	Singapore	Integrated production system, standalone automated equipment and after sales service	2	2,806	36.6
Customer C^	Malaysia	Integrated production system and after sales service	1	1,369	17.8
Customer D^	USA	Integrated production system and after sales service	1	182	2.4
Customer E^	Singapore	Standalone automated equipment	2	112	1.5
Total revenue of our top 5 customers				7,602	99.1
Our revenue				7,671	100.0

FYE 2020

Customers	Country of operations	Products/ solutions sold	Length of business relationship* (years)	Revenue RM'000	Percentage of our revenue %
Customer B1^	Malaysia	Integrated production system	1	5,741	37.4
Customer A2^	Singapore	Integrated production system, standalone automated equipment and after sales service	3	2,564	16.7
New Power Smart Modular Sdn Bhd	Malaysia	Integrated production system	1	2,009	13.0
Customer A1^	Malaysia	Integrated production system, standalone automated equipment and after sales service	3	1,437	9.4
Customer C^	Malaysia	Integrated production system and after sales service	2	1,177	7.7
Total revenue of our top 5 customers				12,928	84.1
Our revenue				15,367	100.0

7. BUSINESS OVERVIEW (CONT'D)**FYE 2021**

Customers	Country of operations	Products/ solutions sold	Length of business relationship* (years)	Revenue RM'000	Percentage of our revenue %
Customer B2 [^]	Ukraine	Integrated production system	1	4,894	23.9
Customer B3 [^]	Vietnam	Integrated production system	1	3,700	18.1
ECA Automation ^{*1}	Malaysia	Integrated production system	4	3,329	16.2
Customer A1 [^]	Malaysia	Integrated production system, standalone automated equipment and after sales service	4	2,662	13.0
Customer G [^]	Malaysia	Integrated production system	1	1,742	8.5
Total revenue of our top 5 customers				16,327	79.6
Our revenue				20,511	100.0

8-month FPE 2022

Customers	Country of operations	Products/ solutions sold	Length of business relationship* (years)	Revenue RM'000	Percentage of our revenue %
Customer B5 [^]	Switzerland	Integrated production system	1	7,550	42.4
Customer H [^]	Malaysia	Integrated production system, standalone automated equipment and after sales service	3	3,332	18.7
Customer C [^]	Malaysia	Integrated production system, standalone automated equipment and after sales service	4	1,932	10.8
Customer B2 [^]	Ukraine	Integrated production system	2	1,782	10.0
Customer A2 [^]	Singapore	Integrated production system, standalone automated equipment and after sales service	5	1,268	7.1
Total revenue of our top 5 customers				15,865	89.0
Our revenue				17,816	100.0

Notes:-

[^] We are unable to disclose the names of certain top 5 customers as our Group is required to be bound by strict confidentiality clauses in respect of our project engagements with these customers, as well as to safeguard their competitive positioning in the industries in which they operate in. Further, we had sought consent from these customers for inclusion of their names in this Prospectus but such consent were not obtained

^{*} Length of business relationship is measured as at end of respective FYE/ FPE, as the case may be

^{*1} Deemed as a related party transaction, in which our Promoters and substantial shareholders (Mr Chua, Mr Ooi and Mr Kang) were also the shareholders of ECA Automation. ECA Automation has ceased its business in the manufacturing of standalone automated machines in October 2021, and is now an investment holding company. Please refer to **Section 10.1** of this Prospectus for the nature and further details on our transaction with ECA Automation

7. BUSINESS OVERVIEW (CONT'D)

We are dependent on the following major customers by virtue of their revenue contribution to our Group for the Financial Years/ Period Under Review, and given our on-going business relationship with them:-

- (i) **Customer A group of companies.** The table below sets out the entire list of companies that formed part of Customer A group of companies of whom we have business dealings with over the Financial Years/ Period Under Review:-

No.	Name	Profile/ description
(a)	Customer A1	<ul style="list-style-type: none"> Involved in the assembling and testing of semiconductors, power semiconductors, logic ICs and sensor products Based in Malaysia Contributed 40.8%, 9.4%, 13.0% and 4.3% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022
(b)	Customer A2	<ul style="list-style-type: none"> Involved in the manufacturing of semiconductor devices Based in Singapore Contributed 36.6%, 16.7%, 5.6% and 7.1% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022
(c)	Customer A3	<ul style="list-style-type: none"> Involved in the manufacturing of semiconductor devices Based in Philippines Contributed nil, 5.2%, 0.2% and 0.01% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022

As at the LPD, the Customer A group of companies are subsidiaries of a parent company listed on the Frankfurt Stock Exchange. The parent company of Customer A group of companies is principally a semiconductor manufacturer based in Germany, and offers a wide range of semiconductor solutions used for industrial power control and power management ICs, LED drivers, sensors, chip card and security products, and various other applications. Customer A group of companies operate 4 segments namely (a) automotive, (b) industrial power control, (c) power & sensor systems and (d) connected secure systems.

Collectively, the revenue contribution from Customer A group of companies accounted for approximately 77.4%, 31.2%, 18.8% and 11.4% of our Group's total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

Our business relationship with Customer A group of companies commenced in February 2018 when we first secured a purchase order from Customer A2 who commissioned us to design, fabricate and supply a standalone automated equipment, namely the automated material transfer machine, which caters to their semiconductor packaging process involving the automatic transfer of IC packages from one station to another. For information purpose, as set out in **Section 6.1** of this Prospectus, our Promoters have had an established working relationship with Customer A group of companies since 2009 when our Promoters were involved in the running of ECA Automation's business operations. As our Promoters had since 2017 gradually scale down the business operations of ECA Automation and thereafter, ECA Automation has ceased its manufacturing business in October 2021, one of the more prominent customers namely Customer A group of companies were brought over to our Group for the potential commissioning of higher value projects catering to their factory automation assembly solutions.

Subsequently from March 2018 to September 2018, we secured additional purchase orders from Customer A1 and Customer A2 for the design, fabrication and supply of various units of standalone automated equipment such as automated material transfer, rotary vision sorting and test handler machines which caters to certain semiconductor packaging processes, ranging from testing, sorting to vision inspection of IC packages. Notable types of such packages include amongst others:-

7. BUSINESS OVERVIEW (CONT'D)



TOLL
High Current Automotive MOSFET TO-Leadless (TOLL) (HSOF) package is optimised for high current automotive applications

DPAK
"Decawatt Package" or DPAK, is an IC package developed to encase discrete high-power devices

TOLG
Combines features of TOLL and DPAK packages, and excels in performance on aluminium insulated metal substrate boards

During the course of our business engagement, we were requested by Customer A1 and Customer A2 to conceptualise, design and commission an integrated line system comprising amongst others automated vision inspection machine, track assembly, test stations and rotary vision sorting machine, to be used in their back-end semiconductor process involving the inspection, testing and sorting of IC devices. In January 2019, we managed to secure a purchase order from Customer A1 and Customer A2 for the production of the said line system, which marked our maiden venture into the fabrication and production of our first integrated production system. This milestone not only represent a transformation shift from our conventional offering of standalone automated equipment, but also lays the foundation for our Group to build on our capability and expertise to provide more customised integrated production line processes.

Following therefrom, we began securing more purchase orders from Customer A group of companies for integrated production systems as well as standalone automated equipment that are used in their semiconductor back-end process. Further, in April 2020, we were referred by Customer A1 to Customer A3 (based in Philippines) to design, fabricate and supply of standalone automated equipment of automated material transfer machine.

Throughout the years, we also expanded our products and services offered to Customer A group of companies which include after sales technical support and spare parts replacement, as well as the fabrication and supply new individual machinery and equipment (such as automated vision inspection machine and rotary vision sorting machine) as part of their machinery upkeep and/ or upgrade as well as modification of their production lines.

- (ii) **Customer B group of companies.** The table below sets out the entire list of companies that formed part of Customer B group of companies of whom we have business dealings with over the Financial Years/ Period Under Review:-

No.	Name	Profile/ description
(a)	Customer B1	<ul style="list-style-type: none"> EMS solutions provider Based in Malaysia Contributed nil, 37.4%, 1.2% and 0.06% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022
(b)	Customer B2	<ul style="list-style-type: none"> EMS solutions provider Based in Ukraine Contributed nil, nil, 23.9% and 10.0% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022
(c)	Customer B3	<ul style="list-style-type: none"> EMS solutions provider Based in Vietnam Contributed nil, nil, 18.1% and 0.1% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022
(d)	Customer B4	<ul style="list-style-type: none"> EMS solutions provider Based in Hungary Contributed nil, nil, 0.3% and 5.9% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022

7. BUSINESS OVERVIEW (CONT'D)

No.	Name	Profile/ description
(e)	Customer B5	<ul style="list-style-type: none"> • EMS solutions provider • Based in Switzerland • Contributed nil, nil, nil and 42.4% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022
(f)	Customer B6	<ul style="list-style-type: none"> • EMS solutions provider • Based in Poland • Contributed nil, nil, nil and 0.2% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022

As at the LPD, the Customer B group of companies are subsidiaries of a parent company listed on the Nasdaq Stock Exchange. The parent company of Customer B group of companies is headquartered in USA and is principally a manufacturing services and solutions provider that provides comprehensive electronics design, production and product management services to companies in various industries and end markets. It operates 2 segments namely (a) EMS (focus on leveraging IT, supply chain design and engineering, and technologies centered on core electronics, that primarily serves the automotive and transportation, capital equipment, cloud, computing and storage, defence and aerospace, industrial and energy, networking and telecommunications, print and retail, and smart home and appliances industries), and (b) Diversified Manufacturing Services (DMS) (focus on provision of engineering solutions with emphasis on material sciences, technologies and healthcare).

Collectively, the revenue contribution from Customer B group of companies accounted for approximately nil, 37.4%, 43.4% and 58.7% of our Group's total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively.

Our business relationship with Customer B group of companies commenced in August 2020, when we first secured two orders from Customer B1 to design, fabricate and supply assembly line systems which are utilised for the production of (a) battery management system for EV, and (b) solar power systems. From thereon, we continuously pursue D&D opportunities with Customer B group of companies to design and develop other forms of customised integrated production solutions for them that can cater to other industries. Recognising our D&D effort and capability, we were then referred to other Customer B group of companies for the following:-

- Customer B3 (June 2021) - to design, fabricate and supply assembly line system to be utilised for their production process of digital display tag for the retail sector;
- Customer B2 (June 2021) - to design, fabricate and supply assembly line system for the production and assembly of 5G repeater in telecommunication equipment;
- Customer B4 (August 2021) - to design, fabricate and supply assembly line system for the production and assembly of 5G repeater in telecommunication equipment;
- Customer B6 (November 2021) - to design, fabricate and supply assembly line system for the production and assembly of 5G repeater in telecommunication equipment; and
- Customer B5 (March 2022) - to design, fabricate and supply assembly line system to be utilised for their production process of digital display tag for the retail sector.

In addition to the above, we also provide after sales technical support to the Customer B group of companies, as part of their machinery system reconfiguration.

We expect both the Customer A group of companies and Customer B group of companies to continue to contribute to our revenue in the foreseeable future, given our track record in project completion and delivery to them, in-depth understanding, and close working relationship with them. Further, we have established good understanding of product conceptualisation and design process, POC protocols, procurement policies, quality assurance and operational standards with them.

7. BUSINESS OVERVIEW (CONT'D)

For avoidance of doubt, the extent of our Group's dependency lies with each of the companies (per individual customer basis) within Customer A group of companies and Customer B group of companies, instead of their respective parent companies. Prior to undertaking any project, we are required to undergo in-house supplier selection process conducted by each of the companies within Customer A group of companies and Customer B group of companies, in order to be included in their approved vendor list. Therefore, this provides an extent of mitigation on our Group's dependency on our major customers (Customer A group of companies and Customer B group of companies) on a parent-grouping basis, in view that our working relationship were established and built independently with each of our customer (i.e. individual companies within the group), instead of their respective parent companies.

Notwithstanding our dependency on the above major customers, our Group, as an automated manufacturing solutions provider, is able to customise our solutions to suit various manufacturing needs and industry applications globally. Over the Financial Years/ Period Under Review, we have managed to broaden and diversify our customer base to include other manufacturers that serve or operate in various industries, including but not limited to, semiconductor, automotive, solar, telecommunication and other commercial and industrial products, as referred to in **Section 7.4(i)** of this Prospectus. Our total customer count has also grown from 7 customers in FYE 2019 to 10 customers in FYE 2020, and 17 customers in both FYE 2021 and FPE 2022.

For avoidance of doubt, we are not dependent on the following major customers (those contributed to 10% or more to our total revenue), namely Customer C, New Power Smart Modular Sdn Bhd, ECA Automation and Customer H due to the following reasons:-

(iii) Customer C

Customer C is a subsidiary of a parent company listed on the German stock exchanges in Frankfurt, Hamburg, Hanover and Stuttgart. The parent company of Customer C is a German multinational automotive parts manufacturing company specialising in brake systems, interior electronics, automotive safety, powertrain and chassis components, tachographs, tyres and other parts for the automotive and transportation industries.

Our business relationship with Customer C commenced in January 2019 when we first secured customer order to design a factory automation assembly systems for the production and assembly of interior electronic systems and components for EV such as stepper motor insert (i.e. an electromechanical device that converts electrical power into mechanical power).

Customer C contributed 17.8%, 7.7%, 5.6% and 10.8% to our total revenue for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 respectively. Notwithstanding the revenue contribution to our Group of 17.8% in FYE 2019 and 10.8% in latest FPE 2022, we do not regard Customer C as our major customer in view of the past fluctuating revenue contribution which were below 10% of our total revenue in the FYE 2020 and FYE 2021.

(iv) New Power Smart Modular Sdn Bhd

New Power Smart Modular Sdn Bhd, a PRC-based MNC that operates in Pulau Pinang, is principally engaged in smart machine manufacturing who specialised in providing one-stop solution for customers which require customised automated machine.

During the FYE 2020, we secured new customer order from New Power Smart Modular Sdn Bhd to design, fabricate and supply factory automation assembly system for the production and assembly of the following:-

- PV junction box, that forms part of the solar panels; and
- Battery management system, that forms part of electronic component of EV.

7. BUSINESS OVERVIEW (CONT'D)

New Power Smart Modular Sdn Bhd contributed 13.1%, 1.0% and 0.1% to our total revenue for the FYE 2020, FYE 2021 and FPE 2022 respectively. We do not regard New Power Smart Modular Sdn Bhd as our major customer in view of the decreasing revenue contribution to below 10% of our total revenue in FYE 2021 and FPE 2022.

(v) ECA Automation

ECA Automation was co-founded and owned by our Promoters since 2005. It was formerly engaged in the manufacturing and sales of standalone automated machines which were used for testing and certain aspect of the customers' production process within the back-end semiconductor industry, prior to its cessation of business in October 2021. After the cessation, ECA Automation is now principally an investment holding company.

In the FYE 2021, we had been assigned a one-off job order from ECA Automation (hereinafter referred to as the "**Assignor**") by virtue of 3 deeds of assignment and novation dated 31 December 2020 ("**Deeds**") entered into between us and the Assignor. Pursuant to the Deeds and in consideration of RM30.00 paid in aggregate by us, the Assignor has assigned, transferred and novated unto our Group a total of 3 contracts from Customer F (being a customer of the Assignor). The said contracts relate to the purchase orders totalling RM3.33 million in aggregate, which consist of the design, fabrication and supply of an integrated production system for commercial labelling of printer cartridges from the Assignor (supplier) to Customer F (customer). Customer F, which is a subsidiary of a parent company listed on the New York Stock Exchange, is principally involved in the design, development, production outsource, and sale of consumer ink cartridges and printhead.

In view of our Promoters' intention to gradually scale down and cease the manufacturing operations of the Assignor so as to focus on our Group's business, the Assignor has requested Customer F to novate the contracts directly to our Group. However, as the Assignor (instead of our Group) was an existing approved vendor of Customer F and in order not to delay the production schedule, the Assignor has then agreed to enter into the Deeds to assign, transfer and novate the contracts from Customer F to our Group. Subsequently in September 2021, our Group has obtained a written confirmation from Customer F that we stand eligible to be included into the approved vendor list of Customer F upon any new project engagement being secured moving forward. Then in March 2022, our Group was included into the approved vendor list of Customer F when we secured a purchase order directly from Customer F for the provision of after sales service.

As mentioned hereinabove, ECA Automation has ceased its manufacturing business in October 2021, and is now principally an investment holding company. Accordingly, our Group will not enter into any business transactions with the Assignor (ECA Automation) in the future, save for recurrent rental of the head office cum factory from ECA Automation, further details as set out in **Section 10.1** of this Prospectus.

(vi) Customer H

Customer H is a subsidiary of a parent company listed on the Nasdaq Stock Exchange. The parent company of Customer H is principally a semiconductor supplier that focuses on providing intelligent sensing and power solutions to end-user markets including automotive, industrial and others such as communications, computing and consumer.

Our business relationship with Customer H commenced in March 2020 when we first secured customer order to design, fabricate and supply an integrated line system used for the back-end semiconductor process. Notably in FPE 2022, we had secured orders from Customer H to mainly fabricate and supply integrated production system (i.e. mainly comprising insert and loading systems) as well as standalone automated equipment (such as loader and unloader equipment) that caters to the back-end semiconductor process.

7. BUSINESS OVERVIEW (CONT'D)

Customer H contributed 5.4%, 0.2% and 18.7% to our total revenue for the FYE 2020, FYE 2021 and FPE 2022 respectively. Notwithstanding the revenue contribution to our Group of 18.7% in latest FPE 2022, we do not regard Customer H as our major customer in view of the past fluctuating revenue contribution which were below 10% of our total revenue in the FYE 2020 and FYE 2021.

We do not enter into long term contract or purchase commitment with our major customers, and rather our sales are primarily based on purchase orders from our customers. Depending on the complexity, scale and need of the customers for the integrated production systems and standalone automated equipment, our purchase orders generally range from 1 to 12 months. Please refer to **Sections 5.1.1** and **5.1.5** of this Prospectus for further information pertaining to the risk factors relating to the dependency on major customers and absence of long-term contracts, respectively.

We have the capability to design and customise integrated production systems and automation equipment to meet our customers' operational requirements in terms of product specifications and production capacities. Moving forward, we will continuously strive to maintain customer loyalty and business continuity by working closely and regularly following up with our customers to gather feedback and to provide knowledge and technical support on our products and service offering. In addition to providing after sales service or maintenance support for our customers, we also provide our customers with updates and insights on design, engineering and innovation ideas when conceptualising on new production system or technology in line with market trend and innovation.

7.16 Major suppliers

Our top 5 suppliers by total purchases for the Financial Years/ Period Under Review are as follows:-

FYE 2019

Suppliers	Country of operations	Supplies procured	Length of business relationship* (years)	Purchases RM'000	Percentage of our purchases %
Supplier A^	Singapore	Electronic components, software and computer hardware	1	382	13.6
Real Steel Engineering	Malaysia	Hardware, parts and components	1	245	8.8
Festo Sdn Berhad	Malaysia	Cylinder, bracket, fitting, motor, tubing, valve, generator, actuator	1	240	8.6
Welltech Metal Sdn Bhd ¹	Malaysia	Metal work, tooling, and finishing work	1	203	7.3
Omron Electronics Sdn Bhd	Malaysia	IT software/ hardware and electronic components	1	170	6.1
Total purchases of our top 5 suppliers				1,240	44.3
Our purchases				2,797	100.0

7. BUSINESS OVERVIEW (CONT'D)**FYE 2020**

Suppliers	Country of operations	Supplies procured	Length of business relationship* (years)	Purchases RM'000	Percentage of our purchases %
Omron Electronics Sdn Bhd	Malaysia	IT software/ hardware and electronic components	2	427	11.2
Welltech Metal Sdn Bhd ¹	Malaysia	Metal work, tooling, and finishing work	2	378	9.9
Festo Sdn Berhad	Malaysia	Cylinder, bracket, fitting, motor, tubing, valve, generator, actuator	2	350	9.2
UV Light Technology Sdn Bhd	Malaysia	Dispenser	1	241	6.3
Real Steel Engineering	Malaysia	Hardware, parts and components	2	222	5.8
Total purchases of our top 5 suppliers				1,618	42.4
Our purchases				3,818	100.0

FYE 2021

Suppliers	Country of operations	Supplies procured	Length of business relationship* (years)	Purchases RM'000	Percentage of our purchases %
Omron Electronics Sdn Bhd	Malaysia	IT software/ hardware and electronic components	3	1,025	8.7
Festo Sdn Berhad	Malaysia	Cylinder, bracket, fitting, motor, tubing, valve, generator, actuator	3	999	8.4
ECA Automation ²	Malaysia	Hardware, parts and components	4	766	6.5
Supplier B [^]	Malaysia	Electronic components, software and computer hardware	2	612	5.2
Welltech Metal Sdn Bhd ¹	Malaysia	Metal work, tooling, and finishing work	3	608	5.1
Total purchases of our top 5 suppliers				4,010	33.8
Our purchases				11,852	100.0

7. BUSINESS OVERVIEW (CONT'D)**8-month FPE 2022**

Suppliers	Country of operations	Supplies procured	Length of business relationship* (years)	Purchases RM'000	Percentage of our purchases %
Real Steel Engineering	Malaysia	Hardware, parts and components	4	825	12.1
SMC Automation (Malaysia) Sdn Bhd	Malaysia	Cylinder, bracket, fitting, motor, tubing, valve, generator, actuator	1	399	5.8
Festo Sdn Berhad	Malaysia	Cylinder, bracket, fitting, motor, tubing, valve, generator, actuator	4	344	5.0
Xyreon Technology Sdn Bhd	Malaysia	IT software/ hardware and electronic components	1	307	4.5
Bosch Rexroth Sdn Bhd	Malaysia	Hardware, parts and components	1	301	4.4
Total purchases of our top 5 suppliers				2,176	31.8
Our purchases				6,827	100.0

Notes:-

- [^] We are unable to disclose the names of certain top 5 suppliers to safeguard their competitive positioning in the industries in which they operate in. Further, we had sought consent from these suppliers for inclusion of their names in this Prospectus but such consent were not obtained
- ^{*} Length of business relationship is measured as at end of respective FYE/ FPE, as the case may be
- ^{*1} Deemed as a related party transaction, in which one of our Promoter, Executive Director and substantial shareholder (Mr Chua) was formerly a director of Welltech Metal Sdn Bhd. In light of good corporate governance practice, Mr Chua has ceased to be a director of Welltech Metal Sdn Bhd effective from 4 August 2021. Please refer to **Section 10.1** of this Prospectus for the nature and further details on our transaction with Welltech Metal Sdn Bhd
- ^{*2} Deemed as a related party transaction, in which our Promoters and substantial shareholders (Mr Chua, Mr Ooi and Mr Kang) were also the shareholders of ECA Automation. ECA Automation has ceased its business in the manufacturing of standalone automated equipment in October 2021, and is now an investment holding company. Please refer to **Section 10.1** of this Prospectus for the nature and further details on our transaction with ECA Automation

We are not dependent on any of our major suppliers for the Financial Years/ Period Under Review. We mainly procure input materials from our own approved supplier list, which we pre-qualified based on their capacity, business practice and the quality of their products and services. We also conduct performance review on our list of suppliers on a monthly basis to evaluate the quality of their products and services as well as the timeliness of their delivery. In addition, we may also procure input materials from other suppliers specified by our MNC customers, on project-to-project basis, where required.

We also have a diverse set of supplier for each of the abovementioned input materials that we purchase. Our total supplier count stood at 113, 126, 162 and 210 as at the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Further, as set out in **Section 7.11** of this Prospectus, our input materials are sourced from both local and international suppliers.

For the Financial Years/ Period Under Review, we have not experienced any material dispute with our major suppliers.

7. BUSINESS OVERVIEW (CONT'D)

7.17 Major licenses and permits

As at the LPD, the details of the major licenses and permits held by our Group are as follows:-

No.	Company/ Individual	Description of license/ permits	Approving authority	License/ Serial/ Reference no.	Validity	Major conditions imposed	Status of compliance
1.	ECA Solutions	Warehouse Manufacturing License pursuant to Section 65A Customs Act 1967 for the following activities:- (a) Custom Made Automation Machines (b) Rotary Vision Sorting Machine, Tube to Tube Transfer Machine; (c) Auto 2D Laser Drilling Making System (d) Spare Parts – Center, Loader & Unloader Module (e) Laser Mark, Conveyor, Class HFT Oven, Auto Packing Machine (f) Spare-Part – Jig & Fixture, Guide Module, Wave Pallet, Auto Labelling and Scanning	Royal Malaysian Customs Department	P78G6 202000000023	Issue date 29.11.2021 Effective/ expiry date 01.12.2021 30.11.2022 (subject to annual renewal)	Nil	N.A.
2.	ECA Solutions	Municipal Council Licence for the following:- (a) Processing Electrical and Electronic Goods (b) Office (c) Factory	Majlis Bandaraya Seberang Perai	04/21/01687	Issue date 07.01.2021 Effective/ expiry date Up till 31.12.2022 (subject to annual renewal)	Nil	N.A.

7. BUSINESS OVERVIEW (CONT'D)

No.	Company/ Individual	Description of license/ permits	Approving authority	License/ Serial/ Reference no.	Validity	Major conditions imposed	Status of compliance									
3.	ECA Solutions	Pioneer Status pursuant to Promotion of Investment Act 1986 which grants a tax exemption of up to 100% of the statutory income for a period of 10 years in respect of the production of '3D vision inspection machine' and 'factory automation system'	MITI	BIL. 5610	Issue date 09.10.2017 Effective/ expiry date 27.11.2017 - 26.11.2022 (subject to renewal for another 5- year term*1)	<p>(a) Added value for the production of the company must fulfil the minimum percentage as prescribed below:</p> <table border="1" data-bbox="437 353 683 741"> <thead> <tr> <th>No.</th> <th>Products</th> <th>Value Added (%)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>3D vision inspection machine</td> <td>43</td> </tr> <tr> <td>2</td> <td>Factory automation system</td> <td>45</td> </tr> </tbody> </table> <p>(b) Number of employees at all level of management, technical and supervisory must reach at least 86% of the total workforce of the company.*2</p> <p>(c) At least 80% of the total workforce of the company must comprise of Malaysians. Employment of foreigners (including outsourced workers) is subject to current policies.</p> <p>(d) Separate accounts shall be kept for approved pioneer production and non-approved productions, subject to the approved accounting conditions by the Inland Revenue Board (IRB).</p>	No.	Products	Value Added (%)	1	3D vision inspection machine	43	2	Factory automation system	45	Complied
No.	Products	Value Added (%)														
1	3D vision inspection machine	43														
2	Factory automation system	45														

7. BUSINESS OVERVIEW (CONT'D)

No.	Company/ Individual	Description of license/ permits	Approving authority	License/ Serial/ Reference no.	Validity	Major conditions imposed	Status of compliance
4.	ECA Solutions	<p>Manufacturing Licence pursuant to the Industrial Co-ordination Act 1975, to act as Licenced Manufacturer for the following products:-</p> <p>(a) Factory Automation System;</p> <p>(b) 3D Vision Inspection Machine; and</p> <p>(c) Plasma Treatment System</p>	MITI	A 040824	<p>Issue date 08.08.2022</p> <p><u>Effective/ expiry date</u> Effective from 05.07.2022 / nil expiry stated</p>	<p>(a) MITI and MIDA shall be notified of any sale of shares in ECA Solutions.</p> <p>(b) ECA Solutions shall train its Malaysia employees to ensure that technology and expertise may be transferred to all positions in ECA Solutions.</p> <p>(c) ECA Solutions shall ensure that its capital investment per employee is at least RM140,000.00.</p> <p>(d) The total full-time workforce of ECA Solutions shall comprise at least 80% Malaysians. Employment of foreign workers including outsourced workers is subject to current policies.</p> <p>(e) ECA Solutions shall submit information on the performance of its investment and implementation of its projects under the Industrial Co-ordination Act 1975 and the MIDA (Incorporation) Act 1965 when required by MIDA.</p> <p>(f) ECA Solutions shall implement its projects as approved subject to the conditions of this licence and in accordance with other laws and regulations in Malaysia.</p>	<p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Noted and to be complied, when required</p> <p>Complied</p>

7. BUSINESS OVERVIEW (CONT'D)

Notes:-

*1 We had in early June 2022 consulted the MIDA (an agency under MITI in charge of the promotion and coordination of industrial development in Malaysia) to enquire on the possible early renewal process for our pioneer status for another 5-year term, in advance of the expiry date (for the initial 5-year term) which is due on 26 November 2022. During our consultation with MIDA, MIDA had verbally informed us that it has no objection to our Group submitting an early renewal application to them, but has however advised ECA Solutions (being the pioneer status holder) to seek/obtain the necessary clearance/ approval from the relevant authorities (as set out below). Based upon the advice and consultation with MIDA, the said renewal application would only be processed by MIDA after our Group has obtained the following:-

- (i) Issuance of a manufacturing license from MITI

MIDA has advised us to first apply for a manufacturing license from MITI (being license issuer) to undertake the provision of automated manufacturing solutions, in order for MIDA to facilitate the processing of renewal application for pioneer status extension.

We had on 21 June 2022, submitted an application to MIDA to apply for the aforementioned manufacturing license. Subsequently, on 8 August 2022, we had obtained the manufacturing license from MITI, details of which are referred to in the table above. On 24 August 2022, we had submitted an early renewal application for the pioneer status extension (for another 5-year term). On 22 September 2022, MIDA, upon its review of our application, had requested for additional document, namely the latest audited financial statements of ECA Solutions for the full FYE 31 October 2022 ("**Audited Accounts FYE 2022**"), as part of their deliberation on the approval process for renewal. Accordingly, we intend to re-submit the updated renewal application to MIDA (together with the Audited Accounts FYE 2022), immediately upon the audit conclusion and issuance of the Audited Accounts FYE 2022 which is envisaged by December 2022. For avoidance of doubt, in the event that the pioneer status is successfully renewed, the pioneer status shall be valid from for another 5 years from 27 November 2022 to 26 November 2027.

- (ii) Clearance from Invest-in-Penang Berhad ("**InvestPenang**")

In conjunction with the approval sought for the manufacturing license from MITI (as described in note (i) above), MIDA has also advised us to seek clearance from InvestPenang (a non-profit entity of the Penang State Government that was established with the primary purpose of promoting investments within Penang) in order to facilitate the issuance of the manufacturing license from MITI.

We had on 5 July 2022 submitted an application to InvestPenang to seek the necessary clearance. Subsequently, on 14 July 2022, we had obtained a clearance letter dated the same from InvestPenang, stating that it has no objection to our approval sought for the manufacturing license from MITI.


- *2 As at the LPD, our Group has 66 employees occupying management, technical and supervisory level, which accounted for 89.2% of our total employee workforce

Our Group has not experienced any difficulties in renewing its major licenses and permits in the past and have not experienced, nor do we anticipate any major difficulty in renewal for the necessary major licenses and permits within a reasonable timeframe which may impact the business continuity of our Group.

7. BUSINESS OVERVIEW (CONT'D)

7.18 Trademarks, patents and intellectual property rights

Save as disclosed below, as at the LPD, we do not have any other trademarks, patents and intellectual property rights registered and/ or in the process of registration in favour of our business operations:-

Registered owner	Representation or Description of Trademark/ Patent	Class	Date of filing/ Filing no.	Approving authority	Status
ECA Solutions	<u>Method of Arranging and Storing Tubes</u> The invention relates to a method for automatically arranging the orientation of semiconductor tubes, storing the semiconductor tubes in a desired arrangement and transferring the properly arranged semiconductor tubes, without the need of manual labour	N.A.	25.10.2019 / PI2019006301	Intellectual Property Corporation of Malaysia (MyIPO)	Under substantive examination ^{*1}
ECA Solutions		40 ^{*2}	16.11.2021 / TM2021032027	Intellectual Property Corporation of Malaysia (MyIPO)	Approved for registration (but pending certification) ^{*3}

Notes:-

*1 The patent application is currently pending the clearance of the substantive examination and the certificate of grant from MyIPO. For information, the patent was sought to protect our Group's invention relating to the method of arranging and storing semiconductor tubes which form part of our D&D initiatives in the design and development of certain standalone equipment and machinery that caters to the back-end semiconductor industry. In the event the registration of this patent is not successful, we may not be able to protect or enforce our proprietary rights against unauthorised use of such invention by other competitors.

Notwithstanding the above, the said invention only represents a part of our customised manufacturing solutions and systems that we provide to our customers, and that our competitive strength lies to a large extent in our ability and track record of providing various production systems and modules as part of our automated manufacturing solutions offering. In this regard, the inability or failure of our Group to successfully register the patent would not have a material impact on our business and profitability, and would not itself prohibit us from using such invention in our solutions offering

*2 Treatment of materials; custom manufacture including custom manufacture of machinery for the semiconductor industry, lens/ glass prism pressing machines and multi axis robotic arms

*3 Upon issuance of certificate of registration, our Group shall have exclusive right to use the logo in Malaysia. Nevertheless, our Group's business and profitability are not materially dependent on the trademark as we do not use such logo in our product offering given that they are customised for the purpose-built manufacturing solutions for our customers

7.19 Dependency on contracts, licences or other arrangements

As at the LPD, save for the major licenses and permits as disclosed in **Section 7.17** of this Prospectus, we do not have any other regulatory approvals, licenses and permits as well as contracts, including commercial or financial contracts or arrangements on which we are materially dependent for our business or profitability.

7. BUSINESS OVERVIEW (CONT'D)

7.20 Material properties, machinery and equipment

7.20.1 Properties owned by our Group

As at the LPD, our Group does not own any property.

7.20.2 Properties rented by our Group

As at the LPD, details of the properties rented by our Group are as follows:-

Tenant	Landlord	Title/ Postal Address	Description / Existing Use	Land/ Built-Up Area (sq ft)	Date of Issuance of CCC	Tenancy period	Gross annual rental RM'000
ECA Solutions	ECA Automation	Title Held under PN 7871 Lot 6857 Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang Address Plot 248, Lorong Perindustrian Bukit Minyak 16, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang	An industrial premise comprising an annexed double storey office building, a single storey detached factory, a TNB sub-station and a guard house. It is occupied by our Group for purpose of carrying out our operations.	67,812/ 31,055	09.01.2018 (serial no. LJM/PP/0573)	01.10.2021 to 30.09.2022 (subject to automatic and optional renewal ^{*1})	372 ²

Notes:-

*1 Under the Tenancy Agreement, we rent and occupy an industrial building with a built-up area of 31,055 sq ft to carry out our business operations, the building description of which is set out in the table above. Our tenancy is subject to automatic renewal for 1 year ("Term"), as well as optional renewal for another 1 year as may be mutually agreed ("Renewed Term"). Pursuant to the Tenancy Agreement, the landlord (ECA Automation) may increase the monthly rent during the Term and/ or Renewed Term provided that such increase shall up to a maximum monthly rent of RM32,550, or by a reasonable percentage agreed by the parties but in any event not greater than 5% of the monthly rent of RM31,000

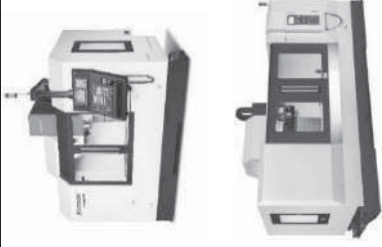

*2 Derived based on the monthly rental of RM31,000 pursuant to the Tenancy Agreement

As at the LPD, there is no breach of any property or land use conditions and/ or non-compliance with any regulatory requirement, land rules, building regulations and environmental issue which may materially affect our Group's operation and usage of property rented by our Group.

7. BUSINESS OVERVIEW (CONT'D)

7.20.3 Key machinery and equipment

A summary of the key machinery and equipment owned and used by our Group as at 30 June 2022 are as follows:-

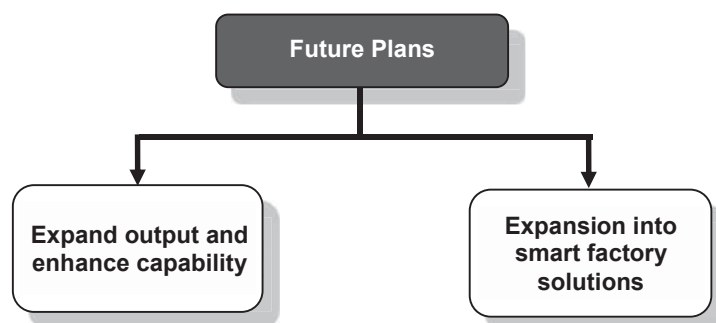
Machinery/ equipment	Photo	Description	No. of unit(s)	Average remaining useful lives ^{*1} (years)	Audited NBV as at 30 June 2022 RM'000
CNC vertical machine		A computerised machine used to perform various processes such as cutting, drilling or milling for purpose of our fabrication of modules and mechanical components	5 ^{*2}	7	1,339
Coordinate measurement machine		A machine used to perform precise geometrical measurements up to a micron (0.001mm) on a physical object, for purpose of quality inspection. Such quality inspection aids our fabrication activities as it allows for our modules and mechanical components to be produced in a precise and controlled manner, and to ascertain that the design complies with pre-determined specifications	1	9	49

Notes:-

- *1 Derived based on the total useful life of an asset less the average age of such asset as at 30 June 2022
- *2 Of the 5 units of CNC vertical machines, 3 units amounting to RM542,933 in NBV have been fully paid for as at 30 June 2022, whilst the remaining 2 units amounting to RM796,000 in NBV are financed under lease arrangement as at 30 June 2022

7. BUSINESS OVERVIEW (CONT'D)

7.21 Future plans and strategies



(i) We intend to expand our output and enhance our capability

A combination of technical knowledge and engineering talent of skilled personnel, up-to-date machinery, technology and knowledge, sufficient manpower and systematic work process is crucial to sharpen the competitive edge of our Group in the global automation manufacturing solution industry. Therefore, we intend to enhance our internal capabilities and expand our resources, by investing in new machineries and skilled manpower, to further strengthen our reputational standing as an automated manufacturing solution provider that is capable of serving various manufacturers and industry applications in line with the latest technological trend.

Accordingly, we plan to undertake the following strategies:-

(a) Acquisition of new machineries

We intend to invest in new machineries in line with our future plan to cater for expansion of our output and enhancing our capability.

As set out in **Section 4.9** of this Prospectus, we have earmarked RM7.70 million of the IPO proceeds to acquire the following machineries within 2 years from the Listing:-

Machinery	Description	No. of units	Cost (RM'000)
5-axis high speed gantry machining centre	High speed precision machine for cutting, milling, drilling and shaping complex workpiece which require accurate machining and continuous axis interpolation	1	2,150 ^{*1}
5-axis high speed gantry machining centre	High speed precision machine for cutting, milling, drilling and shaping complex workpiece which require accurate machining and continuous axis interpolation	1	3,550 ^{*2}
CNC vertical machine	A computerised machine that utilise vertically oriented tooling process to perform cutting, drilling or milling for fabrication of custom workpiece	4	1,120
Mill tap centre	A computerised machine that utilise rotary cutter to drill, cut and produce internal threads in a hole of a workpiece, eventually used for screws or bolts connection	4	880
Total			7,700

7. BUSINESS OVERVIEW (CONT'D)

Notes:-

- *1 Represents the balance purchase price as at the LPD. The cost quotation obtained from our supplier in October 2021 amounts to RM3.20 million for a unit of this gantry machining centre. We have as at the LPD paid a down payment of RM1.05 million to lock in our pricing and purchase commitment with the supplier, with the balance purchase price to be made by end 2022
- *2 The price difference between the two 5-axis high speed gantry machining centre (i.e. RM3.55 million as compared to RM3.20 million per note 1 above), is mainly attributable to the fact that these machines are build-to-order upon receipt of buyer's order confirmation (instead of mass produced), and quotation for the unit worth RM3.55 million is merely based on supplier's estimate obtained in January 2022 after taking into account fluctuation of input material prices and prevailing market condition

As referred to in the floor plan layout illustrated in **Section 7.12(i)** of this Prospectus, we have a factory floor area totalling approximately 13,482 sq ft dedicated for fabrication and assembly work area. Of the total factory floor area, we presently have a fabrication area of 3,871 sq ft to house our fixed machinery assets, mainly comprising CNC machines, which are occupying 1,368 sq ft floor space in the fabrication area. As further referred to in **Section 7.12(i)** of this Prospectus, we intend to relocate an office space (from ground floor) of 2,260 sq ft to the top floor, after the IPO. After the relocation, we will have an enlarged fabrication area of 6,131 sq ft that will be re-designated to house existing and future fixed machinery assets to be acquired.

The new machineries to be acquired, comprising gantry machining centre (2 units), CNC vertical machine (4 units) and mill tap centre (4 units), that we have earmarked from our IPO proceeds are expected to occupy an estimated floor space of 2,952 sq ft. Accordingly, after allocating adequate buffer zone for mobility purpose, our management is of the view that the enlarged fabrication area of 6,131 sq ft (after relocation and merging of fabrication floor space as mentioned in the paragraph above) will be sufficient to house our future new machineries to be acquired via the IPO proceeds.

These new machineries will enable us to increase the customisability of our solutions to suit different needs of each customer/ industry requirements, handle larger volume of fabrication works, and achieve better productivity and accuracy in our design and development.

Further, by having these new machineries, we will be able to undertake more in-house fabrication works in tandem with the increased output and enhanced capability, and as a result, accord our Group better control over our production lead time and process as well as close monitoring of our quality standards.

(b) Recruitment of skilled technical personnel

Our technical personnel play critical role in the initial design and conceptualisation, assembly and configuration, integration, installation and provision of after sales technical support. As at the LPD, we have a total of 58 engineers and technicians which accounted for 78.4% of our total employee workforce.

In line with our growth objective, we intend to expand our technical manpower as means to increase our production output of automated manufacturing solutions. We are on the look-out for skilled technical personnel who can serve in the areas of mechanical, software and electrical engineering. In this regard, we intend to recruit 20 skilled technical personnel within 2 years upon Listing, of which the recruitment details and estimated initial recruitment annual cost are set out below:-

7. BUSINESS OVERVIEW (CONT'D)

Designation	No. of personnel	Cost per annum (RM'000)
Mechanical engineers	10	500
Software engineers	5	250
Electrical engineers	5	250
Total	20	1,000

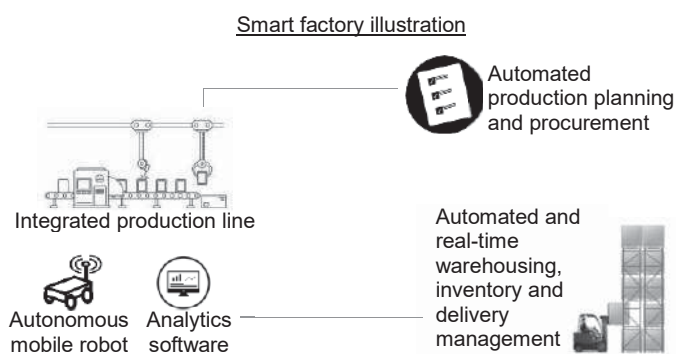
The initial recruitment annual cost will be funded via our IPO proceeds. If the actual cost is higher than budgeted, the deficit will be funded through internally generated funds.

The increase in mechanical and electrical engineers allow us to undertake a higher number of active projects that be carried out simultaneously and to fulfil our customers' production schedule, whilst the increase in software engineers allow us to strengthen our in-house design capability of software programming that can be integrated with our automated solutions.

(ii) We intend to expand into the provision of smart factory solutions

Presently, our integrated production systems may be incorporated with smart manufacturing solutions, to enhance and optimise our customers' production process where required by our customers.

As set out in the IMR Report in **Section 8** of this Prospectus, manufacturers are increasingly undergoing process transformation to automate their operations and/ or shifting towards full automation of processes to increase operational efficiency and reduce operational costs with less human resources required. The increase in awareness of Industry 4.0 technology to automate business operations with minimal human interference is further driven by the COVID-19 pandemic, thereby driving an increase in demand for smart factories.



Smart factories refer to factory environments where machinery and equipment are interconnected using IoT technology. The interconnectivity of machinery and equipment enables automation of not only the manufacturing processes but also all other processes in the factory, from the receipt of raw materials and supplies to the production and assembly of end-products. Minimal human intervention is required to operate such a factory, as workers can remotely supervise, monitor and control the operations of the entire factory from a control room. Smart factory solutions also enable data to be shared throughout the organisation, enabling the organisation to learn and adjust in making real-time factory operational settings more responsive, proactive and predictive, identify areas of concern or improvement as well as promote better utilisation of resources.

As compared to our smart manufacturing solutions offering, the smart factory solutions require a more thorough methodological planning and D&D efforts that can integrate and automate both the manufacturing and non-manufacturing processes of our customers' manufacturing facility, which encompassed the following key areas:-

7. BUSINESS OVERVIEW (CONT'D)

- the interconnectivity aspects of both the manufacturing process and non-manufacturing process such as the management of materials and supplies into the factory, as well as management of finished products from the factory. This allows for both the manufacturing process and non-manufacturing process to be operated on a connected network via end-to-end engineering integration and data processing within a factory ecosystem; and
- our customer's factory floor plan and processes, taking into account amongst others, manufacturing cycles, data and information infrastructure, as well as the location, size and dimension of warehousing and production area.

We intend to expand into the provision of smart factory solutions as our new solutions offering, which can complement our existing integrated production systems, by undertaking the following initiatives:-

- (a) leveraging on our experience and expertise garnered from the provision of automated manufacturing solutions offered to our customers. Through this, we have gained familiarity, knowledge and better understanding of our customers' manufacturing processes and requirements in factory setting. This provides us the platform to pursue and collaborate on more D&D initiatives for the design, development and customisation of our solutions to potentially enable the transformation of our customers' factories to smart factories; and
- (b) cross-selling of new smart factory solutions to our existing customers. As at the LPD, we have received an enquiry from our major customer, namely Customer B group of companies, for the conceptualisation and design of smart factory solutions which entails the commissioning of sky conveyor systems in one of the manufacturing plant of Customer B group of companies. These smart factory solutions are envisaged to entail the automation of material transfer from the warehouse to the factory floor and vice versa as well as platforms to enable full remote control and monitoring of manufacturing processes in the factory.

We expect the expansion into the provision of smart factory solutions will widen our range of solutions, thereby further enabling us to cater to wider audience. Our success in providing new solutions that cater to local and international demands and requirements, will contribute towards our Group's future growth in business operations and financial performance.

7.22 Interruptions to business and operations

Our Group has not experienced any other interruption in business that had a significant effect on our operations during the period prior to the date of this Prospectus, save for disruptions arising from the impact of the COVID-19 pandemic disclosed in **Section 7.23** of this Prospectus.

7.23 Impact of COVID-19

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The Government implemented several measures to reduce and control the spread of COVID-19 commencing from 18 March 2020 and these measures included restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic, cultural and recreational activities. As a result, our business operations in Malaysia were temporarily interrupted by these measures, as outlined hereinbelow.

Impact of COVID-19 on our business operations in Malaysia

Throughout 2020 and 2021, several phases of the MCO were implemented in Malaysia to curb the spreading of the COVID-19 pandemic within the country. Some of these MCO phases involved the restriction or temporary disruptions on all business economic sectors, except those classified under "essential services" or those which have obtained prior approval of the MITI.

7. BUSINESS OVERVIEW (CONT'D)

The implementation of the MCOs and its implications on our operations are described below:-

MCO phase	SOPs	Implications on our operations
MCO (18 March 2020 – 3 May 2020)	<ul style="list-style-type: none"> Between 18 March 2020 and 16 April 2020, our operations was temporarily suspended for approximately 1 month On 17 April 2020, we received MITI approval to allow 50% of our workforce to operate in factory 	Between 18 March 2020 and 16 April 2020, we were unable to operate our business, including delivery of solutions to our customers. As most of our customers were also subject to restrictions and/ or lockdowns implemented in their jurisdictions, their business operations were also restricted. In light of this, we have sought extension from our customers to defer the delivery schedule by about 2 to 6 months.
Conditional MCO (4 May 2020 – 9 June 2020)	<ul style="list-style-type: none"> We continue to operate in our factory subject to permitted 50% capacity of our workforce 	Between 17 April 2020 and 9 June 2020, we resumed operation in our factory, albeit at a reduced workforce capacity of 50%. During such period, our finance and administration personnel continued to work from home, whilst our factory on-site personnel (mainly comprising design and production team) were subject to rotational shift or on as-need basis.
Recovery MCO (10 June 2020 – 31 March 2021)	<ul style="list-style-type: none"> 100% of our workforce were allowed to return to factory 	From 10 June 2020 onwards, we gradually allow our employees to return to factory, subject to practising SOPs such as physical distancing and hygiene/ sanitisation protocols.
Total Lockdown (1 June 2021 – 28 June 2021)	<ul style="list-style-type: none"> We received MITI approval to allow 60.0% of our workforce to operate in factory 	Effective from 1 June 2021 to 24 August 2021, we continue operating in our factory, subject to a limiting workforce capacity of 60%. We have also ramped up our production activities including assigning more production floor workers to complete and fulfil certain job orders, subject to SOPs put in place.
NRP (Phase 1)¹ (15 June 2021 - 24 August 2021)	<ul style="list-style-type: none"> We continue to operate in our factory subject to permitted 60% capacity of our workforce 	
NRP (subsequent phases)² (25 August 2021)	<ul style="list-style-type: none"> On 25 August 2021, we obtained MITI approval to operate at a 100% workforce capacity 	During the pandemic, we encountered supply chain disruption mainly due to the shortage of semiconductors and other related electronic parts, that have led to delay in our production schedule and onward delivery to customers. Nevertheless, we managed to procure extension of about 2 to 6 months from our customers for the delivery of our solutions.
Transition to endemic phase (1 April 2022)	<ul style="list-style-type: none"> On 1 April 2022, all restrictions limiting business operating hours and number of employees in a workplace based on vaccination coverage are uplifted 	From 25 August 2021 onwards, we allowed our fully vaccinated employees to return to factory.
		From 1 April 2022 onwards, we continue to operate at a full workforce capacity as all our employees are vaccinated.

7. BUSINESS OVERVIEW (CONT'D)

MCO phase	SOPs	Implications on our operations
Endemic phase (1 May 2022 onwards)	<ul style="list-style-type: none"> Relaxation of SOPs effective from 1 May 2022 onwards, which include amongst others, no requirement for physical distancing, easing of pre-departure and on-arrival tests for travels to and from Malaysia, and all economic sectors being allowed to operate from 15 May 2022 	<p>Effective 1 May 2022, with the relaxation of SOPs, all employees and visitors are not required to scan their MySejahtera application and record their body temperature before entering our premise, and social distancing is no longer required. We continue to operate at a full workforce capacity.</p> <p>Travel related SOPs have also been eased, thus allowing fully vaccinated Malaysians and foreigners to enter the country without undergoing COVID-19 tests. This is expected to ease the process of our employees and/ or customers' personnel entering into or out of Malaysia.</p>

Notes:-

- *1 On 15 June 2021, the Government announced the NRP, a phased exit strategy from the COVID-19 crisis where a different degree of travel restrictions and restriction in the operation of various economic sectors are implemented in each phase of the NRP. During Phase 1 of the NRP, all sectors were not allowed to operate except for those in the essential economic and service sectors, or unless otherwise permitted by MITI.
- *2 Phase 2 of the NRP will be implemented if Phase 1 succeeds in reducing the number of daily COVID-19 cases which will allow the reopening of some economic sectors in stages, and where physical distancing can be maintained. This will be followed by Phase 3 of the NRP where nearly all economic sectors will be allowed to operate subject to strict SOP and restrictions on the number of people allowed to be physically present at workplaces. Lastly, Phase 4 of the NRP will see the reopening of the economy where interstate travel and domestic tourism will also be allowed.

Impact of COVID-19 on our business operations in international markets

The COVID-19 pandemic has caused travel restrictions globally, resulting in the closure of international borders. Despite such restrictions, we were still able to secure orders from international markets in FYE 2020 and FYE 2021. Although we encountered certain travelling restrictions to international markets to undertake business development activities and approach potential customers, we continue to collaborate closely with our customers who require automation process and/ or technological innovation to their production line, by way of conducting POC virtually and/ or teleconferencing. In instances where we were not able to provide demonstration of the POC for the solutions to our customers at our manufacturing facility or their premises, we will provide them with an option to view the POC virtually. Through this, we managed to secure recurring orders and referrals from our customers, notably from our major customers such as Customer A group of companies and Customer B group of companies. Consequently, our Group's revenue from international markets grew from RM3.17 million in the FYE 2019 to RM3.69 million in FYE 2020, and further grew to RM10.79 million in FYE 2021.

In addition, installations of our automated solutions at our customers' premises were undertaken by the third-party subcontractors (who were supervised by our Production team virtually). Thus any changes in configuration of software may be undertaken remotely by our Production team or by the third-party subcontractors (with strict guidance from our Production team).

The COVID-19 pandemic and general slowdown in global economic activities had led to delays in our supply chain. Such delays also affected our Group whereby we were not able to proceed with the development of our solutions for certain projects as planned, as further elaborated in the ensuing commentary.

7. BUSINESS OVERVIEW (CONT'D)

Impact of COVID-19 on our supply chain

We have experienced delays in obtaining certain input materials from our suppliers, especially for IT hardware and programmable logic controllers (PLC) such as computers, human-machine interfaces, electronic control cards, and sensors, due to a shortage in semiconductor and other related electronic parts. The said shortage was mainly attributable to the surge in demand for consumer electronic products as well as restrictions in manufacturing activities of chip manufacturers caused by the COVID-19 pandemic.

Notwithstanding the above, our business operations were not materially impacted by the disruption in our supply chain as a consequence of the COVID-19 pandemic, in view of the following:-

- We have been able to procure extensions by about 2 to 6 months from our customers to fulfil the delivery of our automated solutions. Throughout our production schedule, our project team are in close communication with our customers to ensure the smooth running of our progress in production planning up to delivery stage. In the course of our engagement, we provide timely notification to our customers on any supply disruption or material constraint arising from COVID-19 restrictions that is expected to delay our production schedule. This provides transparency and assurance to our customers on our continued commitment to recalibrate and execute our production planning to meet customers' delivery schedule, where extended.
- We have been able to procure some input materials from more than one supplier. Our total supplier count stood at 113, 126, 162 and 210 as at the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. If we face supply disruption for a particular input material from a supplier, we can seek alternate supplier(s) for similar source of input materials, subject to meeting our Group's and/ or customers' requirements and standards.

Since the implementation of MCO in March 2020 and up the LPD, we have neither experienced any cancellation of purchase orders from our customers, nor any delay in the delivery of our solutions which resulted in late delivery claims and/ or penalties enforced against us.

Measures and steps taken in our business operations in response to COVID-19

Our Group has implemented COVID-19 SOPs to ensure compliances with the regulations imposed by the Government, as well as to safeguard the safety and health conditions of our employees. The COVID-19 SOPs that are presently being implemented during the endemic phase include the following:-

- (i) our employees and visitors are required to provide declaration of health conditions and travel history prior to returning to our office and manufacturing facility;
- (ii) our employees and visitors are required to wear face masks at all times, and regularly sanitise their hands; and
- (iii) carry out sanitisation and disinfection process of various parts of our office and manufacturing facility in a periodic or on ad-hoc basis as and when required.

In the event of an outbreak of COVID-19 at our office and manufacturing facility, our present COVID-19 SOPs include the following:-

- (i) all employees that were in close contact with the infected person(s) are to be tested for COVID-19 and practise self-quarantine;
- (ii) infected employees will be quarantined based on instructions from the Ministry of Health; and
- (iii) the affected area will be thoroughly disinfected and sanitised.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, all of our employees are fully vaccinated. Save for a total of 2 employees being tested positive for COVID-19 in mid-August 2021, there were no other positive COVID-19 test results amongst our employees during the onset of COVID-19 outbreak in March 2020 and up to the LPD. As the employees had not come into close contact with our other employees, there were no disruptions to our operations. Both the employees were self-quarantined for 10 days, before returning to our premise in end-August 2021.

Impact of COVID-19 on our financial performance

Our Group's financial performance for the FYE 2020 and FYE 2021 have not been materially impacted by both the COVID-19 pandemic and the imposition of MCOs. Despite the COVID-19 pandemic, our revenue grew from RM7.67 million in FYE 2019 to RM15.37 million in FYE 2020, and further grew to RM20.51 million in FYE 2021, mainly as a result of increase in job orders from our customers for automated solutions. As set out in **Section 8** of this Prospectus, the need for automated processes in production facilities was notable during the COVID-19 pandemic in 2020, and is still on-going, as many organisations were forced to adapt to remote working arrangements due to lockdowns imposed to curb the spread of virus, and reduce reliance on human resources.

While we experienced an increase in revenue during the COVID-19 pandemic in FYE 2020 and FYE 2021, there is no assurance that we will be able to maintain such financial results in the future in the event of a prolonged COVID-19 outbreak scenario. Please refer to **Section 5.1.3** of this Prospectus for further details on the risks of COVID-19 on our business operations.

For the FYE 2020 and FYE 2021, our Group incurred additional cost of approximately RM54,000 in aggregate to implement precautionary measures at our premises to minimise the risk of COVID-19 infections and to comply with the SOPs imposed by the Malaysian Government. These costs mainly include purchase of face masks, sanitisers and disinfection kits, and COVID-19 tests. Such additional cost incurred did not have a material impact on our financial performance for the FYE 2020 and FYE 2021.

Following the COVID-19 outbreak, a number of financial aid and relief programs were introduced by the Government in response to the economic impact of COVID-19 pandemic in Malaysia. We have received government grant of RM86,400 and RM10,800 in the FYE 2020 and FYE 2021, respectively, in relation to the wage subsidy programs introduced under the PRIHATIN stimulus package.

Since the implementation of MCO in March 2020 and up to the LPD, our Group has not been in breach of any laws relating to COVID-19 restrictions or SOPs as issued by the relevant authorities.

7.24 Relevant laws, regulations, rules and/ or requirements

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

(i) Customs Act 1967 ("CA")

The CA governs, among others, the levying of custom duties, port clearances, warehousing and other custom-related matters.

Pursuant to Sections 65 and 65A of the CA, the Director General of Customs may on payment of such fees as may be fixed by him in each case, grant a license to any person for warehousing and manufacturing goods liable to custom duties and any other goods in a place or places specified in the license.

7. BUSINESS OVERVIEW (CONT'D)

As at the LPD, our subsidiary, ECA Solutions holds and maintains valid manufacturing warehouse license issued by the Royal Malaysian Customs Department, for the warehousing and approved activities on our premise located at Plot 248, Lorong Perindustrian Bukit Minyak 16, Kawasan Perindustrian Bukit Minyak, Mukim 13, 14100 Simpang Ampat, Pulau Pinang.

(ii) Local Government Act 1976

Pursuant to Section 102 of the Local Government Act 1976, local authorities are empowered to make, amend and revoke by-laws. As our business is carried out in Bukit Minyak Industrial Park, we come under the jurisdictions of the Seberang Perai Municipal Council ("**Local Authority**") and the relevant by-laws governing the conduct of our business would be the Municipal Council Province Wellesley Licence Fees By-Laws 1980 ("**Seberang Perai By-Laws**").

The Seberang Perai By-Laws provides that it shall be an offence for any person to operate any licensable item appearing in the Schedule of the Seberang Perai By-Laws without a valid licence issued by the Local Authority. A contravention of the Seberang Perai By-Laws would result in a fine not exceeding RM2,000.00 or a term of imprisonment not exceeding one year or both and in the case of continuing offence a sum not exceeding RM200.00 for each day during which the offence is continued after conviction. As at the LPD, our subsidiary, ECA Solutions holds and maintains a valid municipal council licence issued by the Local Authority.

(iii) Occupational Safety and Health Act 1994 ("OSHA 1994")

The OSHA 1994 makes provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work, and to promote an occupational environment for persons at work which is adapted to their physiological and psychological needs.

It shall be the duty of every employer to conduct its undertaking (including provision and maintenance of systems of work) in such a manner as to ensure, so far as is practicable, that he and other persons, not being its employees, who may be affected thereby are not exposed to risks to their safety or health.

It shall be the duty of every employer to prepare a general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy. Such safety and health policy shall be revised as often as it may be appropriate and shall be brought to the notice of all employees.

The OSHA 1994 further requires a company to notify the nearest occupational safety and health office of any accident, dangerous occurrence, occupational poisoning or occupational disease which has occurred or is likely to occur at the place of work.

Our Group has established a Safety and Health Committee and the Group's Health, Safety and Environment Policy has been communicated to our employees.

(iv) Promotion of Investments Act 1986 ("PIA 1986")

The PIA 1986 makes provision for promoting by way of relief from income tax the establishment and development in Malaysia of industrial, agricultural and other commercial enterprises, for the promotions of exports and for incidental and related purposes.

7. BUSINESS OVERVIEW (CONT'D)

It shall be the duty for every company which has been granted pioneer status to comply with the conditions imposed in the pioneer certificate. Where a company which has been granted pioneer status fails to comply with the requirements in the pioneer certificate, MITI shall by notice in writing require the company within thirty days from the date of service of the notice, to show cause why the pioneer certificate should not be cancelled. MITI may cancel the pioneer certificate of the company where the company has failed to comply with the show cause notice or where MITI is not satisfied with the reasons for the non-compliance with the conditions imposed in the pioneer certificate.

As at the LPD, our subsidiary, ECA Solutions holds and maintains a valid pioneer status certificate since 27 November 2017. The pioneer status entitled us to a tax exemption of 100% on our statutory income for a period of 10 years. The said tax exemption applies to our statutory income derived from the following activities, namely (a) the production of 3D vision inspection machines, and (b) the production of factory automation systems. The 10-year tax incentive period is granted for an initial 5-year period, which would be extendable by another 5 years when the relevant conditions set out in **Section 7.17** of this Prospectus are fulfilled. Our current tax incentive period under the pioneer status is valid for 5 years from 27 November 2017 to 26 November 2022, subject to renewal for the remaining validity period of another 5 years.

Details of the major licenses and permits issued to our Group in order for us to carry out our business operations are set out in **Section 7.17** of this Prospectus.

Save as disclosed above, there are no other relevant laws, regulations, rules and/ or requirements governing the conduct of our Group's business and environmental issue which may materially affect our Group's business or operations. As at the LPD, there is no non-compliance with such laws, regulations, rules and/ or requirements and also environmental issues.

7.25 Prospects

According to the IMR Report set out in **Section 8** of this Prospectus, PROVIDENCE estimates that the global automated manufacturing solution industry is expected to grow by 8.7% from 2022 to 2024, whilst the local automated manufacturing solution industry is expected to grow by 19.3% from 2022 to 2024.

The key drivers for growth in the automated manufacturing industry are expected to be driven by the following:-

- (i) Growth in manufacturing related industries, including the semiconductor and electronics, EV, solar and telecommunication industries, which are the end-user industries to the automated manufacturing industry;
- (ii) Continuous need for manufacturers to automate operations and/ or shift towards full automation, to amongst others, minimise exposure to shortages of labour supply, improve production planning, optimise production processes and supply chain management, and increase operational efficiency;
- (iii) Increased outsourcing and relocation of manufacturing activities by multinational manufacturers to Southeast Asia and Eastern Europe mainly due to lower operational costs, availability of talent and established local ecosystem of automated machinery, equipment, tools and supplies;
- (iv) Manufacturers are increasingly adopting "just-in-time" method, an inventory management method where products are received from suppliers as and when needed, which in turn promotes the need for factory automation solutions to integrate the entire supply chain and manufacturing activities to achieve better operational efficiency and improve real-time control of processes; and

7. BUSINESS OVERVIEW (CONT'D)

- (v) Government initiatives to develop the manufacturing industry, which will support the growth of the automated manufacturing solutions industry, which included amongst others, RM45 million allocation as a technological transformation incentive for SMEs as well as mid-stage companies in the manufacturing and services sector in line with Industry4WRD.

The COVID-19 pandemic has had an impact on our supply chain which led to our Group experiencing delays in obtaining certain input materials such as IT hardware and programmable logic controllers (PLC) in FYE 2020 and FYE 2021, mainly due to shortage in semiconductor and other related electronic parts, and also restrictions in manufacturing activities. Albeit this results in our delivery lead time being potentially longer than usual, we have been able to procure extensions from our customers to fulfil the delivery of our automated solutions.

Notwithstanding the above, the COVID-19 pandemic has accelerated the digital transformation and technology adoption across household and businesses around the world for consumption of electronic goods or devices. This had led to growing demand amongst manufacturing related industries (which are end-user industries to the automated manufacturing industry such as semiconductor, EV, solar and telecommunication) to automate their factory operations and processes coupled with the integration of digital solutions, with the overall aim to:-

- improve production planning in a factory setting, and optimise production processes and supply chain management;
- enhance quality control, accuracy, speed and reliability of various line processes, and thereby ensuring products can be manufactured in a consistent manner within the specified lead time;
- minimise rejection rate and material wastages, which in turn can help to reduce potential claims on product warranties; and/ or
- enable better operational efficiency and production throughput, while at the same minimise exposure to shortages of labour supply and also health and safety risks.

Premised on the favourable prospect and barring any unforeseen circumstances, our Group is envisaged to benefit from the accelerated shift towards the adoption of factory automation processes by multinational manufacturers globally, which are becoming increasingly essential in automating manufacturing activities. Against this backdrop, we seek the Listing on the ACE Market to facilitate our future growth potential and further strengthen our position as an automated manufacturing solution provider that is able to offer innovative solutions offering to serve various manufacturing needs and industry applications globally.

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8. IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 6 October 2022

The Board of Directors

ECA INTEGRATED SOLUTION BERHAD

Plot 248, Lorong Perindustrian Bukit Minyak 16
Kawasan Perindustrian Bukit Minyak
14100 Simpang Ampat, Pulau Pinang, Malaysia.

Dear Sirs,

Independent Market Research ("IMR") Report on the Automated Manufacturing Solutions Industry in conjunction with the Listing of ECA Integrated Solution Berhad ("ECA Integrated") on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this IMR report for inclusion in the Prospectus of ECA Integrated.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR report presents a balanced view of the industries within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive.

For and on behalf of PROVIDENCE:

MELISSA LIM

EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

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

About MELISSA LIM:

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

8. IMR REPORT (CONT'D)



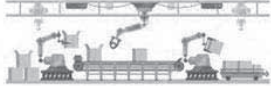


ECA Integrated and its subsidiary (collectively, "ECA Integrated Group"), is an Automated Manufacturing Solution Provider, where it provides integrated production systems and standalone equipment globally as well as in Malaysia. It designs, fabricates, integrates and commissions complete integrated production systems to cater for manufacturing of various products including semiconductor and electronics, electric vehicle ("EV") and automotive electronic components, solar system components, 5G telecommunication equipment components, and other commercial and industrial products such as digital display tags, glass products and printer cartridges. As such, this IMR report focuses on the **automated manufacturing solutions industry**, being the industry in which ECA Integrated Group operates.



1 THE AUTOMATED MANUFACTURING SOLUTIONS INDUSTRY

Introduction to automated manufacturing solutions

Automated manufacturing solutions refer to purpose-built manufacturing solutions used in the factory that enable manufacturing processes as well as non-manufacturing processes such as procurement, and inventory management and warehousing. The different types of automated manufacturing solutions are as follows:

Solutions that enable manufacturing processes	<p>Standalone equipment, which refers to standard equipment or custom-built equipment that can perform specific roles or tasks. This equipment is customised to perform a particular process of a manufacturing activity, such as testing and inspection, transfer and loading, laser drilling and packaging. It can either operate on a standalone basis without being integrated or as part of a production line system.</p> 
	<p>Integrated production system, which is an array of automated customised modules that are integrated and interconnected. This includes:</p> <ul style="list-style-type: none"> • Production systems that carry out the necessary manufacturing processes to form the intended final product; and • Smart manufacturing solutions, which are collaborative manufacturing solutions that respond and adapt to real-time changes on the factory floor. Examples include autonomous material transfer which can work with production systems to arrange and transfer inventories, components or finished products during the manufacturing process, as well as analytics systems to enhance efficiency of manufacturing processes.  <p>Production system without smart manufacturing solutions</p>  <p>Production system with smart manufacturing solutions</p>
Solutions that enable non-manufacturing processes	<p>Smart factory solutions, which are solutions that enable the automation of non-manufacturing processes such as the management of materials and supplies into the factory, as well as management of finished products from the factory.</p>

Notes:

-  Denotes the solutions that ECA Integrated Group presently provides
-  Denotes the solutions that ECA Integrated Group intends to provide as part of its future plan

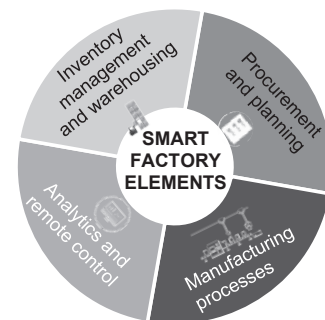
Source: PROVIDENCE

Smart factory solutions complement integrated production systems in the setting up of a smart factory. Smart factories refer to factory environments that are highly digitalised and have an interconnected manufacturing environment. The environment is interconnected on a real-time basis, where the monitoring and management of processes may be performed remotely. This includes every process on the factory floor, and is not limited to manufacturing processes.

These smart factory solutions are generally interconnected with integrated production systems, and these solutions are interconnected with the customers' main server to enable the analysis of real-time data and monitoring and control of processes. Artificial intelligence is utilised to control and monitor the system, especially to predict and prevent issues which cause downtime.

Industrial technology revolution

The technologies used in manufacturing processes have evolved and advanced over time. Industry 1.0 occurred in the 1780s when the steam engine was invented and used to power machines used in manufacturing processes. During Industry 2.0 which occurred in the 1870s, electrical technology was developed and thus, the machines developed for manufacturing processes were electrical-based. The emergence of computer-controlled machines used for manufacturing processes in the 1960s marked the birth of Industry 3.0.

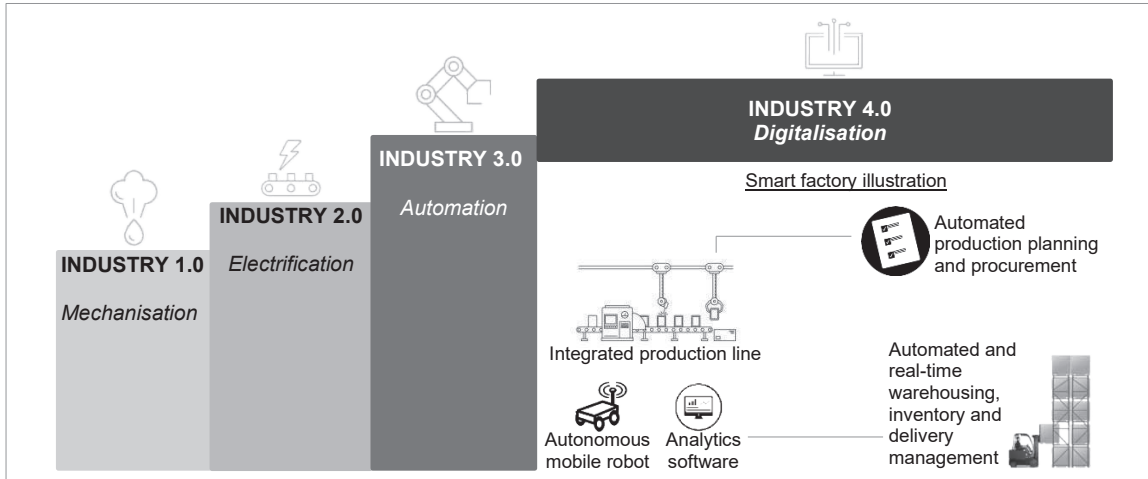


8. IMR REPORT (CONT'D)



Today, technologies used in manufacturing processes have shifted to Industry 4.0, where machineries used are able to integrate and communicate with one another to form a seamless integrated production line. This includes automated manufacturing solutions. The use of smart manufacturing solutions such as autonomous mobile robots and analytics software will result in the digital transformation of certain processes such as material and product handling and production analysis.

With the automation and real-time interconnection of processes other than manufacturing activities performed in the factory, this will form smart factories.



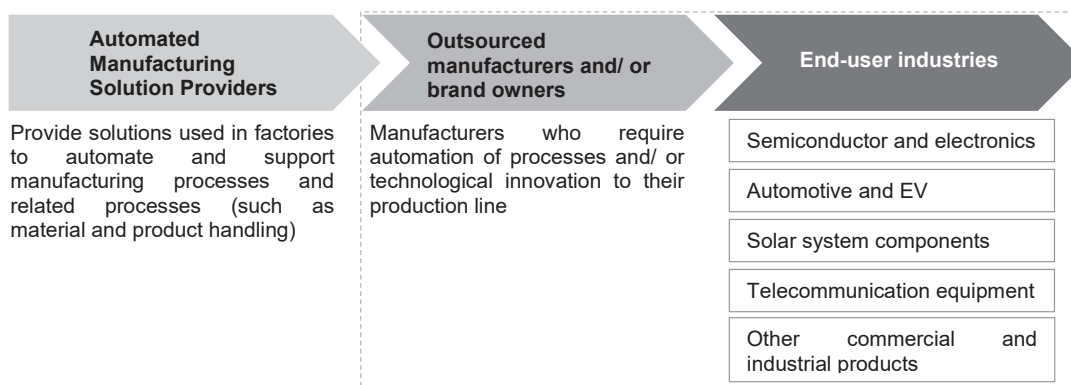
Automated manufacturing solutions provide manufacturers with the following benefits, amongst others:

<p>Production consistency and reliability</p>	<p>Processes that are performed manually (using human resources) are dependent on the personnel undertaking the process and as such, the quality and speed of processes undertaken by each personnel may be different. This may lead to inconsistency or unreliability of the quality and speed of processes across various shifts and over time.</p> <p>As specifications are pre-programmed in automated manufacturing solutions, processes are performed consistently and reliably. This thus enhances quality control and eliminates rejections caused by human errors, which subsequently minimises material wastages and reduces claims on product warranties. As speed of these automated manufacturing solutions carrying out these processes are consistent, this will also improve production planning, thus optimising production processes and supply chain management, and enabling accuracy in determining lead time for the delivery of end-products.</p>
<p>Less dependency on human resources</p>	<p>As fewer human resources are required in the production process, this will allow for:</p> <ul style="list-style-type: none"> • an increase in production output without increasing human resource costs; • an extension in operational hours as automated manufacturing solutions can operate for longer hours in a day; • minimisation of exposure to shortages of labour supply, particularly in industries where there is a need for foreign workers; and/ or • reduction in health and safety risks such as injuries sustained during the production process or exposure to hazardous materials.

Value chain of the automated manufacturing solutions industry

Automated manufacturing solutions are designed, configured, integrated, tested and commissioned by Automated Manufacturing Solution Providers for manufacturers who serve or operate in various end-user industries including the semiconductor and electronics, EV and automotive electronic components, solar system components and 5G telecommunication equipment components manufacturing industries. Automated Manufacturing Solution Providers are generally directly engaged by manufacturers, be it outsourced manufacturers and/ or brand owners, to provide automated or customised solutions that can cater to their manufacturing needs and end-user industry applications, as illustrated in the following diagram:

8. IMR REPORT (CONT'D)



Note:

Denotes the target customers and end-user industries that ECA Integrated Group has provided solutions to in the past 3 financial years up to 31 October 2021

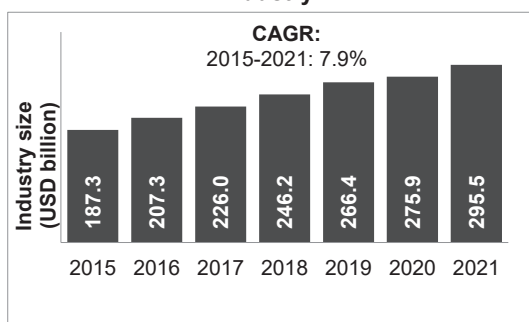
Source: PROVIDENCE

ECA Integrated Group is an Automated Manufacturing Solution Provider and thus, this IMR report will focus on this segment of the industry.

INDUSTRY PERFORMANCE, SIZE AND GROWTH

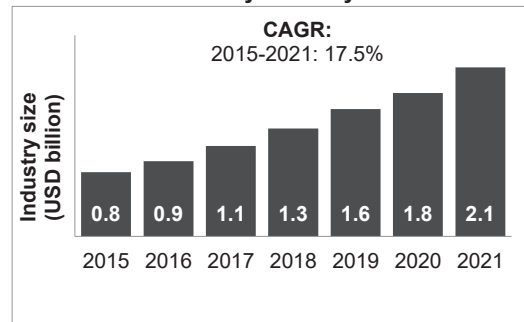
The global automated manufacturing solutions industry grew at a compound annual growth rate ("CAGR") of 7.9%, from USD187.3 billion (RM731.7 billion¹) in 2015 to USD295.5 billion (RM1.2 trillion²) in 2021. Moving forward, PROVIDENCE estimates that the global automated manufacturing solutions industry will grow at a CAGR of 8.7%, from USD326.1 billion (RM1.4 trillion³) in 2022 to USD385.4 billion (RM1.6 trillion⁴) in 2024.

Global automated manufacturing solutions industry



Source: PROVIDENCE analysis

Automated manufacturing solutions industry in Malaysia



Source: PROVIDENCE analysis

Meanwhile, the automated manufacturing solutions industry in Malaysia grew at a higher CAGR of 17.5%, from USD0.8 billion (RM3.1 billion¹) in 2015 to an estimated USD2.1 billion (RM8.7 billion²) in 2021. Moving forward, PROVIDENCE estimates that the automated manufacturing solutions industry in Malaysia will grow at a CAGR of 19.3%, from USD2.6 billion (RM10.8 billion³) in 2022 to USD 3.7 billion (RM15.3 billion⁴) in 2024.

¹ Exchange rate from USD to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at USD1 = RM3.9064

² Exchange rate from USD to RM in 2021 was converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1456

³ Exchange rate from USD to RM in 2022 was converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1456

⁴ Exchange rate from USD to RM in 2024 was converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1456

8. IMR REPORT (CONT'D)



KEY DEMAND DRIVERS

The growth in demand for automated manufacturing solutions is expected to be driven by the following factors:

Growth in the manufacturing-related industries, which are the end-user industries to the automated manufacturing solutions industry

The automated manufacturing solutions industry is generally driven by the increase in manufacturing activities undertaken in various end-user industries globally. In 2021, the automotive industry contributed 20.7% to the global automated solutions manufacturing industry. Meanwhile, the semiconductor and electronics, telecommunications and solar industries contributed 14.0%, 9.5% and 6.7% respectively.

The growth of these key end-user industries are as follows:

- **The semiconductor and electronics industry**

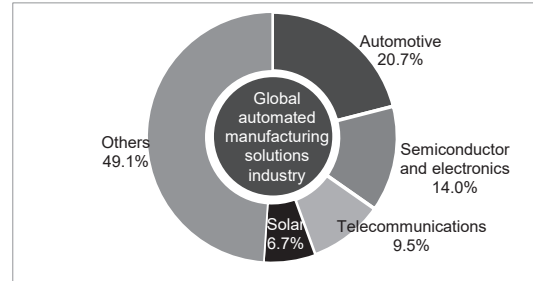
The semiconductor and electronics industry encompasses the manufacturing and sales of semiconductor and electronic products, where manufacturers utilise automated manufacturing solutions in their production processes. Thus, the semiconductor and electronics industry is an end-user industry to the automated manufacturing solutions industry. Between 2015 and 2021, the global semiconductor and electronics industry size, in terms of sales, has been increasing from USD335.2 billion (RM1.3 trillion¹) to USD555.9 billion (RM2.3 trillion²), registering a CAGR of 8.8%.⁵ The rising worldwide demand for semiconductor and electronic products has been largely driven by:

- the technological revolution with 5G adoption and the emergence of internet of things ("IoT"), artificial intelligence and big data analytics, which have resulted in the emergence of new final electronic products. New final electronic products that have been introduced to the market as a result of these technologies include smart factories (where machinery, equipment and tools are fully interconnected), autonomous cars (which are self-driving or driverless cars) and smart home devices (such as smart lighting, door locks and home appliances). This technological revolution of semiconductor and electronic products is expected to continue driving new developments in the semiconductor and electronics industry to produce more advanced semiconductor and electronic products in terms of performance, capacity and technology; and
- rapid technological advancements which have led to continuous introductions of new product innovations and advancements. Final electronic products, especially consumer electronic products, are subject to relatively shorter product lifecycles, given that consumers are highly receptive to new product innovations and advancements.

Increasingly, multinational semiconductor and electronics companies (comprising outsourced semiconductor assembly and test as well as electronic manufacturing service providers) have been relocating their manufacturing facilities to countries in Southeast Asia such as Malaysia. This is due to the lower operating costs and/or availability of talent; established local ecosystem of electronics manufacturing machinery, equipment, tools and supplies; as well as growing demand for final electronic products in these countries. Further, there are also new semiconductor chip assembly and test facilities being set up in Southeast Asia in order to alleviate the present semiconductor chip shortage. Southeast Asia also stands to benefit from the trade war between the United States of America ("United States") and the People's Republic of China ("China") which has led to more multinational semiconductor and electronics companies setting up or expanding their operations in Southeast Asian countries.

Examples of such expansions include Intel Corporation who intends to invest approximately USD7.0 billion (approximately RM30.0 billion) in a new chip packaging and testing factory in Malaysia⁶, as well as Infineon Technologies AG which will be investing RM8.0 billion to expand its operations in Malaysia⁷. In particular, exports of semiconductor and electronic products from Malaysia grew from USD69.8 billion (RM272.7 billion¹) in 2015 to USD112.4 billion (RM466.0 billion²) in 2021 at a CAGR of 8.3%.⁸

However, the recent Russia-Ukraine war which began in February 2022 could lead to a shortage in microchips globally if the war prolongs. Both Russia and Ukraine are key suppliers of palladium and neon, which are raw materials used in microchip manufacturing. While foundries have stocked up on these materials, a prolonged war could affect the supply of microchips globally which would consequently have an adverse impact on the



Note:

Others comprises oil and gas, food and beverage, chemical, pharmaceutical, fibre and textile, metal and machinery and other manufacturing industries

Source: PROVIDENCE analysis

⁵ Source: Semiconductor Industry Association

⁶ Source: "Intel to invest USD7 billion in chip packaging facility in Malaysia", The Economic Times, 14 December 2021

⁷ Source: "Infineon to invest RM8bil to build wafer fab in Kulim, set for completion by 3Q24", The Star, 7 July 2022

⁸ Source: Comtrade, PROVIDENCE analysis

8. IMR REPORT (CONT'D)



manufacturing of new final electronic products, which could affect demand for automated manufacturing solutions. Meanwhile, should there be a global economic slowdown, expenditure on electronic products may be affected. This may impact capital expenditure on new semiconductor and electronic factories in the short-term, which may consequently impact demand for automated manufacturing solutions from the semiconductor and electronics industry. Despite this, the semiconductor and electronics industry is still expected to be boosted by the demand drivers listed above in the long-term.

- **The EV industry**

An EV is a vehicle that is powered by electricity. Instead of using fuel-related components in the vehicle to power the motor of the vehicle, EVs use batteries to power the motor and the batteries must be charged to function. The global EV market can be depicted by the sales of EVs, including electric cars, scooters, buses, vans and trucks. Between 2015 and 2021, the global EV market size grew by more than ten-fold, from 0.6 million vehicles in 2015 to 6.6 million vehicles in 2021.⁹ The outbreak of the Coronavirus disease (“**COVID-19**”) pandemic in 2020 led to a halt in production of new EVs in the first half of 2020 as national lockdowns were implemented in many countries worldwide. Nevertheless, EV production resumed in the second half of the year. Meanwhile, sales of EVs continued to grow throughout 2020 despite the COVID-19 pandemic, as governments in many countries encouraged the purchase of environmentally-friendly vehicles.

The global EV market has been, and is expected to continue to be, driven by the following factors:

- (i) **Government incentives to promote EV sales**
Governments across the world have spent USD28 billion on direct purchase incentives and tax deductions for electric cars in 2021, growing from USD5 billion in 2015.⁹ These government incentives have and will continue to boost the demand for EVs.
- (ii) **Lower battery costs will contribute to the demand for EVs**
Due to technological advancements and the production of EV batteries in large volumes, the cost of EV batteries has been decreasing. This has led to a decrease in the price of EVs as the battery is one of the most costly components of an EV. The price of an EV battery fell from approximately USD1,200 per kilowatt hour (“**kWh**”) in 2010 to approximately USD132 per kWh in 2021.⁹ This is due to the reduction in manufacturing costs of these batteries, cathode material prices and greater volumes of production.
- (iii) **Increase in manufacturing of EVs by vehicle manufacturers**
Vehicle manufacturers are expected to boost their production of EVs as some of the largest manufacturers have announced their intentions to increase the number of available models and production volume of EVs. Some of the announcements made in 2021 were: Volvo Cars will only sell EVs from 2030 onwards; Ford Motor Company will only sell EVs in Europe from 2030 onwards; and Volkswagen AG aims for their EV sales to reach 70.0% of their car sales in Europe and 50.0% of their car sales in China and the United States by 2030. The new introduction of models and higher production of EVs are expected to encourage consumer spending on EVs.
- (iv) **Increase in commercial spending on EVs will result in higher sales of EVs**
Multinational companies have been transitioning their logistics infrastructure to EV fleets in an effort to be more environmentally-friendly. Some of the announcements made by multinational companies include Amazon ordering 100,000 electric light-commercial vehicles in 2020 and aims to be carbon-neutral by 2040; DHL Group will deliver mail and parcels by EVs and be carbon-neutral by 2050; and FedEx will transition to a zero-emission EV fleet and carbon-neutral operations by 2040.

However, as a result of the Russia-Ukraine war, the EV industry could be impacted not only by the shortage of semiconductors used in EVs, but also shortages and rising prices of nickel ore, a key material used to manufacture batteries for EVs. This is because Russia is a major supplier of nickel, and the sanctions introduced by the United States, Japan, the United Kingdom and the European Union against Russia have impacted the supply of nickel ore.

- **The solar power industry**

The global renewable energy industry, as measured by cumulative installed capacity, grew from 1.9 million megawatt (“**MW**”) in 2015 to 3.1 million MW in 2021, at a CAGR of 8.5%.¹⁰ The global cumulative installed capacity for solar panels has been growing from 223,204 MW in 2015 to 843,086 MW in 2021, at a CAGR of 24.8%.¹⁰ In Malaysia, the renewable energy industry, as measured by cumulative installed capacity, grew from 7,563 megawatt (“**MW**”) in 2015 to 8,898 MW in 2021, at a CAGR of 2.7%.¹⁰ The cumulative installed capacity for solar photovoltaic in Malaysia has been growing from 266 MW in 2015 to 1,787 MW in 2021, at a CAGR of 37.4%.¹⁰

⁹ Source: International Energy Agency

¹⁰ Source: International Renewable Energy Agency

8. IMR REPORT (CONT'D)



In general, the growth of the global renewable energy industry has been largely supported by the initiatives and measures taken by the governments to drive the adoption of renewable energy in their respective countries. 165 countries globally have targets to increase renewable energy. China, Europe and the United States have become leaders in solar largely through support from national policies that were implemented.

In Malaysia, these initiatives and measures are included in the National Renewable Energy Policy and the Twelfth Malaysia Plan 2021 – 2025. Under Budget 2022, sustainability has been identified as one of the strategies, whereby the Government of Malaysia has allocated RM1 billion towards a matching grant for Low Carbon Transition Facility, to help small and medium enterprises ("SMEs") embrace sustainable and low carbon practices in their business operations. This includes to increase usage of sustainable raw materials and renewable energy, and to also improve energy efficiency of buildings or machinery.

The falling cost of solar power is also another driver for the solar power industry. Since 2010, the cost of solar power has fallen by 85.0%, enabling solar power to be cost-competitive with fossil fuel electricity in most countries.¹¹

- **The telecommunications industry**

Telecommunications refers to the electronic transmission of data, in the form of audio, visual and text, over a distance. The transmission of such data enables the Internet or broadband as well as mobile calls. The global mobile broadband penetration rate has grown from 44.6% in 2015 to 83.2% in 2021.¹² The growth of the telecommunications industry will continue to be driven by the following factors:

- (i) Increased demand for broadband services

In 2021, there were approximately 4.9 billion Internet users globally, translating to 62.5% of the world population.¹² This is an increase from 3.0 billion Internet users globally in 2015, which constitute 40.5% of the world population.¹² In addition, there was also growth in the global number of households with home Internet access, from 47.9% in 2015 to 65.7% in 2020.¹² The growth was likely driven by the introduction of new devices which utilise the Internet into the market, such as smart televisions, television streaming boxes, game consoles and smartwatches.

- (ii) Advancement of telecommunications technology to 5G

The advancement of telecommunications technology to 5G is expected to become the standard technology for mobile communications. This is due to the advantages of 5G such as higher reliability, speed and connectivity, allowing faster data sharing as data can be transmitted at a faster rate (exceeding 10 gigabytes per second) relative to 4G technology. 5G has led to the emergence of IoT, artificial intelligence and big data for businesses, as well as new final electronic products such as smart home devices, smart factories and autonomous cars. Thus, the adoption of these new technologies in both consumer and business premises is expected to drive the usage of broadband services as user experience improves and networks become more reliable and interconnected.

- (iii) Affordability of mobile services

Over the years, the increased accessibility to mobile devices has led to greater affordability of mobile services. Subscription to mobile services, including both cellular and broadband data, has become more affordable globally. Between 2015 and 2021, the global median price for mobile broadband data has decreased from USD12.0 to USD9.3, while median price for mobile cellular has also dropped from USD11.0 to USD7.4.¹² In view of more affordable mobile services globally, the usage of Internet-enabled applications is expected to continue to grow, thus benefiting the telecommunications industry.

Increasing process transformation to automate operations and shift towards smart factories will create demand for automated manufacturing solutions

There is a continuous need for manufacturers to reduce costs and achieve economies of scale, in order to remain competitive. With the automation of processes, manufacturers are less susceptible to increases in manufacturing costs, particularly increases in labour costs as they will be less dependent on human resources. Globally, labour costs in the North America, Europe, Asia Pacific as well as Middle East and Africa regions have been increasing at CAGRs of 2.5%, 2.5%, 3.5% and 1.5%, respectively, between 2010 and 2020.¹³ The transition towards factory automation will minimise any exposure to shortages of labour supply, including any issues in recruitment of foreign workers. As production can be consistent and reliable with automated manufacturing solutions, this will also improve production planning, which would optimise production processes and supply chain management, and enable accuracy in determining lead time for delivery of end-products. As such, manufacturers are increasingly undergoing process transformation to automate their operations and/or shifting towards full automation of processes to increase operational efficiency and reduce operational costs with less human resources required.

¹¹ Source: World Economic Forum

¹² Source: International Telecommunication Union. Latest publicly available information.

¹³ Source: International Labour Organisation

8. IMR REPORT (CONT'D)



Further, smart factory solutions which enable the setting up of smart factories have become increasingly in demand. Smart factories refer to factory environments where machinery and equipment are interconnected using IoT technology. The interconnectivity of machinery and equipment enables automation of not only the manufacturing processes but also all other processes in the factory, from the receipt of raw materials and supplies to the production and assembly of end-products. Minimal human intervention is required to operate such a factory, as workers can remotely supervise, monitor and control the operations of the entire factory from a control room. Smart factory solutions also enable data to be shared throughout the organisation, enabling the organisation to learn and adjust in making real-time factory operational settings more responsive, proactive and predictive, identify areas of concern or improvement as well as promote better utilisation of resources.

The need for such level of automation was notable during the COVID-19 pandemic in 2020, and is still on-going, where many organisations were forced to adapt to remote working arrangements due to lockdowns imposed to curb the spread of virus, and reduce reliance on human resources.

Increased outsourcing and relocation of manufacturing activities to Southeast Asia and Eastern Europe

Southeast Asia and Eastern Europe have become destinations of choice for multinational manufacturers to set up their factories and/or outsource their production. This is due to the lower operating costs and/or availability of talent, as well as established local ecosystem of automated manufacturing machinery, equipment, tools and supplies.

The United States-China trade war, which began since 2018, involved the imposition of tariffs and trade barriers on products/ services originating from companies based in both countries. This thus restricted trading between the United States and China. Southeast Asia benefited from the United States-China trade war as semiconductor and electronics companies began to relocate their production from China to Southeast Asia or purchase more semiconductor and electronic products from Southeast Asia, in order to circumvent these tariffs. Further, while the Russia-Ukraine war could impact new manufacturing facilities being set up in these 2 countries, multinational manufacturers are still expected to set up their facilities in other countries in Eastern Europe and Southeast Asia.

All of the above factors are expected to create demand for automated manufacturing solutions in view of the emergence of new factories and expansion of existing factories in Southeast Asia and Eastern Europe.

Manufacturers are adopting the "just-in-time" method leading to increasing need for higher manufacturing capacity and smart manufacturing solutions

"Just-in-time" is an inventory management method where products are received from suppliers only when needed. Manufacturers are increasingly adopting the "just-in-time" method due to the benefits it offers, which include:

- decreasing warehousing and inventory holding costs as inventories are kept to a minimum;
- providing manufacturers with more control over their inventory turnover as manufacturing activities are performed in response to customers' orders;
- less working capital is required as less stock of materials and finished products are kept; and
- minimising overproduction, which involves the accumulation of unsaleable products or lower demand of products.

This method requires careful planning of the entire supply chain to increase efficiency and better manage the supply chain. Thus, analytics software for the management of manufacturing activities will assist in optimising operational efficiency and improving real-time control of processes. This would lead to better prediction and control of materials required, and production processes. As these analytics software are a form of smart manufacturing solutions, this would benefit the automated manufacturing solutions industry.

In addition, the "just-in-time" method would also require manufacturers to increase their manufacturing capacity to cater for increased orders from customers. Thus, this would lead to an increase in orders for automated manufacturing solutions such as integrated production systems.

Government initiatives to develop the manufacturing industry, which will support the growth of the automated manufacturing solution industry

In October 2018, the Ministry of International Trade and Industry (MITI) launched the National Policy on Industry 4.0 ("Industry4WRD") to drive digital transformation of the manufacturing industry and its related services for the period between 2018 and 2025. The policy's goals are to raise labour productivity, increase the manufacturing industry's contribution to the economy, boost innovation and increase the number of high-skilled jobs. The Industry4WRD Readiness Assessment programme is designed to help SMEs assess their capabilities and readiness to adopt Industry 4.0 technologies and processes, identify areas for improvement and develop feasible strategies to perform outcome-based intervention projects.

Under Budget 2022, the Government of Malaysia is allocating RM45 million as a technological transformation incentive for SMEs as well as mid-stage companies in the manufacturing and services sectors in line with Industry4WRD. In addition, RM30 million will be prepared to implement the Innovation Hub: Industrial Revolution

8. IMR REPORT (CONT'D)



4.0 under Technology Park Malaysia as an innovation ecosystem one-stop centre with the development of new emerging technology clusters such as drones, robotics and autonomous vehicles. The Government of Malaysia has also allocated RM100 million towards Smart Automation matching grants to 200 manufacturing and services companies in order to increase productivity via automation.

The Short-Term Economic Recovery Plan (“**PENJANA**”) was announced on 9 June 2020 as part of national economic recovery following the COVID-19 pandemic. Through PENJANA, the Government of Malaysia has announced tax incentives to attract foreign manufacturing and services companies to relocate their businesses to Malaysia. These range from 0% tax rate for 10 years for new investments in manufacturing sectors with capital investments between RM300 million and RM500 million, and 0% tax rate for 15 years for capital investments over RM500 million. This programme, which was initially applicable to companies who applied to the Malaysian Investment Development Authority (MIDA) from 7 November 2020 to 31 December 2021, has been extended by a year to 31 December 2022 under Budget 2022.

PENJANA also provided a Reinvestment Allowance to companies reinvesting for the purpose of expansion, automation or diversification in manufacturing and selected agriculture activities. Companies will be eligible to claim an allowance for 15 consecutive years at 60.0% of the qualifying capital expenditure incurred between 2018 and 2020. Under Budget 2022, this will be extended to 2024.

SUPPLY CONDITIONS AND DEPENDENCIES

Availability of hardware and software

Hardware and software are critical components of automated manufacturing solutions. Hardware is typically purchased from hardware manufacturers, while software is either purchased from software developers or developed in-house. During the COVID-19 pandemic, there was a shortage of semiconductor and certain hardware parts (caused by a shortage of semiconductor chips) which was attributable to the surge in demand for consumer electronic products and restrictions in manufacturing activities of semiconductor chip manufacturers caused by the COVID-19 pandemic. The recent Russia-Ukraine war which began in February 2022 could worsen the shortage in microchips globally if the war prolongs.

Availability of human resources

A critical element of being able to provide automated manufacturing solutions is the availability of qualified and experienced talent. It is essential that an Automated Manufacturing Solution Provider is able to hire, train and retain talented employees with the required technical skills and engineering capabilities.

Generally, there is no shortage of skilled resources in the engineering sector, as the number of graduates in the fields of engineering, manufacturing and construction in Malaysia accounted for 21.5% out of total graduates in 2021.¹⁴

COMPETITIVE OVERVIEW

The global automated manufacturing solutions industry comprises Automated Manufacturing Solution Providers which produce automated manufacturing solutions for various end-user industries including the semiconductor and electronics, automotive, solar and telecommunications industries.

The competitiveness of an Automated Manufacturing Solution Provider is dependent on its capability and technical expertise to provide solutions that cater for growing end-user industries at competitive rates. Further, customers of Automated Manufacturing Solution Providers, particularly multinational companies, may also conduct supplier selection processes to ensure that the solution provider they engage has the necessary track record and experience to undertake the project. Thus, the ability of an Automated Manufacturing Solution Provider to be selected as an approved supplier by these multinational companies is an important factor to remain competitive in the industry.

As Automated Manufacturing Solution Providers must have the necessary track record, capability and experience to qualify as an approved supplier by multinational companies, this restricts entry of new industry players in the automated manufacturing solutions industry. In addition, in order to operate in the industry, these industry players must acquire an adequate pool of technically skilled talent. Thus, the barriers to entry of the automated manufacturing solutions industry is moderately high.

PROVIDENCE has identified the following industry players which have similar principal business activities to ECA Integrated Group, on the basis that such industry players:

- are Automated Manufacturing Solution Providers involved in the provision of automated manufacturing solutions specifically for products produced for the semiconductor and electronics, automotive, solar and/ or telecommunications industries (which are the key end-user industries in which ECA Integrated Group's solutions are mainly catered for); and
- operate in Malaysia.

¹⁴ Source: Ministry of Education Malaysia. Includes graduates from public universities, higher educational private institutions, polytechnics, community colleges and vocational colleges.

8. IMR REPORT (CONT'D)



These identified industry players are as detailed below:

Company name	End-user industries served	Latest available FYE	Revenue (RM'000)	Gross profit ("GP") (RM'000)	GP margin ⁽ⁱⁱ⁾ (%)	Profit/ (Loss) after tax ("PAT") (RM'000)	PAT margin ⁽ⁱⁱⁱ⁾ (%)
ECA Integrated Group	Semiconductor and electronics Automotive Solar Telecommunication equipment Industrial and commercial products	31 October 2021	20,511	11,281	55.0	8,177	39.9
Aimflex Berhad	Electrical and electronics Home appliances	31 December 2021	75,747	19,450	25.7	4,729	6.2
BBS Automation Penang Sdn Bhd (part of the BBS Automation group of companies)	Consumer products Automotive Life sciences Energy Medical Solar	31 December 2021	62,814	13,788	22.0	49,483	78.8
DNC Automation (M) Sdn Bhd	Automotive Electronics Other industries (automation warehouse, F&B, glove, home appliances, oil & gas)	31 December 2021	16,845	4,377	26.0	171	1.0
Genetec Technology Berhad	Automotive and EV Hard disk drive	31 March 2022	223,559	79,661	35.6	58,136	26.0
Greatech Technology Berhad ("Greatech")	Solar Semiconductor Consumer electronics Energy storage Life sciences	31 December 2021	402,217	169,937	42.3	141,751	35.2
Pentamaster Corporation Berhad (factory automation solutions segment)	Semiconductor Medical device Consumer and industrial products	31 December 2021	151,759 ^(iv)	N.A.	N.A.	25,986 ^(iv)	17.1

Notes:

- (i) The list above is based on publicly available information as at 6 October 2022
- (ii) GP margin is computed based on GP divided by revenue
- (iii) PAT margin is computed based on PAT divided by revenue
- (iv) Pentamaster Corporation Berhad's revenue and PAT are based on the segmented financial information of its factory automation solutions segment

Source: ECA Integrated Group, various company websites, Bursa Malaysia Securities Berhad website, Companies Commission of Malaysia, PROVIDENCE analysis

Based on latest publicly available financial information, ECA Integrated Group's GP margin is the highest as compared to the other industry players, i.e. 55.0%. In comparison, Greatech, Genetec Technology Berhad, BBS Automation Penang Sdn Bhd, DNC Automation (M) Sdn Bhd and Aimflex Berhad recorded GP margins of between 22.0% to 42.3%. In terms of industry players, ECA Integrated Group deems itself closest to Greatech in terms of services provided, i.e. automation manufacturing solutions that cater for target industries, namely the solar, semiconductor, consumer electronics and EV, which closely overlap with ECA Integrated Group's key end-user industries. Nevertheless, the GP margins are attributable to various factors, including the product mix, complexity of the solutions provided, end-user industry(ies) and country(ies) it serves, as well as management of cost structure. Amongst the major factors that have contributed to ECA Integrated Group's higher GP margin relative to other industry players are:

- ECA Integrated Group has a product mix which comprises more high-value products, i.e. integrated production systems. In the FYE 2021, ECA Integrated Group's revenue from integrated production systems contributed 81.7% to its total revenue. As compared to its other products (i.e. standalone automated equipment), ECA Integrated Group generally commands higher margins for its integrated production systems as such solutions are more complex in size and scale as well as require more value-adding components such as product conceptualisation and design process, quality assurance, and technical know-how and operational requirement;

8. IMR REPORT (CONT'D)



- ECA Integrated Group is capable of undertaking design and fabrication activities in-house as well as customisation of solutions to cater to various manufacturing needs and industry applications globally. Given this, ECA Integrated Group has been commissioned to design and develop automated manufacturing solutions for its customers which predominantly comprise multinational companies serving industries namely semiconductor, automotive, solar, telecommunications equipment and other commercial and industrial products; and
- ECA Integrated Group does not own the premises in which its manufacturing facility is located, thus reducing any production overheads arising from depreciation.

The global automated manufacturing solutions industry size for end-user industries such as the semiconductor and electronics, automotive, solar and telecommunications industries (which are the key end-user industries which ECA Integrated Group's solutions mainly cater for) is estimated to be RM638.8 billion in 2020 and RM623.5 billion in 2021. Meanwhile, the local automated manufacturing solution industry size for end-user industries such as the semiconductor and electronics, automotive, solar and telecommunication industries (which are the key end-user industries in which ECA Integrated Group's solutions are mainly catered for) is estimated to be RM3.9 billion in 2020 and RM4.5 billion in 2021. Based on the above, ECA Integrated Group's market shares are as follows:

Global

	2020	2021
Automated manufacturing industry size (RM million)	1,159,398	1,224,996
Estimated automated manufacturing industry size for the semiconductor and electronics, automotive, solar and telecommunication industries (RM million)	638,828	623,523
ECA Integrated Group's revenue (RM million)	15.4	20.5
Market share	0.002%	0.003%

Malaysia

	2020	2021
Automated manufacturing industry size (RM million)	7,488	8,863
Estimated automated manufacturing industry size for the semiconductor and electronics, automotive, solar and telecommunication industries (RM million)	3,826	4,529
ECA Integrated Group's revenue (RM million)	15.4	20.5
Market share	0.4%	0.5%

2 OUTLOOK AND PROSPECTS

The global automated manufacturing solutions industry has been growing at a CAGR of 7.9% between 2015 and 2021. Moving forward, PROVIDENCE estimates the global automated manufacturing solutions industry to register a CAGR of 8.7% between 2022 and 2024. Meanwhile, the automated manufacturing solutions industry in Malaysia has been growing at a higher CAGR of 17.5% between 2015 and 2021. Moving forward, PROVIDENCE estimates the automated manufacturing solutions industry in Malaysia to register a CAGR of 19.3% between 2022 and 2024.

The forecast growth of the automated manufacturing solutions industry globally and in Malaysia are expected to be driven by the following factors:

- (i) Growth in manufacturing-related industries, which are the end-user industries to the automated manufacturing solutions industry. The automated manufacturing solution industry serves a diverse range of end-user industries and is not expected to be significantly and adversely impacted by the performance of a single end-user industry. Thus, the automated manufacturing solutions industry is not expected to be significantly adversely impacted by lower demand from the semiconductor and electronics industry should there be a global economic slowdown and/or shortages in supply of microchips;
- (ii) Increasing process transformation to automate operations and shift towards smart factories will create demand for automated manufacturing solutions;
- (iii) Increased outsourcing and relocation of manufacturing activities to Southeast Asia and Eastern Europe;
- (iv) Manufacturers are adopting the "just-in-time" method leading to increasing need for higher manufacturing capacity and smart manufacturing solutions; and
- (v) Government initiatives to develop the manufacturing industry, which will support the growth of the automated manufacturing solutions industry.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

9.1 Promoters and substantial shareholders

9.1.1 Shareholdings of our Promoters and substantial shareholders

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

Promoters and substantial shareholders	Nationality	Before the IPO			After the IPO		
		<-----Direct----->	%*1	No. of Shares	<-----Indirect----->	%*2	No. of Shares
Mr Ooi	Malaysian	156,892,582	36.7	-	-	140,392,582	24.3
Mr Chua	Malaysian	178,267,594	41.7	-	-	160,267,594	27.8
Mr Kang	Malaysian	92,340,049	21.6	-	-	78,840,049	13.6

Notes:-

*1 Based on our existing issued share capital of 427,500,225 Shares before the IPO (as at the LPD)

*2 Based on our enlarged issued share capital of 577,500,225 Shares after the IPO

Save for our Promoters, namely Mr Ooi, Mr Chua, and Mr Kang, we are not aware of any other person who, directly or indirectly, jointly or severally, exercise(s) control over our Company.

As at the LPD, our Promoters and substantial shareholders have the same voting rights with each other. After the IPO, our Promoters and substantial shareholders will have the same voting rights with other shareholders of our Group. As at the LPD, there is no arrangement between our Company and our shareholders with any third parties, the operation of which may result in the change in control of our Company.

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

9.1.2 Profiles of our Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:-

(i) **Mr Ooi**
Promoter, substantial shareholder, Executive Director and CEO

Ooi Chin Siew, a Malaysian aged 56, is our Promoter, substantial shareholder, Executive Director and CEO. He was appointed to our Board in January 2022. He is responsible for overseeing the business growth direction, strategic planning and formulation, business development and overall operations of our Group. He is also primarily involved in maintaining customer relationships, communication and liaising with various government authorities relevant to our business, monitoring and evaluating the performance and responsibilities of our key management and divisional heads, and keeping abreast of industry development and market competition.

He graduated with a Bachelor of Electrical Engineering with Honours from University Technology Malaysia in 1992.

Upon graduation, he began his career in June 1992 as an engineer at Festo Sdn Berhad, a supplier of industrial and process automation parts and components. During his tenure, he was involved in developing software for products such as test handler, laser handler, servo pneumatic and field bus application in the R&D department. He left Festo Sdn Berhad in December 1994.

From December 1994, he assisted his family business (involved in trading of electrical goods) with daily operations and sales. He left his family business in August 1995. In September 1995, he joined ECA Technology as a Director and later as a shareholder in December 1995, with Mr Chua and Mr Kang to jointly spearhead and oversee business development opportunities for the manufacture and sales of keyboard assembly machines and semi-auto/ manual conveyor systems. Leveraging on their increased technical knowledge, he, together with Mr Chua and Mr Kang, then co-founded ECA Automation in December 2005 where he held the position of Director. ECA Automation was incorporated to focus on higher end automation functions that mainly serves the back-end semiconductor manufacturing industry. ECA Automation is principally involved in the manufacturing and sales of standalone automated machines which were used for testing and certain aspect of the customers' production process.

Subsequently in May 2016, he, together with Mr Chua and Mr Kang, co-founded ECA Solutions where he held the positions of Director and CEO. ECA Solutions was incorporated with the primary objective of providing automated manufacturing solutions that can cater to the complete process of an integrated production system, to capitalise on the growth potential in the automations industry where global manufacturing players are increasingly embracing Industry 4.0 technologies within their manufacturing process. As at the LPD, he has accumulated approximately 30 years of experience in the machine design and engineering related field.

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

(ii) Mr Chua

Promoter, substantial shareholder, Executive Director and COO

Chua Lye Hock, a Malaysian, aged 51, is our Promoter, substantial shareholder, Executive Director and COO. He was appointed to our Board in January 2022. He is responsible for overseeing the overall production development and operations of our Group, from product conceptualisation to manufacturing and assembly, project delivery and logistic, and ensuring the product specifications are in line with industry standards and customers' requirements. He is also responsible for the procurement functions which entail the sourcing and purchasing of input materials, production machinery, equipment and parts, as well as liaising with suppliers and sub-contractors.

He completed his Sijil Pelajaran Malaysia (SPM) from Methodist Boys' School, Penang in 1990.

He began his career in 1991 as a project sales executive cum assistant to project engineer at Metfab Engineering Sdn Bhd, a company that specialises in metal-based engineering products and fabrication of automation equipment. During his tenure, he was tasked with assisting his superior in overseeing the production operations especially in the areas of machine design and assembly process, as well as being responsible in promoting products to potential customers such as precision tools and dies, radio handle and ICs shipping tube extrusion die. He left Metfab Engineering Sdn Bhd in 1994.

Later in December 1994, he, together with Mr Kang, co-founded ECA Technology as their business venture, where he held the position of Director. ECA Technology was incorporated to be principally involved in the manufacture and sales of keyboard assembly machines and semi-auto/ manual conveyor systems. In September 1995, they were joined by a mutual acquaintance from within the engineering sector, namely Mr Ooi, who became a Director in ECA Technology, and later as a shareholder in December 1995. Leveraging on their increased technical knowledge, he, together with Mr Ooi and Mr Kang, then co-founded ECA Automation in December 2005 where he held the position of Director. ECA Automation was incorporated to focus on higher end automation functions that mainly serves the back-end semiconductor manufacturing industry. ECA Automation is principally involved in the manufacturing and sales of standalone automated machines which were used for testing and certain aspect of the customers' semiconductor production process.

Subsequently in May 2016, he, together with Mr Ooi and Mr Kang, co-founded ECA Solutions where he held the positions of Director and COO. ECA Solutions was incorporated with the primary objective of providing automated manufacturing solutions that can cater to the complete process of an integrated production system, to capitalise on the growth potential in the automations industry where global manufacturing players are increasingly embracing Industry 4.0 technologies within their manufacturing process. As at the LPD, he has accumulated approximately 31 years of experience in the machine design and engineering related field.

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

(iii) Mr Kang

*Promoter, substantial shareholder and Senior Vice President
(Head of D&D)*

Kang Ewe Kheng, a Malaysian, aged 50, is our Promoter, substantial shareholder and Senior Vice President cum Head of D&D. He is responsible for the overall in-house technical design and development aspect of our Group, which include the overseeing of technical functions of our product design, D&D testing and prototyping, and providing technical expertise and engineering support to our range of product development and operations.

He completed his Sijil Pelajaran Malaysia (SPM) from Methodist Boys' School, Penang in 1990.

He began his career in 1991 as a mechanical designer at Metfab Engineering Sdn Bhd, a company that specialises in metal-based engineering products and fabrication of automation equipment. During his tenure, he was responsible for the production operation with particular emphasis on machine design and assembly process. He left Metfab Engineering Sdn Bhd in 1994.

Later in December 1994, he, together with Mr Chua, co-founded ECA Technology as their business venture, where he held the position of Director. ECA Technology was incorporated to be principally involved in the manufacture and sales of keyboard assembly machines and semi-auto/ manual conveyor systems. In September 1995, they were joined by a mutual acquaintance from within the engineering sector, namely Mr Ooi, who became a Director in ECA Technology, and later as a shareholder in December 1995. Leveraging on their increased technical knowledge, he, together with Mr Ooi and Mr Chua, then co-founded ECA Automation in December 2005 where he held the position of head of design and development. ECA Automation was incorporated to focus on higher end automation functions that mainly serves the back-end semiconductor manufacturing industry. ECA Automation is principally involved in the manufacturing and sales of standalone automated machines which were used for testing and certain aspect of the customers' semiconductor production process.

Subsequently in May 2016, he, together with Mr Ooi and Mr Chua, co-founded ECA Solutions where he held the position of head of design and development. ECA Solutions was incorporated with the primary objective of providing automated manufacturing solutions that can cater to the complete process of an integrated production system, to capitalise on the growth potential in the automations industry where global manufacturing players are increasingly embracing Industry 4.0 technologies within their manufacturing process. As at the LPD, he has accumulated approximately 31 years of experience in the machine design and engineering related field.

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

9.1.3 Changes in the Promoters' and substantial shareholders' shareholdings in our Company

Save as disclosed below, there are no other changes in the shareholdings of our Promoters and substantial shareholders in our Company since our incorporation on 28 September 2021:-

Promoters and substantial shareholders	As at incorporation		Before the IPO		After the IPO	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*3}
Mr Ooi	-	-	156,892,582	36.7	140,392,582	24.3
Mr Chua	-	-	178,267,594	41.7	160,267,594	27.8
Mr Kang	-	-	92,340,049	21.6	78,840,049	13.6
Heng Guan Keng	9	100.0	-	-	-	-

Notes:-

- *1 Based on our issued share capital of 9 Shares as at the date of our incorporation. The entire Shares were held by a subscriber, namely Heng Guan Keng, on behalf of the Promoters at incorporation, prior to the share transfers effected to the Promoters pursuant to the Pre-IPO Restructuring Exercise, further details as set out in **Section 6.6** of this Prospectus
- *2 Based on our existing share capital of 427,500,225 Shares before the IPO (as at the LPD)
- *3 Based on our enlarged issued share capital of 577,500,225 Shares after the IPO

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

9.1.4 Promoters and substantial shareholders' remuneration and benefits

Save as disclosed below, there are no other amount or benefits that has been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus:-

Name	<-----Remuneration and material benefits-in-kind----->		
	FYE 31 October 2020	FYE 31 October 2021	From 1 November 2021 up to the LPD
	RM	RM	RM
Mr Ooi	335,854	352,654	479,740
Mr Chua	382,660	410,660	523,196
Mr Kang	329,954	341,154	376,830

For avoidance of doubt, there were no dividends declared and paid by our Group to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

9.2 Directors

9.2.1 Profiles of our Director

As at the LPD, our Board comprises of 6 members, of which 2 are Executive Directors and 4 are Independent Non-Executive Directors.

Name	Age	Gender	Nationality	Date of appointment	Directorship
Tan Sri Abdul Rahman bin Mamat	70	Male	Malaysian	31 March 2022	Independent Non- Executive Chairman
Mr Ooi	56	Male	Malaysian	28 January 2022	Executive Director
Mr Chua	51	Male	Malaysian	28 January 2022	Executive Director
Dato' Dr. Shanmughanathan A/L Vellanthurai	57	Male	Malaysian	31 March 2022	Independent Non- Executive Director
Zariner binti Ismail	54	Female	Malaysian	31 March 2022	Independent Non- Executive Director
Masleena binti Zaid	47	Female	Malaysian	31 March 2022	Independent Non- Executive Director

The profiles of our Executive Directors, namely Mr Ooi and Mr Chua, are set out in **Section 9.1.2** of this Prospectus. The profiles of our Independent Non-Executive Directors are as follows:-

(i) **Tan Sri Abdul Rahman bin Mamat**
Independent Non-Executive Chairman

Tan Sri Abdul Rahman bin Mamat, a Malaysian aged 70, is our Independent Non-Executive Chairman. He graduated with a Bachelor of Economics (Honours) from Universiti Malaya in 1975 and has obtained an Advanced Management Programme qualification from Harvard Business School, Boston, USA in 2004.

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

He joined MITI as an Assistant Director in April 1975 and served in various capacities in MITI for 35 years before retiring in December 2010 which included: (a) Deputy Trade Commissioner, Malaysian Trade Office, New York, USA; (b) Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; (c) Economic Counsellor/ Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; (d) Special Assistant to the then Minister of MITI, Tan Sri Rafidah Aziz; (e) Director of Industries, MITI; (f) Senior Director, Policy and Industry, Services Division, MITI; (g) Deputy Secretary-General (Industry) of MITI; and (h) Secretary General of MITI.

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including MIDA, Johor Corporation, Regional Economic Development Authority (RECODA), Sarawak and Small and Medium Enterprise Corporation Malaysia (SME CORP), Pahang State Economic Development Corporation, Malaysian External Trade Development Corporation (MATRADE), Malaysian Industry-Government Group for High Technology (MIGHT), and Malaysian Technology Development Corporation (MTDC).

During his time serving MITI, he has represented Malaysia in numerous international meetings, negotiations for Free Trade Agreements (FTA), conferences and symposiums. He has also contributed in formulating, implementing and monitoring policies as well as strategies on international trade, industrial and entrepreneurship development.

Presently, he is the Independent Non-Executive Chairman of several public listed companies in Malaysia, namely Hiap Teck Venture Berhad, Lotte Chemical Titan Holding Berhad, MCE Holdings Berhad and Dagang NeXchange Berhad. In addition, he also serves as director and is a shareholder for a number of private companies, details of which are set out in **Section 9.2.3** of this Prospectus.

In March 2022, he was appointed to our Board and assumed his current position.

He does not have any family relationship with our Promoters, substantial shareholders, Directors and key management of our Group.

(ii) Dato' Dr. Shanmughanathan A/L Vellanthurai
Independent Non-Executive Director

Dato' Dr. Shanmughanathan A/L Vellanthurai, a Malaysian, aged 57, is our Independent Non-Executive Director. He is the Chairman of our Remuneration Committee, and a member of our Audit and Risk Management Committee and Nomination Committee.

He graduated with a Bachelor in Accountancy specialising in Malaysian Taxation from Northern University of Malaysia (Universiti Utara Malaysia) in 1993. He completed his Master in Business Administration (MBA) from Universiti Putra Malaysia in 1999. He then obtained his Doctorate in Business Administration from Bircham International University in 2004. He is a Chartered Accountant and a member of the MIA since 1996.

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

He began his career with Ernst & Young as a Tax Assistant in 1993 and was thereafter transferred to the audit department as an Audit Assistant in 1994, before being promoted to Audit Senior in 1997, and was subsequently transferred back to the tax department as a Senior Tax Consultant in the same year, where he was involved in various taxation assignments for companies. He left Ernst & Young in 1998 and in October 1998, he set up his own audit firm, namely Shan & Co. Then, he was appointed as the National Tax Director of SC Tax Audit Sdn Bhd (formerly known as SC Sha Taxation Services (M) Sdn Bhd) and the Managing Director of SC Corporate Recovery Sdn Bhd in 2001 and 2004 respectively. The Shan & Co group of companies provide complete audit and assurance services, tax compliance, tax planning, tax audit and tax investigation, accounting and forensic accounting services, corporate recovery insolvency, business consultancy and business transformation services.

Subsequently in 2004, he was also appointed by the Ministry of Finance as a Liquidator. From 1993 until 2009, he served as a part time lecturer for various university and colleges programs in Malaysia, such as University Malaya, Universiti Kebangsaan Malaysia, KDU College and FTMS College, lecturing in the subjects of company law and taxation.

He became a board member of Institute Jantung Negara's Visitor Board in 2011. In October 2012, he was awarded the Jaksa Pendamai (J.P.) by the Tuan Yang Terutama Yang Di-Pertua Negeri Melaka. Subsequently in 2013, he was appointed as an advisor for Yayasan Pembangunan Pendidikan India Negeri Perak. In March 2014, he acted as a member of the Management Council for the Malaysian Associated Indian Chambers of Commerce & Industry (MAICCI). From 2016 until 2018, he served as the President of the Kuala Lumpur and Selangor India Chamber & Commerce Industry (KLSICCI). In 2017, he was a Member of the Advisory Board for the program of Pasca Siswazah: Master in Taxation under University Utara Malaysia. In 2018, he was appointed as the President of Selangor India Chamber of Commerce & Entrepreneurs (SICCE) and continue to serve the role until to date.

He has previously held independent directorship roles in several public listed companies in Malaysia, namely MP Technology Resources Berhad (from December 2003 to July 2006), Lotus KFM Berhad (from May 2005 to September 2007) and Kamdar Group (M) Berhad (from February 2005 to June 2011). In addition, he also serves as a director and is a shareholder for a number of private companies, details of which are set out in **Section 9.2.3** of this Prospectus.

In March 2022, he was appointed to our Board and assumed his current position.

He does not have any family relationship with our Promoters, substantial shareholders, Directors and key management of our Group.

(iii) Zainer binti Ismail
Independent Non-Executive Director

Zainer binti Ismail, a Malaysian aged 54, is our Independent Non-Executive Director. She is the Chairman of our Audit and Risk Management Committee, and a member of our Remuneration Committee and Nomination Committee.

She graduated with a Bachelor of Science (Hons) Combined Studies (Accounting with Law) from DeMonfort University, Leicester (formerly Leicester Polytechnic), UK in 1991. Subsequently in 1991, she had decided to further her studies by attending classes in Emile Woolf College to assist in the pursuit of her ACCA accreditation. She concluded her classes and returned to Malaysia in 1993.

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

She obtained ACCA Professional Degree from Taylor University College, Lakeside Campus in 2010. She has also obtained a Master of Science in Professional Accountancy from University of London, UK (2020). She is a Chartered Accountant and a member of the MIA since 2019.

She began her career in 1993 as a Junior Tax Associate in Deloitte Tax Services Sdn Bhd (formerly Kassim & Chan Tax Services Sdn Bhd). In 1994, she left the firm to join Sutra Air Charter (M) Sdn Bhd (a logistic company involved in aircraft charter and cargo services) as a junior accountant and in January 1997 was subsequently promoted to its Group Financial Controller cum Administrator, where she was involved in the day-to-day operation. After leaving Sutra Air Charter (M) Sdn Bhd in December 1998, she joined Business Technology Resources Sdn Bhd in February 1999 as an Accountant, where she assisted the establishment of the accounting department of this newly incorporated telecommunication company. She left Business Technology Resources Sdn Bhd in December 2002. Then in January 2003, she joined Mardi Corporation Sdn Bhd (formerly known as Marditech Corporation Sdn Bhd) as a Senior Accountant and Administration Executive where she was responsible for the preparation of monthly financial reporting. Mardi Corporation Sdn Bhd, a subsidiary of the Malaysian Agricultural and Research Development Institute (MARDI), was established for the purpose of facilitating the transfer of research and development output for commercial and public applications that serve the Malaysian agriculture, food and agro-based industries. She left Marditech Corporation Sdn Bhd in December 2003.

Thereafter in January 2004, she joined Integrated Petroleum Services Sdn Bhd (a Petronas vendor company dealing in deepwater oil rigs and barge services) as Office Manager to manage and oversee the whole spectrum of day-to-day operations and accounting matters. She left Integrated Petroleum Services Sdn Bhd in June 2006 and in the same month, she joined CyberSecurity Malaysia, a national cybersecurity specialist agency under the purview of the then Ministry of Science, Technology and Innovation (MOSTI), as the Head of Finance & Admin, where she gained experience in areas of business strategy and corporate governance. She left CyberSecurity Malaysia in October 2007 and immediately joined Idaman Unggul Berhad (provider of insurance services and timber concession business) as the Head of Finance and Admin which is responsible for scope of group regularisation exercise, project forecast and fund-raising exercise. She left Idaman Unggul Berhad in October 2009. Subsequently in November 2009, she joined Shoraka Advisers Sdn Bhd (formerly a licensed boutique corporate finance firm) as the Head of Finance & Admin to oversee the whole spectrum of corporate services including valuing client's businesses, as well as compliance and internal control matters. She left Shoraka Advisers Sdn Bhd in August 2011.

In September 2011, she took up the position as the Group Accountant at Seloga Holdings Berhad, a company involved in property development, construction and engineering works. She was then promoted to CFO of Seloga Holdings Berhad in January 2013, where she assumed the main responsibility in overseeing the finance and accounting matters as well as evaluating project portfolio. She left Seloga Holdings Berhad in September 2013. Later in October 2013, she joined Rakyat Holdings Sdn Bhd (a non-banking subsidiary of Bank Kerjasama Rakyat Malaysia Berhad) as the CFO, where she was in charge of the entire non-banking group's accounting, administration, human relations departments, and strategic planning matters. In September 2018, she left Rakyat Holdings Sdn Bhd to concentrate on her business venture in AnNedjma Capital Sdn Bhd (an investment holding/ private entity company) where she then served as Director/ Partner who is tasked with overseeing the business operations and performing financial modelling and valuation of the intended investment entities.

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

Presently, she is also a member of the Board of Trustee of Yayasan Inovasi Malaysia, a foundation under the purview of Ministry of Science, Technology and Innovation (MOSTI).

In March 2022, she was appointed to our Board and assumed her current position.

She does not have any family relationship with our Promoters, substantial shareholders, Directors and key management of our Group.

(iv) Masleena binti Zaid
Independent Non-Executive Director

Masleena binti Zaid, a Malaysian, aged 47, is our Independent Non-Executive Director. She is the Chairman of our Nomination Committee, and a member of our Audit and Risk Management Committee and Remuneration Committee.

She graduated with a Bachelor of Laws with Honours from Sheffield Hallam University, UK in 1998 and obtained the Certificate of Legal Practice in 1999. She was admitted as an Advocate and Solicitor of the High Court of Malaya in 2000. She is also a registered Trade Mark Agent with the Intellectual Property Corporation of Malaysia (MyIPO).

She began her career in 2001 as a Prosecuting Officer with the Securities Commission of Malaysia (SC), where she was involved in prosecution of various cases under the securities law of Malaysia. She left the SC in June 2008 to assume the role as the Head of Interest Scheme Section and acting head for the Insolvency Section of Companies Commission of Malaysia (CCM) in July 2008, where she managed the Interest Scheme Section and oversaw the operations of the Insolvency Section. She left CCM in December 2009.

She founded Masleena, Yee & Partners in January 2010, a boutique legal firm based in Kuala Lumpur specialising in the areas of corporate, civil, banking, commercial, criminal and real estate. Her areas of practise are predominantly focused on corporate, commercial and company law. Since the establishment of the firm, she has been actively overseeing and managing the day-to-day operation of the firm and as at to-date, she continues to serve as the Managing Partner of the firm.

Presently, she sits on the board of directors of Meta Bright Group Berhad (formerly known as Eastland Equity Bhd), Sinmah Capital Berhad and Gabungan AQRS Berhad as the Independent Non-Executive Director of which she was appointed to the respective boards in July 2019, August 2021 and February 2022.

Apart from the above, she was appointed as one of the directors in UBB Amanah (Labuan) Limited in March 2021, and thereafter in UBB Investment Bank Limited in September 2021. In addition, she also serves as a director and is a shareholder for a few other private companies, details of which are set out in **Section 9.2.3** of this Prospectus.

In March 2022, she was appointed to our Board and assumed her current position.

She does not have any family relationship with our Promoters, substantial shareholders, Directors and key management of our Group.

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

9.2.2 Shareholdings of our Directors

The direct and indirect shareholdings of our Directors in our Company before and after our IPO are set out below:-

Directors	Designation	Nationality	Before our IPO			After our IPO		
			No. of Shares	% ^{*1}	No. of Shares	% ^{*2}	No. of Shares	% ^{*2}
Tan Sri Abdul Rahman bin Mamat	Independent Non-Executive Chairman	Malaysian	-	-	300,000	0.05	-	-
Mr Ooi	Executive Director	Malaysian	156,892,582	36.7	140,392,582	24.3	-	-
Mr Chua	Executive Director	Malaysian	178,267,594	41.7	160,267,594	27.8	-	-
Dato' Dr. Shanmughanathan A/L Vellanthurai	Independent Non-Executive Director	Malaysian	-	-	200,000	0.03	-	-
Zariner binti Ismail	Independent Non-Executive Director	Malaysian	-	-	200,000	0.03	-	-
Masleena binti Zaid	Independent Non-Executive Director	Malaysian	-	-	200,000	0.03	-	-

Notes:-

*1 Based on our existing issued share capital of 427,500,225 Shares before the IPO (as at the LPD)

*2 Based on our enlarged issued share capital of 577,500,225 Shares after the IPO and assuming full subscription by our Independent Non-Executive Chairman and Independent Non-Executive Directors of their respective entitlements under the pink form allocation as referred to in **Section 4.3.2(ii)** of this Prospectus

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

9.2.3 Directorships and business activities performed outside our Group

Save as disclosed below, none of our Directors has any directorship or business activities performed outside our Group in Malaysia for the past 5 years prior to the LPD:-

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD	
						Direct (%)	Indirect (%)
Tan Sri Abdul Rahman bin Mamat	<u>Present involvement</u> Astahl Innovation Robotics Sdn Bhd MCE Holdings Berhad	Trading of hydraulic fittings, hose units and heavy equipment Investment holding company, with investments in subsidiaries principally involved in the manufacturing and supply of automotive electrics and mechatronic parts	Director Independent director	02.03.2020 04.09.2019	- -	- -	- -
	MTDC BGF Sdn Bhd	Venture capital company, activity of holding company, and investment advisory services	Director	11.06.2018	-	-	-
	MTDC BSF Sdn Bhd	Venture capital company, activity of holding company, and investment advisory services	Director	11.06.2018	-	-	-
	Prisma Galeri Sdn Bhd	Meeting, incentive, convention and exhibitions (M.I.C.E) services provider	Director	01.07.2017	-	-	-
	Nexus Pacific Property Sdn Bhd	Dormant. Formerly involved in property investment and letting	Director	26.07.2016	-	-	-
	Malaysian Industrial Development Finance Bhd	Investment holding, providing finance, leasing and industrial hire purchase services to industries. Its investment are in subsidiaries principally involved in the investment banking, development finance, asset management and mezzanine financing	Director	01.01.2016	-	-	-

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

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD (%)	
						Direct	Indirect
	Yayasan Tan Sri SM Nasimuddin	A corporate social responsibility arm of the Naza group of companies, with a mission to provide aid to the underserved communities in Malaysia based on 3 key pillars, namely education, community development and healthcare	Director (Board of Trustees)	12.02.2014	-	-	-
	Dagang Nexchange Berhad	Investment holding company, with investments in subsidiaries principally involved in the provision of IT services, energy services (focusing on upstream oil and gas, sale of oil and gas related equipment and services, and engineering and technical support) and semiconductor business	Independent director	16.12.2013	-	-	<0.1 ¹
	Annexe Fair Sdn Bhd	Investment holding in oil and gas industry	Director and substantial shareholder	19.10.2012	-	36.5	-
	Oceanmight Sdn Bhd	General trading, construction and maintenance services, steel structural fabrication, provision of structural assemblies and engineering services in the oil and gas industry	Director and substantial shareholder	15.10.2012	-	-	25.4 ²
	Malaysian Technology Development Corporation Sdn Bhd	Venture capital activities, management of government grants, technology incubation management and technology support services	Director	05.03.2012	-	-	-
	River of Life Hospital & Healthcare Sdn Bhd	Business to develop, own, manage and maintain hospital operations and other related service	Director	09.02.2012	-	<0.1	-

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

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD	
						Direct (%)	Indirect (%)
	Eastern Steel Sdn Bhd	Manufacturing, selling and dealing in a range of steel products using blast furnace plant	Director	07.12.2011	-	-	-
	Lotte Chemical Titan Holding Berhad	Integrated petrochemical producer	Independent director	02.06.2011	-	<0.1	-
	Asia Logistics Council Sdn Bhd	Provision of logistics systems	Director	01.02.2011	-	-	-
	Hlap Teck Venture Berhad	Investment and property holdings and the provision of management services. Its investments are in subsidiaries principally involved in the manufacturing and trading of steel products and logistics	Independent director	28.01.2011	-	-	-
	<u>Past involvement</u> Bioalpha Holdings Berhad	Investment holding company, with investments in subsidiaries principally involved in the manufacturing and sale of semi-finished and finished health supplement products	Former independent director	03.01.2012	25.01.2022	<0.1	-
	Yayasan Enactus Malaysia	International non-profit organisation focusing on education and entrepreneurship	Former director (Board of Trustees)	04.10.2011	04.01.2021	-	-
	Inno Bio Ventures Sdn Bhd	Investment holding, with investments in subsidiaries principally involved in biotechnology, manufacturing, consulting and providers of education and training related to biotechnology	Former director	24.04.2014	23.04.2020	-	-

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

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD	
						Direct (%)	Indirect (%)
	Parkson Holdings Berhad	Investment holding company, with investments in subsidiaries principally involved in the operations of the Parkson brand department stores and management services	Former independent director	14.03.2011	01.09.2019	-	-
	Aryoasian Sdn Bhd	Research and development on medical sciences <i>(the company was dissolved on 17.01.2020)</i>	Former director	17.12.2014	26.08.2019	-	-
	Evercare Plus Sdn Bhd	Research and development on medical sciences <i>(the company was dissolved on 17.01.2020)</i>	Former director	17.12.2014	26.08.2019	-	-
	Innozentux Sdn Bhd	Research and development on medical sciences <i>(the company was dissolved on 17.01.2020)</i>	Former director	17.12.2014	26.08.2019	-	-
	Broadgate Holdings Sdn Bhd	Business management consultancy services	Former director	09.08.2017	10.08.2019	-	-
	Broadgate Innovation Sdn Bhd	Manufacture of machinery for metallurgy	Former director	01.07.2013	01.08.2019	-	-
	Bio Innovation Sdn Bhd	To promote the development of contract research services and contract manufacturing services	Former director	13.06.2014	22.07.2019	-	-
	Inno Biologics Sdn Bhd	Manufacturer of biotechnology products, provider of biotechnology services, commercialisation of research and development, and provision of education and training related to biotechnology	Former director	14.05.2014	22.07.2019	-	-

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

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD	
						Direct (%)	Indirect (%)
	Inno Bio Diagnostics Sdn Bhd	To develop business opportunities in the area of cell-based diagnostics and regenerative medicine	Former director	13.06.2014	22.07.2019	-	-
	Broadgate Engineering (M) Sdn Bhd	Engineering and construction works	Former director	03.10.2012	25.07.2018	2.1	-
	Agronomic Biological Systems Sdn Bhd	Trading of agricultural products	Former director	20.03.2018	25.06.2018	-	-
	Toma IBS Sdn Bhd	Wholesale of a variety of goods without any particular specialisation	Former director	01.07.2013	09.06.2017	-	-
Mr Ooi	<u>Present involvement</u> ECA Automation	Investment holding company (holding of property asset)	Director and substantial shareholder	21.12.2005	-	35.0	-
	<u>Past involvement</u> ECA Technology	Dormant. Formerly involved in the manufacture and sales of keyboard assembly machines and semi-auto or manual conveyor systems	Former director and substantial shareholder	09.09.1995	19.11.2021	-	-
	VAT Technology Sdn Bhd	Application contractor and contract manufacturer of machinery parts (<i>the company was dissolved on 13.11.2020</i>)	Former director and substantial shareholder	26.10.1998	-	-	-
Mr Chua	<u>Present involvement</u> ECA Automation	Investment holding company (holding of property asset)	Director and substantial shareholder	21.12.2005	-	40.0	-

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

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD	
						Direct (%)	Indirect (%)
	<u>Past involvement</u> ECA Technology	Dormant. Formerly involved in the manufacture and sales of keyboard assembly machines and semi-auto or manual conveyor systems	Former director and substantial shareholder	07.12.1994	19.11.2021	-	-
	Smart Metal Services Sdn Bhd	Trader of metal products (the company was dissolved on 23.02.2022)	Former director and substantial shareholder	27.03.2013	-	-	-
	Weiltech Metal Sdn Bhd	Metal fabrication	Former director	10.07.2008	04.08.2021	-	-
	VAT Technology Sdn Bhd	Application contractor and contract manufacturer of machinery parts (the company was dissolved on 13.11.2020)	Former director and substantial shareholder	21.09.1998	-	-	-
Dato' Dr. Shanmughanathan A/L Vellanthurai	<u>Present involvement</u> Syarikat Expo Auto Service Sdn Bhd	Operation of petrol station	Director	21.10.2019	-	-	-
	Syed Mubarak Taxation Sdn Bhd	Tax advisory and services	Director and substantial shareholder	25.05.2016	-	70.0	-
	Shan & Co	Audit firm providing services including tax, accounting, auditing, consulting, and financial advisory to the businesses	Proprietor	N.A	N.A	N.A	N.A

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

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD	
						Direct (%)	Indirect (%)
	SC Tax Audit Sdn Bhd	Consultants, advisors and managers in relation to tax	Director	14.03.2016	-	-	-
	Yayasan Berdikari Tegas	Charitable organisation focusing on research and development of youth and single mothers programmes, and to foster, develop and improve the socio-economy and education	Director (Board of Trustees)	21.07.2011	-	-	-
	SC Corporate Recovery Sdn Bhd	Corporate recovery services, which is inclusive of handling insolvencies and receiverships of corporations	Director	02.09.2022	-	-	-
	<u>Past involvement</u> Asset Blossom Berhad	Advisors, management and corporate consultancy services (the company was dissolved on 12.08.2021)	Former director and substantial shareholder	18.02.2010	19.04.2019	-	-
	Global Talent Experts Sdn Bhd	Business of training provider	Former director	10.05.2016	21.08.2017	-	-
	Ilham Bangsa (M) Sdn Bhd	Ownership and management of landed properties	Former director	19.08.2015	15.08.2017	-	-
	My Signature Hotel (M) Sdn Bhd	Hotel operation (the company is in the process of winding up)	Former director	17.04.2015	15.08.2017	-	-
	Ramadhan Minda Sdn Bhd	Money changer (the company was dissolved on 30.10.2019)	Former director and substantial shareholder	28.04.2008	-	-	-

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

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD (%)	
						Direct	Indirect
Zariner binti Ismail	<u>Present involvement</u> Arcadia Acres Sdn Bhd	Investment holding in equities, focusing on investment opportunities in both public and private entities. As at the LPD, its investments are in companies principally involved in the provision of IT services and energy services	Director	21.03.2022	-	-	-
	Yayasan Inovasi Malaysia	A foundation under the purview of Ministry of Science, Technology and Innovation (MOSTI), which acts as a platform to find, develop and match innovation development funds, and to promote and cultivate grassroots innovations that have potential to be commercialised	Director (Board of Trustees)	19.04.2021	-	-	-
	AnNedjma Capital Sdn Bhd	Investment holding company, focusing on investment opportunities in both public and private entities. As at the LPD, its investments are in companies principally involved in the provision of IT services and energy services	Director and substantial shareholder	26.02.2021	-	10.0	-
	Titanium Parade Sdn Bhd	Activities of holding companies, and export and import of a variety of goods without any particular specialisation, and property investment	Director	08.04.2019	-	-	-
	HG Mekar Sdn Bhd	General trading, share trading and investment, and property development	Director and former substantial shareholder ³	03.04.2019	-	-	-

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

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD	
						Direct (%)	Indirect (%)
	<u>Past involvement</u> Sage Paradigm Sdn Bhd AKM Ekuiti Sdn Bhd	Business management consultancy services (the company was dissolved on 22.07.2022) Activities of holding companies (the company was struck-off on 07.01.2020)	Former director Former substantial shareholder	30.10.2017 -	18.02.2019 -	- 10.0	- -
Masleena binti Zaid	<u>Present involvement</u> Gabungan AQRS Berhad Sinmah Capital Berhad Meta Bright Group Berhad (formerly known as Eastland Equity Bhd) Masleena, Yee & Partners De Apex Force Security & Consultancy Sdn Bhd	Principally involved in the businesses of construction, property development and industrialised building system manufacturing Development and construction of residential and commercial properties, and in the healthcare and poultry business Investment holding company, with investments in subsidiaries principally involved in hospitality, investment properties and property development Law firm specialising in the areas of corporate, civil, banking, commercial, criminal and real estate Security services	Independent director Independent director Independent director Partner Director and substantial shareholder	28.02.2022 24.08.2021 15.07.2019 N.A 10.03.2011	- - - N.A -	- - - N.A 40.0	- - - N.A -

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

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD (%)	
						Direct	Indirect
	UBB Amanah (Labuan) Limited	A wholly-owned subsidiary of UBB Amanah Berhad which is principally involved in the provision of trust services, will writing and wealth planning	Director	22.03.2021	-	-	-
	UBB Investment Bank Limited	A wholly-owned subsidiary of UBB Amanah Berhad which is principally involved in the provision of trust services, will writing and wealth planning	Director	29.09.2021	-	-	-
	MYP Corporate Advisory Sdn Bhd <u>Past involvement</u>	Business management consultancy services	Substantial shareholder	-	-	45.0	-
	Serba Dinamik Holdings Berhad	Engineering solutions provider that primarily provides integrated engineering solutions to the oil and gas, power generation, water and utilities in both domestic and international markets	Former independent director	11.06.2021	25.06.2021	-	-
	AP Holding Bhd	Investment holding company, focusing on investment opportunities in investment banking, hospital, medical university and prime commercial assets	Former director	28.08.2020	21.06.2021	-	-
	Maxmoney Sdn Bhd	Provision of money changer, remittance and wholesale banknotes services	Former director	03.04.2014	29.05.2019	-	-
	McMillan UBB Corporate Advisory Sdn Bhd	Accounting, bookkeeping and auditing activities and tax consultancy (<i>the company was dissolved on 22.12.2017</i>)	Former director	27.11.2015	-	-	-
	Max Ecash Sdn Bhd	Financial consultancy services (<i>the company was dissolved on 17.06.2019</i>)	Former director	07.05.2015	-	-	-

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

Notes:-

- *1 Deemed interested by virtue of his son's shareholding pursuant to Section 59(1)(c) of the Act
- *2 Deemed interested by virtue of his shareholding in Annexe Fair Sdn Bhd pursuant to Section 8 of the Act
- *3 She was formerly a substantial shareholder in HG Mekar Sdn Bhd. She has ceased to be a substantial shareholder after she has transferred off her entire shareholding in HG Mekar Sdn Bhd on 22 June 2022, but continues to remain as a Director of HG Mekar Sdn Bhd

Our Executive Directors are not involved in the day-to-day operations of the abovementioned business activity or corporation outside our Group. Their involvements only extent to attend meetings and discharging their responsibility as directors of that company and accordingly, their involvement in the company do not affect their contributions to our Group or adversely impact their ability to act as our Executive Directors. The involvement and/ or interest held by the Independent Non-Executive Directors outside our Group are not expected to affect their contribution to our Group as they are not involved in the day-to-day operation of our Group.

Notwithstanding the above, our Audit and Risk Management Committee will review any conflict of interest or potential conflict of interest situations whenever declared or brought to their attention, and the Directors of our Company will disclose such conflicts of interest situations, if any, for resolution as and when they arise.

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**9.2.4 Board practice****9.2.4.1 Directors' terms of office**

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office and the date of expiration of their respective term of office are set out as below:-

No	Directors	Designation	Date of appointment	Date of expiration of the current term of office	No. of year(s) in office
1.	Tan Sri Abdul Rahman bin Mamat	Independent Non-Executive Chairman	31 March 2022	Subject to retirement at the first (1st) AGM	<1 year
2.	Mr Ooi	Executive Director	28 January 2022	Subject to retirement at the first (1st) AGM	<1 year
3.	Mr Chua	Executive Director	28 January 2022	Subject to retirement at the first (1st) AGM	<1 year
4.	Dato' Dr. Shanmughanathan A/L Vellanthurai	Independent Non-Executive Director	31 March 2022	Subject to retirement at the first (1st) AGM	<1 year
5.	Zariner binti Ismail	Independent Non-Executive Director	31 March 2022	Subject to retirement at the first (1st) AGM	<1 year
6.	Masleena binti Zaid	Independent Non-Executive Director	31 March 2022	Subject to retirement at the first (1st) AGM	<1 year

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

Pursuant to our Constitution, at the first AGM of the Company, all the Directors shall retire from office and at the AGM in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place at each AGM of the Company. Each Director shall retire once in every three (3) years but shall be eligible for re-election. A Director retiring at a meeting shall retain office until the close of the meeting.

The Directors to retire in each year shall be those who have been longest in office since their last election or appointment but as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Directors shall have power at any time and from time to time, to appoint, subject to recommendation by the Nomination Committee and the approval by the Board, any person to be a Director, either to fill a casual vacancy or as an additional Director to the existing Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Constitution. Any Director so appointed shall hold office only until the next AGM of the Company and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

9.2.4.2 Audit and Risk Management Committee

The composition of our Audit and Risk Management Committee is set out below:-

Name	Designation	Directorship
Zariner binti Ismail	Chairman	Independent Non-Executive Director
Dato' Dr. Shanmughanathan A/L Vellanthurai	Member	Independent Non-Executive Director
Masleena binti Zaid	Member	Independent Non-Executive Director

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

- i. 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;
- ii. 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;
- iii. To review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group which were declared and/ or brought to the attention of the Audit and Risk Management Committee;
- iv. To perform such other functions as may be requested by our Board;

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

- v. To review with the external and internal auditors their evaluations of the system of internal accounting controls, in particular with regard to the adequacy of the Group's internal control system;
- vi. To review the findings of internal investigations into matters within its terms of reference; and
- vii. To review on the policies implemented by the Company to ensure that the Company's risk are identified and evaluated and that controls in place are adequate and functioning properly to address the risks.

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

9.2.4.3 Remuneration committee

The composition of our Remuneration Committee is set out below:-

Name	Designation	Directorship
Dato' Dr. Shanmughanathan A/L Vellanthurai	Chairman	Independent Non-Executive Director
Masleena binti Zaid	Member	Independent Non-Executive Director
Zariner binti Ismail	Member	Independent Non-Executive Director

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

- i. To provide assistance to our Board in establishing the policy and framework for our Directors' remuneration and the remuneration of certain senior management personnel, including the setting of their key performance indicators;
- ii. To ensure that our Group's remuneration and incentive policies, practices and key performance indicators are appropriately established and are aligned with our Group's vision, values and business objectives and market trends;
- iii. To provide assistance to our Board on matters relating to, amongst others, management grievances, compensation strategy, management development and other compensation arrangements;
- iv. To ensure corporate accountability and governance in respect of our Board remuneration and compensation; and
- v. To perform such other functions as may be requested by our Board.

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

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

9.2.4.4 Nomination committee

The composition of our Nomination Committee is set out below:-

Name	Designation	Directorship
Masleena binti Zaid	Chairman	Independent Non-Executive Director
Zariner binti Ismail	Member	Independent Non-Executive Director
Dato' Dr. Shanmughanathan A/L Vellanthurai	Member	Independent Non-Executive Director

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

- i. To assist our Board in the effective discharge of its responsibility to ensure that our Board is of an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- ii. 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;
- iii. To evaluate the effectiveness of our Board and the relevant Board committees; and
- iv. To ensure an appropriate framework and succession planning for our Board, including our CEO.

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

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

9.2.5 Directors' remuneration and material benefits-in-kind

Save as disclosed below, there are no other amount or benefits paid or intended to be paid or given to our Directors for their services rendered in all capacities to our Group for the FYE 31 October 2021 and the current FYE 31 October 2022, as set out below:-

FYE 31 October 2021 (actual)	Fees RM'000	Salary RM'000	Bonus, allowances and benefits-in-kind RM'000	Statutory contributions RM'000	Total RM'000
<u>Non-Executive Directors</u>^{*1}					
Tan Sri Abdul Rahman bin Mamat	-	-	-	-	-
Dato' Dr. Shanmughanathan A/L Vellanthurai	-	-	-	-	-
Zariner binti Ismail	-	-	-	-	-
Masleena binti Zaid	-	-	-	-	-
<u>Executive Directors</u>^{*2}					
Mr Ooi	-	274	46	33	353
Mr Chua	-	331	39	41	411

FYE 31 October 2022 (proposed)	Fees RM'000	Salary RM'000	Bonus, allowances and benefits-in-kind RM'000	Statutory contributions RM'000	Total RM'000
<u>Non-Executive Directors</u>^{*1}					
Tan Sri Abdul Rahman bin Mamat	70 [^]	-	2	-	72
Dato' Dr. Shanmughanathan A/L Vellanthurai	28 [^]	-	2	-	30
Zariner binti Ismail	28 [^]	-	2	-	30
Masleena binti Zaid	28 [^]	-	2	-	30
<u>Executive Directors</u>^{*2}					
Mr Ooi	-	446	50	61	557
Mr Chua	-	498	50	68	616

Notes:-

[^] The director's fee for our Non-Executive Directors have been pro-rated based on their date of appointment to our Board, i.e. 31 March 2022

^{*1} Our Non-Executive Directors were appointed on 31 March 2022

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

*2 Our Executive Directors were appointed on 28 January 2022

The remuneration of our Directors which includes salaries, bonuses, fees and allowances as well as other benefits, must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting. Any change in Directors' fees as set out in our Constitution must be approved by shareholders of our Company pursuant to an ordinary resolution passed at a general meeting and where appropriate, notice of any proposed increase should be given.

9.3 Key management

9.3.1 Shareholdings of our key management

The direct and indirect shareholdings of our key management personnel in our Company before and after our IPO are set out below:-

Key management	Designation	Nationality	-----Before our IPO-----			-----After our IPO-----		
			No. of Shares	% ^{*1}	Indirect	No. of Shares	% ^{*2}	Indirect
Mr Ooi	CEO/ Director	Malaysian	156,892,582	36.7	-	140,392,582	24.3	-
Mr Chua	COO/ Director	Malaysian	178,267,594	41.7	-	160,267,594	27.8	-
Mr Kang	Senior Vice President	Malaysian	92,340,049	21.6	-	78,840,049	13.6	-
Wong Kah Yeong	CFO	Malaysian	-	-	-	500,000	0.08	-
Cheow Beng Soon	Vice President	Malaysian	-	-	-	400,000	0.07	-

Notes:-

*1 Based on our existing issued share capital of 427,500,225 Shares before the IPO (as at the LPD)

*2 Based on our enlarged issued share capital of 577,500,225 Shares after the IPO and assuming full subscription by Wong Kah Yeong and Cheow Beng Soon of their respective entitlements under the pink form allocation as referred to in **Section 4.3.2(ii)** of this Prospectus

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

9.3.2 Profiles of our key management

The members of our key management team are as follows:-

Key management	Age	Gender	Nationality	Designation
Mr Ooi	56	Male	Malaysian	CEO/ Executive Director
Mr Chua	51	Male	Malaysian	COO/ Executive Director
Mr Kang	50	Male	Malaysian	Senior Vice President (Head of D&D)
Wong Kah Yeong	33	Male	Malaysian	CFO
Cheow Beng Soon	51	Male	Malaysian	Vice President (Manager of Business Development, Sales & Marketing for Semiconductor Business)

The profiles of Mr Ooi, Mr Chua and Mr Kang are set out in **Section 9.1.2** of this Prospectus. The profiles of the other key management of our Group are as set out below:-

(i) Wong Kah Yeong
CFO

Wong Kah Yeong, a Malaysian aged 33, is our CFO. He is responsible for overseeing our Group's financial planning and management, accounting and administrative functions, which include group financial reporting, cash flow management, treasury operations, budgeting and taxation.

He graduated with a Bachelor of Accounting with Honours from the Northern University of Malaysia (Universiti Utara Malaysia) in 2013. He is a Chartered Accountant and a member of the MIA since 2016.

Upon graduation, he began his career as an Audit Assistant with UHY Loh Chartered Accountant in 2013. He was then promoted to Audit Senior in 2015 and Audit Supervisor in 2016. In UHY Loh Chartered Accountant, he was actively involved in various audit assignments including statutory audit, financial/ tax due diligence, corporate advisory and reporting accounting works. He left UHY Loh Chartered Accountant in January 2017 to join Muar Ban Lee Group Berhad ("**MBL**"), a public company listed on Bursa Securities, as a Group Accountant. During his stint with MBL, he was responsible for managing the key aspects of finance (accounting, financial planning, budgeting & analysis), internal controls, tax planning and compliance monitoring matters within the context of amongst others, Listing Requirements, Financial Reporting Standard, and International Standards on Auditing, on MBL group of companies. He also led the finance team in managing the finance, administration and taxation governance for MBL group of companies' operations in Malaysia and Indonesia. He left MBL in April 2021.

Subsequently in May 2021, he joined our Group as CFO and assumed his current position. As at the LPD, he has accumulated approximately 9 years of experience in the field of audit and accounting.

He does not have any family relationship with our Promoters, substantial shareholders, Directors and key management of our Group.

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

(ii) **Cheow Beng Soon**
Vice President
(Manager of Business Development, Sales & Marketing for Semiconductor Business)

Cheow Beng Soon, a Malaysian aged 51, is our Vice President cum Manager of Business Development, Sales & Marketing for Semiconductor Business. He is responsible for overseeing the sales and marketing activities relating to our semiconductor business unit, as well as business development and expansion opportunities for our products and services catering to the semiconductor back-end industry.

He completed his Sijil Pelajaran Malaysia (SPM) from Sekolah Menengah Kebangsaan Dato' Onn, Butterworth in 1988. From 1989 - 1990, he was plying his trade as a welding technician on contractual basis in a shipbuilding and repair company based in Penang. He began his career in the automation sector in 1991 as an Assembly Technician at Excel Precision Sdn Bhd (now known as BBS Automation Penang Sdn Bhd), and was then promoted to Design Engineer in 1993. During his stint with BBS Automation Penang Sdn Bhd, he gained further exposure through his involvement in the production of automated assembly and testing systems for the automation market. He left BBS Automation Penang Sdn Bhd in 1995, and then joined as a Technical Salesperson at Nissan Industrial Service Sdn Bhd, a local automation components distributor company, where he was primarily responsible for the sales of automation components such as linear bearing, actuator and ball screws. Then in 1997, he left Nissan Industrial Service Sdn Bhd and joined Top Degree (M) Sdn Bhd (an engineering works and trading company) as a Sales Manager to assist in overseeing business development opportunities. He left Top Degree (M) Sdn Bhd in 2002.

Later in 2002, he joined Greotech Automation (M) Sdn Bhd (an industrial automation solutions provider which is a subsidiary of Greotech Technology Berhad, a public company listed on Bursa Securities), as a Business Manager, where he was tasked with overseeing business development activities from the PRC market. Upon joining in 2002, he was seconded to Shanghai, PRC for 17 months, and during this period, he was part of the business development unit.

After leaving Greotech Automation (M) Sdn Bhd in 2005 and later in the same year, he joined as a sales manager at Everplus Technologies HK Ltd, which is a subsidiary of AEM-Evertch Holdings Ltd (now known as AEM Holdings Ltd, a public company listed on the Singapore Exchange). Everplus Technologies HK Ltd provides application specific-intelligent system test and handling solutions for semiconductor and electronics companies. During his stint with Everplus Technologies HK Ltd, he was based in Suzhou, PRC, to oversee the company's portfolio of Greater China's equipment automation and precision part business unit. From 2006 to 2008, he was promoted and transferred to AEM Singapore Pte Ltd as New Business Manager III to spearhead the Business Development department to secure new business opportunities for the company's medical and life sciences segment.

Later in 2009, he joined Korvis Automation Asia Pte Ltd as its Business Development Manager based in Singapore, where he assumed the responsibility of overseeing sales in automotive, solar and automation assembly line sectors for the Asia region. He left Korvis Automation Asia Pte Ltd in 2016.

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

Subsequently in May 2016, he joined our Group as a Manager of Business Development, Sales & Marketing for Semiconductor Business and assumed his current position. As at the LPD, he has accumulated approximately 31 years of experience in the field of automation and engineering, specialising in business development particularly with MNCs, and sales and marketing activities within the automation and engineering sectors.

He does not have any family relationship with our Promoters, substantial shareholders, Directors and key management of our Group.

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

9.3.3 Involvement of our key management in other businesses and corporations outside our Group

The details of the involvement in other businesses or corporations outside our Group by Mr Ooi and Mr Chua are set out in **Section 9.2.3** of this Prospectus.

Save as disclosed below, none of our other key management has any directorship or business activities performed outside our Group in Malaysia for the past 5 years prior to the LPD:-

Name	Company	Principal activities	Position held	Date of appointment	Date of resignation	Shareholding as at the LPD	
						Direct (%)	Indirect (%)
Mr Kang	<u>Present involvement</u> ECA Automation	Investment holding company (holding of property asset)	Substantial shareholder	-	-	25.0	-
	<u>Past involvement</u> ECA Technology	Dormant. Formerly involved in the manufacture and sales of keyboard assembly machines and semi-auto or manual conveyor systems	Former director and substantial shareholder	07.12.1994	19.11.2021	-	-
	VAT Technology Sdn Bhd	Application contractor and contract manufacturer of machinery parts (<i>the company was dissolved on 13.11.2020</i>)	Former director and substantial shareholder	26.10.1998	-	-	-

The involvement of the above key management, namely Mr Kang, in the abovementioned company as a shareholder is not expected to affect the operations of our Group as he is principally involved in the day-to-day operations of our Group. Further, his involvement in the abovementioned company does not affect contribution to our Group or negatively impact his ability as key management of our Group.

Notwithstanding the above, our Audit and Risk Management Committee will review any conflict of interest or potential conflict of interest situations whenever declared or brought to their attention, and the Directors of our Company will disclose such conflicts of interest situations, if any, for any resolution as and when they arise.

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

9.3.4 Key management's remuneration and benefits

Details of the remuneration and material benefits-in-kind paid and proposed to be paid to Mr Ooi and Mr Chua for their services rendered in all capacities to our Group are set out in **Section 9.2.5** of this Prospectus.

Save as disclosed below, there are no other aggregate amount of remuneration or benefits paid or intended to be paid to our other key management for their services rendered in all capacities to our Group for the FYE 31 October 2021 and the current FYE 31 October 2022, as set out below:-

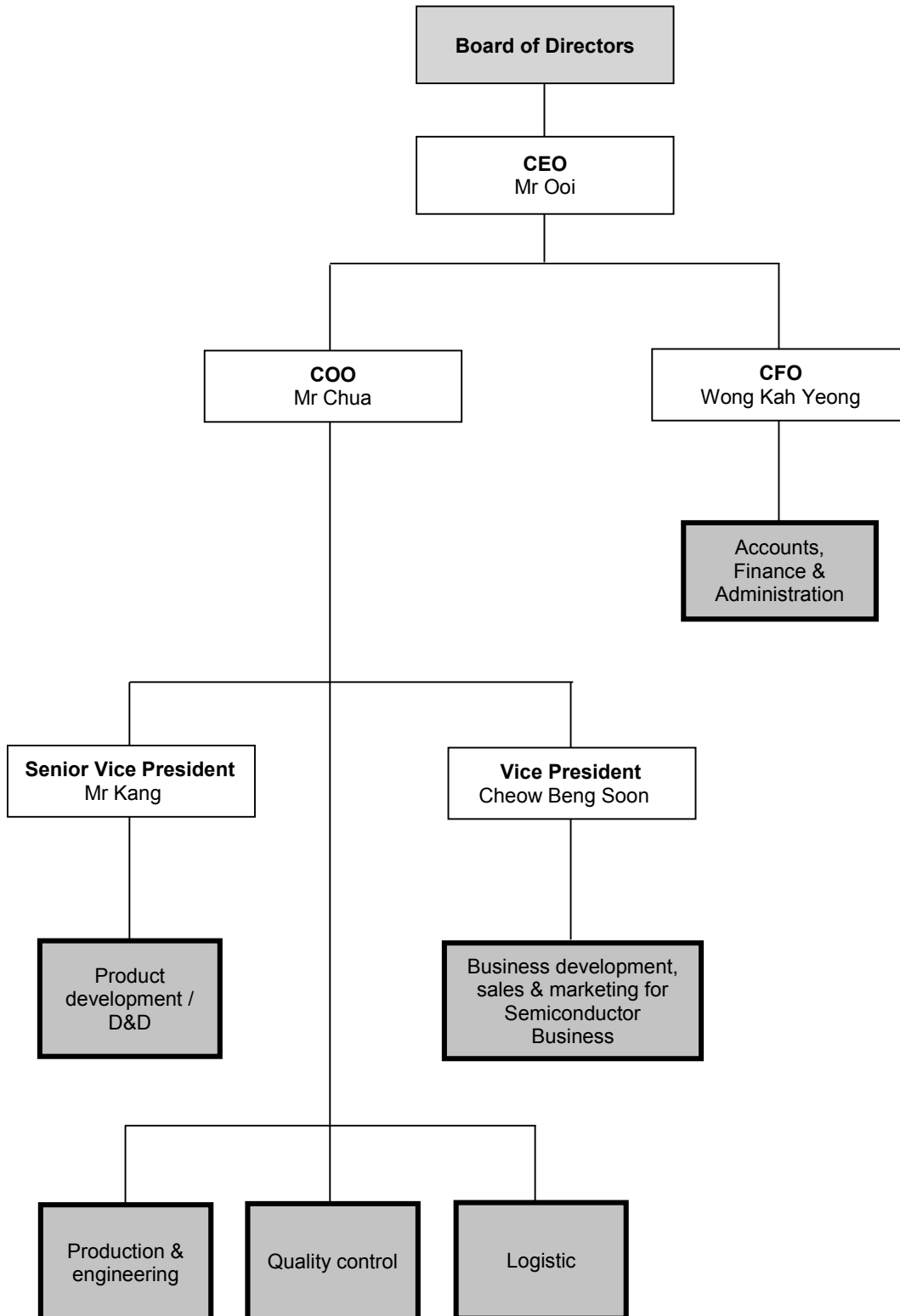
Key management	Remuneration band (in bands of RM50,000)	
	FYE 31 October 2021	FYE 31 October 2022
	(actual) (RM'000)	(proposed) (RM'000)
Mr Kang	300 - 350	350 - 400
Wong Kah Yeong	50 - 100	150 - 200
Cheow Beng Soon	200 - 250	200 - 250

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

9.3.5 Management reporting system

The management reporting structure of our Group is as follows:-



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

9.4 Declaration from our Promoters, Directors and key management

Save as disclosed below, none of our Promoters, Directors and key management is or has been involved in any of the following events, whether within or outside Malaysia:-

- i. a petition under any bankruptcy or insolvency law was filed (and not struck out) against such person or any partnership in which he was a partner, or any corporation of which he was a director or member of key management in the last 10 years;
- ii. disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- iii. charged or convicted in a criminal proceeding, or is a named subject of a pending criminal proceeding in the last 10 years;
- iv. any judgment was entered against such person, 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 in the last 10 years;
- v. 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 in the last 10 years;
- vi. the subject of any order, judgment or ruling of any court, government, or regulatory authority or body, temporarily enjoining him from engaging in any type of business practice or activity;
- vii. the subject of any current investigation or disciplinary proceeding, or has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency in the last 10 years; or
- viii. any unsatisfied judgment against him.

Tan Sri Abdul Rahman bin Mamat (hereinafter referred to as "**Tan Sri AR**"), our Independent Non-Executive Chairman, was issued a warning by the SC on 13 December 2018 in his capacity as the Independent Non-Executive Chairman of Lotte Chemical Titan Holding Berhad ("**LCT**"). The warning arose as a consequence of the sanction of reprimand imposed by the SC on the entire board of directors of LCT on 9 July 2018 for breach of Section 354(1)(a) of the CMSA read together with Section 215(3)(a)(b)(i) of the CMSA and Section 367(1) of the CMSA for failure to inform the SC of material developments to LCT prior to its listing on the Main Market of Bursa Securities.

On 13 December 2018, the SC had maintained its decision to reprimand and impose penalties on LCT and its 2 Executive Directors. However on even date, the SC had set aside the reprimand imposed on the 3 Independent Non-Executive Directors of LCT, which include Tan Sri AR, pursuant to his review application filed on 7 August 2018. In other words, the sanction of reprimand initially imposed on Tan Sri AR was effectively set aside by the SC on 13 December 2018.

Notwithstanding this, the SC had proceed to issue a warning on Tan Sri AR, as the SC viewed that Tan Sri AR, being in the capacity as the Independent Non-Executive Director of LCT, shall ought to amongst others, apply reasonable diligence and scepticism in the review of all operational and financial affairs of LCT prior to listing, exercise oversight over management, be vigilant by constructively challenging management's decision and have sufficient knowledge and understanding of LCT's operational activities and fundamentals of LCT's business.

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

In respect of the above, our Board and UOBKH (Principal Adviser and Sponsor) are of the opinion that the past warning issued to Tan Sri AR would not affect his eligibility or suitability as the Independent Non-Executive Chairman of our Company, premised on the following:-

- (a) the alleged failure to inform on material developments of LCT prior to its listing was not directly caused by Tan Sri AR's negligence in discharging his duty as the Independent Non-Executive Chairman of LCT. Such incident did not involve any fraudulent act or malpractice by Tan Sri AR;
- (b) in the decision by the SC to set aside the reprimand on Tan Sri AR, it was found that the breach of Section 215(3)(a)(b)(i) of the CMSA by LCT was committed without Tan Sri AR's consent or connivance and that Tan Sri AR has exercised all such diligence to prevent the commission of the offence with regard to his position as the Independent Non-Executive Chairman of LCT; and
- (c) Tan Sri AR has previously and presently served as the Independent Non-Executive Directors in a number of public listed companies in Malaysia, most of which are in the Chairman role. We believe Tan Sri AR possessed the requisite experience as our Independent Non-Executive Chairman to amongst others, effectively provide leadership for our Board, leading our Board in adoption and implementation of good corporate governance practice and playing a pivotal role in fostering an open, inclusive discussion between our board members and management of any proposals, financial and/ or operational matters put forward including strategy, risk management, governance, capital, financial reporting and internal control matters.

9.5 Family relationships and associations

There is no family relationship and/ or association between our Promoters, substantial shareholders, Directors and key management as at the LPD.

9.6 Service Agreements

Save as disclosed below and the standard employment contracts containing normal terms of employment, none of our Directors and key management have any existing or proposed service agreement with our Group as at the LPD:-

- i. the Director Service Agreement dated 1 March 2022 entered into between ECA Solutions and Mr Ooi, for the appointment of Mr Ooi as the Director for 10 years commencing from 1 March 2022 at a gross basic salary of RM40,000 per month. The salary shall be increased annually based on the criteria approved by the board of directors of ECA Solutions. The aforesaid term of the office of the Director is subject to renewal by ECA Solutions or until terminated. Either party may terminate this agreement by giving not less than 3 months written notice or payment in lieu of such notice. There is no benefits provided for the Director upon termination of employment pursuant to this agreement; and
- ii. the Director Service Agreement dated 1 March 2022 entered into between ECA Solutions and Mr Chua, for the appointment of Mr Chua as the Director for 10 years commencing from 1 March 2022 at a gross basic salary of RM43,000 per month. The salary shall be increased annually based on the criteria approved by the board of directors of ECA Solutions. The aforesaid term of the office of the Director is subject to renewal by ECA Solutions or until terminated. Either party may terminate this agreement by giving not less than 3 months written notice or payment in lieu of such notice. There is no benefits provided for the Director upon termination of employment pursuant to this agreement.

10. RELATED PARTY TRANSACTIONS

10.1 Related party transactions

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding six (6) months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

Save for the Pre-IPO Restructuring Exercise and as disclosed below, there are no other related party transactions, existing or proposed, entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, substantial shareholders, and/ or persons connected with them for the Financial Years/ Period Under Review and up to the LPD:-

Transacting parties	Nature of relationship	Nature of transaction	Transaction value					Remarks
			FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	8-month FPE 2022 RM'000	From 1 July 2022 up to LPD RM'000	
ECA Solutions (our wholly-owned subsidiary) and ECA Automation* <i>* formerly a manufacturer of standalone automated machines prior to its cessation of business in October 2021</i>	Mr Chua, our Promoter, Director and substantial shareholder, is also a director and shareholder of ECA Automation	Rental of our factory building located at Kawasan Perindustrian Bukit Minyak, Pulau Pinang from ECA Automation	385 <i>(represents 10.0% of our Group's cost of sales)</i>	370 <i>(represents 5.3% of our Group's cost of sales)</i>	360 <i>(represents 3.9% of our Group's cost of sales)</i>	249 <i>(represents 2.3% of our Group's cost of sales)</i>	93	Refer Note *1
	Mr Ooi, our Promoter, Director and substantial shareholder, is also a director and shareholder of ECA Automation	Novation of purchase orders pertaining to the supply of integrated production system from ECA Automation	-	-	3,329 <i>(represents 16.2% of our Group's revenue)</i>	-	-	Refer Note *2
	Mr Kang, our Promoter, key management and substantial shareholder, is also a shareholder of ECA Automation	Purchases of input materials (e.g. hardware, parts and components) from ECA Automation	53 <i>(represents 1.4% of our Group's cost of sales)</i>	-	766 <i>(represents 8.3% of our Group's cost of sales)</i>	-	-	Refer Note *3

10. RELATED PARTY TRANSACTIONS (CONT'D)

		Nature of relationship	Nature of transaction	Transaction value				Remarks
				FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	8-month FPE 2022 RM'000	
Transacting parties ECA Solutions (our wholly-owned subsidiary) and Welltech Metal Sdn Bhd ("Welltech")* * metal fabricator	Mr Chua, our Promoter, Director and substantial shareholder, was also formerly a director of Welltech	Purchases of input materials (e.g. metal work, tooling and finishing work) from Welltech	203 <i>(represents 5.3% of our Group's cost of sales)</i>	378 <i>(represents 5.4% of our Group's cost of sales)</i>	608 <i>(represents 6.6% of our Group's cost of sales)</i>	-	-	Refer Note *4

Notes:-

*1 We currently rent a factory building erected on a piece of leasehold industrial land located at Plot 248, Lorong Perindustrian Bukit Minyak 16, Kawasan Perindustrian Bukit Minyak, 14100 Simpang Ampat, Pulau Pinang as our head office and manufacturing facility. For information purpose, the factory building comprise an annexed double storey office building, a single storey detached factory, a TNB sub-station and a guard house with a total built-up area of 31,055 sq ft.

On 1 December 2021, we (as tenant) entered into a Tenancy Agreement with ECA Automation (as landlord) for the rental of the factory building based on the following lease terms ("**Tenancy**"):-

Term	Description/ tenure	Monthly rental
1st term	Fixed term of 1 year commencing from 1 October 2021 to 30 September 2022	RM31,000
2nd term	Automatic renewal for 1 year (" Term ")	Landlord may increase the monthly rent during the Term and/ or Renewed Term provided that such increase shall up to a maximum monthly rent of RM32,550, or by a reasonable percentage agreed by the parties but in any event not greater than 5% of the monthly rent of RM31,000
3rd term	Optional renewal for 1 year as may be mutually agreed (" Renewed Term ")	

The other key salient terms of the Tenancy Agreement are summarised as follows:-

- (a) ECA Automation is, amongst others, required:-
- (i) to pay for all the quit rents, present and future rates, assessments, sewerage and maintenance fees to the factory;
 - (ii) to insure the factory during the tenure against loss or damage by fire, flood and third parties; and
 - (iii) to ensure that the factory is in good tenable conditions during the tenure; and

10. RELATED PARTY TRANSACTIONS (CONT'D)

(b) our Group is, amongst others, required:-

- (i) to use and occupy the factory for business use only and not for any other or illegal purposes;
- (ii) to pay all outgoing charges relating to utilities;
- (iii) not to make any alterations in or additions to the factory without obtaining written consent of the landlord;
- (iv) not to assign or underlet the factory without obtaining prior consent of the landlord; and
- (v) to give not less than 3 months written notice to the landlord in the event we wish to terminate the Tenancy.

As part of our governance practice to ensure that the Tenancy is based on arm's length basis and comparative quotes, we have engaged an independent real estate agent to appraise the rental rate of the Tenancy against the prevailing market rental rate of similar comparable properties. Based on the letter dated 15 October 2021 prepared by Cheston International (Penang) Sdn Bhd (the appointed real estate agent), the monthly rental rate for the Tenancy is consistent with the market rental rates of comparable factory sites located within the vicinity.

Further to the above, our Audit and Risk Management Committee has reviewed the terms of the Tenancy Agreement and is of the view that the Tenancy Agreement was entered into on an arm's length basis and in accordance with our Group's normal commercial terms which are not more favourable to the related parties than those generally available to third parties. In respect of the renewal of Tenancy, we will ensure that such arrangements are entered into on an arm's length basis on terms and conditions that are fair and reasonable, and that the renewed rental rates are determined after taking into consideration, amongst others, the prevailing market rental rates of similar properties in the vicinity.

*2

ECA Automation was co-founded and owned by our Promoters since 2005. It was formerly engaged in the manufacturing and sales of standalone automated machines which were used for testing and certain aspect of the customers' production process within the back-end semiconductor industry, prior to its cessation of business in October 2021. After the cessation, ECA Automation is now principally an investment holding company, with investment in industrial property as at the LPD.

Prior to ceasing its manufacturing activities, ECA Automation had in the FYE 2021 novated a one-off job order from Customer F to our Group. As elaborated in **Section 7.15(v)** of this Prospectus, ECA Automation had on 31 December 2020 assigned, transferred and novated unto our Group a total of 3 contracts, amounting to RM3.33 million in aggregate, pertaining to the design, fabrication and supply of integrated production system for commercial labelling of printer cartridges to Customer F ("**Novation**").

In view of our Promoters' intention to gradually scale down and cease the manufacturing operations of ECA Automation so as to focus on our Group's business, ECA Automation has requested Customer F to novate the contracts directly to our Group. However, as ECA Automation (instead of our Group) was an existing approved vendor of Customer F and in order not to delay the production schedule, ECA Automation has then agreed to assign, transfer and novate the contracts from Customer F to our Group. Subsequently in September 2021, our Group has obtained a written confirmation from Customer F that we stand eligible to be included into the approved vendor list of Customer F upon any new project engagement being secured in the future. In other words, any future purchase order(s) from Customer F, if materialised, will be issued to our Group going forward instead of ECA Automation. Then in March 2022, our Group was included into the approved vendor list of Customer F when we secured a purchase order directly from Customer F for the provision of after sales service.

Moving forward, we will not enter into any business transactions with ECA Automation in the future, save for the recurrent rental as set out in Note *1 hereinabove.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- *3 As highlighted in Note *2 hereinabove, ECA Automation was co-founded and owned by our Promoters since 2005. It was formerly engaged in the manufacturing and sales of standalone automated machines prior to its cessation of business in October 2021. Our previous purchase of input materials from ECA Automation were in the ordinary course of business. As at the LPD, ECA Automation is now principally an investment holding company.
- In conjunction with the Novation, we had also in the FYE 2021 assumed the input materials required for the same job order, amounting to RMO.77 million in aggregate, from ECA Automation in order to carry out the job order per the required production schedule agreed with Customer F. Prior to the occurrence of the Novation, ECA Automation had already purchased the input materials required for the said job order, and as such, we agreed to purchase and assume these purchases from ECA Automation at cost.
- Moving forward, we will not enter into any supply transactions with ECA Automation in the future, save for the recurrent rental as set out in Note *1 hereinabove.
- *4 Welltech is principally involved in metal fabrication. For avoidance of doubt, our purchase of input materials from Welltech were based on prices which were competitive in comparison with the prevailing market prices, and on terms and conditions that were similar to the commercial terms for transaction with other suppliers.
- Mr Chua was formerly a director of Welltech. In light of good corporate governance practice, Mr Chua had ceased to be director in Welltech effective from 4 August 2021. For information purpose, Mr Chua's wife was also formerly a director and shareholder of Welltech. She had subsequently on 4 August 2021 and 17 August 2021, resigned as director and fully divested her equity interest in Welltech to a third party, respectively.

Our Board is of the opinion that all the transactions in **Section 10.1** above were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment to our minority shareholders.

Upon Listing, our Audit and Risk Management Committee will, amongst others, review the terms of all related party transactions, and report to our Board for further action to safeguard the interest of our Group and our minority shareholders, as well as to mitigate any potential conflict of interest situation. When necessary, our Board will make appropriate disclosures with regard to any related party transaction entered into by us. In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Director(s), the interested Director(s) will disclose their interest to our Board, and the nature and extent of their interest including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interest. The interested Director(s) will also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions.

In the event that there is any proposed related party transaction that requires the prior approval of our shareholders, our Directors, substantial shareholders and/ or persons connected with them, which have any interest, direct or indirect, in the transaction, will abstain from voting in respect of his direct and/ or indirect shareholdings. Such interested Directors and/ or substantial shareholders will also undertake to ensure that the person connected with them will abstain from voting on the resolution approving the proposed related party transaction at a general meeting.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.2 Outstanding loans (including guarantees of any kind)

There are no outstanding loans (including guarantees of any kind) and/ or financial assistance that have been granted by our Company and/ or our subsidiary to or for the benefits of the related parties for the Financial Years/ Period Under Review and up to the LPD.

10.3 Transactions that are unusual in their nature or conditions

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/ or our subsidiary was a party for the Financial Years/ Period Under Review and up to the LPD.

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11. CONFLICT OF INTEREST

11.1 Conflict of interest

As at the LPD, none of our Directors and/ or substantial shareholders has any interest, whether direct or indirect, in any other businesses and corporations which are carrying on a similar trade as our Group and/ or which are the customers or suppliers of our Group.

11.2 Declaration by the Advisers for our IPO on conflict of interest

i. Principal Adviser, Sponsor, Placement Agent and Underwriter

UOBKH has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Placement Agent and Underwriter for our IPO. The Underwriting Agreement, which certain details are set out in **Section 4.11** of this Prospectus, was entered into on arm's length basis and on market terms.

ii. Legal Adviser

Peter Ling & van Geyzel has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Legal Adviser for our IPO.

iii. Auditors and Reporting Accountants

Kreston John & Gan has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Auditors and the Reporting Accountants for our IPO.

iv. Independent Market Researcher

PROVIDENCE has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our IPO.

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12. FINANCIAL INFORMATION

12.1 Historical financial information

The historical financial information presented below should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in **Section 12.3** of this Prospectus and the Accountants' Report, together with its related notes and assumptions as set out in **Section 13** of this Prospectus. Our financial statements have been prepared in accordance with the MFRS and IFRS.

12.1.1 Historical audited statements of profit or loss

The following table sets out a summary of our historical audited statements of profit or loss for the Financial Years/ Period Under Review which have been extracted from the Accountants' Report included in **Section 13** of this Prospectus.

	<-----Audited----->			Unaudited	Audited
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	8-month FPE 2021 RM'000	8-month FPE 2022 RM'000
Revenue	7,671	15,367	20,511	2,674	17,816
Cost of sales	(3,843)	(6,942)	(9,230)	(1,697)	(10,986)
GP	3,828	8,425	11,281	977	6,830
Other income	24	130	104	162	442
Administrative expenses	(2,779)	(2,956)	(3,182)	(912)	(2,479)
Profit from operations	1,073	5,599	8,203	227	4,793
Finance costs	(6)	(32)	(196)	(90)	(118)
PBT	1,067	5,567	8,007	137	4,675
Taxation	302	-	170	-	(96)
PAT	1,369	5,567	8,177	137	4,579
EBITDA (RM'000)* ¹	1,252	5,881	8,551	321	5,047
GP margin (%) ²	49.9	54.8	55.0	36.5	38.3
EBITDA margin (%) ³	16.3	38.3	41.7	12.0	28.3
PBT margin (%) ⁴	13.9	36.2	39.0	5.1	26.2
PAT margin (%) ⁵	17.8	36.2	39.9	5.1	25.7
Effective tax rate (%)	-	-	-	-	2
No. of Shares in issue after the IPO ('000)	577,500	577,500	577,500	577,500	577,500
Proforma EPS (sen) ⁶	0.24	0.96	1.42	0.02	0.79

Notes:-

*1 The table below sets out a reconciliation of our PBT to EBITDA:-

	<-----Audited----->			Unaudited	Audited
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	8-month FPE 2021 RM'000	8-month FPE 2022 RM'000
PBT	1,067	5,567	8,007	137	4,675
Adjusted for:-					
Finance costs	6	32	196	90	118
Finance income	(13)	(8)	(3)	(2)	(1)
Depreciation of property, plant and equipment	157	167	167	51	104
Depreciation of right-of-use assets	35	123	184	45	151
	1,252	5,881	8,551	321	5,047

*2 GP margin is computed based on the GP over revenue

*3 EBITDA margin is computed based on the EBITDA over revenue

12. FINANCIAL INFORMATION (CONT'D)

- *4 PBT margin is computed based on the PBT over revenue
- *5 PAT margin is computed based on the PAT over revenue
- *6 Proforma EPS is computed based on the PAT over 577,500,225 Shares on the assumption that the enlarged Group structure was in existence for the Financial Years/ Period Under Review

12.1.2 Historical audited statements of financial position

The following table sets out a summary of our historical audited statements of financial position for the Financial Years/ Period Under Review which have been extracted from the Accountants' Report included in **Section 13** of this Prospectus:-

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	8-month FPE 2022
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Plant and equipment	1,274	1,208	1,039	992
Right-of-use assets	311	775	1,444	1,757
Deferred tax asset	-	-	72	-
Total Non-Current Assets	1,585	1,983	2,555	2,749
Current Assets				
Inventories	1,470	699	6,347	5,796
Trade receivables	3,666	10,492	10,544	13,368
Other receivables, deposits and prepayments	38	51	1,806	1,870
Cash and bank balances	2,908	4,229	4,996	8,691
Current tax asset	-	2	4	1
Total Current Assets	8,082	15,473	23,697	29,726
TOTAL ASSETS	9,667	17,456	26,252	32,475
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	-	-	neg. *1	neg. *1
Invested equity	100	1,000	1,000	1,000
Retained profits	2,797	7,863	16,040	20,619
Total Equity	2,897	8,863	17,040	21,619
Non-Current Liabilities				
Borrowings	-	1,496	1,696	1,477
Lease liabilities	219	566	923	1,040
Deferred tax liabilities	99	99	-	23
Total Non-Current Liabilities	318	2,161	2,619	2,540
Current Liabilities				
Trade payables	1,350	2,737	3,757	3,600
Other payables and accruals	4,688	3,234	493	1,506
Amount due to directors	338	-	-	-
Borrowings	-	305	1,989	2,791
Lease liabilities	73	156	354	419
Current tax liabilities	3	-	-	-
Total Current Liabilities	6,452	6,432	6,593	8,316
Total Liabilities	6,770	8,593	9,212	10,856
TOTAL EQUITY AND LIABILITIES	9,667	17,456	26,252	32,475

Note:-

- *1 The share capital of our Company is RM9

12. FINANCIAL INFORMATION (CONT'D)**12.2 Reporting Accountants' letter on the pro forma combined statement of financial position**

Date : 6 October 2022

The Board of Directors
ECA Integrated Solution Berhad
 Plot 248, Lorong Industries Bukit Minyak 16,
 Kawasan Perindustrian Bukit Minyak,
 14100 Simpang Ampat,
 Pulau Pinang

**ECA INTEGRATED SOLUTION BERHAD AND ITS SUBSIDIARY ("THE GROUP")
 REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL
 POSITION AS AT 30 JUNE 2022**

We have completed our assurance engagement to report on the compilation of pro forma combined statements of financial position of ECA Integrated Solution Berhad ("ECA Integrated" or "the Company") and its wholly owned subsidiary, namely ECA Advanced Solutions Sdn Bhd ("ECA Solutions") prepared by the Board of Directors of the Company. The pro forma combined statements of financial position as at 30 June 2022 together with the accompanying notes thereon have been stamped for the purpose of identification. The pro forma combined statements of financial position have been prepared for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("IPO and Listing").

The pro forma combined statements of financial position are prepared in accordance with the requirements of Chapter 9 of the *Prospectus Guidelines* issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the *Guidance Note for issuers of Pro Forma Financial Information* issued by the Malaysian Institute of Accountants.

The pro forma combined statements of financial position have been compiled by the Board of Directors solely to illustrate the impact of events or transactions as set out in note 5 to the pro forma combined statements of financial position ("Applicable Criteria"), on the Group's financial position as at 30 June 2022 as if the events or transactions have been affected as at that date.

As part of this process, information about the Group's pro forma combined statements of financial position has been extracted by the Board of Directors from the financial statements of the Company and its wholly owned subsidiary, ECA Solutions, for financial period from 1 November 2021 to 30 June 2022, on which an audit report has respectively been issued.

Director's Responsibility for the Pro forma Combined Financial Information

The Board of Directors is responsible for compiling the pro forma combined statements of financial position on the basis of the Applicable Criteria.

12. FINANCIAL INFORMATION (CONT'D)

**Our Independence and Quality Control**

We are independent in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board of Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies *International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines about whether the pro forma combined statements of financial position have been compiled, in all material respects, by the Board of Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the Reporting Accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors have compiled, in all material respects, the pro forma combined statements of financial position on the basis of the Applicable Criteria and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma combined financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statements of financial position.

The purpose of pro forma combined statements of financial position to be included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or transactions had been undertaken at the earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors in the compilation of the pro forma combined statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether the related pro forma adjustments give appropriate effect to those criteria and the pro forma combined statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma combined statements of financial position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

12. FINANCIAL INFORMATION (CONT'D)



Opinion

In our opinion, the pro forma combined statements of financial position of the Group have been compiled, in all material respects, on the basis of the Applicable Criteria and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

This report is made exclusively and solely for the purpose of inclusion in the Prospectus of ECA Integrated in connection with the IPO and Listing of ECA Integrated on the ACE Market of Bursa Securities. As such, this report should not be used or referred to, in whole or in part, for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Kreston John & Gan'.

Kreston John & Gan
AF 0113
Chartered Accountants

Kuala Lumpur

A handwritten signature in black ink, appearing to read 'Yong Chung Sin'.

Yong Chung Sin
02892/04/2024 J
Chartered Accountant

12. FINANCIAL INFORMATION (CONT'D)**ECA INTEGRATED SOLUTION BERHAD
NOTES TO THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION****1 ABBREVIATIONS**

The following definitions will apply throughout this report, unless or except where the context or subject matter otherwise indicates or requires:-

Act	:	Companies Act, 2016 in Malaysia
Bursa Securities	:	Bursa Malaysia Securities Berhad
ECA Integrated or the Company	:	ECA Integrated Solution Berhad
ECA Solutions	:	ECA Advanced Solutions Sdn Bhd
FPE	:	Financial period ended
Group	:	Collectively, ECA Integrated and its subsidiary, ECA Solutions
IFRS	:	International Financial Reporting Standards
IPO	:	Initial Public Offering comprising the Public Issue and the Offer for Sale
IPO Price	:	The indicative price of RM0.17 per IPO Share
Listing	:	Admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued share capital of ECA Integrated on the ACE Market of Bursa Securities
MFRS	:	Malaysian Financial Reporting Standards
NA	:	Net assets
NL	:	Net liabilities
Offer for Sale	:	Offer for sale by the Selling Shareholders of 48,000,000 existing Shares representing approximately 8.31% of the enlarged issued share capital of the Company, at the IPO Price
Public Issue	:	Public issue of 150,000,000 new Shares at the IPO Price
RM	:	Ringgit Malaysia
Selling Shareholders	:	Collectively, Mr. Ooi Chin Siew, Mr. Chua Lye Hock and Mr. Kang Ewe Kheng
Shares	:	Ordinary shares in ECA Integrated
Share Split	:	9 Shares were subdivided into 225 Shares on 26 January 2022

