

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF NATIONGATE HOLDINGS BERHAD ("NGH" OR THE "COMPANY") DATED 12 DECEMBER 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 www.bursamalaysia.com ("**Website**").

Availability and Location of Paper/Printed Prospectus

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

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

Jurisdictional Disclaimer

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

Close of Application

Applications will be accepted from 10.00 a.m. on 12 December 2022 and will close at 5.00 p.m. on 30 December 2022. In the event the Closing Date is extended, NGH will make an announcement on Bursa Securities' website and advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original Closing Date.

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

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

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

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

NationGate

NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)
(Incorporated in Malaysia under the Companies Act, 2016)

2005, Tingkat Perusahaan Satu,
Kawasan Perusahaan Perai,
13600 Perai, Pulau Pinang, Malaysia

TEL : +604-398 9001 / +604-398 9002

EMAIL : corporate@nationgate.com.my

NationGate

NATIONGATE HOLDINGS BERHAD

P R O S P E C T U S

PROSPECTUS

NationGate

NATIONGATE HOLDINGS BERHAD

Registration No. 202101004230 (1404529-K)
(Incorporated in Malaysia under the Companies Act, 2016)

*Adviser, Sponsor,
Underwriter and Placement Agent*



M & A SECURITIES SDN BHD
(Registration No. 197301001503 (15017-H))
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of
Bursa Malaysia Securities Berhad)

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

(I) PUBLIC ISSUE OF 435,525,900 NEW ORDINARY SHARES IN OUR COMPANY ("SHARES") IN THE FOLLOWING MANNER:

- 103,696,800 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 103,696,800 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
- 228,132,300 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

(II) OFFER FOR SALE OF 290,351,300 EXISTING SHARES IN THE FOLLOWING MANNER:

- 259,242,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA; AND
- 31,109,300 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS,

AT AN ISSUE PRICE OF RM0.38 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

This Prospectus has been registered by Bursa Securities. The approval by Bursa Securities for the listing of and quotation for our Shares and 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 the securities being offered for investment. Bursa Securities is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 164.

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

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS NOT A PROPOSAL REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA ("SC") UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

www.nationgate.com.my

THIS PROSPECTUS IS DATED 12 DECEMBER 2022

Our Directors, Promoters and Selling Shareholders (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts, which if omitted, would make any statement in this Prospectus false or misleading.

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

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

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

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

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 13 October 2022. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The Securities Commission Malaysia ("**SC**") has on 14 October 2022 approved the resultant equity structure of our Company under the Bumiputera equity requirements for public listed companies pursuant to our Listing (as defined herein).

Our securities are classified as Shariah compliant by the Shariah Advisory Council of the SC based on the audited combined financial statements for the financial year ended 31 December 2021 and the pro forma consolidated statements of financial position as at 31 December 2021. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review is undertaken by the Shariah Advisory Council of the SC. The new status will be released in the updated list of Shariah compliant securities, on the last Friday of May and November.

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

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

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

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

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

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

ELECTRONIC PROSPECTUS

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

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

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

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

Where an Electronic Prospectus is hosted on the 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 situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (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 as the internet is not a fully secured medium.

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

[The rest of this page is intentionally left blank]

INDICATIVE TIMETABLE

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

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

Event	Date
Issuance of this Prospectus/Opening of Application	12 December 2022
Closing Date / Closing of Application	30 December 2022
Balloting of Application	4 January 2023
Allotment of IPO Shares to successful applicants	11 January 2023
Date of Listing	12 January 2023

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

[The rest of this page is intentionally left blank]

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

All references to "NGH" and "Company" in this Prospectus are to NationGate Holdings Berhad (202101004230 (1404529-K)). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries and associated company taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors and key senior management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

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

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

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

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

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

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

[The rest of this page is intentionally left blank]

FORWARD-LOOKING STATEMENTS

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

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

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

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

- (a) demand for our products and services;
- (b) our business strategies and prospects;
- (c) our future plans;
- (d) our future financial position such as net assets and gearing position;
- (e) our future earnings, cash flows and liquidity; and
- (f) our ability to pay future dividends.

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

- (a) the ongoing COVID-19 pandemic and possible similar future outbreaks;
- (b) the economic, political and investment environment in Malaysia and globally; and
- (c) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 8 – "Risk Factors" and Section 11 – "Financial Information". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

DEFINITIONS

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

COMPANIES WITHIN OUR GROUP:

NGH or Company	:	NationGate Holdings Berhad (202101004230 (1404529-K))
NGH Group or Group	:	NGH and its subsidiaries and associated company, collectively
NSM	:	NationGate Solution (M) Sdn Bhd (201001011441 (896101-U))
NSY	:	NationGate System Sdn Bhd (202001001264 (1357583-K))
NIM	:	NationGate Integration (M) Sdn Bhd (202001028254 (1384574-U))

MAJOR CUSTOMERS AND/OR SUPPLIERS OF OUR GROUP:

The following are details of our major customers and/or suppliers whose names have been redacted for confidentiality throughout this Prospectus:

Company A	:	Company A is the indirect Malaysian subsidiary of a USA-based corporation listed on the Nasdaq Stock Exchange of New York, USA since 1987. The group is a vertically integrated manufacturing company that develops innovative products for diversified applications in communications, materials processing, aerospace and defense, semiconductor capital equipment, life sciences consumer electronics, and automotive markets. The group has operations worldwide, including but not limited to Australia, China, Germany, Malaysia, Philippines, Singapore, Sweden, Thailand and USA. The group generated annual revenue of more than USD1.00 billion (equivalent to approximately RM4.18 billion, based on the exchange rate of USD1.00:RM4.1760 as at 31 December 2021) in the past 3 financial years of 2019, 2020 and 2021. Company A is the direct wholly-owned subsidiary of Company E.
-----------	---	---

We are unable to disclose the identity of Company A as we have entered into a non-disclosure agreement with Company A in July 2021, whereby we are required to maintain strict confidentiality of the information on their identities and their business dealings with our Group due to strategic business and competitive reasons. Furthermore, Company A has informed our Group in writing that it disagrees to be named in our Prospectus.

Company B	:	Company B is the Malaysian subsidiary of a USA-based corporation listed on the Nasdaq Stock Exchange of New York, USA since 1993. The group is a global provider of integrated manufacturing solutions, components, products and repair, logistics and after-market services. The group has operations worldwide, including but not limited to Australia, Brazil, Canada, China, India, Malaysia, Mexico, Singapore and USA. The group generated annual revenue of more than USD6.00 billion (equivalent to approximately RM25.06 billion, based on the exchange rate of USD1.00:RM4.1760 as at 31 December 2021) in the past 3 financial years of 2019, 2020 and 2021.
-----------	---	---

DEFINITIONS (cont'd)

We are unable to disclose the identity of Company B as we have entered into a non-disclosure agreement with Company B in March 2020, whereby we are required to maintain strict confidentiality of the information on their identities and their business dealings with our Group due to strategic business and competitive reasons. Furthermore, Company B has written to our Company requesting for their identity to be kept anonymous in our Prospectus.

- Company C : Company C is a China-based subsidiary of a Taiwan-based corporation listed on the Taiwan Stock Exchange since 1996. The group is involved in developing, manufacturing, processing and trading of computers and related products. The group has operations worldwide, including but not limited to China, Czech Republic, Mexico and Taiwan. The group generated annual revenue of more than TWD500 billion (equivalent to approximately RM75 billion, based on the exchange rate of TWD100.00:RM15.0400 as at 31 December 2021) in the past 3 financial years of 2019, 2020 and 2021.

We are unable to disclose the identity of Company C as we have entered into a non-disclosure agreement with Company C in August 2020, whereby we are required to maintain strict confidentiality of the information on their identities and their business dealings with our Group due to strategic business and competitive reasons. Furthermore, Company C has informed our Group in writing that it disagrees to be named in our Prospectus.

- Company D : Company D is a limited liability company established under the laws of Hong Kong. The company was founded in 2013 and is a subsidiary of a company headquartered in Beijing, China. The group has subsidiaries in Kazakhstan, Malaysia, Singapore, USA and other locations and is involved in the manufacture of supercomputers. There is no latest publicly available information regarding the size and financial results of Company D.

We are unable to disclose the identity of Company D as we have entered into a non-disclosure agreement with Company D in January 2022, whereby we are required to maintain strict confidentiality of the information on their identities and their business dealings with our Group due to strategic business and competitive reasons. Furthermore, Company D has informed our Group in writing that it disagrees to be named in our Prospectus.

- Company E : Company E is a USA-based subsidiary of a USA-based corporation listed on the Nasdaq Stock Exchange of New York, USA since 1987. The group is a vertically integrated manufacturing company that develops innovative products for diversified applications in communications, materials processing, aerospace and defense, semiconductor capital equipment, life sciences consumer electronics, and automotive markets. The group has operations worldwide, including but not limited to Australia, China, Germany, Malaysia, Philippines, Singapore, Sweden, Thailand and USA. The

DEFINITIONS (cont'd)

group generated annual revenue of more than USD1.0 billion (equivalent to approximately RM4.18 billion, based on the exchange rate of USD1.00:RM4.1760 as at 31 December 2021) in the past 3 financial years of 2019, 2020 and 2021. Company A is the direct wholly-owned subsidiary of Company E.

We are unable to disclose the identity of Company E as we have entered into a non-disclosure agreement with Company E in May 2017, whereby we are required to maintain strict confidentiality of the information on their identities and their business dealings with our Group due to strategic business and competitive reasons. Furthermore, Company E has informed our Group in writing that it disagrees to be named in our Prospectus.

Company F : Company F is an indirect Malaysian subsidiary of a corporation incorporated in the Cayman Islands. Company F was incorporated in 1999 and is involved in the manufacturing and sale of LED-based lighting products. Company F generated annual revenue of more than RM1.00 billion in the past 3 financial years of 2019, 2020 and 2021.

We are unable to disclose the identity of Company F as there is a confidentiality clause stated in the manufacturing services agreement entered into with Company F in July 2020, whereby we are required to maintain strict confidentiality of the information on their identities and their business dealings with our Group due to strategic business and competitive reasons. Furthermore, Company F has informed our Group in writing that it disagrees to be named in our Prospectus.

GENERAL:

ACE Market : ACE Market of Bursa Securities

Acquisition of NSM : Acquisition by NGH of the entire equity interest of NSM from Ooi Eng Leong and Tan Ah Geok for a total purchase consideration of RM143,360,647.33 which was wholly satisfied by the issuance of 1,638,407,398 new NGH Shares at an issue price of approximately RM0.0875 each, which was completed on 20 October 2022

Acquisition of NIM : Acquisition by NSM of the entire equity interest of NIM from Ooi Eng Leong and Tan Ah Geok for the total cash purchase consideration of RM993,923, which was completed on 28 April 2021

Act : Companies Act, 2016 as amended from time to time and any re-enactment thereof

ADA : Authorised Depository Agent

AELB : Atomic Energy Licensing Board of Malaysia

AGM : Annual General Meeting

DEFINITIONS (cont'd)

Alion Nation	:	Alion Nation Group Sdn Bhd (201101013371 (941511-D))
Alion Nation Solution	:	Alion Nation Solution Sdn Bhd (201301018291 (1048124-M))
Application	:	Application for Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Printed application form for the application of Issue Shares accompanying this Prospectus
ATM(s)	:	Automated Teller Machine(s)
Board	:	Board of Directors of NGH
Building By-Laws	:	Uniform Building By-Laws, 1984
Bursa Depository or Depository	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
Business Collaboration Agreement	:	Business collaboration agreement entered into between GoldTek and NSM dated 1 March 2022
BOMBA	:	Malaysian Fire and Rescue Services Department
CAGR	:	Compound annual growth rate
CCC	:	Certificate of completion and compliance or such certificate by any other name issued by the relevant authority under the Street, Drainage and Building Act 1974 and any by-laws made under it or such relevant legislation applicable at the material time
CDS	:	Central Depository System
CDS Account	:	Account established by Bursa Depository for a depositor for the recording and dealing in securities by the depositor
CF	:	Certificate of fitness for occupation issued by the local authorities
Closing Date	:	The date adopted in this Prospectus as last date for acceptance and receipt of Application
CMCO	:	Conditional MCO
CMSA	:	Capital Markets and Services Act, 2007 as amended from time to time and any re-enactment thereof
Constitution	:	Constitution of our Company
COVID-19	:	Coronavirus disease 2019, an infectious disease which affects the respiratory system, and it is a global pandemic

DEFINITIONS (cont'd)

Depository Rules	:	Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
Director(s)	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act
Disposal of NIM	:	Disposal by NSM of its 60.0% equity interest of NIM to GoldTek for the total cash disposal consideration of RM600,000, which was completed on 8 June 2022
D&D	:	Design and development
E&E	:	Electrical and electronics
EBIT	:	Earnings before interest and tax
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EC	:	Energy Commission Malaysia
Electronic Prospectus	:	Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
Electronic Share Application	:	Application for our Issue Shares through a Participating Financial Institution's ATM(s)
EPS	:	Earnings per share
FPE	:	Financial period ended 30 June
FYE(s)	:	Financial years ended/ending 31 December, as the case may be
GoldTek	:	GoldTek Technology Co. Ltd (80456781)
GP	:	Gross profit
IFRS	:	International Financial Reporting Standards
IMR or Protégé	:	Protégé Associates Sdn Bhd (200401037256 (675767-H)), our Independent Market Researcher
IMR Report	:	Independent Market Research Report titled "Strategic Analysis of the Electronics Manufacturing Services Market in Malaysia" dated 28 November 2022
Internal Restructuring	:	Collectively, the Acquisition of NSY, Acquisition of NIM, Acquisition of NSM and Disposal of NIM
Internet Participating Financial Institution(s)	:	Participating financial institutions for Internet Share Application as listed in Section 16
Internet Share Application	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions

DEFINITIONS (cont'd)

Initial Public Offering or IPO	:	Our initial public offering comprising the Public Issue and Offer for Sale
IPO Price	:	Issue/offer price of RM0.38 per Issue/Offer Share
IPO Share(s)	:	The Issue Share(s) and Offer Share(s), collectively
Issuing House	:	Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
Issue Share(s)	:	New Share(s) to be issued under the Public Issue
ISO	:	International Organisation for Standardisation
Listing	:	Listing of and quotation for our entire enlarged share capital comprising 2,073,933,300 Shares on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
Listing Scheme	:	Comprising the Public Issue, Offer for Sale and Listing, collectively
LPD	:	14 November 2022, being the latest practicable date for ascertaining certain information contained in this Prospectus
LMW	:	Licensed Manufacturing Warehouse
M&A Securities	:	M&A Securities Sdn Bhd (197301001503 (15017-H))
Malaysian Public	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MCO	:	Movement control order
MFRS	:	Malaysian Financial Reporting Standards
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of International Trade and Industry Malaysia
mm	:	Millimetre
MNCs	:	Multinational companies
MOH	:	Ministry of Health, Malaysia
MT	:	Metric tonne
NA	:	Net assets

DEFINITIONS (cont'd)

NBV	:	Net book value
Offer for Sale	:	Offer for sale of 290,351,300 Offer Shares by our Selling Shareholders at the IPO Price
Offer Share(s)	:	Existing Share(s) to be offered under the Offer for Sale
Participating Institution(s)	Financial	: Participating financial institution(s) for Electronic Share Application as listed in Section 15.5
PAT	:	Profit after tax
PBT	:	Profit before tax
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocations	:	Allocation of 103,696,800 Issue Shares to our eligible Directors and employees as well as persons who have contributed to the success of our Group, which forms part of our Public Issue
Plant 1	:	Our owned manufacturing plant located at No. 1413, Solok Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang
Plant 2	:	Our owned manufacturing plant situated next to Plant 1 and located at No. 2422, Solok Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang, which is used as an extension of Plant 1
Plant 3	:	Our owned manufacturing plant located at No. 1415, Lorong Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang
Plant 5	:	Our owned manufacturing plant located at No. 2005, Tingkat Perusahaan Satu, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang
Plant 6	:	Our rented manufacturing plant located at Lot 10563, Jalan Perusahaan 3, Kawasan Perusahaan Kamunting, 34600 Kamunting, Perak
Plant 7	:	Our rented manufacturing space located at No. 2511, Tingkat Perusahaan 4A, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang
Principal Adviser or Sponsor or Placement Agent or Underwriter	:	M&A Securities
Promoters	:	Collectively, Ooi Eng Leong and Tan Ah Geok
Prospectus	:	This prospectus dated 12 December 2022 in relation to our IPO
Public Issue	:	Public issue of 435,525,900 Issue Shares at our IPO Price

DEFINITIONS (cont'd)

RMCO	:	Recovery MCO
ROC	:	Registrar of Companies
SC	:	Securities Commission Malaysia
Selling Shareholders	:	Collectively, Ooi Eng Leong and Tan Ah Geok, who are undertaking the Offer for Sale
Shares or NGH Shares	:	Ordinary shares in NGH
SICDA or Depository Act	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time
SkyGate F&B	:	SkyGate F&B Sdn Bhd (200601020251 (740004-H))
SkyGate Plastic	:	SkyGate Plastic Sdn Bhd (201501017469 (1142803-W))
SkyGate Technology	:	SkyGate Technology (M) Sdn Bhd (199801018553 (474682-W))
Specified Shareholders	:	Collectively, Ooi Eng Leong and Tan Ah Geok
sq ft	:	Square feet
Underwriting Agreement	:	Underwriting agreement dated 11 November 2022 entered into between our Company and M&A Securities for the purpose of our IPO
USA	:	United States of America
Vendors	:	Collectively, Ooi Eng Leong and Tan Ah Geok
VS Precision	:	VS Precision Sdn Bhd (201201013064 (986581-P))
VS Solution Services	:	VS Solution Services Sdn Bhd (200501017152 (694195-U))

CURRENCIES:

RM and sen	:	Ringgit Malaysia and sen, respectively
USD	:	United States Dollars

[The rest of this page is intentionally left blank]

TECHNICAL GLOSSARY

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

3D	:	3-dimensional
4IR	:	4 th Industrial Revolution, referring to the disruptive transformation of industries through the use of emerging technology which typically involves the fusion of physical, digital and biological worlds, impact all disciplines, industries and the economy
AOI system	:	Advanced optical inspection system, a system used to inspect PCBs or assembled PCBs for defects such as missing components, excess or insufficient solder, lifted or bent leads, wrong part and presence of foreign material among others
Bare chip	:	An IC that has been cut out from the wafer and is ready for packaging
BGA	:	Ball grid array, a type of SMT component used for ICs which conducts electrical signals between the ICs and PCB
COB	:	Chip-on-board, an assembly process where a bare chip is mounted directly onto the PCB
Completed PCB	:	An assembled PCB that contains all the electronic components and parts that enable the PCB to performed the intended function
CPU	:	Central processing unit, the core component of a computing device that retrieves and executes instructions
Die attach	:	An adhesive applied onto the PCB and mounting the bare chip over this adhesive material
EMS	:	Electronics manufacturing services, activities that involve the provision of design, testing, building (manufacturing or assembling), supply chain and logistics management as well as aftermarket services for electronic components and PCB assemblies
ERP system	:	Enterprise resource planning system, a type of business management software that manages and integrates day-to-day business processes through a single system
Flexible PCB	:	Flexible printed circuit board, a thin insulating polymer film that enable the circuitry to be designed to fit the electronic device
High-mix, low-volume	:	Producing a high variety of products in small quantities
IC	:	Integrated circuit, an electronic circuit formed on a semiconducting material
IATF	:	International Automotive Task Force

TECHNICAL GLOSSARY (*cont'd*)

IoT	: Internet of Things, a system of interrelated physical objects with embedded computing technology (including software and sensors) that are able to collect and share data over the Internet
ISO	: International Organisation for Standardisation
LED	: Light-emitting diode, a light source produced by a two-lead semiconductor
Low-mix, high-volume	: Producing a low variety of products in big quantities
Mounting point	: The area on the surface of the PCB which is mounted with electronic component with the use of SMT
Optoelectronic device	: An electronic device that operates on both light and electrical currents such as laser diodes, LEDs and photovoltaic cells
Passive components	: Electronic components such as resistors, inductors and capacitors that do not require any form of electrical power to operate, but instead receive energy which it can either dissipate, store or release it
PCB	: Printed circuit board, commonly made of non-conductive materials (e.g. fibreglass) that supports and electrically connects components using conductive tracks, pads or other features etched from copper sheets laminated onto it. Components are generally soldered onto the PCB and PCBs can come in rigid or flexible form
PCBA	: Printed circuit board assembly refers to the assembly and mounting of components and parts onto the PCB which involves various processes namely, adding solder paste to the PCB, pick and place of the components, soldering, inspection and testing with the resulting products called assembled PCB
Plastic injection moulding	: The process of manufacturing plastic products by injecting plastic materials molten by heat into a mould (of the desired shape), and then cooling and solidifying them
Prototype	: An early sample of a final product which is used to test and validate a concept or process prior to its rollout in the market
PTH	: Pin through hole, a component mounting technique in which the electronic components are inserted into the drilled holes of a PCB and soldered either by machine or manual labour
QA	: Quality assurance, an act or process focused on providing confidence that quality requirements are being met or products developed are fit for use
QC	: Quality control, a subset of QA that focuses more on the inspection aspect of quality management to ensure that a manufactured product or performed service meets the requirements of customer

TECHNICAL GLOSSARY (cont'd)

QMS	:	Quality management system, a set of formalised business processes focused on consistently achieving quality policies and objectives including meeting customer requirements
Radio frequency	:	A measurement representing the oscillation rate of electromagnetic radio waves that can be used for various types of wireless broadcasting and communications transmission
Rigid PCB	:	Rigid PCB, a solid PCB which cannot be twisted and folded into any shape
Semiconductor devices	:	Electronic components that are designed, developed and manufactured based on the semiconductor materials (such as silicon) that are neither a good conductor nor a good insulator
Semi-finished sub-assemblies	:	Functional modules which can perform certain task(s), and are integrated with one another into a bigger system in the form of a fully-assembled electronic product
SMT	:	Surface-mount technology, a component mounting technique in which the electronic components are mounted directly onto the PCB by machines
Solid-state lighting	:	A type of lighting technology that uses semiconductor LED, organic LED or polymer LED as sources of illumination
Supercomputer	:	A high-level performance computer as compared to a general-purpose computer
UV	:	Ultraviolet light, used during the COB process to harden the epoxy
X-ray	:	X-radiation, used during testing to provide vision to the internal composition of BGA

[The rest of this page is intentionally left blank]

TABLE OF CONTENTS

1.	CORPORATE DIRECTORY	1
2.	APPROVALS AND CONDITIONS	
2.1	APPROVALS AND CONDITIONS.....	4
2.2	MORATORIUM ON OUR SHARES	6
3.	PROSPECTUS SUMMARY	
3.1	PRINCIPAL DETAILS RELATING TO OUR IPO.....	7
3.2	BUSINESS MODEL.....	7
3.3	IMPACT OF COVID-19	9
3.4	COMPETITIVE POSITION AND BUSINESS STRATEGIES	10
3.5	RISK FACTORS	11
3.6	DIRECTORS AND KEY SENIOR MANAGEMENT	13
3.7	PROMOTERS AND SUBSTANTIAL SHAREHOLDERS.....	13
3.8	UTILISATION OF PROCEEDS	13
3.9	FINANCIAL AND OPERATIONAL INFORMATION	14
3.10	DIVIDEND POLICY	16
4.	DETAILS OF OUR IPO	
4.1	OPENING AND CLOSING OF APPLICATION PERIOD	17
4.2	INDICATIVE TIMETABLE	17
4.3	LISTING SCHEME.....	17
4.4	BASIS OF ARRIVING AT OUR IPO PRICE	20
4.5	SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS	21
4.6	PURPOSES OF OUR IPO	22
4.7	TOTAL MARKET CAPITALISATION UPON LISTING	22
4.8	DILUTION	22
4.9	UTILISATION OF PROCEEDS	23
4.10	UNDERWRITING COMMISSION, PLACEMENT FEES AND BROKERAGE FEES.....	28
4.11	SALIENT TERMS OF THE UNDERWRITING AGREEMENT	29
4.12	TRADING AND SETTLEMENT IN SECONDARY MARKET.....	33
5.	INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT	
5.1	PROMOTERS AND SUBSTANTIAL SHAREHOLDERS.....	34
5.2	DIRECTORS.....	36
5.3	KEY SENIOR MANAGEMENT.....	65
5.4	RELATIONSHIPS AND ASSOCIATIONS.....	75
5.5	REMUNERATION AND BENEFITS.....	75
5.6	MANAGEMENT REPORTING STRUCTURE	77
5.7	DECLARATIONS FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT	78
6.	INFORMATION ON OUR GROUP	
6.1	BACKGROUND INFORMATION	84
6.2	OUR SUBSIDIARIES AND ASSOCIATED COMPANY	91
6.3	MATERIAL INVESTMENTS AND DIVESTITURES.....	91
6.4	PUBLIC TAKE-OVERS	93
6.5	BUSINESS OVERVIEW	94
6.6	BUSINESS STRATEGIES AND PROSPECTS	131
6.7	MATERIAL CONTRACTS.....	133
6.8	PROPERTY, PLANT AND EQUIPMENT	135
6.9	EMPLOYEES.....	146
6.10	MAJOR CUSTOMERS	148
6.11	MAJOR SUPPLIERS.....	150
6.12	EXCHANGE CONTROL	152
7.	IMR REPORT	153

TABLE OF CONTENTS (cont'd)

8.	RISK FACTORS	
8.1	RISKS RELATING TO OUR BUSINESS AND OPERATIONS.....	164
8.2	RISKS RELATING TO OUR INDUSTRY	168
8.3	RISKS RELATING TO INVESTMENT IN OUR SHARES	170
8.4	OTHER RISKS	171
9.	RELATED PARTY TRANSACTIONS	
9.1	RELATED PARTY TRANSACTIONS	173
9.2	TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS	182
9.3	LOANS MADE TO OR FOR THE BENEFIT OF THE RELATED PARTY	182
9.4	FINANCIAL ASSISTANCE PROVIDED FOR THE BENEFIT OF THE RELATED PARTY	182
9.5	OTHER TRANSACTIONS	183
10.	CONFLICT OF INTEREST	
10.1	INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CLIENTS AND SUPPLIERS	186
10.2	DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS.....	187
11.	FINANCIAL INFORMATION	
11.1	HISTORICAL FINANCIAL INFORMATION	188
11.2	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.....	192
11.3	LIQUIDITY AND CAPITAL RESOURCES	227
11.4	KEY FINANCIAL RATIOS	239
11.5	TREND INFORMATION	245
11.6	ORDER BOOK	246
11.7	DIVIDENDS	246
11.8	SIGNIFICANT CHANGES	247
11.9	CAPITALISATION AND INDEBTEDNESS	247
12.	ACCOUNTANTS' REPORT	249
13.	REPORTING ACCOUNTANTS' REPORT ON PRO FORMA CONSOLIDATED FINANCIAL INFORMATION	326
14.	STATUTORY AND OTHER INFORMATION	
14.1	SHARE CAPITAL.....	338
14.2	SHARE CAPITAL OF OUR SUBSIDIARIES AND ASSOCIATED COMPANY	339
14.3	CONSTITUTION	341
14.4	GENERAL INFORMATION.....	347
14.5	CONSENTS	347
14.6	DOCUMENTS FOR INSPECTION	348
14.7	RESPONSIBILITY STATEMENTS	348
15.	SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE	
15.1	OPENING AND CLOSING OF APPLICATION PERIOD	349
15.2	METHODS OF APPLICATIONS	349
15.3	ELIGIBILITY	350
15.4	APPLICATION BY WAY OF APPLICATION FORM	351
15.5	APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION	352
15.6	APPLICATION BY WAY OF INTERNET SHARE APPLICATION	352
15.7	AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE	352
15.8	UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS	353
15.9	SUCCESSFUL APPLICANTS.....	354
15.10	ENQUIRIES.....	355
APPENDIX I	MAJOR APPROVALS, LICENSES AND PERMITS	356

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Residential address	Nationality / Profession	Gender
Dato' Seri Wong Siew Hai	Independent Non-Executive Chairman	9, Jesselton Avenue 10450 Georgetown Pulau Pinang	Malaysian / Director	Male
Ooi Eng Leong	Managing Director	11, Jalan Bayan Mutiara 2 Bayan Mutiara, 11700 Gelugor Pulau Pinang	Malaysian / Director	Male
Lee Kim San	Executive Director cum Chief Operating Officer	34, Lorong Mak Mandin Jaya 4, 13400 Butterworth Pulau Pinang	Malaysian / Director	Male
Dato' Seri Lee Kah Choon	Independent Non-Executive Director	1 Lebuhraya Tembaga 11600 Georgetown Pulau Pinang	Malaysian / Director	Male
Dato' Faiza Binti Zulkifli	Independent Non-Executive Director	53, Jalan Suasana 5/3 Bandar Tun Hussien Onn, Batu 9 43200 Cheras Selangor	Malaysian / Director	Female
Ju Siew Lee	Independent Non-Executive Director	1A-09-3A, Surin Condominium Persiaran Tanjung Bungah 11200 Tanjung Bungah Pulau Pinang	Malaysian / Director	Female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Ju Siew Lee	Chairman	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli	Member	Independent Non-Executive Director
Dato' Seri Lee Kah Choon	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Seri Lee Kah Choon	Chairman	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli	Member	Independent Non-Executive Director
Ju Siew Lee	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Faiza Binti Zulkifli	Chairman	Independent Non-Executive Director
Ju Siew Lee	Member	Independent Non-Executive Director
Dato' Seri Lee Kah Choon	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (cont'd)

- COMPANY SECRETARIES** : **Chew Siew Cheng (SSM PC No. 202008001179)**
(MAICSA 7019191) (Chartered Secretary)
1-V, Lorong Delima 17
Island Glades
11700 Gelugor
Pulau Pinang
- Lim Choo Tan (SSM PC No. 202008000713)**
(LS 0008888) (Licensed Secretary)
7-8-24, Lintang Paya Terubong 3
Paya Terubong
11060 Ayer Itam
Pulau Pinang
- REGISTERED OFFICE** : Suite A, Level 9
Wawasan Open University
54, Jalan Sultan Ahmad Shah
10050 Georgetown
Pulau Pinang
- Telephone No. : 04-229 6318
- HEAD OFFICE** : 2005, Tingkat Perusahaan Satu
Kawasan Perusahaan Perai
13600 Perai
Pulau Pinang
- Telephone No. : 04-398 9001
- EMAIL ADDRESS AND WEBSITE** : Email address: corporate@nationgate.com.my
Website: <http://www.nationgate.com.my>
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : **M&A Securities Sdn Bhd (197301001503 (15017-H))**
45-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
- Telephone No. : 03-2284 2911
- AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO** : **Grant Thornton Malaysia PLT**
Registration number : 201906003682
LLP number: LLP0022494-LCA
Firm number: AF 0737
- Level 5, Menara BHL
51 Jalan Sultan Ahmad Shah
10050 Pulau Pinang
- Telephone No. : 04-228 7828
- Partner-in-charge: Terence Lau Han Wen
Approval number: 03298/04/2023 J
(Chartered Accountant of the Malaysian Institute of Accountants and Fellow Member of the Association of Chartered Certified Accountants)

1. CORPORATE DIRECTORY (cont'd)

INDEPENDENT MARKET RESEARCHER : **Protégé Associates Sdn Bhd (200401037256 (675767-H))**

Suite C-09-12, Plaza Mont' Kiara
2, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Telephone No. : 03-6201 9301

Person-in-charge: Seow Cheow Seng
(Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia)

ISSUING HOUSE AND SHARE REGISTRAR : **Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))**

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone No. : 03-2783 9299

SOLICITORS FOR OUR LISTING : **Wong Beh & Toh**

1st Floor, Nos. 173 & 174
Jalan Kelab Cinta Sayang
Taman Ria Jaya
08000 Sungai Petani
Kedah

Telephone No. : 04-442 9081

LISTING SOUGHT : ACE Market

SHARIAH STATUS : Approved by the Shariah Advisory Council of the SC

[The rest of this page is intentionally left blank]

2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 13 October 2022, approved our admission to the Official List of the ACE Market and the listing of and quotation for our entire enlarged issued share capital on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	Submit the following information in respect of the moratorium on the shareholdings of the Promoters to Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	Complied
(b)	Confirmation that approvals from other relevant authorities have been obtained for implementation of the listing proposal	Complied
(c)	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon	Complied
(d)	To make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements	To be complied
(e)	To furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of NGH on the first day of listing	To be complied
(f)	In relation to the public offering to be undertaken by NGH, to announce at least 2 market days prior to the listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche; and (iv) Disclosure of placees who become substantial shareholders of NGH arising from the public offering, if any.	To be complied
(g)	NGH / M&A Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of NGH to the Official List of the ACE Market.	To be complied

2. APPROVALS AND CONDITIONS (cont'd)

2.1.2 SC

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

The SC had, vide its letter dated 14 October 2022, approved the resultant equity structure of NGH under the equity requirement for public listed companies pursuant to our Listing. The approval from the SC is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
(a)	NGH is to allocate shares equivalent to 12.5% of its enlarged number of issued shares at the point of listing to Bumiputera investors to be approved by the MITI	Complied
(b)	NGH is to make available at least 50.0% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	Complied

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

Category of shareholders	As at the LPD		After the Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Bumiputera investors to be approved by MITI	-	-	⁽¹⁾ 259,242,000	12.5
- Bumiputera public investors via balloting	-	-	⁽¹⁾ 51,848,400	2.5
- Others	-	-	⁽²⁾ 1,300,000	0.1
Total Bumiputera	-	-	312,390,400	15.1
Non-Bumiputera	1,638,407,400	100.0	1,761,542,900	84.9
Malaysian	1,638,407,400	100.0	2,073,933,300	100.0
Foreigners	-	-	-	-
Total	1,638,407,400	100.0	2,073,933,300	100.0

Notes:

- (1) Based on the assumption that the Shares offered to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.
- (2) Based on the assumption that the Issue Shares offered to Dato' Faiza Binti Zulkifli, an independent non-executive director of NGH, shall be fully subscribed.

The Shariah Advisory Council of the SC had, vide its letter dated 16 November 2022 classified our Shares as shariah-compliant based on the audited combined financial statements for the FYE 2021 and the pro forma consolidated statements of financial positions as at 31 December 2021.

2.1.3 MITI approval

The MITI had, vide its letter dated 4 October 2022, taken note and has no objection to our Listing.

2. APPROVALS AND CONDITIONS *(cont'd)*

2.2 MORATORIUM ON OUR SHARES

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

- (a) The moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (b) Upon expiry of the First 6-Month Moratorium, our Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued ordinary shares remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (c) On the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight-line basis) of those Shares held under moratorium.

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

<u>Specified Shareholder</u>	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	
	<u>No. of Shares</u>	<u>(2)%</u>	<u>No. of Shares</u>	<u>(2)%</u>
Ooi Eng Leong	⁽¹⁾ 1,199,770,000	57.8	829,573,320	40.0
Tan Ah Geok	⁽¹⁾ 148,286,100	7.2	103,696,665	5.0
Total	1,348,056,100	65.0	933,269,985	45.0

Notes:

- (1) After Offer for Sale.
- (2) Based on the enlarged share capital of 2,073,933,300 Shares after our IPO.

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

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

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 RELATING TO OUR IPO

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

Allocation	No. of Shares	Amount to be raised (RM)	(1)%
<u>Public Issue</u>			
Malaysian Public	103,696,800	39,404,784	5.0
Eligible Directors and employees as well as persons who have contributed to the success of our Group	103,696,800	39,404,784	5.0
Private placement to selected investors	228,132,300	86,690,274	11.0
<u>Offer for sale</u>			
Private placement to Bumiputera shareholders approved by MITI	259,242,000	98,511,960	12.5
Private placement to selected investors	31,109,300	11,821,534	1.5
Enlarged number of Shares upon Listing	2,073,933,300		100.0
IPO Price per Share			RM0.38
Market capitalisation		RM788,094,654	

Note:

(1) Based on our enlarged share capital of 2,073,933,300 Shares after our IPO.

Our Promoters' entire shareholdings after IPO will be held under moratorium for 6 months from the date of Listing. Thereafter, our Promoters' shareholding amounting to 45.0% of our share capital will remain under moratorium for another 6 months. Our Promoter may sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their shares held under moratorium upon expiry of the second 6 months.

Further details on the moratorium on our Shares are set out in Section 2.2.

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

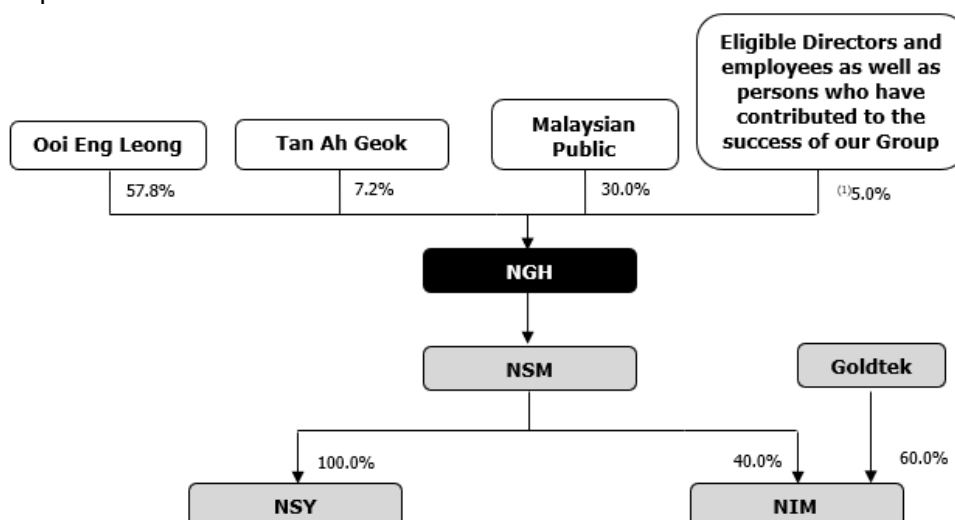
3.2 BUSINESS MODEL

Our Company was incorporated in Malaysia under the Act on 4 February 2021 as a private limited company under the name of NationGate Holdings Sdn Bhd. On 30 April 2021, we converted into a public limited company under our present name. We are an investment holding company. Through our subsidiaries and associated company, we are an EMS provider focusing on the assembly and testing of:

- (a) electronic components and products to produce completed PCBs, semi-finished sub-assemblies and fully-assembled electronic products; and
- (b) semiconductor devices.

3. PROSPECTUS SUMMARY (cont'd)

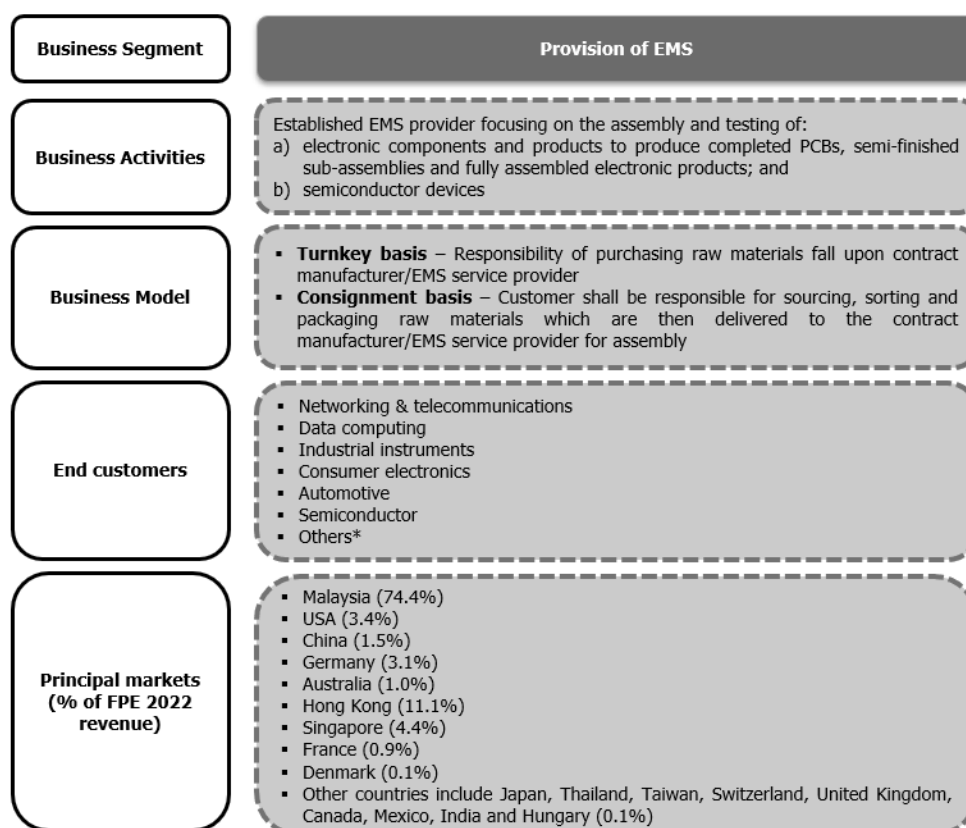
Our Group structure after our IPO is as follows:



Note:

- (1) Assuming that our eligible Directors and employees as well as persons who have contributed to the success of our Group will fully subscribe for their entitlement under the Pink Form Allocations.

The following diagram illustrates our Group's business model:



Note:

- * Others include medical devices, IoT, household electronic products and analytical instrumentation devices.

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

3. PROSPECTUS SUMMARY (cont'd)

3.3 IMPACT OF COVID-19

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

Despite the various MCO restrictions, our operations were not significantly impacted, and we managed to record an increase in revenue for FYE 2021 of RM760.87 million as compared to RM566.25 million for FYE 2020. Our Group has not faced any cancellations/deferments to its secured purchase orders.

On 28 May 2021, the Government of Malaysia announced the implementation of full MCO, ("FMCO") effective 1 June 2021. However, we were allowed to continue our EMS assembly operations during the FMCO period vide the approval obtained from MITI on 30 May 2021.

The following are incidences of COVID-19 cases within our Group:

- (a) On 1 March 2021, 1 of our employee working at Plant 5 was tested positive with COVID-19. As a precautionary measure, we also conducted contact tracing and performed antigen test on a total of 409 close contacts on 4 March 2021 and 5 March 2021, who were all working in Plant 5. As a result, 3 additional employees was tested positive with COVID-19 on 5 March 2021 and have undergone subsequent PCR test on 6 March 2021 and confirmed to be tested positive. However, we only ceased EMS activities at a specific section in Plant 5, which did not result in any material disruptions to our EMS operations. We also performed disinfection and sanitisation of our manufacturing facilities.
- (b) On 14 June 2021, 7 of our production workers working at Plant 1 and Plant 2 were tested positive with COVID-19. As a precautionary measure, we conducted mass testing on all production workers working at Plant 1 and Plant 2 on 14 June 2021 and 15 June 2021. As a result, a number of the production workers were tested positive. We then contacted the MOH which then directed our 8 workers who tested positive for COVID-19 to be quarantined at designated quarantine centres.
- (c) Subsequently, the MOH issued a shutdown notice on the operations at Plant 1 and Plant 2 effective 17 June 2021. Following this incident, plant-wide disinfection and sanitisation took place on 20 June 2021. The temporary closure of Plant 1 and Plant 2 during this period did not result in any material disruption to our business operations, as we continued our EMS operations at Plant 3 and Plant 6. Upon a follow up check by MOH, we were cleared to resume our operations on 25 June 2021. During this period of the temporary closures at Plant 1 and Plant 2, we did not incur any other additional fixed costs.

On 28 June 2021, 12 of our employees working at Plant 5 were tested positive with COVID-19. We subsequently undertook contact tracing and conduct COVID-19 testing on all our employees at Plant 5 with the use of the Antigen Rapid Test Kits on 28 June 2021 and 29 June 2021. We also ceased all operations at Plant 5 following the issuance of a shutdown notice by MOH which took effect from 28 June 2021. During the shutdown period, we conducted disinfection and sanitisation exercises at Plant 5. Upon a follow up check by the MOH, we were cleared to resume our operations at Plant 5 on 7 July 2021. Up to LPD, we had a total of 661 employees who were tested positive with COVID-19.

3. PROSPECTUS SUMMARY (cont'd)

The financial impact arising from the COVID-19 outbreak to our Group are as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022	1 July 2022 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Additional expenses incurred for the implementation of strict health and safety measures	-	230	1,317	69	10

From 18 March 2020 up to the LPD, we did not receive any cancellation or suspension of any purchase orders. We have adopted the Government's guidelines and SOP to minimise the risk of Covid-19 to our employees and business operations. Our Group has also not been in breach of any laws relating to COVID-19 restrictions and/or SOP as issued by the relevant authorities. The contingency plans that we have in place in the event that one of our employees tests positive for Covid-19 include prohibition of site employees from returning to our head office, and employees who test positive for COVID-19 are required to quarantine themselves until they receive a negative test for COVID-19. There is no material impact on our Group under the endemic phase of COVID-19 and we do not expect any material impact on our Group during this period. Notwithstanding, we will continue to implement stringent standard operating procedure put in place as precautionary measures to avoid the outbreak of COVID-19 cases in all of our manufacturing facilities.

Further details on the impact of COVID-19 and MCO and our measures to commence and continue operations are set out in Section 6.5.15.

3.4 COMPETITIVE POSITION AND BUSINESS STRATEGIES**3.4.1 Competitive strengths**

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

- (a) We have the necessary technical capabilities to meet the requirements of our customers from various segments, which provide us with the competitive strength in terms of meeting our customers varied requirement for EMS services. We have continually invested in machineries and equipment to stay abreast with changing technological requirements. As at LPD, we have a total of 31 SMT assembly lines with the capacity to mount up to 1,257,600,000 mounting points per month. Our SMT assembly lines are flexible and modular (with each line customisable), which allow us to provide assembly services to customers from various industry segments.
- (b) Our Group is led by Mr Ooi Eng Leong, our Managing Director and our key management team, whom possesses in-depth knowledge, expertise and experience in the EMS industry. Each member of our key management team has more than 16 years of working experience in their respective field of expertise and they are instrumental to the growth of our Group. They are also supported by a group of dedicated employees with diverse backgrounds and experiences in the EMS industry.
- (c) We have established business relationships with international customers and are able to provide EMS manufacturing services to a diverse range of end-user markets. We have been qualified as approved vendor for various multinational customers. We provide EMS offering value-added solutions to manufacture quality products that are set out to meet consumers demand and have a mutually beneficial relationship between our customers and ourselves.

3. PROSPECTUS SUMMARY (cont'd)

- (d) We place strong emphasis on the quality of services rendered to our customers and are totally committed that the QMS that we put in place are in line with internationally acceptable practices. Our QMS meets the international standards such as ISO 9001:2015, ISO 14001:2015, AS9100D, ISO 13485:2016 and IATF 16949:2016.

For further details, please refer to Section 6.5.6.

3.4.2 Business strategies

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

- (a) We intend to expand our EMS service offerings to our existing customers and securing more new customers. Some of our customers are MNCs or international corporations with a diversified range of products. Our marketing and business development team shall continuously seek expansion opportunities in current products that we manufacture in terms of expanding the number and value of semi-finished sub-assemblies that we can manufacture for fully assembled electronic products. Also, as an established EMS provider, we will leverage on our track record in the industry to secure and identify new customers. Furthermore, we intend to ride on our new business collaboration with GoldTek to further expand our EMS business. The Business Collaboration Agreement entered into with GoldTek allows us to secure new business growth and strengthen the relationships between both parties for more future collaborations with more affiliates and/or subsidiaries of Hon Hai Precision Industry Co., Ltd. ("**Hon Hai**"). Through NIM, we shall undertake collaborative efforts with GoldTek to explore for more opportunities to collaborate together with the other affiliates and/or subsidiaries of Hon Hai to expand its product category such as portable and low power consumption IoT electronic devices and tap into their global customer base.
- (b) We intend to expand our SMT assembly capacity, wherein we have allocated RM5.93 million of our IPO proceeds to purchase additional machineries and equipment to further expand our SMT assembly lines for our PCBA services, which are expected to enhance our EMS efficiency. Upon completion of the expansion of our SMT assembly lines within 36 months, our monthly production capacity is expected to increase by 38,400,000 mounting points to a maximum of 1,296,000,000 mounting points per month.

For further details, please refer to Section 6.6.

3.5 RISK FACTORS

An investment in our Shares is subject to risks. A summary of some of the more important risks is set out below. Please refer to Section 8 for further details and the full list of our risk factors. Investors should read and understand all the risk factors before making a decision to invest in our Shares.

- (a) We are dependent on imported input materials for our EMS business, which includes capacitors, resistors, transistors, diodes, inductors, solder paste, screens, lead frames, metal core PCBs, base materials, sawn wafers (thin slices of semiconductor), epoxy adhesives/solder and wires. Any serious and prolonged global shortage of such input materials may lead to loss of business opportunities and delay in our production, thereby affecting our profitability and growth. Furthermore, our cost of production is dependent on the cost of input materials used, which in turn is dependent on the prevailing price trends in the market and vary between industries. There can be no assurance that we will be able to pass on the increase in the costs of input materials to our customers, in a timely manner or at all, to avoid adverse impact on our profit

3. PROSPECTUS SUMMARY (cont'd)

margin if there is a significant increase in our input material prices. In such an event, our results of operations and financial condition may be materially and adversely affected.

- (b) We are dependent on Company A for our EMS business activities, which contributed approximately 44.5%, 53.1%, 51.1% and 54.8% to our Group's overall revenue, for the FYE 2019 to FYE 2021 and FPE 2022, respectively. Our business with Company A is mainly conducted under the turnkey arrangement where we are required to also purchase certain raw materials from Company A for the assembly and testing of their optical telecommunication products. As such, Company A is also our single largest supplier during the financial years under review consisting of 52.8%, 56.8%, 45.6% and 33.1% to our Group's total purchases for the FYE 2019 to FYE 2021 and FPE 2022 respectively. The loss of business with Company A may have a material adverse impact to our financial performance.
- (c) Our continued and future success largely depends on the continuing contribution of our Managing Director, Executive Director and key senior management personnel, for the strategic direction, leadership, business planning and development, management and monitoring of the day-to-day business operations of our Group. The loss of any of our Managing Director, Executive Director and key senior management personnel may create an unfavourable or material impact on our Group's operations and may eventually affect our ability to maintain or improve our business performance.
- (d) Any disruptions to our EMS manufacturing facilities or unplanned shutdowns may materially and adversely affect our delivery of services. Such delays may result in our Group compensating for our customers' losses and loss of future business, which in turn may materially impact our financial performance.
- (e) Any unfavourable foreign exchange movement against the RM, especially with the weakening of the RM against the USD, may have an adverse impact on our financial performance. For FPE 2022, approximately 85.3% and 94.9% of our revenue and purchases, respectively, were denominated in USD. As such, a 10.0% strengthening or weakening of the RM against the USD will increase or decrease our Group's PBT by RM5.50 million, respectively.
- (f) We face competition from other EMS providers, which may have stronger brand names, greater access to capital, longer operating histories, longer or more established relationships with their customers, and greater marketing and other resources than we do. Our ability to compete will depend on our ability to adapt quickly to developments in the markets in which our services are performed to provide EMS assembly and testing services for our customers changing requirements. There can be no assurance that we are able to compete effectively which may adversely impact our financial performance.
- (g) Our EMS activities relies on foreign workers. As at LPD, we have 1,270 foreign workers, representing 57.9% of our total workforce and all of them have valid working permits, which are renewed annually up to 10 years. Most of our foreign workers are categorised as factory workers.

3. PROSPECTUS SUMMARY (cont'd)

3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
Directors	
Dato' Seri Wong Siew Hai	Independent Non-Executive Chairman
Ooi Eng Leong	Managing Director
Lee Kim San	Executive Director cum Chief Operating Officer
Dato' Seri Lee Kah Choon	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli	Independent Non-Executive Director
Ju Siew Lee	Independent Non-Executive Director
Key Senior Management	
Lee Aik Kun	Chief Technical Officer
Chang Tsui Shi	Finance Director
Lim Kee Beng	Business Development Director
Tay Seng Chew	Corporate Services Director
Davindra Singh Gendeh	Vice President of Operations

Details of our Directors and key senior management personnel are set out in Section 5.

3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The shareholdings of our Promoters and substantial shareholders (who are all Malaysians) in our Company before and after IPO are set out below:

Names	Before IPO ⁽¹⁾				After IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ooi Eng Leong	1,458,182,700	89.0	180,224,700	⁽³⁾ 11.0	1,199,770,000	57.8	148,286,100	⁽³⁾ 7.2
Tan Ah Geok	180,224,700	11.0	1,458,182,700	⁽³⁾ 89.0	148,286,100	7.2	1,199,770,000	⁽³⁾ 57.8

Notes:

- (1) Based on our issued share capital of 1,638,407,400 Shares after completion of the Acquisition of NSM and transfer of 2 subscriber shares to Ooi Eng Leong but before our IPO.
- (2) Based on our enlarged issued share capital of 2,073,933,300 Shares after our IPO.
- (3) Deemed interested by virtue of his/her spouse's interest pursuant to Section 8(4) of the Act.

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

3.8 UTILISATION OF PROCEEDS

The total estimated gross proceeds to be raised by our Company from the Public Issue of RM165.50 million shall be utilised in the following manner:

Utilisation of proceeds	RM'000	%	Estimated timeframe for utilisation from Listing
Purchase of machineries and equipment	5,930	3.6	Within 36 months
Working capital requirements	48,362	29.2	Within 24 months
Repayment of bank borrowings	105,508	63.8	Within 24 months
Estimated listing expenses	5,700	3.4	Within 1 month
Total	165,500	100.0	

3. PROSPECTUS SUMMARY (cont'd)

There is no minimum subscription to be raised from our IPO. Detailed information on our utilisation of proceeds is set out in Section 4.9. Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of approximately RM110.3 million shall accrue entirely to the Selling Shareholders and shall bear the entire incidental expenses and fees in relation to the Offer for Sale.

3.9 FINANCIAL AND OPERATIONAL INFORMATION

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

3.9.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out the financial highlights based on our combined statements of profit or loss and other comprehensive income for the FYEs 2019 to 2021 and FPE 2022.

	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	325,998	566,246	760,870	426,002
GP	21,528	56,103	96,756	59,869
PBT	6,321	32,903	62,662	40,504
PAT	5,264	30,670	59,547	33,385
Profit for the financial year attributable to:				
- Owners of the Company	5,264	30,612	57,328	33,040
- Non-controlling interest	-	58	2,219	345
Basic EPS (sen) ⁽¹⁾	0.32	1.87	3.50	2.02
Diluted EPS (sen) ⁽²⁾	0.25	1.48	2.76	1.59
GP margin (%) ⁽³⁾	6.6	9.9	12.7	14.1
PBT margin (%) ⁽⁴⁾	1.9	5.8	8.2	9.5
PAT margin (%) ⁽⁴⁾	1.6	5.4	7.8	7.8

Further details on the financial information are set out in Sections 11 and 12.

Notes:

- (1) Calculated based on PAT attributable to owners of our Company divided by the issued share capital of 1,638,407,400 Shares in issue before IPO.
- (2) Calculated based on PAT attributable to owners of our Company divided by the enlarged issued share capital of 2,073,933,300 Shares in issue after IPO.
- (3) Calculated based on GP over revenue.
- (4) Calculated based on PBT or PAT over revenue.

There were no exceptional or extraordinary items during the financial years under review. Our audited financial statements for the financial years under review were not subject to any audit qualifications.

3.9.2 Pro forma combined statements of financial position

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

3. PROSPECTUS SUMMARY (cont'd)

	NGH	I	II	III
	As at 30 June 2022	After Acquisition of NSM	After I and Public Issue	After II and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Total non-current assets	-	242,903	242,903	248,833
Total current assets	526	496,886	662,386	544,138
TOTAL ASSETS	526	739,789	905,289	792,971
EQUITY AND LIABILITIES				
Equity				
Share capital	-	143,361	308,861	305,354
(Accumulated Loss)/Retained profits	(16)	166,822	166,822	163,519
Merger reserve	-	(133,361)	(133,361)	(133,361)
TOTAL EQUITY	(16)	176,822	342,322	335,512
Total non-current liabilities	-	78,436	78,436	54,328
Total current liabilities	542	484,531	484,531	403,131
TOTAL LIABILITIES	542	562,967	562,967	457,459
TOTAL EQUITY AND LIABILITIES	526	739,789	905,289	792,971
NA per Share (RM)	(7,898)	0.11	0.17	0.16
Borrowings (All interest bearing debts)	-	274,464	274,464	168,956
Gearing (times) ⁽¹⁾	-	1.55	0.80	0.50
Current ratio (times) ⁽²⁾	0.97	1.03	1.37	1.35

Notes:

- (1) Calculated based on total borrowings divided by total equity.
(2) Calculated based on total current assets divided by total current liabilities.

3.9.3 Operational highlights

We are an established EMS provider with a focus on the assembly and testing of electronic components and products to produce completed PCBs, semi-finished sub-assemblies and fully-assembled electronic products as well as semiconductor devices. Our value added supporting services includes high precision plastic injection moulding, prototyping for manufacturability, supply chain management and packaging. We operate our EMS business from our EMS manufacturing facilities located in Seberang Perai, Pulau Pinang (under NSM) and Taiping, Perak (under NSY). We have the flexibility to undertake high-mix, low-volume and low-mix, high-volume production based on customers' requirements.

As at the LPD, we have a total of 31 SMT assembly lines with a monthly capacity to mount 1,257,600,000 mounting points per month. Our assembly lines are flexible and modular (with each line customisable), which allows us to provide assembly services to customers from various industry segments and provide low production volumes with high number of placements / mounting of different components, which are considered complex and niche contracts. With this flexibility, we are able to accommodate customers with different order requirements and size, allowing us to cater for a bigger pool of clientele. We generate our revenue as and when we deliver the assembled products and completed PCBs based on purchase orders received. Our unbilled purchase orders for our EMS activities as at LPD amounts to RM369.55 million.

3. PROSPECTUS SUMMARY (cont'd)

The breakdown of our revenue by customer segment for FYE 2019 to 2021 as well as FPE 2022 are as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Networking telecommunications	198,631	60.9	371,777	65.6	473,941	62.2	283,500	66.5
Industrial instruments	79,228	24.4	72,044	12.7	85,745	11.3	54,522	12.8
Data computing	6,946	2.1	78,022	13.8	128,047	16.9	52,511	12.3
Consumer electronics	10,248	3.1	7,722	1.3	6,396	0.8	1,039	0.3
Automotive	18,876	5.8	12,325	2.2	21,244	2.8	15,721	3.7
Semiconductor	-	-	7,657	1.4	26,921	3.5	12,286	2.9
Others ⁽¹⁾	12,069	3.7	16,699	3.0	18,576	2.5	6,423	1.5
Total	325,998	100.0	566,246	100.0	760,870	100.0	426,002	100.0

Notes:

- (1) Mainly consists of manufacturers of medical devices, IoT, avionics, household electronic products and analytical instrumentation devices.

For FYE 2019, 2020, and 2021 as well as FPE 2022, our top 5 customers contributed 73.4%, 75.7%, 78.1% and 83.0% of our Group's total revenue, respectively.

3.10 DIVIDEND POLICY

Our Company does not have any formal dividend policy. As we are a holding company, our Company's income and therefore our ability to pay dividends is dependent upon the dividends we receive from our subsidiaries and/or associate company, present or future. The payment of dividends or other distributions by our subsidiaries and/or associate company will depend on their distributable profits, operating results, financial condition, capital expenditure plans, business expansion plans and other factors that their respective boards of directors deem relevant. In respect of FYEs 2019 to 2021 as well as FPE 2022 and up to LPD, dividends declared by our subsidiary, NSM were as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022	Up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividends declared	-	(1)5,000	(2)12,500	-	-

Notes:

- (1) For FYE 2020, dividend of RM5.00 million was declared on 31 December 2020 and paid in March 2021. The dividends of RM5.00 million represent 16.3% of our PAT attributable to owners of the Company.
- (2) For FYE 2021, dividend of RM12.50 million was declared on 31 December 2021, of which RM12.50 million have been paid as at LPD. The dividends of RM12.50 million represent 21.8% of our PAT attributable to owners of the Company.

Save as disclosed above, there are no other pre-IPO dividends proposed to be declared or paid up to our Listing.

Further details of our dividends are set out in Section 11.7.

4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 12 December 2022 and will remain open until 5.00 p.m. on 30 December 2022. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Indicative Dates
Opening of Application	12 December 2022
Closing Date of Application	30 December 2022
Balloting of Application	4 January 2023
Allotment of Issue Shares to successful applicants	11 January 2023
Date of Listing	12 January 2023

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

4.3 LISTING SCHEME

4.3.1 Public Issue

A total of 435,525,900 Issue Shares representing 21.0% of our enlarged share capital are offered at the IPO Price and shall be allocated in the following manner:

(a) Malaysian Public

103,696,800 Issue Shares, representing approximately 5.0% of our enlarged share capital are made available for application by the Malaysian Public, to be allocated via balloting process as follows:

- (i) 51,848,400 Issue Shares made available to public investors; and
- (ii) 51,848,400 Issue Shares made available to Bumiputera public investors.

(b) Pink Form Allocations

103,696,800 Issue Shares, representing approximately 5.0% of our enlarged share capital are reserved for our eligible Directors and employees as well as persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 4.3.3.

(c) Private placement to selected investors

228,132,300 Issue Shares, representing 11.0% of our enlarged share capital are reserved for private placement to selected investors.

The basis of allocation of our Issue Shares shall take into account the distribution of the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements and to establish a liquid market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or 'greenshoe' option that will increase the number of our Issue Shares.

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

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

4.3.2 Offer for Sale

The Selling Shareholders will undertake an offer for sale of 290,351,300 Offer Shares, representing approximately 14.0% of our enlarged share capital at the IPO Price, by way of private placement to selected investors and Bumiputera investors approved by MITI. The details of our Selling Shareholders are as follows:

Name/Residential address	Relationship with our Group	As at the LPD/Before IPO		Offer Shares offered		After IPO	
		No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Ooi Eng Leong / 11, Jalan Bayan Mutiara 2, Bayan Mutiara 11700 Gelugor Pulau Pinang	Promoter, substantial shareholder and Managing Director	1,458,182,700	89.0	258,412,700	12.5	1,199,770,000	57.8
Tan Ah Geok ⁽³⁾ / 11, Jalan Bayan Mutiara 2, Bayan Mutiara 11700 Gelugor Pulau Pinang	Promoter and substantial shareholder	180,224,700	11.0	31,938,600	1.5	148,286,100	7.2

Notes:

- (1) Based on the share capital of 1,638,407,400 Shares after completion of the Acquisition of NSM and transfer of 2 subscriber shares to Ooi Eng Leong but before our IPO.
- (2) Based on the enlarged share capital of 2,073,933,300 Shares after our IPO.
- (3) Tan Ah Geok is the spouse of Ooi Eng Leong.

The Offer for Sale is subject to the terms and conditions of this Prospectus.

Further details of our Selling Shareholders, who are also our Promoters, substantial shareholders and Directors are set out in Sections 5.1 and 5.2.

4. DETAILS OF OUR IPO (cont'd)

4.3.3 Pink Form Allocations

We have allocated 103,696,800 Issue Shares to eligible Directors and employees of our Group as well as persons who have contributed to the success of our Group under the Pink Form Allocations as follows:

Categories	No. of eligible persons	Aggregate no. of Issue Shares
Eligible Directors	5	31,600,000
Eligible key senior management	5	16,060,000
Eligible employees	904	39,725,000
Persons who have contributed to the success of our Group	90	16,311,800
Total	1,004	103,696,800

Pink Form Allocations which are not accepted by certain eligible Directors, key senior management and employees of our Group will be re-allocated to our other eligible Directors as set out in the table below and eligible employees at the discretion of our Board.

(a) Allocation to our eligible Directors

The criteria for allocation to our eligible Directors are based on amongst others their anticipated contribution to our Group. Our Managing Director has opted not to participate in the Pink Form Allocations as he is already our substantial shareholder and Selling Shareholder. Details of the proposed allocation to our other Directors are as follows:

Name	Designation	No. of Issue Shares
Dato' Seri Wong Siew Hai	Independent Non-Executive Chairman	4,000,000
Lee Kim San	Executive Director cum Chief Operating Officer	21,000,000
Dato' Seri Lee Kah Choon	Independent Non-Executive Director	4,000,000
Dato' Faiza Binti Zulkifli	Independent Non-Executive Director	1,300,000
Ju Siew Lee	Independent Non-Executive Director	1,300,000
Total		31,600,000

(b) Allocation to eligible employees

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

- (i) our employees must be an eligible and confirmed employee and on the payroll of our Group;
- (ii) full time employee of at least 18 years of age; and
- (iii) the number of Shares allocated to our eligible employees is based on their seniority, position, length of service and/or respective contribution to our Group as well as other factors deemed relevant by our Board.

4. DETAILS OF OUR IPO (cont'd)

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

Names	Designation	No. of Issue Shares
Key senior management		
Lee Aik Kun	Chief Technical Officer	6,500,000
Chang Tsui Shi	Finance Director	1,300,000
Lim Kee Beng	Business Development Director	1,500,000
Tay Seng Chew	Corporate Services Director	6,500,000
Davindra Singh Gendeh	Vice President of Operations	260,000
Total		16,060,000

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

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

Any Issue Shares reserved under the Pink Form Allocations which are not taken up will be made available for subscription by the following persons as follows:

- (a) firstly, by the other eligible Directors and employees;
- (b) secondly, by the Malaysian Public as described in Section 4.3.1(a) of this Prospectus;
- (c) thirdly, by our selected investors as described in Section 4.3.1(c) of this Prospectus; and
- (d) lastly, by our Underwriter based on the terms of the Underwriting Agreement.

As at the LPD, save as disclosed in Section 4.3.3, to the extent known to our Company:

- (a) there are no substantial shareholder(s), Directors, or key senior management of our Company who have indicated to our Company that they intend to subscribe for the IPO Shares; and
- (b) there are no person(s) who have indicated to our Company that they intend to subscribe for more than 5.0% of the IPO Shares.

4.4 BASIS OF ARRIVING AT OUR IPO PRICE

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

- (a) PE Multiple of approximately 11.9 times based on our audited pro forma annualised EPS of 3.18 sen for FPE 2022, calculated based on our audited combined PAT attributable to the owners of our Group of RM33.04 million and enlarged share capital of 2,073,933,300 Shares upon Listing;
- (b) our pro forma consolidated NA per Share of 16.18 sen as at 30 June 2022 after the Acquisition of NSM, Public Issue and utilisation of proceeds of RM165.50 million, calculated based on our pro forma consolidated NA as at 30 June 2022 of RM335.51 million and enlarged share capital of 2,073,933,300 Shares upon Listing;

4. DETAILS OF OUR IPO (cont'd)

- (c) our historical financial track record for the past FYEs 2019 to 2021 as well as FPE 2021 and FPE 2022 summarised below:

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	325,998	566,246	760,870	379,892	426,002
GP	21,528	56,103	96,756	40,729	59,869
PAT attributable to the owners of the Company	5,264	30,612	57,328	21,843	33,040
Basic EPS (sen) ⁽¹⁾	0.32	1.87	3.50	1.33	2.02
Diluted EPS (sen) ⁽²⁾	0.25	1.48	2.76	1.05	1.59

Notes:

- (1) Calculated based on PAT attributable to the owners of our Company of the respective FYEs over our enlarged number of shares of 1,638,407,400 Shares in issuance before our IPO.
- (2) Calculated based on our PAT attributable to the owners of our Company divided by the enlarged number of shares of 2,073,933,300 Shares after our IPO.

- (d) our competitive strengths as set out in Section 6.5.6; and
- (e) our Group's business strategies as set out in Section 6.6.

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

4.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

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

Details	No. of Shares	RM
Share capital		
As at the date of this Prospectus	1,638,407,400	143,360,649
To be issued under Public Issue	435,525,900	165,499,842
Enlarged share capital upon Listing	2,073,933,300	308,860,491

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

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

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

4. DETAILS OF OUR IPO (cont'd)

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

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

4.6 PURPOSES OF OUR IPO

The purposes of our IPO are as follows:

- (a) to enable our Group to raise funds for the purposes specified in Section 4.9;
- (b) to gain recognition through our listing status which will enhance our Group's reputation in the marketing of our services, retention of our employees, expansion of our client base, and to attract new talents;
- (c) to increase the visibility of our Group in the EMS industry in Malaysia;
- (d) to provide an opportunity for the Malaysian Public, including our eligible Directors, key senior management and employees to participate as well as persons who have contributed to the success to our Group to participate in our equity; and
- (e) to enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when they arise.

4.7 TOTAL MARKET CAPITALISATION UPON LISTING

Based on our IPO Price and enlarged share capital of 2,073,933,300 Shares, our total market capitalisation is estimated to be RM788,094,654 upon Listing.

4.8 DILUTION

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

	RM
IPO Price	0.38
Pro forma consolidated NA per Share as at 30 June 2022 after Acquisition of NSM but before Public Issue	0.11
Pro forma consolidated NA per Share as at 30 June 2022 after Acquisition of NSM, Public Issue and utilisation of proceeds	0.16
Increase in pro forma consolidated NA per Share attributable to existing shareholders	0.05
Dilution in pro forma consolidated NA per Share to new public investors	0.22
Dilution in pro forma consolidated NA per Share as a percentage of IPO Price	57.9%

4. DETAILS OF OUR IPO (cont'd)

Further details of our pro forma consolidated NA per Share as at 30 June 2022 is set out in Section 13.

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

Shareholders	⁽¹⁾ No. of Shares received	Total consideration	Average effective cost per Share
		RM	RM
Ooi Eng Leong	1,458,182,700	127,590,988	0.0875
Tan Ah Geok	180,224,700	15,769,661	0.0875
Total	1,638,407,400	143,360,649	0.0875

Note:

- (1) Issued pursuant to the Acquisition of NSM and after the transfer of 2 subscriber shares in NGH to Ooi Eng Leong.

Save for the:

- (a) transfer of 2 subscriber shares in NGH to Ooi Eng Leong;
- (b) Shares received by our Promoters pursuant to the Acquisition of NSM; and
- (c) Pink Form Allocations,

there has been no acquisition or subscription of any of our Shares by our Directors or key senior management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past 3 years up to the LPD.

4.9 UTILISATION OF PROCEEDS**4.9.1 Public Issue**

The estimated gross proceeds arising from our Public Issue of RM165.50 million will accrue entirely to us and are planned to be utilised in the following manner:

Utilisation of proceeds	Notes	RM'000	%	Estimated timeframe for utilisation from Listing
Purchase of machineries and equipment	(a)	5,930	3.6	Within 36 months
Working capital requirements	(b)	48,362	29.2	Within 24 months
Repayment of bank borrowings	(c)	105,508	63.8	Within 24 months
Estimated listing expenses	(d)	5,700	3.4	Within 1 month
Total		165,500	100.0	

4. DETAILS OF OUR IPO (cont'd)**Notes:****(a) Purchase of machineries and equipment**

We intend to utilise RM5.93 million or 3.6% of the proceeds from the Public Issue to purchase additional machineries and equipment to further expand our SMT assembly capacity by up to 38,400,000 mounting points to a maximum of 1,296,000,000 mounting points per month and enhancing our production efficiency at Plant 5, in line with the increased demands from our Group's existing and new customers. The details are as follows:

Type of machinery / software	Functions	No. of units	Total estimated cost RM'000
SMT machines	Automated SMT high speed and precision placement machines to mount surface mount devices and electronic components (such as capacitors, resistors, ICs and optoelectronic components) onto the surface of PCBs	4	4,000
Fully automatic vision printer	To perform inspection on the insertion points on the PCBs	1	380
AOI system	It is an automated visual inspection machine used to monitor PCBAs for quality examination and specially catered to different sizes of PCBs to be examined with maximum throughput. It has camera which autonomously scans the device for test quality defect example missing, solder short component and others.	2	800
Advanced 3D solder paste inspection system	Inspect solder paste deposits on the PCB manufacturing process automatically. It inspects the solder joint of solder paste printing quality through 3D angle inspection and data traceability that automatically rejects results that are outside pre-set conditions	1	250
Reflow ovens	Used for reflow soldering of surface mount electronic components to PCBs to form acceptable solder joints. It is a very effective method for soldering circuit boards with lots of surface mount components. It can be individually controlled for temperature through several heating zones followed by cooling zones	2	500
Total			5,930

The above proceeds will be utilised over a period of 36 months from the date of our Listing in order to allow us to have the flexibility to purchase the additional machineries and equipment as and when required to support our expansion plans for our SMT assembly operations in Plant 5. The assembly floor space in Plant 5 has the sufficient manufacturing floor space to accommodate the above new machineries and equipment to be purchased by our Group. As at the LPD, we have not procured or entered into any purchase orders or binding arrangements for the purchase of these new machineries and

4. DETAILS OF OUR IPO (cont'd)

equipment. For avoidance of doubt, our Group will not utilise the IPO proceeds for payment of existing material capital commitments for capital expenditures as disclosed in Section 11.3.5(a), which shall be financed via combination of bank borrowings and/or internally generated funds of our Group.

(b) Working capital requirements

A total of RM48.36 million or 29.2% of our Public Issue proceeds will be used to finance additional working capital requirements in tandem with the expected growth in our EMS business activities. The working capital will be used to purchase various raw materials, consumables and electronic components consumed for our EMS activities, which are our largest cost of sales item (collectively contributing between 75.2% to 83.4% in FYE 2019 to 2021 as well as FPE 2022), as follows:

No.	Details	RM'000
(i)	PCBs	24,181
(ii)	Electronic components (such as capacitors, resistors, optoelectronics, ICs, etc)	24,181
Total		48,362

(c) Repayment of bank borrowings

We intend to utilise the proceeds of RM105.51 million or 63.8% of our Public Issue proceeds to pare down and reduce the utilisation of our bankers' acceptance and term loan facilities. The interest rates and the tenure of the bankers' acceptances and term loan facilities are set out below:

Type of banking facilities	Purposes	Interest rate per annum (%)	Maturity date	Outstanding balance as at 30 June 2022 RM'000	Proposed repayment RM'000	Estimated interest savings RM'000
Bankers' acceptance	Purchase of raw materials and working capital requirements	1.75 – 3.89	1 to 3 months	146,593 ^(a)	50,000	1,410
Term loans	<ul style="list-style-type: none"> • Financing of construction cost of Plant 5 • Purchase of Plant 1, Plant 2 and Plant 3 	2.77 – 4.54	Up to 15 years	57,927 ^(b)	55,508	2,029
Total				204,520	105,508	3,439

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

(a) Consists of the following bankers' acceptance as at 30 June 2022:

Type of banking facilities	Purposes	Outstanding balance as at 30 June 2022
		RM'000
RM-denominated bankers' acceptance	Purchase of raw materials and working capital requirements	89,521
USD-denominated bankers' acceptance	Purchase of raw materials and working capital requirements	57,072
Total		146,593

(b) Consists of the following term loans as at 30 June 2022:

Type of banking facilities	Purposes	Outstanding balance	
		As at 31 December 2021 RM'000	As at 30 June 2022 RM'000
RM-denominated term loans	<ul style="list-style-type: none"> Purchase of Plant 1, Plant 2 and Plant 3 as well as repayment of amount owing to SkyGate Technology Financing of construction cost of Plant 5 	30,410	29,023
USD-denominated term loans	<ul style="list-style-type: none"> Purchase of Plant 1, Plant 2, Plant 3 as well as repayment of amount owing to SkyGate Technology Financing of construction cost of Plant 5 	30,104	28,904
Total		60,514	57,927

As at the LPD, we have utilised bankers' acceptance and term loan facilities from UOB Bank Berhad, Hong Leong Bank Berhad, Ambank Berhad, Alliance Bank Berhad and CIMB Bank Berhad.

The selection on the type of financing facilities to be repaid via utilisation of IPO proceeds was determined after taking into account the following factors:

- (i) interest cost of such financing facilities;
- (ii) outstanding loan amount;
- (iii) ability to re-draw the loan facilities upon full settlement; and
- (iv) early settlement fees to be paid.

The proposed repayment will reduce our overall gearing level from 1.55 times to 0.50 times, based on the pro forma consolidated statements of financial position as at 30 June 2022 and result in an expected annual interest savings of approximately RM3.44 million per annum, assuming the average effective interest rate of 3.26% per annum, which was arrived at based on the average interest rate charged, amount of bank borrowings undertaken and repayment period. However, the actual interest savings may vary depending on the then applicable interest rate. In addition, the early repayment of the

4. DETAILS OF OUR IPO (cont'd)

above term loan facilities will result in an early settlement fee of RM1.11 million which was determined based on the rate of 2.00% multiplied by the outstanding amount of RM55.51 million, which will be paid via internally generated funds of the Group. We intend to formally request from the respective financial institutions to reduce or waive the early settlement fees upon receipt of the proceeds from our Public Issue. As such, we have allocated up to 24 months to fully utilise the IPO proceeds for the repayment of our bank borrowings. Other than the above stated term loans, bankers' acceptance and revolving credit, our other financing facilities generally do not have any early settlement fees or penalty fees to be incurred.

(d) Estimated listing expenses

An amount of RM5.70 million or 3.4% of our Public Issue proceeds is allocated to meet the estimated expenses of our Listing. The following summarises the estimated listing expenses incidental to our Listing to be borne by us:

Utilisation	RM'000
Professional fees ⁽¹⁾	2,300
Underwriting, placement and brokerage fees	3,280
Printing, advertising fees and contingencies ⁽²⁾	120
Total	5,700

If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, such excess of proceeds will be utilised for our working capital requirements.

Notes:

- (1) Includes advisory/professional fees for, amongst others, our Adviser, Solicitors, Reporting Accountants, IMR and Issuing House.
- (2) Other incidental or related expenses in connection with our IPO.

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

The financial impact of the utilisation of proceeds from the Public Issue on our pro forma consolidated financial information is set out in Section 13.

4.9.2 Offer for Sale

The Offer for Sale is expected to raise gross proceeds of approximately RM110.33 million which will accrue entirely to the Offerors and we will not receive any of the proceeds. The Offerors shall bear all of the expenses such as stamp duty, placement fees and miscellaneous fees relating to the Offer Shares, the aggregate of which are estimated to be approximately RM1.93 million.

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

4.10 UNDERWRITING COMMISSION, PLACEMENT FEES AND BROKERAGE FEES

4.10.1 Underwriting arrangement and commission

(a) Underwriting arrangement

Our Underwriter will underwrite 207,393,600 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 228,132,300 Issue Shares reserved for private placement to selected investors and 290,351,300 Offer Shares reserved for private placement to selected investors and Bumiputera investors approved by MITI will be fully placed out by our Placement Agent and will not be underwritten.

Any of our Issue Shares not subscribed for under Sections 4.3.1(a) and 4.3.1(b) above shall be subject to the following clawback and reallocation provisions:

- (i) If any Issue Shares allocated to the Malaysian Public are undersubscribed, the balance portion will be allocated to our eligible Directors and employees as well as persons who have contributed to the success of our Group under the Pink Form Allocations. Likewise, any Issue Shares which are not taken up by our eligible Directors and employees as well as persons who have contributed to the success of our Group under the Pink Form Allocations will be allocated to the Malaysian Public.
- (ii) Subject to Section 4.10.1(a)(i), in the event there are Issue Shares not subscribed by the Malaysian Public as well as our eligible Directors and employees as well as persons who have contributed to the success of our Group, the remaining portion will be made available for application by way of private placement to selected investors to be identified under Section 4.3.1(c) of this Prospectus. Thereafter, any remaining Issue Shares that are still not subscribed for will be underwritten based on the terms and conditions of the Underwriting Agreement.
- (iii) The allocation of Issue Shares to identified Bumiputera investors shall be subject to the allocation as approved by MITI. Any unsubscribed Issue Shares under this allocation shall firstly be reallocated to institutional investors. If after the above reallocation, there are still Issue Shares not taken up, the said unsubscribed Issue Shares shall then be offered to Bumiputera public investors via public balloting, and thereafter to the other public investors via public balloting.
- (iv) In the event of an oversubscription by the Malaysian Public and a corresponding under-subscription under Sections 4.3.1(b) and/or 4.3.1(c) of this Prospectus, the remaining portion will be clawed-back and be allocated to the Malaysian Public to increase the participation of retail investors.
- (v) Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

The clawback and reallocation shall not apply in the event of over-application under Sections 4.3.1(a)(i), 4.3.1(a)(ii), 4.3.1(b) and 4.3.1(c) of this Prospectus.

(b) Underwriting commission

Our Underwriter will underwrite 207,393,600 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 1.75% of the total value of the underwritten Issue Shares at our IPO Price.

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

4.10.2 Placement arrangement and fee

Our Placement Agent has agreed to place out 228,132,300 Issue Shares to selected investors and 290,351,300 Offer Shares to identified Bumiputera investors approved by MITI as well as to selected investors.

We are obliged to pay our Placement Agent a placement fee of 1.75% of the value of those Issue Shares placed out to selected investors. The placement fee of 1.75% of the value of those Offer Shares placed out to identified Bumiputera investors approved by MITI and selected investors by our Placement Agent, will be borne entirely by the Offerors.

4.10.3 Brokerage fee

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

4.11 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement are as follows:

- 1.1 Subject to the terms and conditions of the Underwriting Agreement, M&A Securities has agreed to underwrite 207,393,600 Issue Shares ("**Underwritten Shares**") as set out in Section 4.10.1.
- 1.2 The obligations of the Underwriter under the Underwriting Agreement shall further be conditional upon *inter alia* the following ("**Conditions Precedent**"):
 - (a) The Underwriter being provided with such reports or confirmation and being satisfied on the 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 our Group 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 our Company materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by our Company;
 - (b) the Underwriter receiving a certificate in the form or substantially in the form dated the Closing Date signed by the duly authorised officers of our 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 our Company or the secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of the Directors and the shareholders of our Company in general meeting:
 - (i) approving the Prospectus and the application forms, the Public Issue, Offer for Sale, the Listing the Underwriting Agreement and the transactions contemplated by it;

4. DETAILS OF OUR IPO (cont'd)

- (ii) authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company and the issuance of the Prospectus;
 - (d) the issue and subscription of the Issue 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 Shares and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the Public Issue, Offer for Sale and the Listing 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;
 - (e) the Underwriter being satisfied that our Company has complied with and that the issuance and subscription of the Issue 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 and 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 our Company on the ACE Market of Bursa Securities having been unconditionally approved-in-principle by Bursa Securities or subject only to conditions which are acceptable to the Underwriter and such approval is not withdrawn;
 - (h) the launching of Prospectus taking place within three (3) months from the date of the Underwriting Agreement or such other later date as the Underwriter and our Company may from time to time agree in writing;
 - (i) the Prospectus having been lodged with the Companies Commission of Malaysia and registered with Bursa Securities together with all the required documents in accordance with the CMSA, the Act and the relevant laws and regulations;
 - (j) the Underwriting Agreement being duly signed by all parties and stamped;
 - (k) the Listing within one (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 and upon the Underwriter's (in this regard, in its capacity as the placement agent for the shares to be placed out by the placement agent) receipt of the full subscription monies for the shares to be placed out by the placement agent on or before the last date for payment of the same.
- 1.3 If after the Conditions Precedent have been complied with and our Company decides not to proceed with the IPO, the Underwriter may treat itself as so released or discharged from its obligations and the Underwriting Agreement shall be terminated and be of no further force or effect provided that our Company shall remain liable for the payment of the sum as set out in the Underwriting Agreement and all other costs and expenses incurred by the Underwriter in connection with the underwriting of the Underwritten Shares (including late interest payment, if applicable).

4. DETAILS OF OUR IPO (cont'd)

- 1.4 The Underwriter may waive all or any of the conditions except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement and such waiver or modification shall not prejudice the Underwriter's rights under the Underwriting Agreement.
- 1.5 Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may at any time on or before the Closing Date, terminate its obligations under the Underwriting Agreement if:
- (a) any of the Conditions Precedent under the Underwriting Agreement is not duly satisfied by the Closing Date; or
 - (b) there is any material breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Underwriter within ten (10) Market Days from the date our Company is notified by the Underwriter of such breach; or
 - (c) there is withholding of material information by our Company which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of the Issue Shares; or
 - (d) approval of Bursa Securities in respect of the IPO or the approval-in-principle of Bursa Securities for the listing and quotation of its entire enlarged issued share capital on the ACE Market is withdrawn; or
 - (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Company or our Group; or
 - (f) our Company or any of its subsidiaries becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or
 - (g) there shall have occurred, or happened any of the force majeure event including, but not limited to:
 - (i) any government requisition or other occurrence of any nature whatsoever which in the opinion of the Underwriter seriously affects or will seriously affect the business and/or financial position of our Group; or
 - (ii) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (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 the occurrence of any combination of any of the foregoing which, would have or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of our Company or our Group as a whole, the success of the IPO, or the distribution or sale of the Issue Shares, or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

4. DETAILS OF OUR IPO (cont'd)

- (iii) any new law or regulation or any change in existing laws or regulations, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Underwriter has or is likely to have a material adverse effect on the condition (financial or otherwise) or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of our Group; or
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market due to exceptional financial circumstances or otherwise; or
 - (v) there having been on or prior to the Closing Date and in the reasonable opinion of the Underwriter, any adverse and material change or development reasonably likely to involve a prospective adverse and material change in the financial or business condition of our Group from that set out in the Prospectus which is material in the context of the offering of the Issue Shares and/or Offer Shares thereunder or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the warranties and representations of our Company under the Underwriting Agreement as though given or made on such date; or
 - (vi) any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of government, national disorder, declaration of a state of national emergency, pandemics, acts of terrorism, strikes, lockouts, fire, explosion, earthquake, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which would have, or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of our Company or our Group as a whole, the success of the IPO, or the distribution or sale of the Issue Shares, or which has or is reasonably likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
 - (vii) if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day on or after the date of the Underwriting Agreement and prior to the allotment of the Issue Shares, lower than 80% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) Market Days; or
 - (viii) there is any failure on the part of our Company to perform any of its material obligations under the Underwriting Agreement.
- 1.6 In the event that the Underwriting Agreement is terminated pursuant to the terms and conditions therein, the Underwriter and our Company may confer with a view to deferring the Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriter nor our Company shall be under any obligation to enter into a fresh agreement.
- 1.7 If the Underwriter terminates its obligation pursuant to item 1.5 above, the parties shall be released and discharged from their respective obligations under the Underwriting Agreement, save for the Underwriter's rights to the following:

4. DETAILS OF OUR IPO (cont'd)

- (a) the payment of the sum of RM10,000, where termination occurs prior to issuance of the Prospectus or the underwriting commission, where the termination occurs subsequent thereto;
- (b) costs and expenses incurred by the Underwriter in connection with the underwriting of the Underwritten Shares (including late interest payment, if applicable); and
- (c) right to be indemnified by our Company.

4.12 TRADING AND SETTLEMENT IN SECONDARY MARKET

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

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

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

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

[The rest of this page is intentionally left blank]

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

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

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

Names/Nationality	As at the LPD / Before IPO ⁽¹⁾				After IPO ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ooi Eng Leong / Malaysian	1,458,182,700	89.0	180,224,700	⁽³⁾ 11.0	1,199,770,000	57.8	148,286,100	⁽³⁾ 7.2
Tan Ah Geok / Malaysian	180,224,700	11.0	1,458,182,700	⁽³⁾ 89.0	148,286,100	7.2	1,199,770,000	⁽³⁾ 57.8

Notes:

- (1) Based on the share capital of 1,638,407,400 Shares after the Acquisition of NSM and transfer of 2 subscriber shares to Ooi Eng Leong but before our IPO.
- (2) Based on the enlarged share capital of 2,073,933,300 Shares after our IPO.
- (3) Deemed interested by of virtue his/her spouse's interest pursuant to Section 8(4) of the Act.

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

5.1.2 Profiles of Promoters and substantial shareholders

The profile of Ooi Eng Leong, who is our Managing Director, Promoter and substantial shareholder, is set out in Section 5.2.2(b) below.

(a) Tan Ah Geok *Promoter and substantial shareholder*

Tan Ah Geok, a Malaysian female, aged 53, is our Promoter and substantial shareholder. She is the spouse of Ooi Eng Leong and she was formerly a Director of NSM. She completed her secondary school education until Form 3 in 1984 at Sekolah Kampong Kastam Butterworth, Pulau Pinang. Between 1985 and 1995, she underwent a short course and became an apprentice beautician as well as performed administrative works in several companies. After her marriage to Ooi Eng Leong in 1995, she became a housewife. She joined NSM as a Director in October 2011 (resigned on 11 April 2017). She rejoined NSM as an Administrative Manager on 12 April 2017 to concentrate solely on the administrative functions of NSM. She resigned on 30 April 2021 to focus on her family matters.

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

5.1.3 Changes in the Promoters' and substantial shareholders' shareholdings

The changes in our Promoters and/or substantial shareholders' respective shareholdings since our incorporation on 4 February 2021 are as follows:

Promoter/ Shareholder	As at incorporation			Before IPO ⁽²⁾			After IPO ⁽³⁾			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ooi Can Nix ⁽¹⁾	1	50.0	-	-	-	-	-	-	-	-
Chew Tien Kee ⁽¹⁾	1	50.0	-	-	-	-	-	-	-	-
Ooi Eng Leong	-	-	-	89.0	180,224,700	(4)11.0	1,199,770,000	57.8	148,286,100	(4)7.2
Tan Ah Geok	-	-	-	11.0	1,458,182,700	(4)89.0	148,286,100	7.2	1,199,770,000	(4)57.8

Notes:

- (1) Being the subscriber shareholder of our Company.
- (2) Based on the share capital of 1,638,407,400 Shares after the Acquisition of NSM and transfer of 2 subscriber shares to Ooi Eng Leong but before our IPO.
- (3) Based on the enlarged share capital of 2,073,933,300 Shares after our IPO.
- (4) Deemed interested by of virtue his/her spouse's interest pursuant to Section 8(4) of the Act.

5.1.4 Persons exercising control over the corporation

Save for our Promoters, we are not aware of any other person(s) who is able to, directly or indirectly, jointly or severally, exercise control over our Company. There are no arrangements which may at a subsequent date result in a change in control in our Company.

5.1.5 Benefits paid or intended to be paid

Save for the dividends paid to our Promoters and substantial shareholders as disclosed in Section 11.7, our Directors' remuneration and benefits as disclosed in Section 5.5 below and as disclosed below, there is no amount and benefit that has been or is intended to be paid or given to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

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

The aggregate remuneration and material benefits-in-kind paid to our substantial shareholder, namely Tan Ah Geok for services rendered in all capacities to our Group for FYEs 2020 and 2021 are as follows:

	Directors' fees	Salaries	Bonuses	Benefits- in-kind	(1)Total
	RM'000	RM'000	RM'000	RM'000	RM'000
FYE 2020	-	78	6	-	84
FYE 2021	-	26	-	-	26
FPE 2022	-	-	-	-	-

Note:

- (1) The aggregate remuneration and material benefits-in-kind paid is in relation to her role as an Administrative Manager. Thereafter, she has resigned as the Administrative Manager of NSM on 30 April 2021.

5.2 DIRECTORS

5.2.1 Profiles of Directors

The profiles of our Directors are as follows:

(a) **Dato' Seri Wong Siew Hai** *Independent Non-Executive Chairman*

Dato' Seri Wong Siew Hai, a Malaysian male, aged 71, is our Independent Non-Executive Chairman and was appointed to our Board on 18 May 2021.

He graduated with a Bachelor of Science in Mechanical Engineering from University of Leeds, United Kingdom in 1974 and Masters of Science in Management Science from Imperial College of Science & Technology, University of London, United Kingdom in 1975. He has also been awarded the Outstanding Award in the Management Development Program under the Asian Institute of Management, Philippines in 1983. In 2015, he was awarded the ASEAN Outstanding Engineering Achievement Award by the ASEAN Federation of Engineering Organisations. He is a veteran in the E&E industry with more than 29 years of semiconductor manufacturing experience within the E&E industry covering Asia Pacific and global regions.

He began his career with Intel Technology Sdn Bhd ("**Intel**") (a company involved in the assembly and testing of integrated semiconductor devices) in 1976 as a Quality Assurance Engineer and was promoted to Quality Assurance Manager in 1978. During this period, he was responsible for Intel's QA for assembly operations of semiconductors. In 1993, he rose to the rank of General Manager where he was responsible for supervising Intel's 8-bit micro-controller business unit. After 20 years of service with Intel, he joined Penang Asia Pacific Customers Centre for Dell Incorporated ("**Dell**") (a company involved in the design, manufacturing, distribution and sales of computer and computer peripheral equipment) in 1996 as its Managing Director and Vice President, where he was mainly involved in the management of their operations. In 1998, he left Dell and re-joined Intel as its Managing Director of Assembly Test Manufacturing in Malaysia and was later promoted to Vice President of Technology and Manufacturing Group and General Manager of Assembly and Test Manufacturing,

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

where he was responsible for all of Intel's assembly test factories worldwide. He retired from Intel in 2004.

He was a Director of Invest-In-Penang Berhad (an agency incorporated by the Penang State Government to promote investment in the state of Penang) from 2004 to 2008. From 2005 to 2017, he was a board member of Malaysia External Trade Development Corporation ("**MATRADE**"), a division under MITI and was the Chairman of the Audit Committee of MATRADE's board from 2011 to 2017. He was the Chairman of the Malaysian American Electronics Industry, an industry committee under the American Malaysian Chamber of Commerce from 2005 until 2021. From 2012 to 2016, he acted as our Group's Advisor providing advice and guidance to our Group in the E&E industry. He is also a member of the National Productivity Council since 2017. From June 2007 to August 2022, he was the Independent Non-Executive Director of SAM Engineering & Equipment (M) Berhad, a company listed on the Main Market of Bursa Securities.

He is currently a Director of Penang Tech Centre since 2011 and Penang Science Cluster since 2013, both of which are non-profit entities that aims to help inspire the interest of the next generation in science and technology.

He is currently the President of the Malaysian Semiconductor Industry Association which was recently formed in January 2021. He is also the Chairman of E&E Productivity Nexus Council (since 2017) and a member of Pasukan Petugas Khas Pemudahcara Perniagaan, a special task force comprising of public and private sector to address public delivery effectiveness and to improve Malaysia's competitiveness (since 2012). He is presently the Independent Non-Executive Director of Greatech Technology Berhad (since May 2020), which is listed on the Main Market of Bursa Securities. He is also an Independent Non-Executive Director of Malaysia Venture Capital Management Berhad (appointed on 1 October 2019), a venture capital company involved in the technology space formed by the Malaysian Government to develop the Malaysian venture capital ecosystem via smart partnerships which enable access to venture capital funding for technologies companies.

He currently also serves as director and is a shareholder for a number of private companies, details of which is set out in Section 5.2.2(a).

(b) Ooi Eng Leong

Promoter, Managing Director and substantial shareholder

Ooi Eng Leong, a Malaysian male, aged 53, is our Managing Director and co-founder. He was appointed to our Board on 1 June 2021. He is also our Promoter and substantial shareholder. He completed his secondary school education at Han Chiang Independent High School, Pulau Pinang in 1986. In June 1988, he was awarded with the Certificate of Electrical Engineering Technician from City and Guilds of London Institute.

He is responsible for charting our Group's overall strategy and business direction. In respect of our Group's operations, he is involved in all major strategic and investment decisions as well as overseeing our performance. He has more than 34 years of combined working experience in the E&E industry and EMS market in Malaysia.

He started his career in the E&E industry as a Technician with Granek Electronic Sdn Bhd (a company involved in providing EMS activities) from 1986 to 1988, where he was skilled in repairing and analysing defects in electronic products. He then spent approximately four years from 1988 until 1992 with Shinca Electronic Sdn Bhd (a company involved in providing EMS activities) as its Manufacturing Engineer, where he

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

was in-charge of setting up the company's production lines, overseeing manufacturing processes and various other aspects in the engineering of producing electronic products.

In 1992, he joined the auto-insert division of Kenmec Technology (M) Sdn Bhd (a company involved in providing EMS activities) as an Assistant Manager, where he was in charge of developing and improving its manufacturing processes. He was then promoted to its Section Manager in 1997, where he was responsible for the overall performance of the department. He then joined Natsteel Electronics (M) Sdn Bhd (later known as Solectron Technology (M) Sdn Bhd) (a company involved in the design, development and manufacture of PCB assemblies and sub-assemblies for microprocessor applications, computers, computer peripherals and semiconductor equipment) in the same year as a Manufacturing Manager, where he was responsible for its manufacturing processes under high volume production environment, as well as ensuring delivery and quality commitments to various multinational companies.

In 1999, he co-founded our Group's EMS business together with Pang Yun Tiam through SkyGate Technology and has been instrumental in the development, growth and success of our Group. SkyGate Technology was incorporated on 29 December 1998. During this period, our co-founders jointly spearheaded the EMS business.

He currently serves as director and shareholder for a number of private companies, details of which are set out in Section 5.2.2(b).

(c) Lee Kim San
Executive Director cum Chief Operating Officer

Lee Kim San, a Malaysian male, aged 57, is our Executive Director cum Chief Operating Officer and was appointed to our Board on 1 June 2021. He has more than 35 years of combined working experience and expertise in the E&E industry and EMS market in Malaysia. He is primarily responsible for the overall operations and resource management.

Upon completing his Sijil Tinggi Pelajaran Malaysia examinations in 1985, he started his career in Robert Bosch (M) Sdn Bhd (a company involved in the manufacturing of auto parts and related accessories) as a Test Technician for car stereos. In 1990, he joined Advantec Electronic Sdn Bhd (a company involved in the manufacturing and dealing of electrical products and related equipment) as a Production Supervisor and in a span of 2 years, he rose to the position of Production Manager overseeing the audio product final assembly lines. He then joined Kenmec Technology (M) Sdn Bhd in 1994 as an Assistant Production Manager, where he was responsible for the company's production activities and product delivery to its customers. In 1996, he left Kenmec Technology (M) Sdn Bhd (a company involved in providing EMS activities) and joined Solectron Technology (M) Sdn Bhd (a company involved in the design, development and manufacture of PCB assemblies and sub-assemblies for microprocessor applications, computers, computer peripherals and semiconductor equipment) as a Production Manager, where he was responsible for its overall production and product delivery to customers. In 2001, he left the company to join Flairis Sdn Bhd (a company involved in providing EMS activities) as an Operations Manager, where he was responsible for its production quality assurance and engineering operations for its electronic products.

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

In 2003, he joined our Group's EMS business via SkyGate Technology as an Operations Manager and was subsequently promoted to Factory Manager in the same year. He was then promoted as its Assistant General Manager in 2008, General Manager in 2009 and Senior General Manager in 2012. He has been responsible for overall production and operations of SkyGate Technology.

Through our Group's restructuring in 2013, he was placed under NSM as its Senior General Manager and subsequently appointed as our Group's Chief Operating Officer in 2015.

He currently serves as director and shareholder for a number of private companies, details of which are set out in Section 5.2.2(c).

(d) Dato' Seri Lee Kah Choon
Independent Non-Executive Director

Dato' Seri Lee Kah Choon, a Malaysian male, aged 62, is our Independent Non-Executive Director and was appointed to our Board on 7 February 2022. He is a Chairman of our Remuneration Committee as well as member of Audit and Risk Management Committee and Nomination Committee.

He graduated with a Bachelor of Law from the Southampton University, United Kingdom in 1985. He was called to the Bar of England and Wales at the honourable Society of Middle Temple in 1986. In 1987, he obtained a Master of Arts from the City University, United Kingdom and was called to the Malaysian Bar in the same year. He is also a Certified Financial Planner since 2019.

In 1987, he started his career in Messrs Wong-Chooi & Mohd Noor, a law firm, as a Legal Assistant responsible for providing legal services related to conveyancing, trust and estate, banking and corporate. In 1991, he was made a Partner of the firm before leaving in 1996. In 1997, he founded his own legal practice, Messrs KC Lee & Partners to provide legal advisory services. As the Managing Partner, he focused on conveyancing, trust and estate, banking and corporate services.

In 2004, he relinquished his position in his firm to undertake the role of Parliamentary Secretary to the Minister of Health of Malaysia. He was responsible for assisting the Minister on health matters in Malaysia, answering legal related questions and tabling reports on behalf of the Minister (if he is not present) in the house of Parliament. He held the position until 2008.

From 2008, he was appointed as a Director of several government-linked corporations namely Penang Development Corporation (the development agency of the State Government of Penang, where its principal activities include being the government think-tank, industrial park development, township development, urban redevelopment, affordable housing and investments), Invest-in-Penang Berhad (a non-profit entity of the Penang State Government with the primary purpose of promoting investments within Penang) and from 2010, Penang Hill Corporation (a firm established with the primary objectives of managing the funicular system and the development of Penang Hill). In 2021, he was also appointed Independent Non-Executive Director/Chairman of Aemulus Holdings Berhad.

He currently serves as director and shareholder for a number of private companies, details of which are set out in Section 5.2.2(d).

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

(e) Dato' Faiza Binti Zulkifli
Independent Non-Executive Director

Dato' Faiza Binti Zulkifli, a Malaysian female, aged 62, is our Independent Non-Executive Director and was appointed to our Board on 18 May 2021. She is the Chairman of our Nomination Committee and a member of our Audit and Risk Management Committee as well as Remuneration Committee.

She obtained her Bachelor of Laws (Honours) from Universiti Malaya in 1984 and Master of Laws in Information Technology and Intellectual Property Law from University of East Anglia, Norwich, United Kingdom in 2006. She was called to the Malaysian Bar in 2020. She also obtained a Diploma in Professional Translation (legal module) from Institut Terjemahan Negara Malaysia in 2018. She is an experienced senior legal officer with more than 35 years of working experience in various government agencies.

In 1984, she started her career as a Magistrate. She was presiding over civil and criminal matters in Magistrate Court until 1988. In 1988, she was appointed as the Assistant Director in the Malaysian Legal Aid Department, where she was responsible for handling legal aid cases in the areas of family law, small estate (distribution), hire purchase, tenancy matters, road accidents and consumer claims. From 1991 to 2002, she was attached to the Ministry of Domestic Trade and Consumer Affairs, Malaysia as a Legal Advisor where she was responsible for managing and supervising all legal matters and appearing as Legal Counsel for the Ministry in civil cases. During her tenure with the Ministry, she was involved in various working committees in formulating strategies and policies and review matters pertaining to the development of domestic trade in particular distributive trade and consumerism sectors.

She also had a stint as a Senior Assistant Parliamentary Draftsman at Attorney General's Chambers of Malaysia from 2002 to 2007. During this period, she was involved in drafting and vetting primary and subsidiary legislations and advising ministries on legal matters. From 2007 to 2013, she was the Penang State Legal Advisor, where she was responsible for managing and supervising legal matters in all Penang State departments. She was also a member of the Penang State Executive Council, member of the State Planning Committee, and the State Land Committee. She also appeared as Legal Counsel for the state in civil cases. From 2014 to 2017, she served as a Chairman of the Advisory Board in the Prime Minister's Department, where she presided over appeal cases filed by detainees detained under the preventive laws (laws against subversion, organized violence, and acts and crimes prejudicial to the public emergency powers).

From 2017 to 2018, she served as the Chairman of the Customs Appeal Tribunal under the Ministry of Finance where she presided over appeal cases filed by persons dissatisfied with the decisions of the Director General of Customs. Her last position with the government before her retirement in July 2020 was being the Chairman of the Special Commissioners of Income Tax under the Ministry of Finance (from 2018 to 2020), where she presided as Chairman in appeal cases filed by taxpayers against the assessment of the Director General of Inland Revenue Board, Malaysia. On 15 April 2022, she was appointed as a member of the Suruhanjaya Perkhidmatan Air Negara for a period of two (2) years from 6 May 2022 until 5 May 2024.

As at the LPD, she does not hold any directorships in any other companies.

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

(f) Ju Siew Lee
Independent Non-Executive Director

Ju Siew Lee, a Malaysian female, aged 52, is our Independent Non-Executive Director and was appointed to our Board on 7 February 2022. She is the Chairman of our Audit and Risk Management Committee as well as a member of our Nomination Committee and Remuneration Committee.

She is a Chartered Accountant by profession. In 1998, she obtained her professional management accounting qualification from The Chartered Institute of Management Accountants, United Kingdom and was admitted as an associate member of The Chartered Institute of Management Accountants in 1999. She is also a member of the Malaysian Institute of Accountants since 2001.

In 1994, she began her career in Singapore as an Audit Assistant in an audit firm, Sam Teo & Leong, CPA, (an audit and advisory services firm) where she was responsible for conducting independent statutory financial audits. In 1995, she returned to Malaysia and became an internal auditor at GHL Sdn Bhd, a computer trading and IT solution company, where she was responsible for evaluating and improving internal control procedures in the company as well as ensuring its compliance with relevant laws and regulations. In 1996, she was promoted to Accountant, where she was responsible for financial reporting, credit control and cash flow and treasury management of the company.

From 1997 to 2001, she worked as an accountant with Asia Pacific Land Berhad, an investment holding and property development company, where she was responsible to oversee tenancy management, credit control, financial reporting and project cash flow and feasibility studies.

In 2001, she joined Malton Berhad, a property developer, as an Accountant, where she was responsible to oversee the financial reporting, cash flow management, sales administrative function and project feasibility studies. She was subsequently promoted to Group Senior Accountant in 2004 and subsequently Group Financial Controller in 2005 where she managed the finance and accounts department for the Malton group. From 2012 to 2015, she moved to China due to the relocation of her family and was not working during her time there.

In 2015, she returned to Malaysia and re-joined the workforce after accepting the role of Group Financial Controller with another Malaysian property developer, Ivory Properties Group Berhad. She was promoted to its Chief Financial Officer in 2016 and holds the position until present day, where she is responsible for the group's financial and management reporting, treasury functions, tax and corporate finance including corporate restructuring exercises.

As at the LPD, she does not hold directorships in any other companies.

[The rest of this page is intentionally left blank]

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

5.2.2 Principal business performed outside our Group

Save as disclosed below and under Section 6.3 in relation to the Internal Restructuring, none of our Directors has any other principal directorship and/or principal business activities performed outside our Group in the past 5 years up to the LPD:

(a) Dato' Seri Wong Siew Hai

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Darling Burger Sdn Bhd	Franchise restaurant	Director	29 April 2014	-	5.0	-
Greatech Berhad	A public listed investment holding company listed on the Main Market of Bursa Securities with subsidiaries principally engaged in manufacturing equipment that are used to automate processes in production lines.	Independent Non-Executive Director	8 May 2020	-	-	~
Malaysia Venture Capital Management Berhad	To establish, administer and manage venture capital for information and communications technology ("ICT"), and venture funds other than for ICT, to carry out activities related to venture capital management	Independent Non-Executive Director	1 October 2019	-	-	-
MD Star Corporation Sdn Bhd	Fast food operator	-	-	-	40.0	-
MD United Sdn Bhd	Management services	Director	21 June 2011	-	40.0	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
MTT Shipping and Logistics Berhad	Transport of freight overseas and coastal waters and activities of holding companies	Independent Non-Executive Director	6 November 2019	-	-	-
Penang Science Cluster	To set up technological centre that provides education and learning so as to provide qualified and professional human talent especially in Penang and Malaysia in general	Director	4 April 2013	-	-	-
Penang Tech Centre	To promote, discovery and inspiration science and technology, to set up a technological centre and to encourage the next generation to develop skill and interest in science and technology and nature young scientific entrepreneurs	Director	26 May 2011	-	-	-
Silterra Malaysia Sdn Bhd	Manufacturing of semiconductor wafers, sales of semiconductor-related tools, provision of semiconductor-related training and consulting services	Director	29 July 2021	-	-	-
TT Vision Holdings Berhad	Investment holding company, with its subsidiaries principally involved in the development and manufacturing of machine vision equipment as well as provision of related products and services	Independent Non-Executive Chairman	1 June 2022	-	-	-
Wonder Team Sdn Bhd	Operating an oil palm plantation	Director	6 September 1995	-	-	(1)100.0

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Wong Jee Sdn Bhd	Investment holding company of Wonder Team Sdn Bhd	Director	3 March 1980	-	50.0	-

Notes:

- ~ Less than 0.1%
 (1) Deemed interested by virtue of his shareholding in Wong Jee Sdn Bhd pursuant to Section 8 of the Act.

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
Alion Nation	Investment holding company of SkyGate Technology	Director	10 April 2017	18 May 2018	-
Dnex Semiconductor Sdn Bhd	Investment holding company of Silterra Malaysia Sdn Bhd	Director	21 June 2021	15 September 2022	-
E&E Catalyst Sdn Bhd	To engage in high-growth and high technology start-up companies within electronics and electrical industry	Director	24 April 2013	1 July 2021	-
Kumpulan Perdana Sdn Bhd	To establish, administer and manage the venture capital for technology acquisitions fund, including local and international investments and identifying investment opportunities and suitable technologies to be transferred back to Malaysia	Director	1 August 2010	1 July 2018	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
SAM Engineering & Equipment (M) Berhad	A public listed investment holding company listed on the Main Market of Bursa Securities with subsidiaries principally engaging in design and assembly of modular or complete machine equipment; manufacture of aircraft components and other related equipment, parts, spares and precision engineering parts; design, development and manufacture of trim and form dies and suspension tooling for hard disk drive parts; fabrication of precision tools and machinery parts	Independent Non-Executive Director	4 June 2007	23 August 2022	-

(b) Ooi Eng Leong

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Ablelink Technology Sdn Bhd	Property investment holding company	Director	29 April 2020	-	30.0	-
Alion Nation	Investment holding company of SkyGate Technology	Director / Manager	17 September 2013	-	89.0	-
Alion Nation Sdn Bhd	Property investment holding company and investment holding company (holding company of Alion Nation Solution)	Director	27 June 2005	-	51.0	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Alion Nation Solution	Presently dormant. Previously involved in the distribution of LED products. Its intended principal activities is to undertake the property investment holding	Director	20 January 2016	-	-	(1)100.00
Asas Dagang Sdn Bhd	Property development	-	-	-	-	(2)35.0
Auto Mall Capital Holdings Sdn Bhd	Property development, investment, food and beverage activities, event management, entertainment business	-	-	-	10.2	-
Bamboo Gate Sdn Bhd	Sale of machinery and accessories/parts as well as property letting	Director	21 December 2007	-	50.0	-
Bukit Saujana Jaya Sdn Bhd	Property development	-	-	-	5.0	-
Bumijaya Mewah Sdn Bhd	Property investment holding company	Director	2 May 2014	-	50.0	-
Dahlia Cemerlang Sdn Bhd	Property investment holding company	-	-	-	-	(3)46.0
Double Goldentech Sdn Bhd	Property investment holding company	Director	18 May 2020	-	30.0	-
Doublemax Development Sdn Bhd	Property development	-	-	-	-	(2)35.0

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
D Premier Residence Bayan Mutiara Berhad	Engage as collection, disbursement and management agent of property maintenance fees on behalf of residence to facilitate the upkeep of common properties of a residential community	Director	20 July 2012	-	1.3	-
Dynamicpro Resources Sdn Bhd	Wholesale export and import of a variety of goods	Director	13 January 2022	-	10.0	-
Ecoberry Sdn Bhd	Property development	-	-	-	-	(2)30.0
Garuda Wiramas Sdn Bhd	Investment holding company of Premium Starhill Sdn Bhd, which is a property investment company	Director	24 April 2012	-	50.0	-
GB Pearl Resources Sdn Bhd	Property investment holding company	-	-	-	20.0	-
Genggam Mekar Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate land	-	-	-	32.3	-
Green Camour Property Sdn Bhd	Real estate activities with own or leased properties	Director	12 November 2021	-	-	(9)20.0
Jaybliss Sdn Bhd	Property investment holding company	Director	10 November 2016	-	12.5	-
Jitu Sempurna Sdn Bhd	Investment holding company of Dahlia Cemerlang Sdn Bhd, which is principally involved in property investment holding company	Director	6 April 2011	-	50.0	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
KFB Technology Sdn Bhd	Property investment holding company	Director	18 August 2017	-	50.0	-
KWN Technology Sdn Bhd	Property investment holding company	Director	3 December 2009	-	30.0	-
Magnum Heritage Sdn Bhd	Property development	Director	31 December 2015	-	23.0	-
Novahub Sdn Bhd	Dormant. It is currently under members' voluntarily winding up process. It was previously involved in the property development activities	Director	2 May 2013	-	-	-
Om Plating Sdn Bhd	Property investment holding company	Director	17 November 2017	-	30.0	-
Omnistar Management Sdn Bhd	Property investment holding company	Director	24 September 2018	-	40.0	-
Oneworks Manufacturers Sdn Bhd	Property investment holding company	Director	16 January 2017	-	50.0	-
Padat Cemerlang Sdn Bhd	Property investment holding company	Director	11 June 2018	-	-	(⁴)100.0
Pan Manufacturing Sdn Bhd	Dormant since incorporation in November 2019. Its intended principal activities is to undertake the property investment holding	Director	4 November 2020	-	12.5	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Premium Starhill Sdn Bhd	Property investment holding company	Director	22 May 2012	-	-	(5)70.0
SkyGate Advance Sdn Bhd	Property development	Director	10 July 2013	-	80.0	-
SkyGate F&B	Property investment holding company	Director	6 July 2006	-	50.0	-
SkyGate Resources Sdn Bhd	Property investment holding company	Director	3 January 2008	-	-	(6)100.0
SkyGate Sciences Sdn Bhd	Property investment holding company	Director	7 June 2018	-	53.4	-
SkyGate Technology	Property investment holding company	Director	29 December 1998	29 December 2017	-	(7)100.0
Venice Capital Sdn Bhd	Buying, selling, renting and operating of self-owned or leased real estate – residential buildings; buying, selling, renting and operating of self-owned or leased real estate – non-residential buildings	Director	13 September 2018	-	20.0	-
VS Precision	Manufacture, distribute, import and export in all kind of metal stamping related products and services and manufacturing of racking system, machinery and related components	Director	5 September 2016	-	-	(8)100.0

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
VS Solution Services	Manufacturing of racking system, machinery and related components	Director	7 July 2005	10 March 2022	37.5	-
Wawasan Cahayamas Sdn Bhd	Investment holding company of Doublemax Development Sdn Bhd, Asas Dagang Sdn Bhd and Ecoberry Sdn Bhd, which are principally engaged in property development activities	Director	9 July 2012	-	50.0	-
Zenith Gallant (M) Sdn Bhd	Property investment holding company	Director	22 September 2016	-	-	(1)100.0

Notes:

- (1) Deemed interested by virtue of his shareholding held in Alion Nation Sdn Bhd pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of his shareholding held in Wawasan Cahayamas Sdn Bhd and its shareholdings held in the company pursuant to Section 8(4) of the Act.
- (3) Deemed interested by virtue of his shareholding held in Jitu Sempurna Sdn Bhd and its shareholding in the company pursuant to Section 8(4) of the Act.
- (4) Deemed interested by virtue of his shareholding held in Bamboo Gate Sdn Bhd pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of his shareholding held in Garuda Wiramas Sdn Bhd pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of his shareholding held in Alion Nation and its shareholding held in SkyGate Technology and its shareholdings in the company pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of his shareholding held in Alion Nation pursuant to Section 8(4) of the Act.
- (8) Deemed interested by virtue of his shareholding held in VS Solution Services pursuant to Section 8(4) of the Act.
- (9) Deemed interested by virtue of his shareholding held in Wawasan Cahayamas Sdn Bhd pursuant to Section 8(4) of the Act.

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

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
Delight Island Sdn Bhd	Property developer	Director	9 October 2018	15 July 2020	Shareholder with 20.0% direct equity interest
DTS Industries (M) Sdn Bhd	Dealing in electronic equipment and components (Dissolved on 13 November 2020)	Director	10 December 2003	13 November 2020	Shareholder with 33.3% direct equity interest
ESE Precision Sdn Bhd	General trading in machinery, part and related components (Dissolved on 19 January 2018)	-	-	-	Shareholder with 15.0% direct equity interest
I-Testnology Sdn Bhd	Manufacturing in engineering specialities, trading in all kinds of electrical product, providing mechanical services	Director	24 November 2008	2 September 2019	Shareholder with 33.0% direct equity interest
Jasa Shipyard Sdn Bhd	Dormant since incorporation in 2016. Its intended principal activities is to undertake the property investment holding	Director	18 July 2016	1 July 2019	Shareholder with 23.0% direct equity interest
SkyGate Plastic	Manufacturing of various plastic components	Director / Manager	30 April 2015	25 June 2020	Shareholder with 51.0% indirect equity interest by virtue of his shareholding held in Alion Nation pursuant to Section 8(4) of the Act

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

(c) Lee Kim San

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Allion Nation	Investment holding company of SkyGate Technology	Executive Director	10 April 2017	-	-	-

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
SkyGate Plastic	Manufacturing of various plastic components	Director	10 April 2017	24 April 2018	-
SkyGate Technology	Property investment holding company	Director	10 April 2017	29 December 2017	-

(d) Dato' Seri Lee Kah Choon

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Aemulus Holdings Berhad	A public listed investment holding company listed on the ACE Market of Bursa Securities with subsidiaries principally engaged in designing and developing automated test equipment and test and measuring instruments and provision of design consultancy and test related services	Independent Non-Executive Director	9 February 2021	-	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings held as at LPD	
					Direct	Indirect
Cereal Products (M) Sdn Bhd	Manufacturing and marketing of cereal products	Director	1 August 2011	-	-	-
Federal Oats Mills Sdn Bhd	Manufacturer of oats and yellow dhal	Director	1 August 2011	-	-	-
Invest-In-Penang Berhad	Promoting investment in the state of Penang	Director	26 May 2008	-	-	-
Khong Guan Vegetable Oil Refinery S/B	Repacking, refining and marketing of edible oil	Director	1 August 2011	-	-	-
L&P Global Berhad	Investment holding company to hold shares	Independent Non-Executive Director	1 January 2022	-	-	-
Leong Hong Oil Mill Sdn Bhd	Marketing of pollard and bran as well as investment holding company	Director	12 November 2014	-	-	-
PDC Premier Holdings Sdn Bhd	Investment holding company and provision of consultancy services	Director	29 September 2008	-	-	-
<u>Past involvements</u>						
BPO Premier Sdn Bhd	Property development (Dissolved on 31 January 2022)	Director	2 October 2016	10 June 2019	-	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
D'Nonce Technology Berhad	A public listed investment holding company listed on the Main Market of Bursa Securities with subsidiaries principally engaged in sales and distribution of advanced packaging materials, electronics products and consumables, design and conversion of advanced packaging materials, precision polymer engineering services and contract manufacturing of electronic components	Independent Non-Executive Director	20 December 2013	30 November 2018	Shareholder with 0.7% direct equity interest
Island Golf Properties Bhd	Operation of the Penang Golf Club which provides golfing and social facilities	Director	1 November 2017	21 August 2020	-
Premier Horizon Ventures Sdn Bhd	Activities of holding companies	Director	2 October 2015	10 June 2019	-
Malaysia Debt Ventures Berhad	Engaged in the provision of financing facilities to the information and communication technology (ICT), biotechnology and other emerging technology sectors as mandated by the government of Malaysia to spur the development of the ICT and biotechnology sectors in Malaysia	Non-Executive chairman	13 December 2018	28 October 2020	-

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

(e) Ju Siew Lee

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
The Horizon Marine Consultancy Sdn Bhd	Business management and consultancy services (Dissolved on 26 November 2019)	Director	8 March 2013	26 November 2019	Shareholder with 50.0% direct equity interest

The involvements of our Directors in those business activities outside our Group do not give rise to any conflict of interest situation with our business activities, after taking into consideration the following factors:

- (a) the above companies in which our Directors are involved in are not involved in EMS activities, and as such do not compete with our Group;
- (b) the involvements of our Managing Director and Executive Director in those business activities do not require significant amount of their management time as they are not involved in the management and day-to-day operations of these business, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management; and
- (c) Dato' Seri Wong Siew Hai, Dato' Seri Lee Kah Choon, Dato' Faiza Binti Zulkifli and Ju Siew Lee, being our Independent Non-Executive Directors, are not involved in the day-to-day operations of our Group. Their involvements in other business activities outside our Group, especially in those companies where they hold executive functions, will not affect their contributions to our Group as they only attend Board meetings to provide oversight and check-and-balance to our Group's affairs. Their roles are to ensure that our Group have the proper corporate governance in conducting our business activities from time to time.

Based on the above considerations, our Board is of the view that the involvements of the Executive Directors in other companies do not affect their abilities to perform their executive roles and responsibilities to our Group. Most of the time of the Managing Director and Executive Director are spent in the operations and affairs of our Group. As such, their involvements in other businesses and operations outside of our Group are not expected to have any effect on their contribution to our Group.

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

In order to mitigate any possible conflict of interest situation in the future, our Directors will declare to our Audit and Risk Management Committee and our Board, their interests in other companies at the onset and as and when there are changes in their respective interests in the companies outside our Group. Our Audit and Risk Management Committee will evaluate if such Director's involvement give rise to an actual or potential conflict of interest with our Group's business activities. After a determination has been made on whether there is an actual or potential conflict of interest, our Audit and Risk Management Committee will then:

- (a) immediately inform our Board of the conflict of interest situation;
- (b) make recommendations to our Board to direct the conflicted Director to:
 - (i) withdraw from all his executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director is an Executive Director). After his withdrawal, he will remain in the said executive position to perform his executive role in matters that will not give rise to conflict of interest situation; and
 - (ii) abstain from all Board deliberation and involvements in matters where he has a conflict of interest situation. The conflicted Director shall also be abstained from any Board discussions relating to the recommendation of our Audit and Risk Management Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director may however, be present at our meeting for the purposes of answering any questions. The conflicted Director shall also abstain from voting in respect of their direct/indirect shareholdings in our Company, if any, on the resolutions pertaining to the said transactions to be tabled at the general meeting to be convened

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

- (c) to identify the persons connected to the conflicted Director (if any) and review any business dealings with such persons to establish whether a conflict of interest situation arises. Thereafter, the conflicted Director shall undertake to ensure that persons connected to him shall abstain from voting in respect of their direct/indirect shareholdings in our Company, if any, on the resolutions pertaining to the said transactions to be tabled at the general meeting to be convened. The Audit and Risk Management Committee shall also continue to monitor such business dealings to ensure that they are conducted on arms' length basis and based on terms that are fair to our Group.

It is the Director's fiduciary duty to avoid conflict. Our Directors are required to attend courses which provide guidelines to them on their fiduciary duties. In relation to matters or transactions requiring the approval of our Board, the relevant Directors who are deemed interested or conflicted in such matters or transactions shall be required to declare their interests and abstain from deliberations and voting on the resolutions relating to these matters or transactions. In view of the above, our Board is of the opinion that the measures outlined above are adequate in resolving possible conflict of interest situation in the future.

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

5.2.3 Board practice**(A) Board**

Our Board members are from diversified backgrounds in terms of age and expertise. They have professional experience ranging from corporate, accounting and consulting as well as industry experience from the E&E industry. Our Board is of the opinion that at present there is adequate diversity in skills, experience, age, cultural background and gender in its composition.

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

- (a) Our Board shall assume ultimate accountability and responsibility for the performance and affairs of our Company. Our Board is collectively responsible for meeting the objectives and goals of our Company and shall in so doing effectively represent and promote the legitimate interests of our Company and its Shareholders. Our Board, at all times, shall retain full and effective control over our Company and shall direct and supervise the business and affairs of our Company.
- (b) Our Board shall ensure that Management has in place appropriate processes for risk assessment, management and internal controls and monitoring performance against agreed benchmarks. Our Board shall work with Management as collaborators in advancing the interests of our Company.
- (c) Our Board has delegated certain responsibilities to committees which operate in accordance with the Board Charter and delegated the day to day management of our Group's business to our Executive Directors and the senior management team, subject to an agreed authority limit.
- (d) The principal roles and responsibilities of our Board are:
 - (i) ensure that all its directors are able to understand financial statements and form a view on the information presented;
 - (ii) together with senior management team, promote good corporate governance culture within our Company which reinforces ethical, prudent and professional behaviour;
 - (iii) set the strategic plan including setting performance objectives and approving operating budgets for our Group and ensuring that the strategies promote sustainability within the aspects of environment, social and economy and necessary resources are in place for our Company to meet its objectives. Our Board is also responsible for monitoring the implementation of the strategic plan by the senior management team;
 - (iv) overseeing the conduct of our Group's business and build sustainable value for our shareholders by monitoring financial performance against approved budget, determine dividend policy and the amount, nature and timing of dividends to be paid and also to conduct a review of our Group's funding requirements on a continuing basis, including significant treasury matters, approval of financing arrangements, or payment authority and other signatories;
 - (v) identifying principal risks on a continuous basis and ensuring the implementation of appropriate internal controls and mitigation measures such as to establish an internal audit function which reports directly to the Audit and Risk Management Committee, oversight of the Audit and Risk Management Committee's evaluation of auditor's performance and independence, and reviews relevant arrangements brought forth by the Audit and Risk Management Committee;

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

- (vi) overseeing the development and implementation of a corporate disclosure policy (including an investor relations program or shareholder communications policy) for our Group;
 - (vii) succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing executive Directors and the senior management team and overseeing our Group's human capital development process, monitor and compensate against pre-determined evaluation criteria;
 - (viii) reviewing the adequacy and the integrity of our Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines to ensure an effective framework for internal controls and risk management;
 - (ix) monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
 - (x) ensuring that our Company's financial statements are true and fair and conform with the accounting standards;
 - (xi) monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations;
 - (xii) ensuring that our Group adheres to high standards of ethics and corporate behaviour;
 - (xiii) periodically review an anti-corruption compliance programme which includes clear policies and objectives that adequately addresses corruption risk; and
 - (xiv) approve the Whistleblowing Policy and Procedures to encourage reporting of any legitimate concerns over any wrongdoing in our Group.
- (e) In overseeing the conduct of our Group's business, our Board shall ensure that an appropriate financial planning, operating and reporting framework as well as an embedded risk management framework is established. Elements under this combined framework include the business plan, the budget, financial statements, divisional strategic/performance reviews reports and risk management reports.

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

All our other Directors (save for Dato' Seri Lee Kah Choon and Ju Siew Lee) were only appointed to our Board in year 2021 and have served for less than one year on our Board as at LPD. All our Directors will retire and be eligible for re-election at our forthcoming first annual general meeting. The members of our Board are set out in Section 5.2.1.

(B) Audit and Risk Management Committee

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its oversight responsibilities on financial reporting and risk management. Our Audit and Risk Management Committee has full access to all information and documents/ resources as well as to the internal and external auditors as well as our key senior management team.

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

The key duties and responsibilities of our Audit and Risk Management Committee include, amongst others, the following:

- (a) review major audit findings and management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations;
- (b) review the assistance given by our Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;
- (c) review our Company's quarterly results and year-end financial statements before submission to our Board;
- (d) review with the external auditors the following and report the same to our Board on the audit plan, audit report and evaluation on internal control systems;
- (e) review and report to our Board any related party transaction and conflict of interest situation that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (f) establish, maintain and periodically review an anti-corruption compliance programme which includes clear policies and objectives that adequately address corruption risks.

External Auditors

- (a) Nominate and recommend the external auditors for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding resignation or dismissal of the external auditors;
- (b) Review with the external auditors, the nature, scope and the audit plan before the audit commences and report the same to our Board;
- (c) Review with the external auditors, their evaluation of the system of internal controls and risk management and report the same to our Board;
- (d) Review whether there is reason, supported by grounds, to believe that the external auditors are not suitable for reappointment and report the same to our Board; and
- (e) Ensure that proper policies and procedures are established and to assess the suitability, objectivity and independence of external auditors on annual basis, including obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirement.

Internal Auditors

- (a) Review the adequacy of the scope, functions, competency and resources of the internal audit function without interference from the Management, and that it has the necessary authority to carry out its work;
- (b) Review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;

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

- (c) Review the appraisal or assessment of the performance of the internal auditors;
- (d) Review the effectiveness of our Group's internal audit function including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and make recommendations necessary for improvement of the internal audit function;
- (e) Review any appointment or termination of internal audit function; and
- (f) Review letter of resignation of internal auditors and request the resigning firm to submit its reasons for resigning.

Risk Management and Internal Control

- (a) Review the adequacy and integrity, including effectiveness, of risk management and internal control systems, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems and assess the resources and knowledge of the management and employees involved in the risk management process;
- (b) Review the risk profile of our Group (including risk registers) and the risk management plans to mitigate business risks as identified from time to time;
- (c) Review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
- (d) Review periodic reports from the management on risk exposure, risk portfolio composition and risk management activities;
- (e) Review and recommend new policies or changes to policies, and to consider their risk implications including the procedures in place by management to prevent and detect fraud such as cyber fraud;
- (f) Review the effectiveness of internal control systems deployed by the senior Management to address those risks;
- (g) Review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
- (h) Review and further monitor principal risks that may affect our Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
- (i) Review the statement with regard to the state of internal controls and risk management of our Group for inclusion in our Company's annual report and report the same to our Board;
- (j) Oversee our Group's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect our Group's assets from misappropriation and encourage legal and regulatory compliance including but not limited to anti-corruption mitigating procedures;

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

- (k) Communication and monitoring of risk assessment results to our Board; and
- (l) Review actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting our Group.

Conflict of Interest and Related Party Transactions

- (a) Review any related party transactions including recurrent related party transactions or conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to our Board;
- (b) Establish policies and procedures to manage potential conflict of interest situations including potential conflict of interest between any director and our Company as well as between our Company and its subsidiaries.

Others

- (a) Maintain and keep under review the whistle-blowing mechanism of our Group which shall be in accordance with the Whistle-blowing Policy, which aims to provide protection and confidentiality;
- (b) Discuss and review the major findings of any internal investigations and the Management's response;
- (c) Perform any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant government authorities;
- (d) Where the Audit and Risk Management Committee is of the view that a matter reported by it to our Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit and Risk Management Committee must promptly report such matter to Bursa Securities; and
- (e) If applicable, to review the allocation of options during the year if any, under any of our Company's employee share issuance scheme to ensure that this was in compliance with the allocation criteria determined by the scheme committee set up for that purpose and in accordance with any related by-laws.

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

Name	Designation	Directorship
Ju Siew Lee	Chairman	Independent Non-Executive Director
Dato' Seri Lee Kah Choon	Member	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli	Member	Independent Non-Executive Director

(C) Remuneration Committee

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility on matters relating to the remuneration, fee and other benefits of our Board and key senior management. Our Remuneration Committee undertakes, among others, the following functions:

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

- (a) establish a fair and transparent remuneration framework, which should be robust, effectively takes into account the demands, complexities and performance of the company as well as skills and experience required, for the Directors and senior Management;
- (b) recommend to our Board the remuneration of executive Directors, non-executive Directors and senior Management in all its forms and to review our Group's remuneration policies and procedures which should be disclosed in the annual report;
- (c) determine a fair remuneration of executive directors and senior management to attract, retain and motivate directors and senior management and in doing so, the Remuneration Committee shall set performance measures for incentive plans which should be aligned with the business strategy and long-term objectives of our Company, complexity of our Company's activities, and reflects the experience and level of responsibilities;
- (d) ensure fees and benefits payable to the Directors, and any compensation for loss of employment of executive Directors are approved by the shareholders at General Meetings.

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

Name	Designation	Directorship
Dato' Seri Lee Kah Choon	Chairman	Independent Non-Executive Director
Ju Siew Lee	Member	Independent Non-Executive Director
Dato' Faiza Binti Zulkifli	Member	Independent Non-Executive Director

(D) Nomination Committee

The main function of our Nomination Committee is to assist our Board in fulfilling its responsibility in nominating new nominees to our Board and Board committees and ensure that their compositions meet the needs of our Company. Our Nomination Committee undertakes, among others, the following functions:

- (a) ensure that the composition of the board is refreshed periodically, review the tenure of each director and ensuring that annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board;
- (b) consider candidates proposed by our Managing Director and any other senior management, Director or major shareholder and may utilise independent sources to identify suitably qualified candidates;
- (c) recommend to our Board, Directors to fill the vacancies on Board committees and recommend to our Board in respect of Directors' independence and conflicts of interests, if any, the steps to be taken to manage potential conflicts of interest;
- (d) develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors, of which there should be a formal, rigorous and transparent process for the appointment of directors (including re-appointments) and senior management;
- (e) establish a policy on board composition having regard to the mix of skills, independence, experience, age, cultural background and diversity (including gender diversity) required to meet the needs of our Company;

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

- (f) the Chairman shall lead the succession planning, appointment of directors, oversee the development of a diverse pipeline for board and management succession and lead the annual review of board effectiveness and taking into consideration the present size, structure and composition of our Board and Board committees as well as the required mix skills, experience and competency required and make recommendations to our Board;
- (g) evaluate and review performance of the Board and senior management including, taking into consideration the company's performance in managing material sustainability risks and opportunities;
- (h) assess annually the effectiveness of our Board as a whole, the committees of our Board and the contribution of each individual Director including his time commitment, character, experience and integrity;
- (i) assess annually the independence of its Independent Directors and ensure that the tenure of independent director does not exceed a term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director;
- (j) consider the size and balance of our Board with a view to determine the impact of the number upon our Board's effectiveness and recommend it to our Board;
- (k) recommend to our Board on our Company's gender diversity policies, targets and discuss measures to be taken to meet those targets while ensuring the Board comprises at least 30% women directors and to review the participation of women in senior management to ensure there is healthy talent pipeline;
- (l) recommend to Board protocol for accepting new directorships; and
- (m) review and recommend the extension of contracts of our Managing Director, the executive Directors, senior Management and any other person our Board so determines.

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

Name	Designation	Directorship
Dato' Faiza Binti Zulkifli	Chairman	Independent Non-Executive Director
Dato' Seri Lee Kah Choon	Member	Independent Non-Executive Director
Ju Siew Lee	Member	Independent Non-Executive Director

5.2.4 Existing or proposed service agreements

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

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

5.2.5 Directors' shareholdings

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

Names	Designation / Nationality	As at LPD		Before IPO ⁽¹⁾	
		Direct	Indirect	Direct	Indirect
		No. of Shares	%	No. of Shares	%
Dato' Seri Wong Siew Hai	Independent Non-Executive Chairman / Malaysian	-	-	-	-
Ooi Eng Leong	Managing Director / Malaysian	-	-	1,458,182,700	89.0
Lee Kim San	Executive Director cum Chief Operating Officer / Malaysian	-	-	-	(3)11.0
Dato' Seri Lee Kah Choon	Independent Non-Executive Director / Malaysian	-	-	-	-
Dato' Faiza Binti Zulkifli	Independent Non-Executive Director / Malaysian	-	-	-	-
Ju Siew Lee	Independent Non-Executive Director / Malaysian	-	-	-	-

[The rest of this page is intentionally left blank]

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

Names	Designation / Nationality	After IPO ⁽²⁾			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Dato' Seri Wong Siew Hai	Independent Non-Executive Chairman / Malaysian	4,000,000	0.2	-	-
Ooi Eng Leong	Managing Director / Malaysian	1,199,770,000	57.8	148,286,100	⁽³⁾ 7.2
Lee Kim San	Executive Director cum Chief Operating Officer / Malaysian	21,000,000	1.0	-	-
Dato' Seri Lee Kah Choon	Independent Non-Executive Director / Malaysian	4,000,000	0.2	-	-
Dato' Faiza Binti Zulkifli	Independent Non-Executive Director / Malaysian	1,300,000	0.1	-	-
Ju Siew Lee	Independent Non-Executive Director / Malaysian	1,300,000	0.1	-	-

Notes:

- (1) Based on the share capital of 1,638,407,400 Shares after the Acquisition of NSM and transfer of 2 subscriber shares to Ooi Eng Leong but before our IPO.
- (2) Based on the enlarged share capital of 2,073,933,300 Shares after our IPO.
- (3) Deemed interested by of virtue his spouse's interest pursuant to Section 8(4) of the Act.

5.3 KEY SENIOR MANAGEMENT

5.3.1 Profiles of key senior management

The profiles of our key senior management are as follows:

(a) **Lee Aik Kun** *Chief Technical Officer*

Lee Aik Kun, a Malaysian male, aged 51, is the Chief Technical Officer of our Group. He is responsible for spearheading our Group's engineering team, development and implementation of manufacturing processes as well as overseeing overall SMT related operations and equipment.

He has more than 28 years of combined working experience in the E&E industry and EMS market in Malaysia. In 1990, he completed his secondary school education at Sekolah Menengah St. Michael, Alor Setar, Kedah. In 2014, he obtained his Certified Six Sigma Black Belt from Certification Board of ASQ.

In 1992, he started his career in Hotayi Electronic (M) Sdn Bhd, company involved in EMS providing production engineering as well as value-added manufacturing solutions and services, as an SMT Technician. He was subsequently promoted to Quality Assurance Supervisor in 1994, SMT Engineer in 1995 and SMT Section Manager in 1998. During his stint with the company, he was involved in managing the SMT related operations and equipment.

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

From 2000 to 2005, he was attached to Solectron Technology (M) Sdn Bhd, a company involved in the design, development and manufacture of PCB assemblies and sub-assemblies for microprocessor applications, computers, computer peripherals and semiconductor equipment, where he held the position of Process Engineer (from 2000 to 2002), Senior Process Engineer (from 2002 to 2004) and Staff Engineer (from 2004 to 2005). While working there, he was responsible for developing, implementing, monitoring and optimising the production processes as well as providing training to the production operators.

In 2005, he joined Jabil Circuit Sdn Bhd, a company involved in providing design and manufacturing of PCBs, including offering end-to-end solutions in manufacturing, testing, and distribution including PCBA, new product introduction, surface mount technology processes, and configure-to-order models, as its Project Engineer. He was subsequently promoted to Assistant Manager of Manufacturing Engineering in 2005, Work Cell Manager in 2008 and Project Manager in 2009. During his stint with the company, he was involved in the development and implementation of the company's manufacturing processes. In December 2009, he resigned from Jabil Circuit Sdn Bhd and joined Celestica Malaysia Sdn Bhd, a company involved in EMS activities, in January 2010 as a Manufacturing Engineering Manager where he was responsible for supervising the development and implementation of manufacturing processes as well as conducting training. In 2011, he re-joined Jabil Circuit Sdn Bhd as a Manufacturing Engineering Function Manager where he was responsible for overseeing the development and implementation of manufacturing processes and conducting training. He was subsequently promoted to Senior Manufacturing Engineering Function Manager in 2016. In March 2019, he resigned from Jabil Circuit Sdn Bhd and joined NSM in August 2019 and assumed his current position.

As at the LPD, he does not hold directorships in any other companies.

(b) Chang Tsui Shi
Finance Director

Chang Tsui Shi, a Malaysian female, aged 44, is the Finance Director of our Group. She is responsible for overseeing our Group's accounts and finance related functions.

She has more than 19 years of working experience in the field of accounting and finance in Malaysia. In 2002, she obtained her Bachelor of Accounting (Honours) from Universiti Utara Malaysia and has been a member of the Malaysian Institute of Accountants since 2005.

In 2002, she started her career in Yee Choon Kong & Co., an audit and financial advisory services firm, as an Audit Assistant. She subsequently left and joined Merit Process Sdn Bhd, a company involved in the manufacturing plastic injection moulding activities, in 2003 as its Finance Executive Officer, where she was responsible for its accounting, finance and payroll functions. In 2006, she joined Amlex Technology Sdn Bhd, a company involved in the electro-plating, assembly of semiconductor and electronic products, as its Accountant and was subsequently promoted to its Finance and Administrative Assistant Manager, where she was responsible for the company's overall accounting and finance as well as administrative functions. In 2008, she joined Mattel Shared Service Solutions Sdn Bhd, a company involved in providing accounting shared service to Mattel Asia Pacific group of companies, as its Account Receivable Accountant, where she was responsible for providing account receivable services to its related companies in the Asia Pacific region. In 2010, she became the Accountant of Astino Berhad, a company involved in the manufacturing and sale of metal roof sheets and other building related products, where she was responsible for its financial

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

reporting, tax matters, compliance in accounting policies and regulatory requirements besides assisting in corporate exercises. She was subsequently promoted to its Senior Accountant in 2014.

In 2015, she joined NSM as its Accountant, where she was responsible for its financial reporting, cash flow management, internal control and accounting policies and regulations compliance. She was promoted to Senior Finance Manager in 2018 and subsequently assumed her current role in 2021.

As at the LPD, she does not hold directorships in any other companies.

(c) Lim Kee Beng
Business Development Director

Lim Kee Beng, a Malaysian male, aged 60, is the Business Development Director of our Group. He is responsible for developing and implementing strategies to drive our Group's revenue and customer base.

He has more than 36 years of combined working experience in the E&E industry and EMS market in Malaysia. He graduated with a Bachelor of Applied Science in Electrical Engineering from the University of Ottawa, Canada in 1984. In 1999, he obtained his Master of Business Administration from Heriot Watt University, United Kingdom.

In 1984, he started his career in Intel (a company involved in the assembly and testing of integrated semiconductor devices) as a Test Equipment Engineer responsible for timely deployment, installation, qualification and sustaining of assigned test equipment and/or related services. After his stint with Intel, he held several managerial positions that involved the handling of all day-to-day operational matters. He was the Factory Manager in Acer Technologies Sdn Bhd (a company involved in the manufacturing, distribution and sales of computer and computer peripheral equipment) from 1992 to 2000, Operations Manager in Advanced Sound Products Sdn Bhd (a company involved in the design, manufacturing and distribution of professional sound devices and products) from 2001 to 2004 and General Manager in Trumeter (M) Sdn Bhd (a company involved in the design, manufacturing and distribution of distance measuring instruments analogue, digital and mechanical products) from 2005 to 2009.

In 2010, he joined SkyGate Technology (a company previously involved in EMS activities) as a Human Resources Manager. Through an internal group restructuring in 2013, he was placed under NSM as a Human Resources and Information Technology Director. Since then, he had been assigned to the position of Resource Planning Director in 2017 and Head of Operations Department from 2018 to 2019. He assumed his current position in 2020.

He currently serves as director and is a shareholder for a number of private companies, details of which are set out in Section 5.3.2(a).

(d) Tay Seng Chew
Corporate Services Director

Tay Seng Chew, a Malaysian male, aged 57, is the Corporate Services Director of our Group. He is responsible for the corporate finance related matters such as fundraising activities as well as liaising with financial institutions and treasury functions.

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

He has more than 25 years of combined working experience in the field of banking and finance in Malaysia. He graduated with a Bachelor of Management (Honours) in Finance and Accounting from Universiti Sains Malaysia in 1989.

In 1989, he started his career in Bank Buruh (M) Berhad (a commercial bank providing commercial and banking services) as a Bank Officer responsible for the handling of banking operations. In addition, he has been assigned to develop bank products and harmonise banking systems and operational methods under a task force that was reporting directly to the bank's senior management. In 1991, he joined United Malayan Banking Corporation Berhad (a commercial bank providing commercial and banking services) as a Credit Officer where he was responsible for undertaking credit evaluation as well as developing and maintaining relationships with customers. In 1993, he joined Deutsche Bank (M) Berhad (a commercial bank providing commercial and banking services) as an Officer. He was promoted to Senior Officer in 1995 and Assistant Manager in 1996. During his stint with the bank, he was involved in the provision of corporate banking services to both domestic and international clients. In 1996, he was offered to join the bank's regional head office in Singapore to conduct credit assessment for the Asia Pacific region. However, he left the bank during the same year to join Beauty Harvest Trading Sdn Bhd (a company involved in the trading and distribution of children clothing) as a Finance and Administrative Director responsible for advising, structuring and executing the potential listing of the company on the stock exchange.

From 2000 to 2016, he joined United Overseas Bank (M) Berhad (a commercial bank providing commercial and banking services) as the Head of Corporate and Commercial Banking for the Northern Region. He was responsible for supervising and developing the corporate and commercial banking business covering Perak, Penang and Kedah for the bank. He was the Independent Non-Executive Director of XL Holdings Berhad (formerly known as Xian Leng Holdings Berhad), a company listed on the Main Market of Bursa Securities, from May 2018 to March 2020. In June 2020, he came out of retirement to join NSM and assumed his current position.

He currently serves as director and is a shareholder for a number of private companies, details of which are set out in Section 5.3.2(b).

(e) Davindra Singh Gendeh
Vice President of Operations

Davindra Singh Gendeh, aged 48, is the Vice President of Operations of our Group. He was responsible for overseeing the overall operations of NSY.

He has more than 23 years of combined working experience in the local and international E&E industry and EMS market in Malaysia, China, Singapore, Taiwan, Thailand and USA. In 1993, he completed his Sijil Tinggi Persekolahan Malaysia examination.

In 1995, he started his career in Seagate Technology Sdn Bhd, a company involved in the manufacturing and distribution of hard disk storage devices, as a Production Supervisor responsible for supervising production operators in cleanroom assembly. In 1997, he joined AIC Semiconductor Sdn Bhd, an outsourced semiconductor assembly and testing company, as a Senior Production Supervisor and was subsequently promoted to Production and Materials Manager in 1998. During his stint with the company, he was involved in managing the cleanroom and test area production personnel and improving the production yield as well as the product quality.

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

From 2001 to 2004, he was attached to Globetronics Sdn Bhd, an integrated contract manufacturer of semiconductor-based products and services, as an Operation Manager responsible for managing the day-to-day manufacturing operations. In 2004, he became a co-founder as well as Managing Director cum Chief Executive Officer of DSEM Group of Companies (DSEM Holdings Sdn Bhd, DSEM LED Lighting Sdn Bhd, Device Semiconductor Sdn Bhd and DSEM Systems Technology Sdn Bhd) which are involved in the provision of LED reliability and test services as well as manufacturing of thermal substrates for the global LED markets. In 2013, DSEM Group of Companies ceased business and become dormant. However, he continued to remain as director of DSEM Holdings Sdn Bhd and DSEM LED Lighting Sdn Bhd until the companies were struck off in 2018 and 2019, respectively. He also continued to remain as director of Device Semiconductor Sdn Bhd and DSEM Systems Technology Sdn Bhd until he resigned as its Director in March 2022.

In 2014, he assumed the role of the Vice President of Asia Operations at GLO-USA Inc, a nanowires microLED manufacturing companies based in the USA, where he oversaw the company's overall operations and supply chain in Asia particularly China, Malaysia and Thailand. He had a stint with SMT Technologies Sdn Bhd, a subsidiary of EG Industries Berhad and involved in providing EMS activities, from 2016 to 2020 as the Vice President of Operations / Business Development responsible for designing and implementing business strategies, plans and procedures.

In 2020, he established NSY with NSM and assumed his current position. In 2022, he was appointed as a Director of NIM.

He served as director and was shareholder for a number of private companies, details of which are set out in Section 5.3.2(c).

[The rest of this page is intentionally left blank]

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

5.3.2 Principal business performed outside our Group

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

(a) Lim Kee Beng

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings as at LPD	
					Direct	Indirect
Cascade Ventures (M) Sdn Bhd	Property investment holding company	Director	20 July 2015	-	-	-
Infinite Era Sdn Bhd	Property investment holding company	Director	14 May 1996	-	12.5	-

(b) Tay Seng Chew

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings as at LPD	
					Direct	Indirect
Keluarga Timur Sdn Bhd	Wholesalers of rice, sugar, flour, cooking oil and other consumer goods	Director	1 March 2021	-	50.0	(1)40.0
Profit Depot Sdn Bhd	Providing business consultant and management services	Director	20 August 2014	-	50.0	-
Profit Nation Borneo Sdn Bhd	Engaged as dealer and wholesalers for all kinds of sundry goods and drinks	-	-	-	51.0	-

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

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings as at LPD	
					Direct	Indirect
Respectable Property Management Sdn Bhd	Property management	-	-	-	20.0	-
Welmax Capital Sdn Bhd	Money lender and equity trading	Director	25 September 2019	-	50.0	-
Wyns Capital Sdn Bhd	Consultancy services, investment holding in Keluarga Timur Sdn Bhd and Profit Nation Sdn Bhd which are principally involved in the distribution of fast moving essential products in Sabah as well as providing insurance advisory services	Director	11 January 2017	-	33.3	-

Note:

(1) Deemed interested by virtue of his shareholdings held in Wyns Capital Sdn Bhd pursuant to Section 8(4) of the Act.

[The rest of this page is intentionally left blank]

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

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
XL Holdings Berhad	A public listed investment holding company listed on the Main Market of Bursa Securities with subsidiaries engaging in breeding of ornamental fishes, and trading of paraphernalia such as aquarium tanks and accessories, fish food, medications, decorative items and aquatic plants; and provision of management services	Independent Non-Executive Director	4 May 2018	4 March 2020	-

(c) Davindra Singh Gendeh

Present involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	% of shareholdings as at LPD	
					Direct	Indirect
DSEM Systems Technology Sdn Bhd ⁽¹⁾	Dormant. Its intended principal activity is to carry out research, development and manufacture of thermal substrates for semiconductors	Director	25 September 2006	10 March 2022	5.2	-

Note:

- (2) DSEM Systems Technology Sdn Bhd is a 90.0% subsidiary of DSEM Holdings Sdn Bhd. The other subsidiaries of DSEM Holdings Sdn Bhd were DSEM LED Lighting Sdn Bhd and Device Semiconductor Sdn Bhd.

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

Past involvements

Company	Principal activities	Position held	Date of appointment	Date of resignation	Involvement other than as a director
DSEM Holdings Sdn Bhd	Dormant (struck off on 8 June 2018)	Director	18 December 2007	8 June 2018	Shareholder with 37.1% direct equity interest prior to the striking off of the company
DSEM LED Lighting Sdn Bhd	Dormant (struck off on 18 January 2019)	Director	11 February 2009	18 January 2019	Shareholder with indirect 100.0% equity interest by virtue of his shareholding in DSEM Holdings Sdn Bhd prior to the striking off of the company pursuant to Section 8(4) of the Act
Device Semiconductor Sdn Bhd	Assembly, testing and packaging of semiconductors, high power light emitting diode (LED) array and trading of prototype machinery	Director	10 August 2004	10 March 2022	Shareholder with indirect 100.0% equity interest by virtue of his shareholding in DSEM Holdings Sdn Bhd prior to the striking off of the company pursuant to Section 8(4) of the Act
Rank Electronics Sdn Bhd	To provide back-end support services for semiconductor manufacturing	Director	17 June 2020	27 January 2022	-

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

The involvements of Lim Kee Beng, Tay Seng Chew and Davindra in those business activities outside our Group will not give rise to any conflict of interest situation with our business activities, after taking into consideration the following factors:

- (a) they do not perform any executive functions in the abovementioned companies and only attends the board meetings as and when it is conducted;
- (b) the above companies in which they are involved are not our customers or suppliers during the financial years under review; and
- (c) the above companies in which they are involved are not in the EMS activities, and as such do not compete with our Group.

Based on the above considerations, our Board is of the view that the involvements of Lim Kee Beng and Tay Seng Chew in other companies will not affect their abilities to perform their roles and responsibilities to our Group. Most of their time is spent in the operations and affairs of our Group. As such, their involvements in other businesses and operations outside of our Group are not expected to have any effect on their contribution to our Group.

5.3.3 Existing or proposed service agreements

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

5.3.4 Key senior management's shareholdings

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

Names / Designation / Nationality	As at LPD / Before IPO				After IPO ⁽¹⁾⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lee Aik Kun / Chief Technical Officer / Malaysian	-	-	-	-	6,500,000	0.3	-	-
Chang Tsui Shi / Finance Director / Malaysian	-	-	-	-	1,300,000	0.1	-	-
Lim Kee Beng / Business Development Director / Malaysian	-	-	-	-	1,500,000	0.1	-	-
Tay Seng Chew / Corporate Services Director / Malaysian	-	-	-	-	6,500,000	0.3	-	-
Davindra Singh Gendeh / Vice President of Operations / Malaysian	-	-	-	-	260,000	~	-	-

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

Notes:

~ Less than 0.1%

(1) Based on the enlarged share capital of 2,073,933,300 Shares after our IPO.

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

5.4 RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships or association between or amongst our Promoters, substantial shareholders, Directors and key senior management as at the LPD:

(a) Ooi Eng Leong, our Promoter, substantial shareholder and Managing Director, is the spouse of Tan Ah Geok, our Promoter and substantial shareholder.

5.5 REMUNERATION AND BENEFITS

5.5.1 Directors

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 2020, FYE 2021 and FPE 2022 are as follows:

FYE 2020 Director	Directors' fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits -in-kind RM'000	Total RM'000
Ooi Eng Leong	-	408	-	-	408
Lee Kim San	-	393	35	21	449
FYE 2021 Director	Directors' fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits -in-kind RM'000	Total RM'000
Ooi Eng Leong	-	699	249	-	948
Lee Kim San	-	393	141	21	555
Dato' Seri Wong Siew Hai ⁽²⁾	-	-	-	-	-
Dato' Seri Lee Kah Choon ⁽²⁾	-	-	-	-	-
Dato' Faiza Binti Zulkifli ⁽²⁾	-	-	-	-	-
Ju Siew Lee ⁽²⁾	-	-	-	-	-
FPE 2022 Director	Directors' fees RM'000	Salaries RM'000	Bonuses RM'000	Benefits -in-kind RM'000	Total RM'000
Ooi Eng Leong	-	358	249	-	607
Lee Kim San	-	208	211	5	424
Dato' Seri Wong Siew Hai ⁽²⁾	-	-	-	-	-
Dato' Seri Lee Kah Choon ⁽²⁾	-	-	-	-	-
Dato' Faiza Binti Zulkifli ⁽²⁾	-	-	-	-	-
Ju Siew Lee ⁽²⁾	-	-	-	-	-

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

Proposed for FYE 2022 Director	Directors'	Salaries	⁽¹⁾ Bonuses	Benefits	Total
	fees			-in-kind	
	RM'000	RM'000	RM'000	RM'000	RM'000
Ooi Eng Leong	-	788	249	10	1,047
Lee Kim San	-	483	211	11	705
Dato' Seri Wong Siew Hai ⁽²⁾	-	-	-	-	-
Dato' Seri Lee Kah Choon ⁽²⁾	-	-	-	-	-
Dato' Faiza Binti Zulkifli ⁽²⁾	-	-	-	-	-
Ju Siew Lee ⁽²⁾	-	-	-	-	-

Notes:

- (1) The final bonuses to be paid from 1 July 2022 to 31 December 2022 are not included. Such bonuses, if any, will be determined later depending on the performance of our Group, subject to the recommendation of the Remuneration Committee and approved by our Board.
- (2) Dato' Seri Wong Siew Hai and Dato' Faiza Binti Zulkifli were appointed to our Board on 18 May 2021, while Dato' Seri Lee Kah Choon and Ju Siew Lee were appointed to our Board on 7 February 2022. These Directors are not entitled to any fees until after our Listing. Their annual fees will be as follows:

Directors	RM'000
Dato' Seri Wong Siew Hai	50
Dato' Seri Lee Kah Choon	36
Dato' Faiza Binti Zulkifli	36
Ju Siew Lee	36

5.5.2 Key senior management

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our key senior management for services rendered in all capacities to our Group for the FYE 2020, FYE 2021 and FPE 2022 are as follows:

FYE 2020	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Lee Aik Kun	300 – 350	0 – 50	300 – 350
Chang Tsui Shi	100 – 150	0 – 50	100 – 150
Lim Kee Beng	150 – 200	0 – 50	200 – 250
Tay Seng Chew	0 – 50	0 – 50	0 – 50
Davindra Singh Gendeh	100 – 150	0 – 50	100 – 150

FYE 2021	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Lee Aik Kun	400 – 450	0 – 50	450 – 500
Chang Tsui Shi	150 – 200	0 – 50	150 – 200
Lim Kee Beng	250 – 300	0 – 50	250 – 300
Tay Seng Chew	100 – 150	0 – 50	100 – 150
Davindra Singh Gendeh	300 – 350	0 – 50	350 – 400

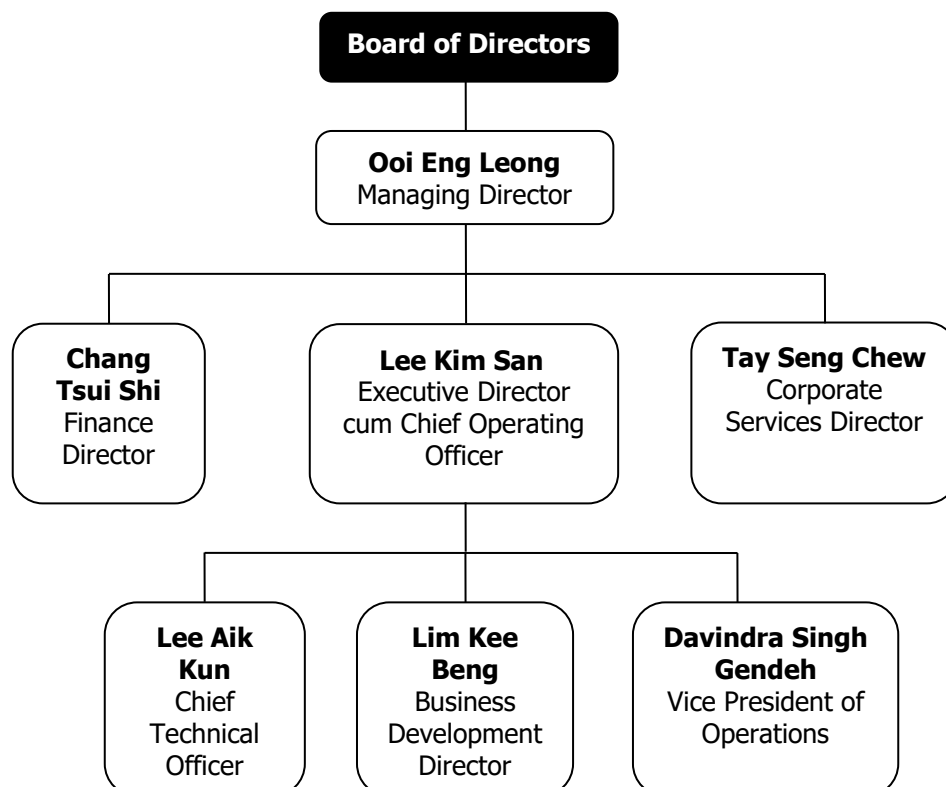
5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (cont'd)

FPE 2022	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Lee Aik Kun	250 – 300	0 – 50	250 – 300
Chang Tsui Shi	100 – 150	0 – 50	100 – 150
Lim Kee Beng	100 – 150	0 – 50	100 – 150
Tay Seng Chew	50 – 100	0 – 50	50 – 100
Davindra Singh Gendeh	100 – 150	0 – 50	150 – 200

Proposed for FYE 2022	Remuneration band (in bands of RM50,000)		
	Remuneration	Benefits-in-kind	Total
	RM'000	RM'000	RM'000
Lee Aik Kun	500 – 550	0 – 50	550 – 600
Chang Tsui Shi	200 – 250	0 – 50	200 – 250
Lim Kee Beng	250 – 300	0 – 50	300 – 350
Tay Seng Chew	100 – 150	0 – 50	100 – 150
Davindra Singh Gendeh	300 – 350	0 – 50	300 – 350

The remuneration for our Directors must be reviewed and recommended by our Remuneration Committee and subsequently, be approved by our Board. Any change in Director's fees as set out in our Constitution must be approved by our shareholders pursuant to an ordinary resolution passed at a general meeting where appropriate notice of the proposed changes should be given. Please refer to Section 15.3.1 for further details.

5.6 MANAGEMENT REPORTING STRUCTURE



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

5.7 DECLARATION FROM PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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

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

Notwithstanding the above, SkyGate Technology has been involved in the following legal cases. Our EMS business was originally co-founded by our Managing Director through SkyGate Technology in 1999 and was subsequently transferred to NSM in 2013. Kindly refer to Section 6.1.2 of this Prospectus for further details.

(a) Legal case with Tenaga Nasional Berhad ("TNB") ("TNB Case")

In April 2011, TNB officers accompanied by EC and police officers conducted an inspection and alleged that 1 unit of transformer terminal at Plant 1 and Plant 2 (where both manufacturing facilities were sharing the same unit of transformer terminal) have been tampered with additional wire and contactor that could affect the recording of the actual electricity usage ("**Inspection**"). Pursuant to the Inspection, a police report was lodged by the police officer who accompanied the investigation team for breach of the Electricity Supply Act 1990 ("**ESA**") ("**Police Report**"). No investigation or inspection was made at Plant 3 in April 2011 and Plant 5 was not owned by our Group at that point in time. Presently, each manufacturing facility has 1 unit of transformer terminal installed within the perimeters of our manufacturing facilities, save for Plant 1 and Plant 2 which are sharing the same transformer terminal.

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

The initial claim by TNB on 18 June 2012 was approximately RM7.50 million ("**Initial Claim**"). The High Court of Malaya in Penang had on 22 December 2015 granted a consent order for TNB to withdraw all charges and claims against SkyGate Technology and Skygate Technology to also withdraw all the counter claims against TNB. SkyGate Technology was also awarded legal cost of RM20,000 by the High Court. The withdrawal of the Initial Claim was made after negotiations and mutual agreement between TNB and SKyGate Technology. However, on 9 March 2016, SkyGate Technology was served with a fresh notice of demand by TNB claiming for a loss of revenue from 24 June 2007 until 5 April 2011 ("**Period**") of approximately RM4.30 million based on the same basis per the Initial Claim ("**Second Claim**"), which SkyGate Technology continues to deny.

On 16 November 2017, SkyGate Technology and TNB had entered into a settlement of an agreed sum of RM3,326,189.83 without admission of liability and without admission of tampering of the electricity system by SkyGate Technology before the High Court Judge by way of a Consent Judgement. This case has been resolved and concluded between the parties with no liberty for TNB to a fresh claim. The settlement and conclusion of the legal case involving TNB allows SkyGate Technology to re-focus the company's resources and energy on its operations and strategic plans.

Each of the transformer terminals at our manufacturing facilities are subjected to routine inspections by TNB at their discretion without any notification in advance being provided. We are not aware of the routine inspection schedule and site visits made by TNB as they had accessed and inspected each of these transformer terminals without prior notification to us. TNB will not notify us on the routine inspection and site visits conducted by them after it was performed by them.

(b) Action by EC

The Police Report led the EC to issue a charge sheet to SkyGate Technology on 17 April 2015 for breach of Section 37(3) of Electricity Supply Act 1990⁽¹⁾ under the Session Court Butterworth Criminal Court Case No: 63-15-04/2015 ("**EC Case**").

Note:

- (1) Section 37(3) of Electricity Supply Act 1990 provides that any person who is in any manner dishonestly abstracts electricity, consumes electricity, uses electricity, alters the index of any meter or other instrument used on in connection with any installation of any supply authority or any licensed installation for recording the output or consumption of electricity or prevents any such meter or instrument from duly recording the output or consumption of electricity, shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding three (3) years or to both.

The TNB case which had been concluded could not preclude the EC from initiating this criminal proceeding against SkyGate Technology. After a series of hearings held in 2016 and 2017, the Butterworth Sessions Court dismissed the EC's departmental summons against SkyGate Technology on 28 November 2017. However, the public prosecutor filed an appeal against the said acquittal to the Penang High Court, which was allowed. On 18 January 2019, SkyGate Technology was convicted by the Butterworth Sessions Court and be liable to pay a total fine of RM100,000 for both charges, which was duly paid on the same day ("**Conviction**"). SkyGate Technology appealed against the Conviction to the Penang High Court which was dismissed and the

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

said sentence was maintained. SkyGate Technology has since filed an appeal against the decision of the High Court with the Court of Appeal ("**Appeal**").

On 28 September 2022, the Court of Appeal has upheld the Penang High Court decision with no further penalty imposed on SkyGate Technology. In his brief grounds of judgment which was read out orally in open court, the Judge said that the prosecution team representing the EC had successfully proven its case beyond reasonable doubt despite acknowledging that there was a misdirection committed by the trial judge. In this regard, the Appeal Court took the view that the said misdirection was not fatal and did not affect the decision of the said trial judge of the Penang High Court.

During the Period, Ooi Eng Leong was the Director and major shareholder of SkyGate Technology. As at the LPD, Ooi Eng Leong is no longer the Director of SkyGate Technology (who has since resigned on 29 December 2017) and he is deemed to hold 100% indirect shareholding in SkyGate Technology via his shareholding held in Alion Nation Group Sdn Bhd pursuant to Section 8(4) of the Act. No charge or any criminal proceeding has been instituted against Ooi Eng Leong under the above two cases. This matter did not involve our Company, our other Directors, nor any of our subsidiaries/ associated company.

Our Group has engaged KPMG Management and Risk Consulting Sdn Bhd ("**KPMG MRC**") as the internal control expert to conduct a gap assessment pursuant to the following:

- (a) Guidelines on Adequate Procedures, issued pursuant to Section 17A under the Malaysian Anti-Corruption Commission Act 2009. The key activity is to assess our Group's anti-bribery and anti-corruption framework against the Guidelines on Adequate Procedures; and
- (b) Malaysian Code on Corporate Governance ("**MCCG**") revised on 28 April 2021. The key activity is to assess the NGH Group's practice against the relevant principles and recommendations promulgated by the Malaysian Code on Corporate Governance and relevant sections of the Listing Requirements on corporate governance and risk management ("**MCCG Principles and Practices**").

Our Company has since implemented the relevant suggestions proposed by KPMG MRC based on the principles of the MCCG Principles and Practices. In accordance with the applicable laws and regulations, our Group has established procedures for developing and maintaining internal control systems. The actions taken and implementation plans arising from gap assessment on our Group's existing level of compliance with the corporate liability provision, MCCG Principles and Practices and Listing Requirements are summarised as below.

No.	Areas	Recommendations	Improvement details
(a)	Corporate liability provision	(i) Enhancement to reporting channel - Whistleblowing policy and procedure	Based on Principle I: Q1 (3c) of the MACC Act Section 17A Adequate Procedures Best Practice Handbook (" MACC Best Practice Handbook "), the Whistleblowing Committee (" WBC ") in charge of handling whistleblowing reports should be independent from the Management and accountable to an Independent Non-Executive Director. (a) The Whistleblowing Policy has been reviewed and approved by the Board of Directors to include:

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

No.	Areas	Recommendations	Improvement details
			<ul style="list-style-type: none"> (i) Appointment of an Independent Director (Chairman of the Audit and Risk Management Committee) as a reporting channel; (ii) A standard reporting form; and (iii) Procedures on treatment of reports received, appointment of investigating officer and reporting of outcome.
			(b) The updated Whistleblowing Policy has been published on our Group's website;
			(c) our Group has also set up a Sustainability & Integrity Working Group with clear terms of reference to assist the Audit and Risk Management Committee in implementation and investigation of whistleblowing matters; and
			(d) Reporting of anti-bribery and anti-corruption matters will be included as a standing agenda in Audit and Risk Management Committee as well as Board meetings.
		(ii) To conduct a corruption risk assessment to identify, analyse, assess and prioritise the corruption risks faced by the Company	<p>Section 4.2.1 of the Guidelines on Adequate Procedures ("Guidelines"), issued pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act, 2009 ("MACC Act 2009"), requires a commercial organisation to conduct periodic corruption risk assessments, including ad-hoc assessments in the event there is a change in law or circumstances of the business.</p> <p>A comprehensive corruption risk assessment exercise has been conducted. The corruption risk register and risk parameters has been established. Going forward, the risk assessment will be conducted every 3 years according to the Guidelines or as and when necessary such as in the case of a change in law or business model of our Group.</p>
		(iii) Conduct declaration and monitoring of conflict of interest and adherence to the Code of Business Conduct and Ethics to promote transparency and good governance	<p>Potential conflict of interest was managed on a "self-declaration" approach. Notwithstanding the self-declaration approach, the process of managing conflict of interest was enhanced by introducing periodic "mandatory declarations" and policy to provide additional guidance. Our Group has established the following:</p> <ul style="list-style-type: none"> (a) a Conflict of Interest Policy to provide guidance and examples to our employees and Directors; (b) a Conflict of Interest Declaration form for annual declaration by all employees and Directors; and (c) an Adherence to Code of Business Conduct & Ethics and Professional Conduct Declaration form to evidence annual positive confirmation on adherence to our

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

No.	Areas	Recommendations	Improvement details
			Group's Code of Business Conduct and Ethics for Directors, Managers and Employees.
	(iv) Establish a due diligence process on anti-bribery and corruption	Section 4.3.2 of the Guidelines on Adequate Procedures (" Guidelines "), issued pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 (" MACC 2009 ") states a commercial organisation should establish policies and procedures on general anti-bribery and corruption policy or statement; gifts, entertainment, hospitality and travel; donations and sponsorships, including political donations; and facilitation payments. The following have been implemented:	<p>(a) The Anti-Bribery and Corruption Policy has been enhanced to include political donations and facilitation payments as required by the Guidelines;</p> <p>(b) A gifts, entertainment and hospitality as well as travel policy has been established detailing the acceptable values, limits and approval matrix; and</p> <p>(c) A corporate social responsibility, donation and sponsorship policy has been established stipulating the due diligence checks required, approval and forms adopted for such matters.</p>
	(v) Enhancement to due diligence on third parties prior to entering into any formalized relationship	In respect of engagement with third parties, Section 4.3.1(a) of the Guidelines on Adequate Procedures (" Guidelines "), issued pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 (" MACC 2009 "), states that a commercial organisation should establish key considerations or criteria for conducting due diligence on any third parties prior to entering into any formalised relationship. An organisation's management is potentially liable for any corrupt acts committed by associated persons of the company. Our Group has enhanced its communication and assessment on new and existing vendors, as follows:	<p>(a) the approved Anti-Bribery and Anti-Corruption policy has been displayed in NSM Supply Chain Ordering Portal where all direct material suppliers will have to acknowledge that they have read, understood and agreed to the terms and conditions; and</p> <p>(b) the purchasing process standard operating procedures has been updated to include assessment from perspective of bribery and corruption for new and existing vendors.</p>

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

No.	Areas	Recommendations	Improvement details
		(vi) Enhancement to training materials on anti-bribery and corruption topics	The importance of establishing a robust training and continuous education process is underscored, as Principle V of the Guidelines is dedicated on the training and communication process. Our Group has enhanced the training materials which forms as part of the new employee induction process, to provide new employees with a sense of awareness and understanding on key requirements arising from the company's corporate policies especially on Anti-Bribery and Anti-Corruption policy, Gifts and Entertainment Policy, and Code of Business Conduct and Ethics. Training materials include anti-bribery & corruption topics. For exiting employees, periodic briefing on the framework and guideline will be rolled out in due course.
(b)	MCCG/Listing Requirements	(i) Enhancement to Board Charter and Board Committee Terms of References to include new requirements or updates from Malaysian Code of Corporate Governance (MCCG) April 2021 and Listing Requirements in January 2022	<p>Our Group has enhanced its governance framework according to the requirements of MCCG Principles and Practices and Listing Requirements. The following were enhanced/ developed:</p> <p>(a) enhanced and approved Board Charter to include new updates and requirements of Listing Requirements and MCCG;</p> <p>(b) enhanced Board Committee Terms of References (i.e. Audit and Risk Management Committee, Remuneration Committee, Nomination Committee) to reflect the new requirements;</p> <p>(c) fit & Proper Policy as required by Listing Requirements; and</p> <p>(d) remuneration Policy as required by the MCCG.</p>
		(ii) A framework for group-wide governance which facilitates co-operation and communication between listed corporation and its subsidiaries has yet to be established	With reference to Chapter 5 (Group Governance) of the Guidelines on Conduct of Directors for Listed Corporations and their subsidiaries, issued by the SC, NSM has established a framework to facilitate communication and furnishing of information by subsidiary upon request from listed company. The Board Charter has been updated to include power of authority. In addition, to enable the board of the listed corporation to oversee the performance of its subsidiaries effectively including assessing the non-financial performance of our Group, the matters reserved for our Board will be updated to include the review of subsidiary financial performance.

In addition, NSM was compounded on 10 June 2021 by MITI for failing to comply with the Prevention and Control of Infectious Diseases (measures within infected local areas) (No. 2) Regulations, 2021 and Jabatan Kesihatan Negeri Pulau Pinang on 24 June 2021 under Section 11(3) of Prevention and Control of Infectious Diseases Act, 1988. Kindly refer to Section 6.5.15(c) for further details.

6. INFORMATION ON OUR GROUP

6.1 BACKGROUND INFORMATION

6.1.1 Incorporation

Our Company was incorporated in Malaysia under the Act on 4 February 2021 as a private limited company under the name of NationGate Holdings Sdn Bhd. On 30 April 2021, we converted into a public limited company under our present name. Our Company was incorporated as a special purpose vehicle to facilitate our listing on the ACE Market.

We are an investment holding company. Through our subsidiaries and associated company, we are an EMS provider focusing on the assembly and testing of:

- (a) electronic components and products to produce completed PCBs, semi-finished sub-assemblies and fully-assembled electronic products; and
- (b) semiconductor devices.

We have the capability to undertake value-added services to support our assembly and testing activities, which include high precision plastic injection moulding, prototyping for manufacturability, supply chain management and packaging services.

6.1.2 History and development

Our EMS business was co-founded by our Managing Director, Ooi Eng Leong and Pang Yun Tiam in 1999 through SkyGate Technology. SkyGate Technology was incorporated on 29 December 1998. During this period, our co-founders jointly spearheaded the EMS business.

In March 2010, NSM was incorporated to undertake high precision plastic injection moulding for the manufacturing of plastic structures and enclosures to support our EMS activities.

On 21 October 2011, our Promoters acquired all the ordinary shares held by the other shareholders of SkyGate Technology (including Pang Yun Tiam) to emerge as the 100.0% shareholders of the company. Prior to the said acquisition, the shareholders of SkyGate Technology as at 20 October 2011 are Pang Yun Tiam (49.0%), Yong Swee Beng (3.0%) and Ooi Eng Leong (48.0%). Both Pang Yun Tiam and Ooi Eng Leong are Executive Directors of SkyGate Technology. The consolidation of the equity interest in SkyGate Technology by our Promoters have provided our Managing Director the flexibility to implement his business strategies to grow our EMS business.

In December 2013, we undertook a group wide restructuring exercise which resulted in the following:

- (a) Our EMS business under SkyGate Technology was transferred to NSM through the transfer of inventories, certain fixed assets and business agreements. NSM eventually acquired Plant 1, Plant 2 (both in 2018) and Plant 3 in 2020.
- (b) Both SkyGate Technology and NSM became wholly-owned subsidiaries of Alion Nation, which was wholly-owned by our Promoters.
- (c) Post restructuring, SkyGate Technology became principally involved in property holding. Its remaining EMS related business (mainly offsite EMS activities) ceased in 2018.

In 2016, based on our EMS business under the Alion Nation group structure, we submitted a consultation paper to the SC to explore the possibility of undertaking a listing exercise on the Main Market of Bursa Securities. However, we did not proceed with the listing plan subsequently to focus on the growth of our EMS business.

6. INFORMATION ON OUR GROUP (cont'd)

Note:

- (a) Alion Nation was incorporated on 21 April 2011. Its existing principal activity as at LPD is investment holding in SkyGate Technology.

In August 2020, Alion Nation’s entire shareholdings in NSM were acquired by our Promoters to streamline the ownership of the EMS business (via NSM) from Alion Nation’s other assets/business. During the same year, NSM established NSY together with Davindra Singh Gendeh as a 49.0% shareholder in NSY to expand our EMS activities to the semiconductor industry.

NSY has been granted a Pioneer Status by MITI on 10 January 2022 which allows a 70% exemption from the payment of income tax over a 5-year period from 1 August 2020 to 31 July 2025.

On 17 February 2022, NSM acquired the remaining 49% equity interest in NSY from Davindra Singh Gendeh to make NSY its wholly-owned subsidiary. On 1 March 2022, NSM entered into a Business Collaboration Agreement for the business collaboration with GoldTek for the joint venture with NSM via the acquisition of a 60.0% equity interest in NIM. This Business Collaboration Agreement allows us to secure new business growth and strengthen the relationships between both parties for more future collaborations with more affiliates and/or subsidiaries of Hon Hai Precision Industry Co., Ltd.

In February 2022, our Group commenced EMS operations at Plant 7 with an initial built-up area of 100,000 sq ft with 8 SMT assembly lines. In May 2022, our Group further expanded our manufacturing floor space within Plant 7 to a total rented built-up area of 227,654 sq ft. The table below sets forth the key events and milestones in the history and development of our EMS activities:

Year	Key milestones
1999	<ul style="list-style-type: none"> • Commenced operations on the assembly and testing of PCBs from a rented factory space in Seberang Perai, Pulau Pinang with a single assembly line.
2003	<ul style="list-style-type: none"> • Relocated our operations to Plant 1 in 2003 with 5 assembly lines.
2005	<ul style="list-style-type: none"> • Expanded our EMS capabilities to include value added services such as prototyping for manufacturability, supply chain management and packaging services.
2006	<ul style="list-style-type: none"> • Commenced operations at Plant 2 with 5 assembly lines, which included a Class 10K cleanroom, which is an engineered space with air cleanliness levels of a maximum of 10,000 particles (≥ 0.5 micrometres) per cubic foot and minimum of 45 to 60 air changes per hour.
2009	<ul style="list-style-type: none"> • Company A became our customer for PCBA services for cable television products. Company A subsequently became our key customer.
2010	<ul style="list-style-type: none"> • Obtained the following QMS certification under SkyGate Technology: <ul style="list-style-type: none"> (i) AS9100 QMS certification; and (ii) ISO 13485 QMS certification. • Obtained the AS9100 QMS certification under NSM
2011	<ul style="list-style-type: none"> • Commenced assembly and testing services for Company A’s range of optical products such as optical transceivers.

6. INFORMATION ON OUR GROUP (cont'd)

Year	Key milestones
2013	<ul style="list-style-type: none"> Obtained the ISO/TS 16949:2009 QMS certification under NSM.
2016	<ul style="list-style-type: none"> Secured new completed PCBs orders from Robert Bosch for assembly in their range of power tool products.
2018	<ul style="list-style-type: none"> Expanded our EMS offerings to the data storage and networking industries by providing assembly and testing services for data computing products
2020	<ul style="list-style-type: none"> Completed the construction and commenced operations at Plant 5 with a built-up area of 215,833 sq ft, with an additional 8 SMT assembly lines
2022	<ul style="list-style-type: none"> NSY was granted a Pioneer Status by MITI NSY became a wholly-owned subsidiary of NSM NSM entered into the Business Collaboration Agreement with GoldTek In February 2022, we commenced operations at Plant 7 with an initial built-up area of 100,000 sq ft, with an additional 8 SMT assembly lines In May 2022, our Group further expanded our manufacturing floor space within Plant 7 with a total rented built-up area of 227,654 sq ft.

6.1.3 Pre-IPO restructuring

In preparation for our Listing, we have undertaken a series of internal restructuring exercises, as follows:

(a) Acquisition of NSY

On 25 January 2022, NSM entered into a conditional share sale agreement with Davindra Singh Gendeh ("**Davindra**") to acquire the remaining 49.0% equity interest in NSY comprising 281,750 ordinary shares for a total purchase consideration of RM15,000,000 ("**Acquisition of NSY**"). The disposal of the 49.0% equity interest held by Davindra to NSM was undertaken to consolidate the minority equity interest not already held in NSY and to allow the NGH Group to fully fund the financial requirements of NSY's business growth.

The purchase consideration for the Acquisition of NSY shall be paid by NSM via 15 months' instalments of RM1,000,000 each, which will allow NSM to have the flexibility to manage its overall operating cashflow position to support its continued business growth while fulfilling its obligations for the Acquisition of NSY. The completion shall take place upon first instalment of RM1,000,000 is received by Davindra and the transfer form shall be dated on the completion date. NSM and Davindra acknowledges and agrees that upon completion, the registered and beneficial ownership of NSM over the said shares shall not be challenged by Davindra despite not receiving the full purchase consideration of RM15,000,000 as at the completion date.

Davindra irrevocably confirms and undertakes that he has no rights, ownership, claim and whatsoever over the said shares from the completion date. In the event there is any default payment of the purchase consideration, Davindra agrees to only claim from NSM the defaulted payment as an outstanding amount owing to him under his contractual right instead of requesting NSM to return any part of the said shares unless otherwise mutually agreed.

The Acquisition of NSY was completed on 17 February 2022. Thereafter, NSY became our wholly-owned subsidiary. The purchase consideration of RM15,000,000 for the Acquisition of NSY represents a PE Multiple of 6.8 times based on the unaudited PAT of NSY of RM4.50 million for FYE 2021. The Acquisition of NSY was undertaken as NSM intends to consolidate its control and operations of NSY, in view of the growing business activities of NSY, which has contributed approximately RM26.9 million or 3.5% of our Group's total revenue during FYE 2021.

6. INFORMATION ON OUR GROUP (cont'd)**(b) Acquisition and restructuring of NIM**

NSM acquired 1,000,000 ordinary shares in NIM, representing 100.0% equity interests in NIM from Ooi Eng Leong and Tan Ah Geok for a total cash consideration of RM993,923 on 21 April 2021. The said cash consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited NA position of NIM as at 31 December 2021 of RM990,248.

Vendors	No. of shares acquired	% of share capital	Purchase consideration (RM)
Ooi Eng Leong	890,000	89.0	884,591.47
Tan Ah Geok	110,000	11.0	109,331.53
Total	1,000,000	100.0	993,923.00

The Acquisition of NIM was completed on 28 April 2021 and thereafter NIM became a wholly-owned subsidiary of NSM.

Subsequently, on 1 March 2022, GoldTek entered into the Business Collaboration Agreement where GoldTek will acquire 60% equity interest in NIM amounting to RM600,000 to explore potential strategic collaboration to leverage the strong product design and marketing advantages of GoldTek and EMS capabilities of NSM to increase potential business opportunities. On 8 June 2022, the Disposal of NIM was completed and NIM became our 40.0% associated company. Kindly refer to Section 14.2.3(b) for the board composition of NIM. The salient terms of the Business Collaboration Agreement are as follows:

Terms	Details
Obligations of the Parties :	<p>GoldTek</p> <p>(a) Responsible for undertaking the exploration of potential strategic collaboration to leverage the product design and marketing advantages of GoldTek and the EMS capabilities of NSM to increase potential business opportunities ("Business Opportunities") and providing the product designs, schedule, quantity and quality requirements and New Product Introduction ("NPI") instructions. The NPI is the process that takes an idea from an initial working prototype to a thoroughly refined and reproducible final product.</p> <p>(b) Acquiring the 60.0% equity interest of NIM for RM0.60 million in cash (Note: The acquisition of 60.0% equity interest by GoldTek in NIM was completed on 8 June 2022 and NIM became an associated company of our Group⁽¹⁾).</p> <p>(c) All net output of the Business Opportunities ("Manufacturing Value Added" or "MVA") amount will be paid via NIM to NSM.</p> <p>(d) Commit to minimum monthly factory operating expenditure of USD30,000 per month. If monthly MVA amount being paid to NSM is less than USD30,000, then GoldTek will compensate NSM for the difference.</p> <p>NSM</p> <p>(a) Responsible to fulfil the needs of the Business Opportunities with the full EMS capabilities of NIM.</p> <p>(b) Assure workforce capability, equipment, factory space and material readiness are adequate at all times to meet the required schedule, quantity and quality requirements of the Business Opportunities.</p> <p>(c) NSM will reserve a 10,000 sq m of dedicated areas in NSM's manufacturing plant at Plant 7 for NIM for its daily operations under the Business Opportunities.</p>

6. INFORMATION ON OUR GROUP (cont'd)

Terms	Details
Annual gross profit	: The parties to the Business Collaboration Agreement agree that the annual gross profit of NIM will be kept around 5% in order to cover the necessary wages of indirect labors and maintaining daily operations.
Termination	: The term of the Business Collaboration Agreement will commence on 1 March 2022 (" Effective Date ") and may be terminated upon written mutual agreement or by a party in the event that: <ul style="list-style-type: none"> (a) there is a material breach of the Business Collaboration Agreement by other party that remains uncured for 30 days after written notice of breach; or (b) the other party: <ul style="list-style-type: none"> (i) becomes insolvent; (ii) is generally unable to pay, or fails to pay, its debts as they become due; (iii) files, or has filed against it, a petition for voluntary or involuntary bankruptcy or pursuant to any other insolvency law; (iv) makes or seeks to make a general assignment for the benefit of its creditors; or (v) applies for, or consents to, the appointment of a trustee, receiver or custodian for a substantial part of its property or business.
Governing law	: Laws of Singapore. Parties to the Business Collaboration Agreement has chosen Singapore as choice of court of law in a third country other than Taiwan and Malaysia, which may provide an objective view to settle any dispute arising under the Business Collaboration Agreement in view of it being an international joint investment.

Note:

- (1) The Business Collaboration Agreement is part of GoldTek's plan to establish a manufacturing and marketing base in Malaysia through the collaboration with a strategic manufacturing partner, NIM which will provide support in terms of EMS capabilities on a consignment basis. By NIM being a subsidiary of GoldTek, all funding requirements of NIM will be undertaken by GoldTek.

The Business Collaboration Agreement would allow GoldTek to leverage the manufacturing capabilities and technologies owned by NGH Group without having to incur large capital outlay to establish its manufacturing facilities in Malaysia. However, under the Business Collaboration Agreement, parties have yet to determine the profit ratio and cost benefit in order to arrive at the MVA. Nevertheless, the minimum monthly MVA of USD30,000 per month has been determined to meet the monthly overhead cost of NIM's usage of the EMS facilities of NSM (such as utilities, warehousing, purchase of raw materials and other related overhead costs).

Upon the expected commencement of NIM's operations at Plant 7 in the first half of 2023:

- (a) the profit ratio and cost benefit to arrive at the MVA shall be determined by both parties on a quarterly basis; and

6. INFORMATION ON OUR GROUP (cont'd)

- (b) parties to the Business Collaboration Agreement shall determine the maximum obligation of NSM in terms of workforce capability, equipment and factory space required. Such arrangements will consider the product designs, schedule, quantity and quality requirements and NPI of the products to be assembled/tested under the Business Opportunities.

Moving forward, both GoldTek and NSM will explore Business Opportunities in the manufacturing of portable and low power consumption IoT electronic devices as well as securing other customers from the USA and Europe.

Background information on GoldTek

GoldTek is listed on the Taipei Exchange and principally involved in providing portable and low power consumption Artificial Intelligence of Things ("AIoT") electronic devices, design and fabrication services in the Original Design Manufacturing, Original Equipment Manufacturing and Joint Design Manufacturing markets. The Directors of GoldTek are as follows:

Name of directors	Position
Chu, Fu-Chuan	Chairman
Lou, Chao-Stsung	Director
Liang, Hui-Pin	Director
Tu Tung-Sheng	Director
Cheng, Wu-Shui	Independent Director
Fan, Shih-Kang	Independent Director
Lai, Chun-Nien	Independent Director

The controlling shareholder of GoldTek is as follows:

Name of shareholder	No. of shares	% of share capital
Ennoconn International Investment Co. Ltd (listed on the Taiwan Stock Exchange)	17,022,831	56.7

(c) Acquisition of NSM

As part of the pre-IPO restructuring of NSM as stated above, our Company has entered into a conditional share sale agreement with Ooi Eng Leong and Tan Ah Geok to acquire the entire equity interest in NSM comprising 10,000,000 ordinary shares for a total purchase consideration of RM143,360,647.33.

The purchase consideration for the Acquisition of NSM was satisfied by the issuance of 1,638,407,398 new Shares to Ooi Eng Leong and Tan Ah Geok at an issue price of RM0.0875 each, in the following manner:

Vendors	No. of shares acquired	% of share capital	Purchase consideration (RM)	No. of Shares issued
Ooi Eng Leong	8,900,000	89.0	127,590,986.08	1,458,182,698
Tan Ah Geok	1,100,000	11.0	15,769,661.25	180,224,700
Total	10,000,000	100.0	143,360,647.33	1,638,407,398

6. INFORMATION ON OUR GROUP (cont'd)

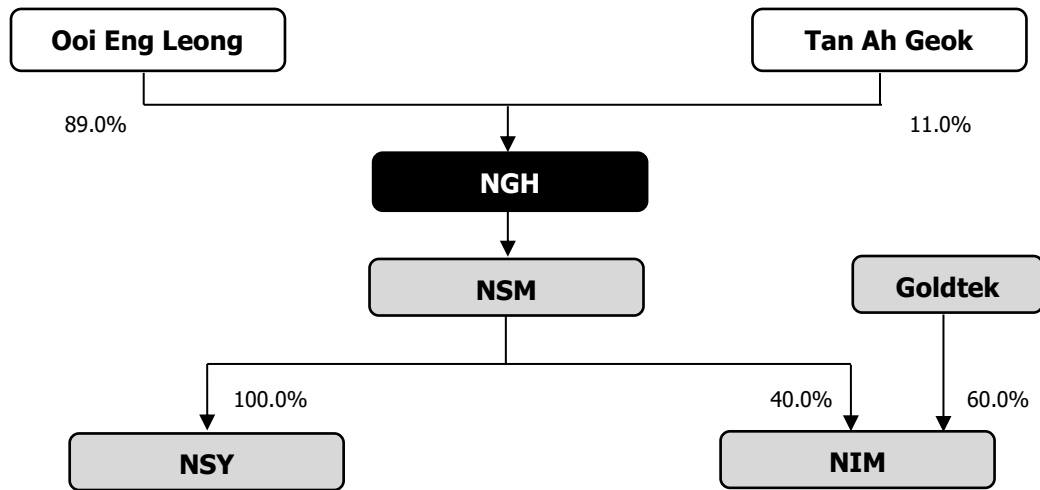
The Acquisition of NSM was conditional upon the approval of Bursa Securities being obtained for the Listing, which was obtained on 13 October 2022. The Acquisition of NSM was completed on 20 October 2022. Thereafter, NSM became our wholly-owned subsidiary. The total purchase consideration of RM143,360,647.33 for the Acquisition of NSM was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the pro forma consolidated audited NA of NSM as at 31 December 2021 of RM143,447,572.

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

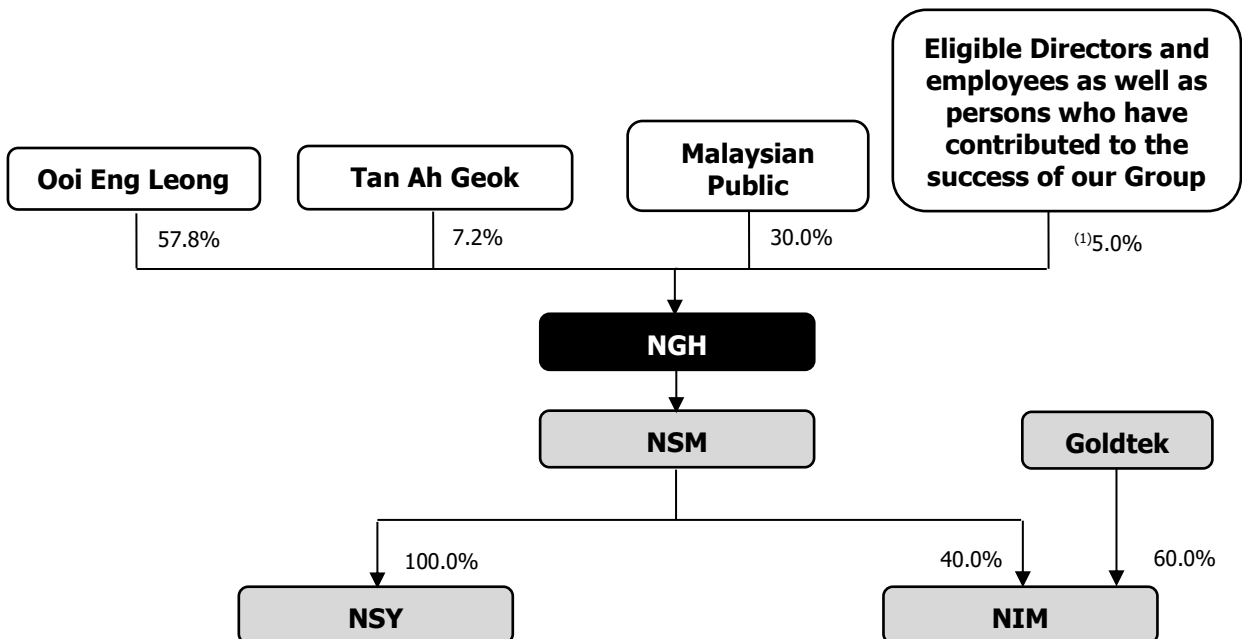
6.1.4 Group structure

Our Group structure before and after our IPO is as follows:

(a) After the Internal Restructuring but before IPO



(b) After the Internal Restructuring and IPO



6. INFORMATION ON OUR GROUP (cont'd)

Note:

- (1) Assume that the eligible Directors and employees as well as persons who have contributed to the success of our Group will fully subscribe for their entitlement under the Pink Form Allocations.

6.2 SUBSIDIARIES AND ASSOCIATED COMPANY

As at the LPD, details of our subsidiaries and associated company are summarised as follows:

Company	Registration No.	Date of commencement of business	Date/Place of incorporation	Principal place of business	Effective equity interest	Principal Activities
NSM	201001011441 (896101-U)	1 January 2011	30 March 2010 / Malaysia	Malaysia	100.0%	Assembly and testing of electronic components and products
Subsidiary of NSM						
NSY	202001001264 (1357583-K)	20 July 2020	10 January 2020 / Malaysia	Malaysia	100.0%	Assembly and testing of semiconductor devices
Associate of NSM						
NIM	202001028254 (1384574-U)	N/A	15 September 2020 / Malaysia	Malaysia	40.0%	Yet to commence operations. The intended principal activity is in the provision of EMS activities

Further details of our subsidiaries and associated company are set out in Section 14.

6.3 MATERIAL INVESTMENTS AND DIVESTITURES

6.3.1 Material investments

Material investments made by us during the FYEs 2019 to 2021 as well as FPE 2022 and up to the LPD are as follows:

	Original cost of investment				
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000	Up to LPD RM'000
Buildings and leasehold land ⁽¹⁾	16,100	15,915	512	-	477
Plant & machinery ⁽²⁾	7,955	33,070	39,730	16,005	17,830
Furniture & fittings ⁽³⁾	7,091	6,066	10,646	9,287	7,390
Renovation	89	985	1,500	3,167	1,540
Motor vehicles	594	847	532	3	725
Capital work-in-progress ⁽⁴⁾	17,623	1,382	130	7,416	1,409
Investment in subsidiary ⁽⁵⁾	-	293	994	15,000	-
Total	49,452	58,558	54,044	50,878	29,371

6. INFORMATION ON OUR GROUP (cont'd)**Notes:**

- (1) This mainly relates to the acquisitions of Plants 1, 2 and 3 from SkyGate Technology, as disclosed under Section 6.7.
- (2) This mainly relates to the purchase of the following:

Plant & machinery	FYE 2019		FYE 2020		FYE 2021	
	RM'000	%	RM'000	%	RM'000	%
SMT machineries	1,677	21.1	18,609	56.3	12,550	31.6
COB aligners	-	-	-	-	7,247	18.2
Die bonder	-	-	-	-	4,359	11.0
Optical inspection system	791	9.9	2,147	6.5	1,666	4.2
Automatic vision printer	-	-	1,840	5.6	1,260	3.2
Solder paste inspection system	720	9.1	1,443	4.4	737	1.9
Reflow oven	966	12.1	1,335	4.0	830	2.1
Conveyor	580	7.3	558	1.7	826	2.1
Dispensing machine	233	2.9	435	1.3	1,063	2.7
Overhead travelling crane	210	2.6	-	-	-	-
Testers	688	8.7	2,507	7.6	453	1.1
Solar panels	-	-	-	-	720	1.8
Others	-	-	-	-	-	-
Total	7,955	100.0	33,070	100.0	39,730	100.0

Plant & machinery	FPE 2022		Up to LPD	
	RM'000	%	RM'000	%
SMT machineries	11,033	68.9	-	-
COB aligners	-	-	6,302	35.4
Die bonder	-	-	3,997	22.4
Optical inspection system	375	2.3	756	4.2
Solder paste inspection system	-	-	497	2.8
Conveyor	922	5.8	552	3.1
Dispensing machine	638	4.0	130	0.7
Overhead travelling crane	-	-	120	0.7
X-ray inspection machine	-	-	497	2.8
Others	3,037	19.0	4,979	27.9
Total	16,005	100.0	17,830	100.0

- (3) This mainly relates to the purchase of new furniture and fittings for our EMS manufacturing operations.
- (4) This mainly relates to the following:
- ongoing construction of Plant 5, which commenced construction in December 2017 and completed its construction in December 2019; and
 - purchase of new machineries classified as capital work-in-progress for our EMS manufacturing operations.
- (5) This relates to the following:
- subscription by NSM of 293,250 ordinary shares, representing 51.0% equity interest in NSY for RM293,250 in FYE 2020;
 - acquisition of 1,000,000 ordinary shares, representing 100.0% equity interest in NIM for RM993,923 in FYE 2021; and

6. INFORMATION ON OUR GROUP (cont'd)

- (c) acquisition of the remaining 49.0% equity interest in NSY comprising 281,750 ordinary shares for a total purchase consideration of RM15,000,000 during the period up to the LPD.

The above capital expenditures were made within Malaysia. They were primarily financed by a combination of bank borrowings and internally generated funds.

6.3.2 Material divestitures

Material divestitures made by us during FYEs 2019 to 2021 as well as FPE 2022 and up to the LPD are as follows:

	At NBV				
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000	Up to LPD RM'000
Plant and machineries	57	(1)124	27	(2)2,192	-

Notes:

- (1) Relates to the 26 units of various machineries and equipment written-off, which were mainly used for plastic injection moulding activities, which was previously located at Plant 3. This includes automatic visions printers, IC mounters, inverter power supply units, test handler instruments, high speed chip shooter with related accessories and feeders, racking and workstations as well as compressors.
- (2) Relates to the disposal of various SMT machineries, equipment and tools, such as automatic visions printers, laser marking machines, X-ray machines, feeders as well as racking and workstations. These various SMT machineries, equipment and tools has since been replaced with newer plant and machineries acquired which are more technological advanced during FPE 2022 as part of our expansion plans to replace older various SMT machineries, equipment and tools which no longer fit our existing EMS operations.

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

6.3.3 Material commitment

Save for the proposed utilisation of proceeds from our Public Issue and our material commitment for our capital expenditure as disclosed in Section 4.9 and Section 11.3.5, we confirm that we do not have any material commitments contracted and divestitures currently in progress, within or outside Malaysia, which may have a material impact on our Group's financial position or business as at the LPD. All the above material commitments are located in Malaysia.

6.4 PUBLIC TAKE-OVERS

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

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

6. INFORMATION ON OUR GROUP (cont'd)

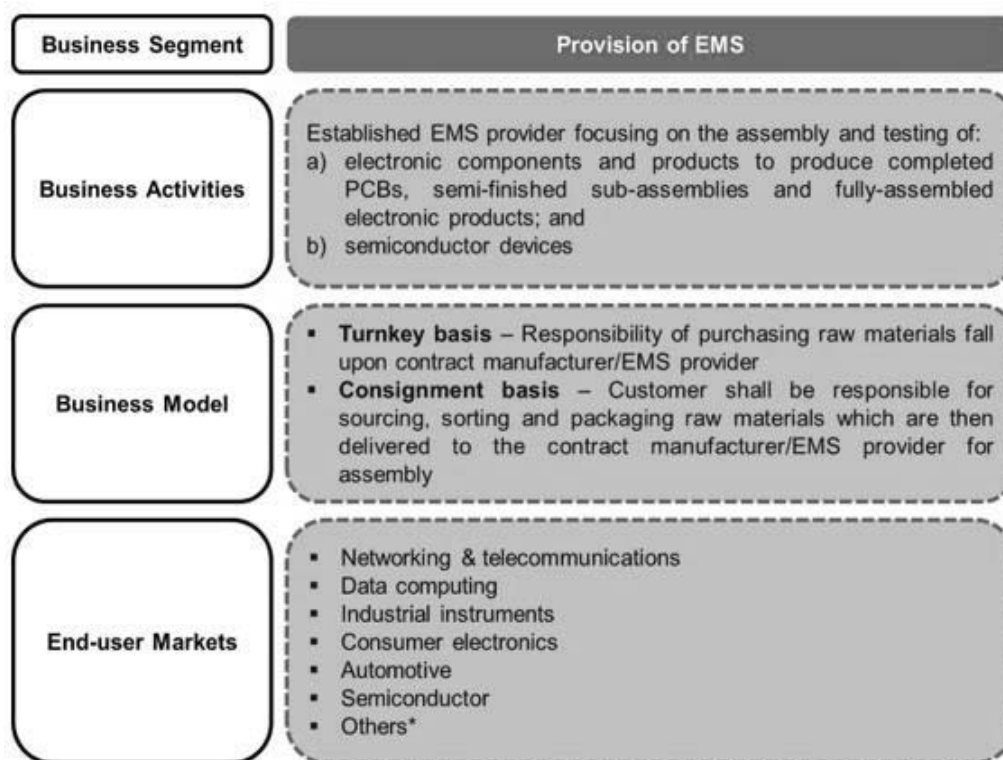
6.5 BUSINESS OVERVIEW

We are an established EMS provider with a focus on the assembly and testing of electronic components and products to produce completed PCBs, semi-finished sub-assemblies and fully-assembled electronic products as well as semiconductor devices. Our value-added supporting services include high precision plastic injection moulding, prototyping for manufacturability, supply chain management and packaging.

We operate our EMS business from our manufacturing facilities located in Seberang Perai, Pulau Pinang (under NSM and NIM) and Taiping, Perak (under NSY). We have the flexibility to undertake high-mix, low-volume and low-mix, high-volume production based on our customers' requirements.

6.5.1 Description of our business

The following diagram illustrates our Group's business activities:



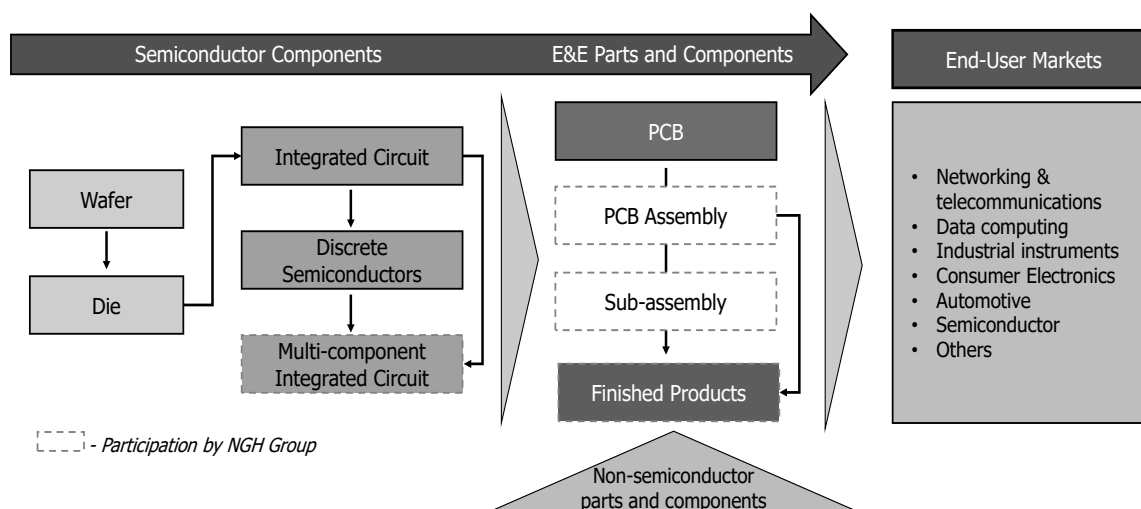
Note:

* Others include medical devices, IoT, household electronic products and analytical instrumentation devices.

We are involved in various segments across the E&E industry value chain from the assembly and testing of electronic components and products to produce completed PCBs, semi-finished sub-assemblies and fully assembled electronic products as well as semiconductor devices. Electronic components and semiconductor devices are widely used across many different end-user markets such as networking and telecommunications, data computing, industrial instruments, consumer electronics, automotive and semiconductor amongst others.

6. INFORMATION ON OUR GROUP (cont'd)

The following diagram depicts our participation in the value chain of the E&E industry:



Other than the major approvals, licenses and permits stated in **Appendix I**, we do not require other special approvals, licenses and permits to undertake the assembly and testing activities of our customer's products.

(a) Assembly and testing of electronic components and products

We provide assembly and testing services for 3 main categories of electronic components and products as follows:

- Completed PCBs;
- Semi-finished sub-assemblies;
- Fully-assembled electronic products.

Our electronic components and products as well as customer segments (with key products) are as follows:

Segment	Completed PCBs	Semi-finished sub-assemblies	Fully-assembled electronic products
<u>Networking and telecommunications</u>			
• Optical telecommunications devices and modules			✓
• Computing capable embedded processors	✓		
• Two-way walkie-talkies			✓
<u>Data computing</u>			
• Supercomputers			✓
• Computing devices	✓		✓
<u>Industrial instruments</u>			
• Electrical actuators			✓
• Supercapacitors			✓
• Water meter			✓
• Radio frequency wireless heat cost allocator			✓
• Power tools	✓		
• Measurement tools	✓		

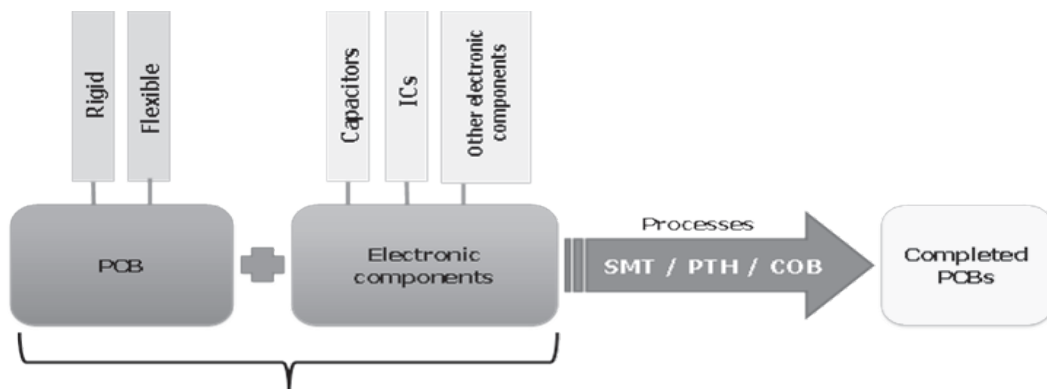
6. INFORMATION ON OUR GROUP (cont'd)

Segment	Completed PCBs	Semi-finished sub-assemblies	Fully-assembled electronic products
Consumer electronics			
• Smart workout machines		✓	
• Audio systems		✓	
• Lighting products/devices	✓		
• Electronic display	✓		
• Low voltage devices	✓		
Automotive			
• In-vehicle multimedia systems	✓		
Semiconductor			
• LED light components			✓
• Solid-state lighting products			✓
Others			
• Medical devices		✓	
• IoT			✓
• Household electronic products		✓	
• Analytical instrumentation devices		✓	

(i) Completed PCBs

We provide assembly and testing services for completed PCBs (also known as PCBA services) which involve assembling, populating and soldering of electronic components (such as capacitors, resistors, ICs, transistors, diodes and inductors) onto rigid or flexible PCBs (which are used for both electronic circuits interconnecting medium and mechanical mounting substrate) where one side or both sides are clad with a layer of copper and may consist of multiple layers ranging from 2 layers up to 14 layers. This is performed in a manual or an automated manner to form and produce functional completed PCBs.

We are typically provided with the bill-of-materials (a list of all the items required to manufacture a product) and Gerber files (software files that store all of the shape and location data for every parts and components in a PCB layout). Our PCBA services are performed through the use of SMT, PTH and COB processes. The SMT is the key process that we use in our PCBA services to place IC packages and discrete semiconductor components onto the PCB. Further details on these processes are described in Section 6.5.2.



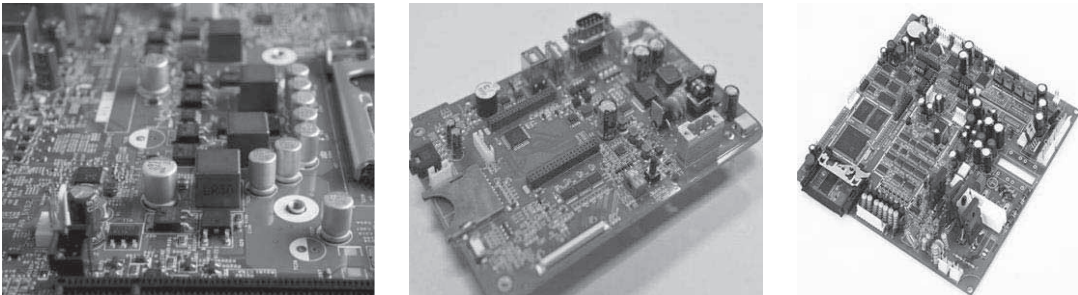
Assembled together under PCBA activities

* Other electronic components such as transistors, diodes and inductors

6. INFORMATION ON OUR GROUP (cont'd)

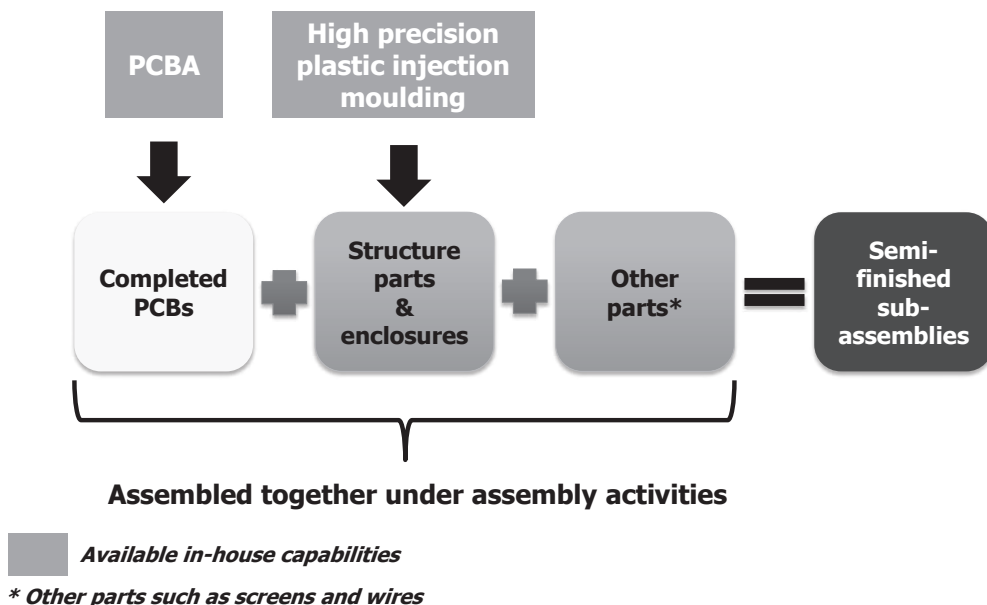
Once the PCB components are assembled to become a completed PCB, it is shipped to our customers to proceed with the next stage of the assembly process of their end/final products. Our completed PCBs are sold by pieces as stand-alone products or used as component inputs for our assembly and testing operations for semi-finished sub-assemblies and fully-assembled electronic products. The price of each unit of the completed PCB is dependent on the degree of complexity and number of mounting points involved.

Our PCBA services are mainly for the production of completed PCBs that are used in our customers' electronic based products such as computing capable embedded processors, computing devices, power tools, measurement tools, lighting products or devices, electronic display, low voltage devices and in-vehicle multimedia systems.



(ii) Semi-finished sub-assemblies

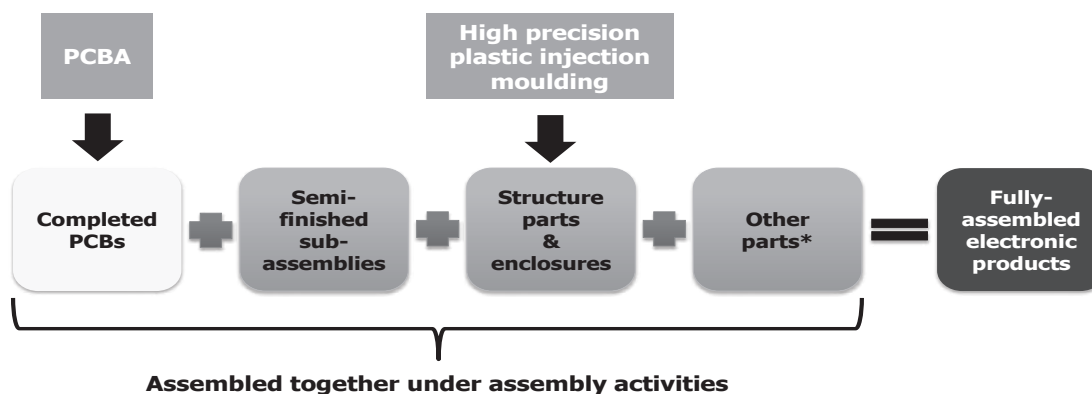
We produce semi-finished sub-assemblies which are subsequently used as input components for the next manufacturing process. These semi-finished sub-assemblies are considered as functional modules which can perform certain task(s) and are integrated with one another into a bigger system in the form of a fully-assembled electronic product. Semi-finished sub-assemblies are typically manufactured through the assembling of the input components comprising completed PCBs, structure parts, enclosures and other parts. We typically use a relatively high level of semi-automated operations coupled with a medium level of manual operations involving the use and frequent configuration of equipment and tools to assemble a higher mix of semi-finished sub-assemblies. We produce semi-finished sub-assemblies for our customers' electronic components and products such as smart workout machines, audio systems, medical devices, household electronic products and analytical instrumentation devices.



6. INFORMATION ON OUR GROUP (cont'd)

(iii) Fully-assembled electronic products

We provide assembly and testing services which involve the assembling of various input components to form, integrate and produce fully-assembled electronic products. The input components include completed PCBs, semi-finished sub-assemblies, structure parts and enclosures as well as other parts.



 Available in-house capabilities

* Other parts such as screens, wires and packaging materials

The input components are sourced from external parties or produced internally depending on the type(s) involved and manufacturing arrangement. We have in-house capabilities to produce the completed PCBs (via our PCBA services) and plastic structure parts and enclosures (via our high precision plastic injection moulding services).

We combine and integrate all the input components manually including undertaking the configuration and electrical cabling. We can also undertake the labelling of the fully-assembled electronic products.

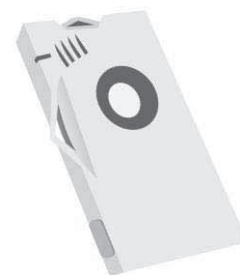
Examples of fully-assembled electronic products produced include optical telecommunication devices (e.g. optical transceivers) and modules, two-way walkie-talkies, supercomputers, computing devices, electrical actuators, supercapacitors, water meter, radio frequency wireless heat cost allocator, LED light components, solid-state lighting products and IoT (e.g. multi-mode trackers), which are of our customers' brands or their end customers' brands.



Optical transceivers



Two way walkie-talkies



Multi-mode tracker

6. INFORMATION ON OUR GROUP (cont'd)

(b) Assembly and testing of semiconductor devices

Through NSY, we offer assembly and testing of semiconductor devices which involves the encasing of semiconductor devices in materials (such as plastic and metal) to prevent physical damage and corrosion, dissipating heat produced in the semiconductor devices as well as supporting the electrical contacts between the semiconductor devices and PCB.

As at the LPD, NSY provides assembly and testing of solid-state lighting products for the new generation of motor vehicles for their brand owners in the automotive industry on a turnkey basis. Such products are commonly referred to as semiconductor components and are the core building blocks that provide the light source for both external and internal lighting for motor vehicles.

An example of solid-state lighting products that we assemble is as follows:



LED emitter

(c) Value-added services

To support and complement our assembly and testing activities, we have the capability to undertake one or a combination of the following value-added services to our customers:

(i) High precision plastic injection moulding

We provide high precision plastic injection moulding services solely to support our assembly services. We provide plastic structure parts and enclosures that are used for the assembly of our customers' products such as battery charger housings, LED tubes and Bluetooth headsets. High precision plastic injection moulding refers to the process of shaping liquid or pliable material (plastic resins) using a rigid frame with the tolerance level of up to 0.03 mm to manufacture the desired plastic products. Our high precision plastic injection moulding services revolve around the use of injection moulding technique.



Plastic moulding assembly parts

6. INFORMATION ON OUR GROUP (cont'd)

(ii) Prototyping for manufacturability

Prototyping for manufacturability is where we work with our end-customers at the early stage of the product design and facilitate the effectiveness and efficiency in the manufacturing processes by offering them engineering solutions in terms of enhancement of design; selection, composition and sourcing of raw materials, quality testing, advance planning on the operational process flow to meet their design and manufacturability needs while fulfilling the product's intended use. This is done by turning the blueprint into a working prototype.

We also assist to ascertain the ease of handling and component insertion, installation, inspection and repair by analysing the PCB layout design as well as component placement, spacing and orientation. The complexity of the assembly (covering components, parts and interfaces) to meet functional requirements are also analysed.

Prototype is also used to test and validate a concept or process prior to its rollout in the market. Based on the prototype, we will then work with our customers to improve on the cost, functionality, testability, quality and delivery time by providing recommendations on the raw materials, manufacturing processes as well as technology to enhance the manufacturability of our customer's product, where possible and to minimise the number of assembly and manufacturing steps involved leading to shorter manufacturing lead time. Before the commencement of mass production activities, we perform trial production of the finalised prototype.

(iii) Supply chain management

We provide supply chain management services for our turnkey-based contracts in the form of raw materials planning, sourcing and procurement, warehousing and logistics services. Raw materials planning, sourcing and procurement are important to ensure that we have a continuous supply of raw materials.

These suppliers are managed and vetted to ensure the components delivered are to our standards and that of our customers. The procured raw materials and input components will be kept at our manufacturing plants for use in the assembly process. To complement our raw materials procurement and warehousing, we also manage and organise the inventory logistics requirements to transport raw materials and the finished products based on our customers' delivery timing and destination requirements.

(iv) Testing and inspection

During our assembly process, we also run various tests and conduct inspections to assess the functionality and overall quality of the part or product that we assemble as part of our QC to ensure that it is good working condition according to specifications. The types of testing that we perform are detailed out in Section 6.5.2.

(v) Packaging

We design the packaging for our customers' products. We also pack the assembled products for shipping.

The above value-added services are offered as part of our value proposition to our customers and put us in a more competitive position to secure additional manufacturing contracts from our customers as we are able to offer more types of services for their manufacturing solutions. Our value-added services are typically bundled together with our assembly and testing services to our customers.

6. INFORMATION ON OUR GROUP (cont'd)

(d) Business Model

Our contracts with our customers are either using the turnkey or consignment basis model. Consignment-based contracts usually involve our customer being responsible for the sourcing, sorting and packaging of raw materials which are then delivered to us, whereas turnkey based contracts will typically see the responsibility of purchasing raw materials and input components used in the assembly process fall within our scope of work.

The decision of undertaking a specific business model under the respective manufacturing agreement is mutually agreed upon between our Group and our customers. For the financial years under review, all of our customer segments have adopted both the turnkey and consignment models, save for our semiconductor customer segment, which is undertaken under the turnkey model.

Further elaboration of turnkey and consignment basis models is set out below.

(i) Turnkey basis

We normally have to be qualified as an approved vendor by our customers to provide services on a turnkey basis. Under this arrangement, we provide customers with services which include raw materials and input components procurement, assembly and testing services as well as product support (in terms of servicing on returned products from our customers). The intellectual properties over the design of products assembled are owned by either our customer or their end-customer. The end-products that are assembled are then sold to customers by our Group. Product support involves the handling of returned products from our customers. We will conduct a check on the returned products to determine any defects and subsequently issue a credit note or undertake the necessary repair works on the returned products. We normally bear the cost of the returned products stemming from the manufacturing defects. During the financial years under review, our Group has not incurred any material repair cost for returned products or rectification of defects made for our customers products.

We are also responsible for managing inventories and purchasing the required raw materials and input components from our customers' approved suppliers, which may in certain cases, also include turnkey customers themselves depending on the terms and conditions of the contract. The purchase of raw materials and input components from these turnkey customers is due to their internal quality control procedures which necessitate the control on key raw materials or input components that will be used for their products. Nonetheless, the turnkey arrangement to purchase raw materials and input components may gradually be changed or expanded over time to include request(s) for us to produce the required completed PCBs.

In terms of billing, we charge our customers based on a 'cost-plus' pricing model where we add a predetermined specific markup to a product's unit cost. A product's unit cost includes the reimbursement for the expenses incurred on the purchase of raw materials and input components. We can also earn margin from providing these value-added services. Our customers are able to lower or eliminate many of the supply-chain and overhead costs associated with the manufacturing process leading to a reduced production costs.

6. INFORMATION ON OUR GROUP (cont'd)

(ii) Consignment basis

Consignment basis is often considered as 'partial outsourcing' arrangement whereby our customers oversee raw materials and input components acquisition, sorting and packaging before delivering directly to us for assembly and testing services. They will supply us with the required raw materials and input components on a consigned basis. Therefore, it is not necessary for us to allocate capital to purchase and manage inventories of raw materials and input components. However, we do purchase some indirect raw materials such as solder paste and packaging materials.

In terms of billing, we charge customers based on the types of services rendered per unit of product including the complexity of the PCBs and the number of mounting points involved. The charges for the use of more complex PCBs and/or a higher number of mounting points will be higher and vice versa. Our customers retain some of the in-house controls over the manufacturing and supply chain processes based on a consignment basis. Some of our customers may prefer this model as they control their own specific input components or have particular intellectual property that is contained in the component or a PCB. Under such arrangement, we do not need to allocate a large capacity or resources and thus, we stand to serve multiple customers at any single point in time by altering the manufacturing configurations as and when required.

We also undertake offsite EMS business activities on a consignment basis. Kindly refer to Section 6.8.2(a) for further details on offsite EMS.

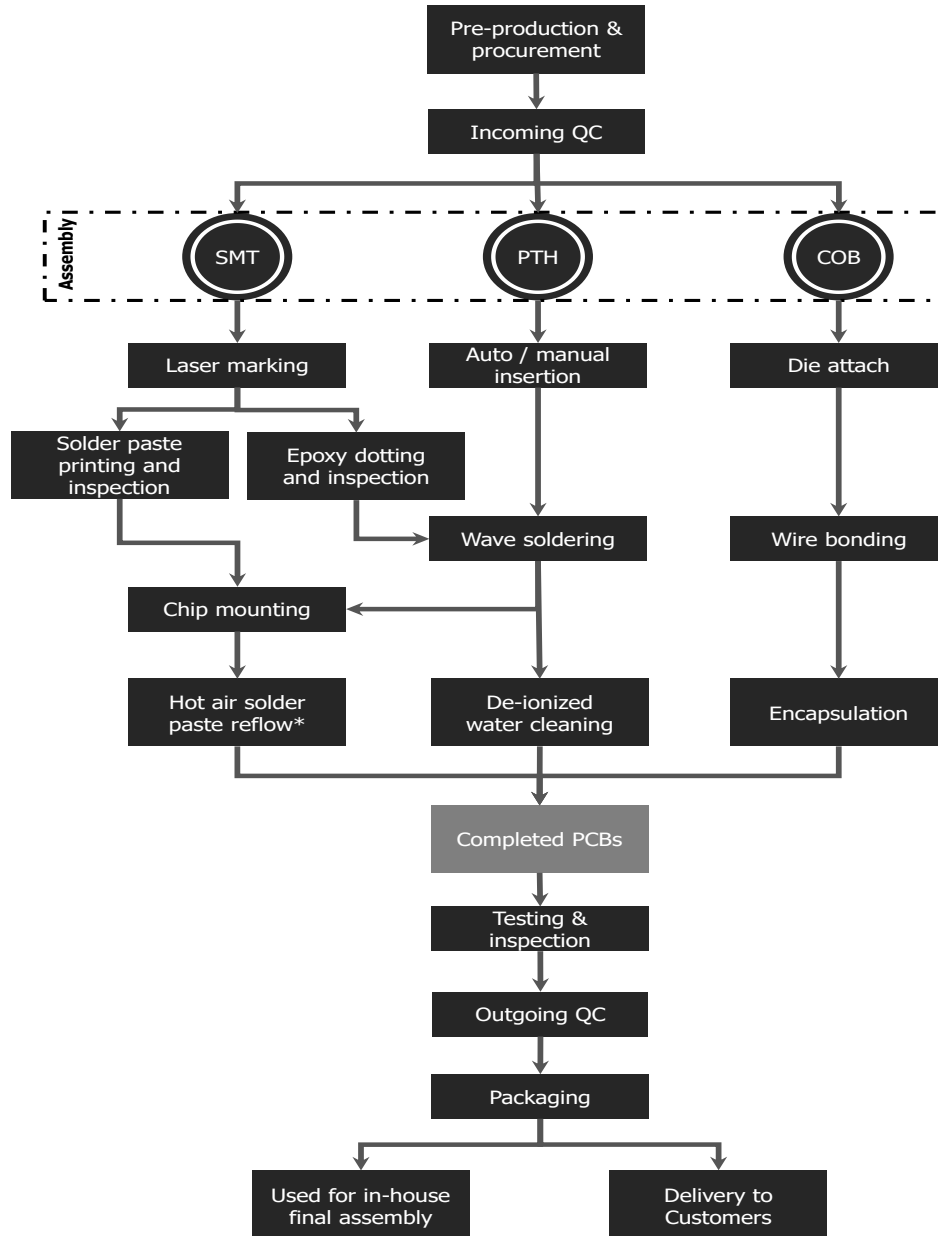
[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.5.2 Business Processes

(a) Assembly and testing of PCBs

An overview of typical processes involved in the assembly and testing of completed PCBs is as follows:



** Applicable when solder printing is used*

(i) Pre-production and procurement

Once the prototype and pricing have been approved by our customers with a purchase order confirmation received, we then proceed to undertake the required mass production activities for the order. The operation flow of upcoming production is carefully planned to achieve optimal production efficiency and ensure product time-to-market is as per schedule. At pre-production stage, manufacturing arrangements such as mass production scheduling and manufacturing resources planning are arranged and coordinated. Our procurement team also work with our production team to procure the

6. INFORMATION ON OUR GROUP (cont'd)

required raw materials, input components and packaging from our panel of vendors, our customer's list of approved vendors and/or from customer directly depending on the agreed arrangement (with customer) and arrange for delivery to our production facilities. Key raw materials and input components used in PCBA include PCBs (rigid or flexible), electronic components (such as optoelectronic devices, capacitors, resistors, ICs, transistors, diodes and inductors) and solder paste.

We have put in place an ERP system that enables us to control and manage our master production schedule under a centralised system which includes tracking orders, managing raw materials and input components procurement, monitoring the progress of production as well as keeping records of quality control and assurance tests to ensure timely deliverables to our customers. Our project management and production departments will provide inputs on how to optimise the production processes to achieve reduction in production lead time and wastage in order to increase productivity. This enables us to discover and resolve issues relating to production at the early stage and thus, help to lower product defect rate, avoid unnecessary waste during the manufacturing processes and lower inventory levels of our materials at various stages of our production processes leading to lower overall cost of production.

(ii) Incoming and outgoing QC

We conduct incoming QC on incoming raw materials and input components for assembly by checking a sample collected from each batch of raw materials and input components against standards and specifications set by us and our customers. If any non-conformance is found, a further inspection will be carried out on the other raw materials or input components in that batch. The materials will only be released for assembly if they conform to the specified standards and specifications.

Similarly, after testing and before shipping to customers, we perform outgoing QC on the completed PCBs by inspecting a sample from each batch to ensure that the quality complies with the specified standards and specifications.

(iii) Assembly using SMT, PTH and/or COB processes

The assembling of PCB involves SMT, PTH and COB process or a combination of these processes depending on the specifications required:

(aa) SMT assembly

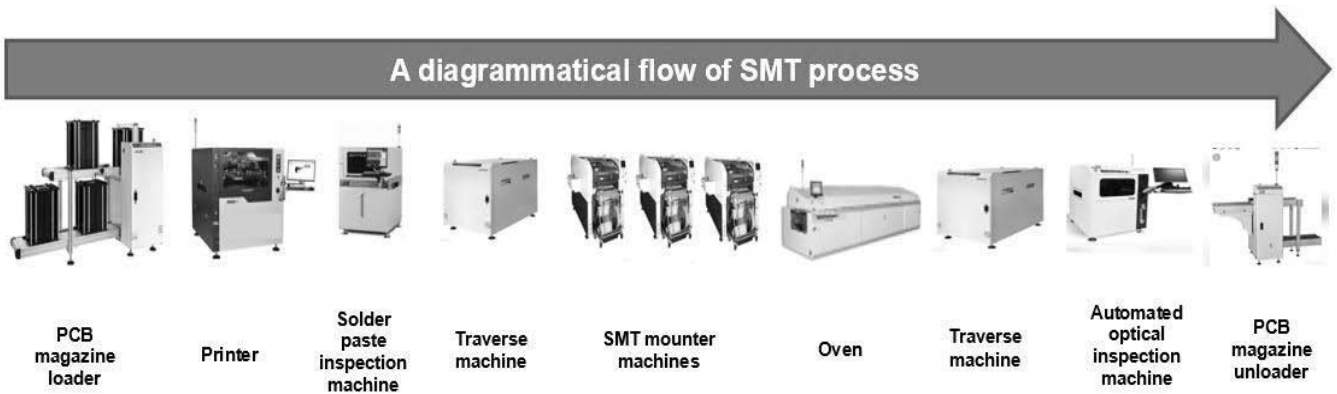
SMT assembly process involves the mounting of electronic components directly onto the surface of a PCB in an automated manner. We use SMT machines to mount electronic components onto PCBs that require higher component density and finer circuitry. We can mount SMT components onto both sides of the PCB, which reduces the size of an assembly. Additionally, the SMT assembly allows for a quicker assembly process due to automation which, when used for mass production, can offer lower production costs and faster overall production time. The operation flow of our SMT assembly process is described below:

Process	Details
Laser marking	The process begins with preparing the PCBs by gathering them onto a magazine rack. We then mark the PCBs with a laser in order to ensure that the product is traceable.

6. INFORMATION ON OUR GROUP (cont'd)

Process	Details
Solder paste printing or epoxy dotting and inspection	The marked PCBs are then fed into a solder paste printing machine where a thin layer of solder paste is applied onto the bare PCB before mounting the electronic components. For PCBAs which requires both SMT and PTH, we perform epoxy dotting by using an adhesive to bond the PTH components onto the PCB. The epoxy acts as an adhesive to keep the PTH components from being displaced during the SMT chip mounting process.
Chip mounting	The PCBs are then transferred to our chip mounting machines which mount the electronic components onto the PCBs according to pre-programmed configurations that connect the components.
Hot air or nitrogen solder paste reflow	After chip mounting, we pass the PCBs through a reflow oven where they are gradually heated up. Here, the electronic components' leads are bonded onto the PCB by melting the solder particles into paste. We are capable of providing both hot air and nitrogen solder paste reflow, based on customers' requirement.

A diagrammatical flow of SMT process is as follows:



(bb) PTH assembly

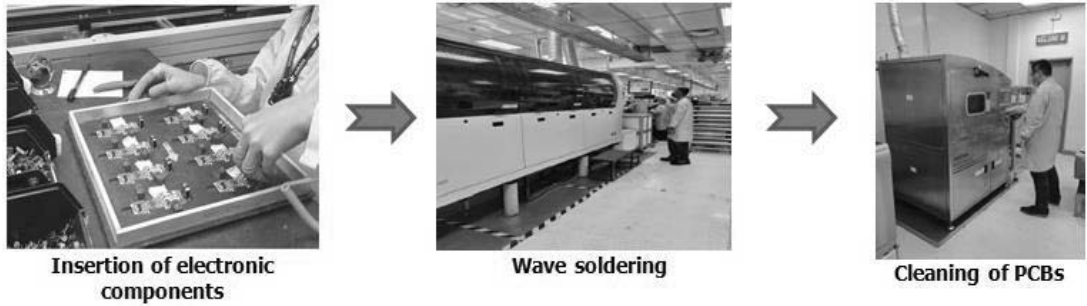
PTH assembly is an assembly process where electronic components' leads or wires are inserted into the PCB and held in place by being soldered onto the PCB. It is performed either with the assistance of machines (auto insertion) or by manual labour (manual insertion). PTH assembly are normally required for assemblies involving larger components such as those that carry high voltage (e.g. transistors), which cannot be placed using SMT due to the components being too large. PTH is also used for other assemblies that require manual adjustments. The operation flow of our PTH assembly process is described below:

Process	Details
Automated or manual insertion	Either automated or manual insertion of the electronic components onto the PCB. Insertion by way of automation or by manual is dependent on the size of the components.
Wave soldering	After the insertion process, electrical components are soldered onto the PCB through a wave soldering process which involves passing the PCB with the components through molten solder in order to attach the electronic components onto the PCB, creating an electrical bond.

6. INFORMATION ON OUR GROUP (cont'd)

Process	Details
De-ionised water cleaning	At the end of the PTH assembly process, we clean the PCBs with de-ionised water in order to wash away any excess solder residue. This is an optional process which we conduct based on customer's requirement.

A diagrammatical flow of PTH process is as follows:

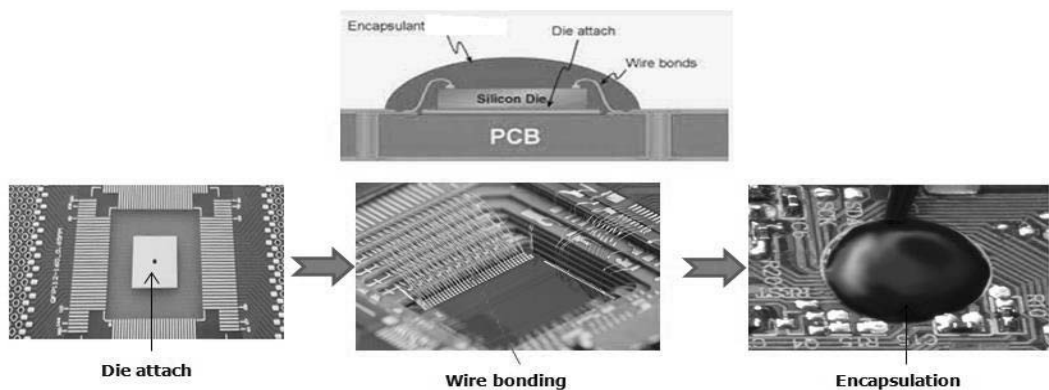


(cc) COB assembly

COB assembly process involves mounting a bare chip directly onto a PCB. The bare chip is interconnected to the PCB through a wire bonding process. Subsequently, epoxy is used to insulate and protect the bare chip on the PCB. The process flow of our COB assembly process is as follows:

Process	Details
Die attach	Consists of applying an adhesive onto the PCB and mounting the bare chip over this adhesive material. It then undergoes a curing process (involving thermal or ultraviolet light exposure) that allows the adhesive to reach its final desired mechanical, thermal and electrical properties.
Wire bonding	Performed by using very fine bonding wires to provide a connection to carry electricity between the die and the PCB.
Encapsulation	A liquid (usually epoxy-based) is dispensed over the die and bonding wires to protect them from damages. We then send the PCBs into the baking oven to cure the epoxy.

A diagrammatical flow of COB process is as follows:



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

(iv) Testing

We then put the completed PCBs through a series of safety, system and functional tests and inspections before we perform final packaging prior to shipping to customers. Examples of tests and inspections conducted include:

(aa) In-circuit testing

In-circuit testing is performed by using an electrical probe to measure the performance of the electrical components, to test the resistance and capacitance, to check for short or open circuits and other basic qualities to ensure that the PCB is fully functional and free from defects. In-circuit testing represents the basic tests on whether the PCB was correctly assembled or not.

(bb) Failure analysis

This analysis consists of a wide range of inspections and tests conducted to discover where the root problems lie and whether they affect one or more, or the entire batch of fully-assembled products. Our failure analysis includes the following procedures:

Procedures	Details
X-Ray inspection	High resolution X-ray imaging is used to undertake BGA inspection to evaluate the integrity and quality of the solder joints that cannot be inspected through visual inspection.
Confocal Scanning Acoustic Microscopy ("C-SAM")	C-SAM is an effective and non-destructive analysis technique used to determine and examine the mechanical integrity of a PCB via non-invasive and non-destructive means through the use of a scanning acoustic microscope, a device used to detect voids and cracks of a PCB or IC.
Energy Dispersive X-Ray Analysis ("EDX")	We use EDX to test the use of hazardous substances, particularly lead, in our products to ensure that its usage is within the approved thresholds. EDX is a machine that measures the energy and intensity of the generated fluorescent X-rays to determine the type and contents of elements within a sample under testing.

(v) Packaging

After the testing and inspection works are done, we then proceed to undertake the final packaging of the completed PCBs that have passed the quality requirements.

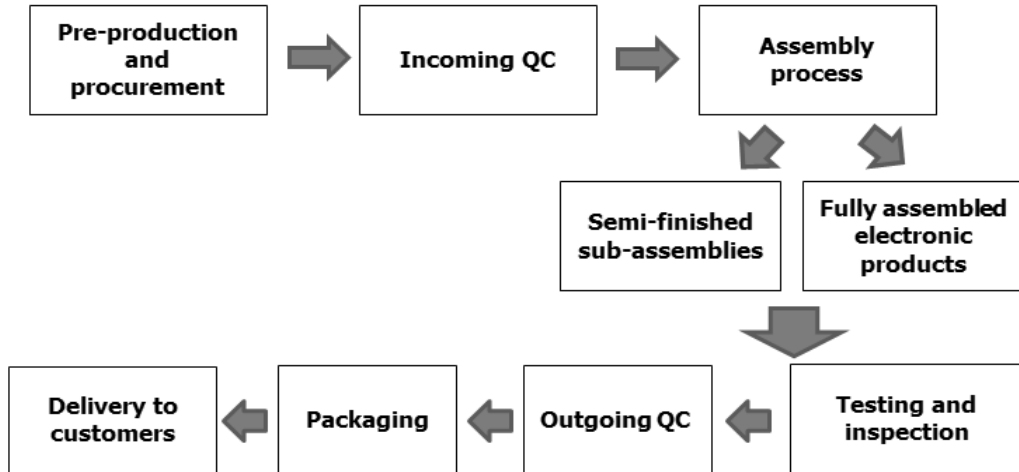
(vi) Delivery to customers or used for in-house assembly

The packed completed PCBs are subsequently delivered to customers or are used in our assembly services to produce semi-finished sub-assemblies or fully-assembled electronic products.

6. INFORMATION ON OUR GROUP (cont'd)

(b) Operational processes for assembly and testing of semi-finished sub-assemblies and fully assembled electronic products

An overview of typical processes involved in assembly and testing of semi-finished sub-assemblies and fully-assembled electronic products are as follows:



No.	Process	Details
-----	---------	---------

(i)	Pre-production and procurement	Once the prototype and pricing have been approved by our customers with an order confirmation received, we then proceed to undertake the required mass production for the order. The operation flow of upcoming production is carefully planned to achieve optimal production efficiency and ensure product time-to-market is as per schedule. At pre-production stage, manufacturing arrangements such as mass production scheduling and manufacturing resources planning are arranged and coordinated. Our procurement team also works with our production team to procure the required materials and packaging from our panel of vendors, our customer’s list of approved vendors and/or from customer directly depending on the agreed arrangement (with customer) and arrange for delivery to our production facilities.
-----	--------------------------------	---

We have put in place an ERP system that enables us to control and manage our master production schedule under a centralised system which includes tracking orders, managing raw materials and input components procurement, monitoring the progress of production as well as keeping records of quality control and assurance tests to ensure timely deliverables to customer. Our project management and production departments will provide inputs on how to optimise the production processes to achieve reduction in production lead time and wastage in order to increase productivity. This enables us to discover and resolve issues relating to production at the early stage and thus, help to lower product defect rate, avoid unnecessary waste during the assembly processes and lower inventory levels of our raw materials at various stages of our production processes leading to lower overall cost of production.

Key raw materials and input components used in assembly include completed optoelectronics, PCBs, structure parts, enclosures, semi-finished sub-assemblies (for the production of fully-assembled electronic products) and other parts such as screens, wires and packaging materials. We have the capabilities to produce completed PCBs (through our PCBA services) and plastic

6. INFORMATION ON OUR GROUP (cont'd)

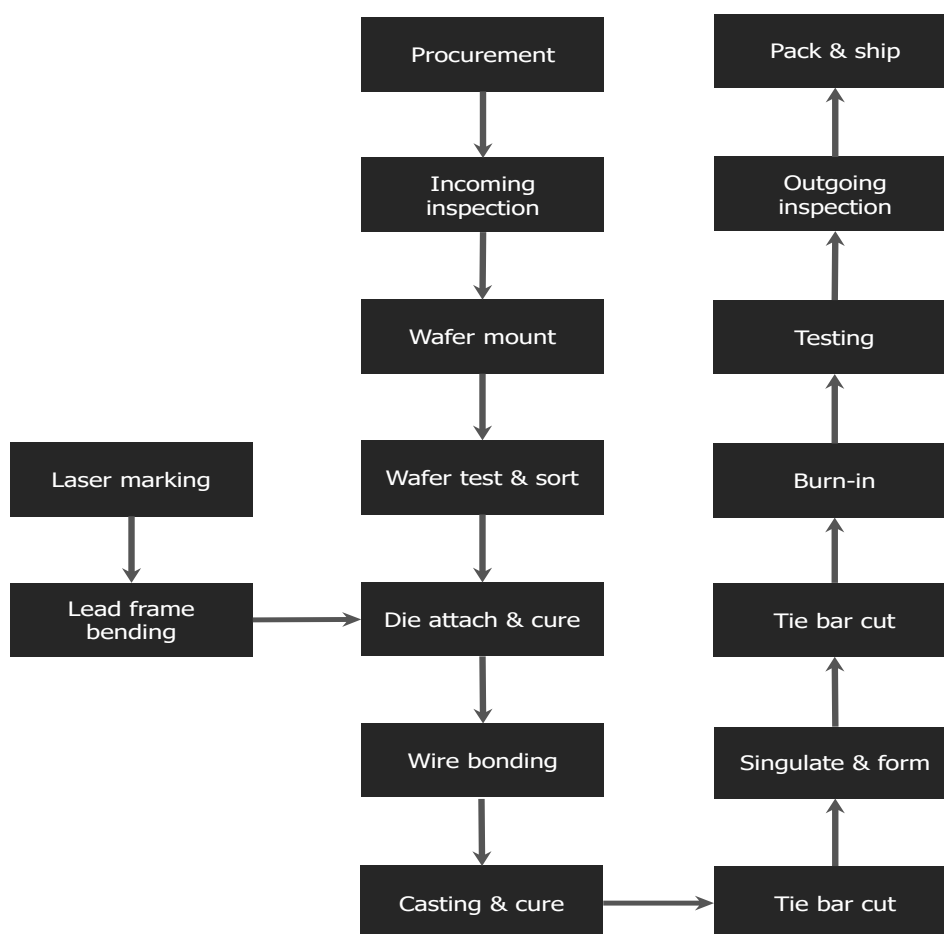
No.	Process	Details
		structure parts and enclosures (through our high precision plastic injection moulding services) used for assembly internally if required by our customers.
(ii)	Incoming and outgoing QC	We conduct incoming QC on incoming input components for assembly (both semi-finished sub-assemblies and fully-assembled electronic products) by inspecting a sample collected from each batch of input components to ensure the quality complies with the specified standards and specifications. If any non-conformance is found, a further inspection will be carried out on the other raw materials or input components in that batch. The input components will only be released for assembly if they conform to the specified standards and specifications.
(iii)	Assembly	We then undertake the assembly of completed PCBs, structure parts, enclosures, semi-finished assemblies (for the production of fully-assembled electronic products) and other parts such as screens and wires using a combination of automation and manual processes according to the product design and specifications to produce the semi-finished sub-assemblies or fully-assembled electronic products.
(iv)	Testing and inspection	<p>We then put the semi-finished sub-assemblies or fully-assembled electronic products through a series of safety, system and functional tests and inspections before we perform final packaging prior to shipping to customers. Examples of tests and inspections conducted include:</p> <ul style="list-style-type: none"> • Functional testing - Typically performed during the last phase of production, it is done to check for and correct any issues with functionality. Functional testing is performed by placing the parts or products we have assembled through a simulated environment in which they are supposed to operate. We then make the necessary corrections if there are any issues with the functionality. Functional testing is performed by using software and power supply to check if the parts or products under test function correctly. • Drop test - Conducted on products like heat cost allocators and smoke detectors by subjecting the product to repeated simulated impacts to evaluate the fragility of the product to test the robustness and durability for transport as required by our customers. • Reliability / Accelerated life test We perform accelerated life testing to observe failures of products to better understand their failure points, life characteristics and reliability. Reliability or accelerated life test is conducted by subjecting the product to exaggerated conditions such as stress, strain, temperatures, pressure and voltage in order to find failures and weaknesses in the product in a short amount of time. For example, we test instrumentation products by placing them in thermo-shock and humidity chambers which simulate extreme temperatures and environmental conditions to test its performance against expected reliability. • We can also conduct other tests specified by our customers such as aging test, vibration test as well as logistic and transportation test.

6. INFORMATION ON OUR GROUP (cont'd)

No.	Process	Details
(v)	Packaging	After the testing and inspection works are done, we then proceed to undertake the packaging of the semi-finished sub-assemblies or fully- assembled electronic products that have passed the quality requirements.
(vi)	Delivery to customers	The packed semi-finished sub-assemblies or fully-assembled electronic products are subsequently delivered to customers

(c) Operational processes for the assembly and testing of semiconductor devices

An overview of typical processes for the assembly and testing of semiconductor devices are as follows:



Process	Details
Procurement	Once the pricing has been approved by our customers with an order confirmation received, we then proceed to undertake the required assembly and testing services for the order. We plan the operation flow of upcoming production carefully to achieve optimal production efficiency and ensure product time-to-market is as per schedule. After that, we procure the required materials from our panel of vendors, our customer’s list of vendors and/or from customer directly depending on the agreed arrangement (with customer) and arrange for delivery to our production facility. Raw materials used in the assembly and testing of semiconductor devices include sawn

6. INFORMATION ON OUR GROUP (cont'd)

Process	Details
	wafers (thin slices of semiconductor), metal core PCBs, base materials, lead frames as well as epoxy adhesives or solder.
Incoming inspection	Incoming inspection is conducted on incoming raw materials and input components for assembly by checking a sample collected from each batch of raw materials and input components against standards and specifications set by us and our customers. If any non-conformance is found, a further inspection will be carried out on the other raw materials or input components in that batch. The raw materials and input components will only be released for assembly if they conform to the specified standards and specifications.
Wafer mount	We mount the sawn wafer that is mounted on mounting tape to a photon ring.
Wafer test and sort	Each die (individual silicon chip) is electrically tested and sorted onto a bin tape according to specified categories. This is to ensure that the die used for a build can meet final product requirement.
Laser marking	Each unit in the lead frame is marked with laser to enable identification and traceability.
Lead frame bending	We bend each lead frame to form to a basic shape in order to meet the subsequent (die attach and wire bonding machine) process requirements.
Die attach and cure	Each die is attached onto the lead frame with the use of epoxy adhesive or eutectic gold. The die attach paste (the dispensed epoxy adhesive or solder) on the lead frame are subsequently cured at a high temperature for a prolonged period of time to harden them and to obtain their optimal mechanical and electrical properties. Die information for each unit will be stored in the system by reading the barcode.
Wire bonding	We then proceed to make interconnections between the die and lead frame with the use of wires.
Casting and cure	The die is encapsulated with the silicone epoxy to form a package that protects it mechanically and environmentally from the outside environment (such as humidity and dust). The silicone epoxy is cured under high temperature to improve their physical properties.
Tie bar cut	We cut the tie bar which has been used for the interconnecting the lead frame and the package.
Singulation and form	This stage involves 2 different steps namely: <ul style="list-style-type: none"> (i) Singulation – individual separation of each unit from the lead frame strip by cutting the tie bars (that attach the individual units to the lead frame strip). (ii) Form – the leads are formed mechanically into the required shape, position and dimension <p>The resulting individual units are placed in shipping tubes.</p>

6. INFORMATION ON OUR GROUP (cont'd)

Process	Details
Burn-in	Each unit is made to run for certain duration at certain temperature to screen out defects and failure.
Testing	The functionality of the semiconductor devices is verified by electrifying package to test its function at different temperatures. This is to ensure that it meets the intended specification.
Outgoing inspection	Visual inspection is performed using naked eyes, magnifier, microscope or visual inspection equipment to detect visual defects on the finalised package.
Pack and ship	After the testing and inspection works are done, we then proceed to undertake the packing of the package that have passed the quality requirements. Thereafter, the packages are subsequently delivered to customers.

(d) Quality assurance and quality control procedures

We place strong emphasis on the quality of our assembled products when we ship them to our customers. We have put in place QA procedures to ensure that there is a systematic process within our Group to conduct quality inspections and audit. Our Group's QA and QC departments work alongside the production team to ensure our quality assurance protocols and requirements are fully communicated throughout our organisation and that quality control systems are adhered to.

We do not generally provide warranty for the assembly and testing of our customer's products. However, any batch of products returned will undergo stringent assessment procedures to identify the issue and allow the replacement of products due to component failure.

(i) Quality Assurance

Our quality assurance is focused on setting certain guidelines and taking certain measures to ensure that the entire assembly process adheres to the required standards. These guidelines and measures are put in place to ensure that the quality of the products or services rendered are met by introducing fail safe measures to reduce human errors and conducting inspections to identify deficiencies during the production process. We have put in place a QMS which encompasses a series of checks, inspections and procedures comprising:

QMS	Details
Quality inspections	Quality inspections act as control gates put up throughout the supply chain and assembly process to ensure all processes conform to requirements. It consists of incoming QC, real-time inspection, in-process control and outgoing QC.
Quality audits	Quality audit systems are put in place to assess our assembly process for compliance with standards set by both ourselves and international organisations such as the ISO against documented procedures and specifications. The effectiveness of our quality assurance is tested by our quality assurance personnel and engineers by way of conducting internal quality audits. In addition to internal quality audits, we are also subject to third party quality audits by our customers and certification bodies to ensure that our processes and services comply with requirements and standards.

6. INFORMATION ON OUR GROUP (cont'd)

As part of our quality assurance and customer requirements, NSM has obtained the following quality certifications over the years:

Standards	Certification body	Current validity period	Scope of certification
ISO 9001:2015 and AS9100D	DNV GI Business Assurance USA, Inc.	17 May 2022 to 16 May 2025	Provision of coating services for PCBAs
ISO 9001:2015	Warringtonfire Testing and Certification Limited t/a BM TRADA	11 January 2020 to 10 January 2023	Assembly of PCB and flexible circuit board involving SMT, COB, assembly, manual insertion, auto insertion, components, conformal coating and related products. Manufacturing of plastic injection moulded products and secondary processes
ISO 14001:2015	Warringtonfire Testing and Certification Limited t/a BM TRADA	4 December 2020 to 10 January 2023	Assembly of PCB and flexible circuit board involving SMT, COB, assembly, manual insertion, auto insertion, components, conformal coating and related products. Manufacturing of plastic injection moulded products and secondary processes
ISO 13485:2016	SGS United Kingdom Ltd	27 July 2022 to 27 July 2025	Manufacturing of PCBA and flexible PCBA involving SMT, COB, sub assemblies and box built for intended application in automatic medicine injector, acoustic stethoscope, glucometer, respiratory inhalation device and electronic medicine dispenser
IATF 16949:2016	TUV NORD CERT GmbH	28 June 2021 to 27 June 2024	Manufacturing of PCBA. Exclusions – product design

NSY has obtained the following quality certifications:

Standards	Certification body	Current validity period	Scope of certification
IATF 16949:2016	NQA Certification Ltd	11 October 2021 to 10 October 2024	Assembly of LEDs and PCBA
ISO 9001:2015	NQA Certification Ltd	11 October 2021 to 10 October 2024	Assembly of LEDs and PCBA

(ii) Quality Control

Our quality control activities consist of various checks, tests and inspections throughout our assembly process that are designed to ensure that the quality level of our products and services are not compromised and meet the requirements of our customers. The type of quality control tests that are conducted include in-circuit testing, functional testing, failure analysis, drop tests and accelerated life test, all done with the objective of ensuring that our products and services adhere to the required and specified functionality, reliability and overall quality imposed by our customers.

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

6.5.3 Technologies used or to be used

We seek to embrace the 4IR in our business operations. To this end, we have been adopting 4IR technology innovations such as improving the level of automation in our manufacturing processes with the use of more automated machineries, utilising 3D imaging for inspection and investing in IT software that can help to drive the integration of our operational system as well as facilitate data collection and analytics among others.

For our production system, we have machineries and equipment that can link and communicate with one another. Real time data can be collected from these machineries and equipment, stored, retrieved and analysed by our system with the resulting outcome being delivered on-demand in reports such as the production output summary report and production yield rate report. Besides that, issues encountered in the production lines including idle machineries can be identified and flagged promptly (via the visual management system that is embedded in the machineries involved) to our operators for their immediate action. The 3D images of our product(s) including assembled PCB(s) can also be captured by our machines to allow for automatic comparison with existing reference image(s) when making decisions on quality matters.

Our Group relies on various different types of machineries and equipment used under our assembly and testing activities and high precision plastic injection moulding processes. As at the LPD, our Group is equipped with 31 SMT assembly lines.

Machinery / Equipment	Functions
SMT machines	Automated SMT high speed and precision placement machines that pick and place electronic components and mount onto the surface of PCBs.
Inspection machines and equipment	Perform various types of inspections including but are limited to automatic visual inspection, 3D angle inspection and dimension inspection amongst others.
Laser marking machines	Etching barcodes and serialised part identification on PCBs or print barcoding / fine text on the product automatically using laser methods.
High speed dispensing machines	Glue / epoxy dispenser onto PCB for holding electric components in place prior to the mounting of the electronics components.
Computer numerical control ("CNC") machines	A machine involved in the raw materials fabrication manufacturing process and are used as a subtractive fabrication method, where material gets removed during the production process
Auto-insert machines	Automated PTH insertion machines that pick and insert electronic components into PCBs
Semiconductor assembly machineries and equipment	Machineries and equipment that are used for the assembly and testing of semiconductor devices. These include but are not limited to die attach machines, ovens, wafer mounting equipment, wire bonding machines and laser marking machines
Test equipment	Equipment that is used to perform various type of testings including in-circuit test and functional testing

6. INFORMATION ON OUR GROUP (cont'd)

Machinery / Equipment	Functions
Automated super-capacitor assembly line	Used to manufacture super-capacitors known as CAP-XX. This includes acrotronics stacker machine, fill-burp-sealing machine, fill-burp-sealing machine, initial cell test machine, crop and sort machine as well as automated device assembly machine

We use various key softwares for our business operations. We purchase softwares together with the respective machinery purchase with additional payment for their engineers to perform updates as and when they are available. We also purchase other softwares that are either permanent or subject to periodical renewals with the vendor(s). As at the LPD, we are using the following key softwares:

Software	Descriptions
PanaCIM	<ul style="list-style-type: none"> • PanaCIM is a manufacturing execution software solution that provides a computerised system for manufacturers to manage, track, synchronise and document the execution of real-time, physical processes (such as the placement of electronic components on PCB) involved in the transformation of raw materials to semi-finished and/or finished products. It is pre-installed in each of our SMT machines and will be updated periodically by their engineers. • No periodical renewal required. • One-off fee payment for the use of this software. • Users of this software are subject to the standardised terms of use imposed by Panasonic Corporation.
Luvotech ERP	<ul style="list-style-type: none"> • We use the Luvotech Manufacturing Resource Planning and Manufacturing Execution System ERP systems to control and manage our master production schedule under a centralised system which includes tracking orders, managing materials procurement, monitoring the progress of production as well as keeping records of quality control and assurance tests to ensure timely deliverables to customer. • No periodical renewal required. • One-off fee payment for the use of this software.
AutoCAD	<ul style="list-style-type: none"> • AutoCAD is a computer-aided design software that allows us to create, modify, analyse and optimise designs for plastic structure parts and enclosures that will be produced via our high precision plastic injection moulding activities. • Valid from 30 October 2020 to 29 October 2023. Thereafter, it is subject to periodical renewal, with additional fee payment to be made for extension of use. • Users of this software are subject to the standardised terms of use imposed by AutoDesk Inc.

6.5.4 Principal markets

By geographical location, Malaysia remains our Group's largest revenue contributor, contributing between 70.0% and 74.4% of our total revenue during the financial years under review. The breakdown of our revenue by geographical location for the past 3 FYEs 2019 to 2021 as well as FPE 2022 are as follows:

6. INFORMATION ON OUR GROUP (cont'd)

Countries	Audited							
	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	232,586	71.4	398,679	70.4	532,864	70.0	316,905	74.4
USA	40,358	12.4	61,564	10.9	41,577	5.4	14,338	3.4
China	20	~	31,847	5.6	46,043	6.1	6,515	1.5
Germany	18,360	5.6	15,797	2.8	15,265	2.0	13,395	3.1
Australia	11,207	3.5	6,708	1.2	9,778	1.3	4,145	1.0
Hong Kong	11,495	3.5	11,504	2.0	71,755	9.4	47,404	11.1
Singapore	4,927	1.5	24,321	4.3	27,776	3.7	18,540	4.4
France	3,900	1.2	7,075	1.2	13,012	1.7	3,871	0.9
Denmark	3,045	0.9	2,792	0.5	2,172	0.3	629	0.1
Others ⁽¹⁾	100	~	5,959	1.1	628	0.1	260	0.1
Total	325,998	100.0	566,246	100.0	760,870	100.0	426,002	100.0

Notes:

~ Less than 0.1%

(1) Other countries include Japan, Thailand, Taiwan, Switzerland, United Kingdom, Canada, Mexico, India and Hungary.

Our customers for the financial years under review are categorised as follows:

No.	Segment	Descriptions
(a)	Networking and telecommunications	<ul style="list-style-type: none"> Customers mainly comprise of manufacturers of networking and communication equipment. Our key products under this segment include optical telecommunication devices and modules (e.g. optical transceivers) and two-way walkie-talkies as well as completed PCBs for computing capable embedded processors.
(b)	Data computing	<ul style="list-style-type: none"> Customers mainly comprise of manufacturers of supercomputer, semiconductor, computer memory and data storage devices. Our key products under this segment include computing devices and supercomputers as well as completed PCBs for computing devices.
(c)	Industrial instruments	<ul style="list-style-type: none"> Customers mainly comprise of manufacturers and brand owners of industrial products. Our key products under this segment include electrical actuators, supercapacitors, water meter and radio frequency wireless heat cost allocator as well as completed PCBs for power tools and measurement tools.
(d)	Consumer electronics	<ul style="list-style-type: none"> Customers mainly comprise of household and electronics manufacturers. Our key products under this segment includes semi-finished sub-assemblies for smart workout machines and audio systems as well as completed PCBs for lighting products/devices, electronic display and low voltage devices.

6. INFORMATION ON OUR GROUP (cont'd)

No.	Segment	Descriptions
(e)	Automotive	<ul style="list-style-type: none"> Customers mainly comprise of automotive components manufacturers. Our key products under this segment include completed PCBs for in-vehicle multimedia systems
(f)	Semiconductor	<ul style="list-style-type: none"> Customers mainly comprise of LED light manufacturers Our key products under this segment include LED light components and solid-state lighting products
(g)	Others	<ul style="list-style-type: none"> Mainly consist of manufacturers of medical devices, IoT, household electronic products and analytical instrumentation devices

By customer segment, our Group's largest revenue contributor is from the networking and telecommunications segment, contributing between 60.9% and 65.6% of our total revenue during the financial years under review. The breakdown of our revenue by customer segment for the past 3 FYEs 2019 to 2021 as well as FPE 2022 are as follows:

	FYE 2019			FYE 2020		
	RM'000	%	No. of customer	RM'000	%	No. of customer
Networking & telecommunications	198,631	60.9	11	371,777	65.6	14
Industrial instruments	79,228	24.4	18	72,044	12.7	18
Data computing	6,946	2.1	5	78,022	13.8	10
Consumer electronics	10,248	3.1	14	7,722	1.3	13
Automotive	18,876	5.8	3	12,325	2.2	3
Semiconductor	-	-	-	7,657	1.4	2
Others ⁽¹⁾	12,069	3.7	49	16,699	3.0	41
Total	325,998	100.0	100	566,246	100.0	101

	FYE 2021			FPE 2022		
	RM'000	%	No. of customer	RM'000	%	No. of customer
Networking & telecommunications	473,941	62.2	19	283,500	66.6	14
Industrial instruments	85,745	11.3	15	54,522	12.8	14
Data computing	128,047	16.9	8	52,511	12.3	5
Consumer electronics	6,396	0.8	7	1,039	0.2	4
Automotive	21,244	2.8	6	15,721	3.7	5
Semiconductor	26,921	3.5	2	12,286	2.9	3
Others ⁽¹⁾	18,576	2.5	39	6,423	1.5	36
Total	760,870	100.0	96	426,002	100.0	81

Note:

- (1) Mainly consists of manufacturers of medical devices, IoT, household electronic products and analytical instrumentation devices.

6.5.5 Significant products/services introduced

Other than our business activities as stated in Section 6.5.1 above, we have not introduced any other significant products/services as at the LPD.

6. INFORMATION ON OUR GROUP (cont'd)

6.5.6 Competitive strengths**(a) We have the technical capabilities and sizeable manufacturing footprint to meet the manufacturing requirements of our customers from various segments**

Our customers operate in various industry segments which include networking and telecommunications, data computing, industrial instruments, consumer electronics, automotive and semiconductor segments. We have the necessary technical capabilities to meet the various requirements of our customers.

Our capabilities allow us the flexibility to provide manufacturing services based on both high-volume, low-mix and low-volume, high-mix production set-ups on both consignment and turnkey basis. We have an in-house technical team consisting of engineers and technicians who are actively involved in providing technical advice on prototyping for manufacturability, conduct various tests and make recommendations on improving the manufacturability of products in terms of cost, quality and delivery time. As at the LPD, our in-house technical team consist of 367 engineers and technicians. Our technical and supervisory team is continuously involved in the optimisation of EMS production capacity and reduction of production lead time, particularly under the high-volume low-mix manufacturing set-up.

We have continually invested in machineries and equipment to stay abreast with changing technological requirements. As at LPD, we have a total of 31 SMT assembly lines with the capacity to mount up to 1,257,600,000 mounting points per month. Our SMT assembly lines are flexible and modular (with each line customisable), which allow us to provide assembly services to customers from various industry segments. Our manufacturing capabilities are flexible enough to provide low production volumes with high number of placements / mounting of different components, which are considered complex and niche contracts. With this flexibility, we are able to accommodate customers with different order requirements and size, allowing us to cater for a bigger pool of clientele.

Our EMS assembly and test lines are equipped with various machineries and equipment which include, but are not limited to chip component placement machines, inspection machines and equipment, laser marking machines, high speed dispenser machines, test equipment, semiconductor assembly equipment and plastic injection moulding machines. Furthermore, we have invested in an ERP system which has been customised to improve the efficiency of our entire EMS operations. This ERP system can provide us with a centralised system for controlling and managing our master production schedule where we track customer orders, manage raw material and input components procurement, monitor production progress and keep record of quality assurance tests throughout the pre-production and production processes to ensure timely delivery. As such, we can be in a better position to respond promptly to customer requests pertaining to changes in product design(s) at the product development and pre-production stages, closely monitor the prevailing utilisation rate of our production capacity to enhance order planning and production scheduling and improve on the accuracy for our costing and production processes.

We believe that our technical capabilities provide us with the competitive strength in terms of meeting our customers varied requirements for EMS activities.

(b) We have an experienced management team

Our Group is led by our Managing Director, Executive Director and key senior management, whom possesses in-depth knowledge, expertise and experience in the EMS industry. Each member of our key management team has more than 16 years of working experience in their respective field of expertise and they are instrumental to the growth of our Group. They are also supported by a group of dedicated employees with diverse backgrounds and experiences in the EMS industry.

6. INFORMATION ON OUR GROUP (cont'd)

We are dedicated towards differentiating ourselves to explore business opportunities in new markets/industries by leveraging on our technical expertise and deep understanding on production methods. Throughout years of existence, we have successfully provided EMS for our customers from across various industries, and have developed technical expertise and know-how in providing advice to our customers in the product development and production processes.

Our understanding of the entire product development process and customer needs, coupled with a strong and flexible engineering platform, have enabled us to provide wide range of EMS to our customers. Our technical expertise and flexibility to respond to change had allowed us to undertake the assembly and testing of a diverse product mix with different applications for our customers' products.

(c) We have established business relationships with international customers and are able to provide EMS to a diverse range of end-user markets

We provide EMS offering value-added solutions that meet our customers' demand and we believe this can drive a mutually beneficial relationship between our customers and ourselves. We have established long term strategic business relationships with established international and/or MNCs (consisting of manufacturers and brand owners). Our top 5 customers by revenue for the financial years/period under review have been our customers of between 2 and 9 years.

Our ability to secure orders from them is a strong testament and recognition of our competitive capabilities. We believe this is a testament to our competitive qualities such as good quality control, flexible production mix, a wide range of EMS offerings with the provision of high precision plastic injection moulding services, long operating track record and deep technical know-how. We have always been closely collaborating with our customers throughout our business relationships.

We have been qualified as approved vendor for all of our customers. The qualifying process to be an approved vendor for these MNCs generally involves the qualifying steps by our customer. As a potential vendor, we will be informed of the customer's requirements and expectations and be invited to submit proposals to be an approved vendor following an internal vetting procedure by the customer. The proposal submitted (which may include the submission of the required prototypes) by the potential vendors will be examined and assessed. Representatives of the customer will also conduct site visit to our manufacturing facilities, conduct management interviews and perform audit on our manufacturing facilities. The duration of the qualifying process varies across different companies/customers and based on our past experiences, ranges between 6 and 24 months before we are accepted/appointed as their approved vendor.

We have been able to earn the trust of our customers by providing timely and quality services which meet their manufacturing requirements and quality standards. As our business grew together with our customers, they continued to place new orders with us, which are more complex and involve a higher degree of customisation or on a turnkey basis as compared to consignment basis.

(d) We are committed to stringent quality assurance

We place strong emphasis on the quality of services rendered to our customers. The QMS that we put in place are in line with internationally acceptable practices. We believe that this can reinforce our efforts to ensure that we meet our customers' quality standards. To this end, our QMS meets the international standards such as ISO 9001:2015, ISO 14001:2015, AS9100D, ISO 13485:2016 and IATF 16949:2016. Further details of our certifications are disclosed in Section 6.5.2(d).

6. INFORMATION ON OUR GROUP (cont'd)

6.5.7 Seasonality or cyclical effects

Our operations are not affected by seasonal/cyclical effects. Our customers and suppliers generally operate throughout the year and thus, we may receive purchase orders at any time during the year. However, the demand for our Group's EMS business is dependent on the global economic conditions, the prevailing industry life cycle and growth trend of the end-user markets participated by our customers as well as the product life cycle involved.

6.5.8 Types, sources and availability of raw materials

The raw materials that we purchase are mainly for customers under the turnkey business model. The breakdown of the raw materials that was consumed by our Group during the financial years under review is as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Optoelectronic devices	72,243	29.7	138,528	32.6	107,781	19.8	67,684	24.6
PCB	51,155	21.0	99,017	23.3	67,327	12.3	48,785	17.7
ICs	51,160	21.0	69,123	16.2	188,083	34.5	83,863	30.5
Passive components	40,812	16.8	55,818	13.1	77,805	14.3	38,319	13.9
Central processing units	-	-	25,914	6.1	28,146	5.2	-	-
Other components and raw materials ⁽¹⁾	28,131	11.5	37,067	8.7	75,478	13.9	36,367	13.3
Total	243,501	100.0	425,467	100.0	544,620	100.0	275,018	100.0

Note:

- (1) Mainly comprises capacitors, resistors, transistors, diodes, inductors, solder paste, screens, lead frames, metal core PCBs, base materials, sawn wafers (thin slices of semiconductor), lead frames, epoxy adhesives/solder and wires.

The majority of our raw materials are optoelectronic devices, which are raw materials purchased mainly from Company A, for the assembly of its range of optical telecommunication devices and modules. Our other raw materials, consumables and electronic components are sourced from various local and foreign suppliers.

We have not experienced any interruptions in supply of raw materials in the financial years under review, save for the COVID-19 pandemic. In order to ensure a stable supply of raw materials, we endeavour to maintain stock of our principal raw materials for up to 6 months. The raw materials that we use in our EMS production process are not commodities and as such we are not affected by the volatility of prices from our suppliers that have materially affected our business during the financial years/period under review.

6.5.9 Sales and marketing activities

(a) Modes of marketing and business development

We have our own marketing and business development team. As at LPD, our team comprises of 31 personnel and is headed by our Business Development Director. Our Group's marketing and business development functions are centralised in Pulau Pinang to take advantage of its proximity to existing and potential customers. In addition, we believe that Pulau Pinang is an established electronics cluster within Malaysia with sufficient concentration of international brand owners, MNCs and manufacturing companies that represents a diverse customer base. Our modes of marketing and business development include the following:

6. INFORMATION ON OUR GROUP (cont'd)

- (i) when cultivating new customers, we leverage on our position as an established EMS provider with the capability to offer a comprehensive range of value-added services;
- (ii) to maintain a close relationship with our existing customers by continuously seeking valuable feedback from them to improve on our quality and service offerings in a cost effective manner. We have been able to enjoy repeat orders from a pool of our existing customers, some of whom have been with our Group of between 2 and 9 years (since the transfer of our EMS business from SkyGate Technology to NSM in December 2013); and
- (iii) to participate in international conventions, exhibitions, conferences and trade fairs to market our EMS to prospective customers on an international forum.

(b) Distribution Channel


For EMS activities, we deal directly with our customers and we do not utilise any distribution channels for EMS sales.

6.5.10 Major approvals and licenses

Our operations are subject to the validity of the major approvals, licences and permits, which are detailed in **Appendix I**.

6.5.11 Intellectual Property Rights

As at the LPD, save as disclosed below, our Group has not registered any brand names, patents, trademarks or other intellectual property rights:

No.	Trademark	Applicant / Registered owner / Licensee	Trademark application No. / Class	Description	Issuing Authority / Place of registration	Validity period
(a)		NSM ⁽¹⁾	2013063875/ Class 11	<ul style="list-style-type: none"> • LED lamps and LED lighting apparatus • Apparatus for lighting and electric lighting apparatus • Bulbs for lighting, casings for lights, ceiling light fittings, ceiling light, Christmas lights (other than candles) • Decorative electric lighting apparatus, desk lights, electric lights; emergency lights, filters for lighting apparatus, gas lights, lights bars, light reflectors, light shades • Lighting panels, outdoor lighting, outdoor lighting fittings, spot lights, lighting tubes 	Malaysia / Intellectual Property Corporation of Malaysia	18 December 2013 to 18 December 2023

6. INFORMATION ON OUR GROUP (cont'd)

Note:

- (1) This trademark was assigned by SkyGate Technology to NSM for a consideration sum of RM1.00 effective 9 August 2016. This trademark was originally intended to be used by our Group for the assembly/testing of our own branded LED lighting products. As at the LPD, we are not utilising this trademark and have no immediate plans to venture into the assembly/testing of LED lighting products using this trademark. We are also not required to pay any consideration sum for the utilisation of the abovementioned trademark.

Our Group's business or profitability is not dependent on any intellectual properties. However, the above trademark has been registered with the Intellectual Property Corporation of Malaysia to protect the intellectual properties belonging to our Group. Save as disclosed above, there are no other intellectual properties belonging to/registered by our Group.

6.5.12 Dependency on contracts, intellectual property rights, licenses or processes

Save for the business processes as disclosed in Section 6.5.2, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licenses or processes.

6.5.13 Research and development

Currently, we do not carry out any research but undertake product design and development activities for our customers' products that we assemble and test. Our in-house technical team consisting of engineers and technicians will participate in the early stages of our customers' product development. Our team will provide technical advice on prototyping for manufacturability, conduct various tests and make recommendations on improving the manufacturability of products in terms of cost, quality and delivery time. We will make necessary adjustments based on their feedback and review of our customer and once the final design and prototype is finalised and accepted, we will move on to order acceptance and production confirmation.

6.5.14 Regulatory requirements and environmental issues

The relevant laws, regulations, rules or requirements governing the conduct of our Group's business which may materially affect our Group's business or operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to.

(a) Local Government Act 1976

The Local Government Act 1976 ("LGA") is enacted to revise and consolidate the laws relating to local government in Peninsular Malaysia. Every licence or permit granted by the local authority shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor.

Pursuant to the LGA, a person fails to exhibit or produce his licence on the licensed premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding six (6) months or to both.

6. INFORMATION ON OUR GROUP (cont'd)

(b) Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 ("**ICA 1975**") requires manufacturing companies with shareholders' funds of RM2.5 million and above or engaging 75 or more full-time paid employees to apply for a manufacturing licence from the MITI. Failure to observe and adhere to the licensing requirements under the ICA 1975 will constitute an offence which is punishable on conviction by a fine not exceeding RM2,000 or to a term of imprisonment not exceeding six (6) months and to a further fine not exceeding RM1,000 per day during which the non-compliance continues.

The licensing officer may also in his discretion revoke a licence if the manufacturer to whom a licence is issued:

- (i) has not complied with any condition imposed in the licence;
- (ii) is no longer engaged in the manufacturing activity in respect of which the licence is issued; or
- (iii) has made a false statement in his application for the licence.

The licensing officer may also withhold or suspend the revocation of the licence if he is satisfied that the act or omission on the part of the manufacturer under the above situations was due to some cause beyond his control and there is a reasonable prospect of such act or omission being remedied within such period as the licensing officer may direct.

(c) Customs Act 1967

The customs related matters in Malaysia are governed by the Customs Act 1967 ("**CA 1967**"). The Director General of Customs and Excise of Malaysia may, at his absolute discretion, on payment of such fees as may be fixed by him in each case, grant a licence to any person, hereinafter referred to as the licensee and when granted withdraw any licence, for warehousing goods liable to customs duties and any other goods in a place or places specified in such licence.

If it appears at any time that in any licensed warehouse or any part thereof there is a deficiency in the quantity of dutiable goods which ought to be found therein, the licensee of such warehouse shall, in the absence of proof to the contrary, be presumed to have illegally removed such goods and shall, without prejudice to any proceedings under CA 1967, be liable to pay to the proper officer of customs the customs duty leviable on the goods found deficient provided that if it is shown to the satisfaction of the Director General that such deficiency has been caused by unavoidable leakage, breakage or other accident, the Director General may remit the whole or any part of the customs duty leviable on the goods found deficient.

In respect of a warehouse licensed under Section 65 of CA 1967, the Director General may, at his absolute discretion, on payment of such fees as may be fixed by him in each case, grant an additional licence to the licensee and when granted withdraw any such licence, to carry on any manufacturing process and other operation in respect of the goods liable to customs duties and any other goods. No goods which have undergone any manufacturing process in the warehouse may be released for home consumption or export without the prior approval of the Director General. If such goods are released from the warehouse for home consumption the customs duty thereon shall be calculated on the basis as if such goods had been imported.

The Minister may in any particular case exempt any person from the payment of the whole or part of such duty which may be payable by such person on any such goods and in granting such exemption the Minister may impose such conditions as he may deem fit.

6. INFORMATION ON OUR GROUP (cont'd)

Where in the course of any operation permissible to any goods liable to customs duty there is waste or refuse customs duty shall be remitted on the quantity of goods liable to customs duty in so much of the waste or refuse as has arisen from the operations carried on in relation to the goods which have undergone any manufacturing process. Such waste or refuse is destroyed subject to such conditions as the Director General may impose or duty is paid on such waste or refuse as if it had been imported in that form.

Every omission or neglect to comply with, and every act done or attempted to be done contrary to, the provisions of the CA 1967, or any breach of the conditions and restrictions subject to, or upon which, any licence or permit is issued or any exemption is granted under the CA 1967, shall be an offence against the CA 1967 and in respect of any such offence for which no penalty is expressly provided the offender shall be liable to a fine of not exceeding RM50,000 or to imprisonment for a term not exceeding five (5) years or to both.

(d) Atomic Energy Licensing Act 1984 and Radiation Protection (Licensing) Regulations 1986

Atomic Energy Licensing Act 1984 ("**AEL**") governs among other, the licensing of nuclear installation and of activities, dealing in, possessing or disposing of any radioactive material, nuclear material, prescribed substance or irradiating apparatus. Radiation Protection (Licensing) Regulations 1986 ("**RPLR**") governs among others, the classification of the licences.

Pursuant to the AEL, no person shall site, construct or operate a nuclear installation, deal in, possess or dispose of any radioactive material, nuclear material, prescribed substance or irradiating apparatus, unless he is the holder of a valid licence issued under AEL for such purpose and as specified in the licence. The licensing authority is the Atomic Energy Licensing Board.

A person who commits an offence under AEL is, on conviction, where no penalty is expressly provided therefor, liable to imprisonment for a term not exceeding ten (10) years or a fine not exceeding RM100,000 or both. Where an offence under AEL is committed by a body corporate, every person who at the time of the commission of the offence was a director or officer of that body corporate commits that offence unless he provides that he exercised all due diligence and took all reasonable precautions to prevent the commission of such offence and that such offence was committed without his knowledge, consent and connivance.

The appropriate authority may also at any time under any of the following circumstances in its discretion cancel, or suspend for such period as it may think fit, any licence issued under the AEL:

- (i) where the licensee has committed an offence under AEL;
- (ii) where the licensee has committed a breach of any of the conditions of the licence;
- (iii) where the licensee ceases to work or operate the nuclear installation in respect of which the licence was issued; or
- (iv) where in the opinion of the appropriate authority it would be in the public interest so to do.

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

(e) Foreign workers

Employment (Restriction) Act 1968 ("**ERA**") expressly prohibits a person from employing a non-citizen of Malaysia unless there has been issued in respect of that person a valid employment permit. Failure to obtain the valid employment permit shall be an offence which on conviction is punishable by a fine not exceeding RM5,000 or imprisonment for a term not exceeding one (1) year or both.

In addition, the employment of foreign workers in Malaysia shall also be subject to the Immigration Act 1959/63 ("**Act 155**") that regulates the immigration matters in Malaysia. Act 155 provides that no person other than a citizen shall enter Malaysia unless he is in possession of a valid entry permit, his name is endorsed upon the said valid entry permit and he is in the company of the holder of the said entry permit or he is in possession of a valid pass lawfully issued to him to enter Malaysia or exemption is granted to him pursuant to Act 155. Section 55(B)(1) of Act 155 further provides that a person who employs one or more persons, other than a citizen or a holder of an entry permit, who is not in possession of a valid pass shall be guilty of an offence, and shall on conviction, be liable to a fine of not less than RM10,000 but not more than RM50,000 or to a term of imprisonment not exceeding 12 months or to both for each such non-resident employee. Where, in the case of an offence under Section 55B(1) of Act 155, it is proved to the satisfaction of the court that the person has at the same time employed more than five (5) such employees that person shall, on conviction be liable to imprisonment for a term of not less than six (6) months but not more than five (5) years and shall also be liable to whipping of not more than six (6) strokes. The board of directors, manager, secretary or a person holding an office or a position similar to that of a manager or secretary of the body corporate shall be liable to the same punishment to which the corporate body is liable.

(f) Certificate of Accommodation

Pursuant to Section 24D(1) of the Workers Minimum Standards of Housing and Amenities (Amendment) Act 2019 ("**WMSHA 2019**"), no accommodation shall be provided to an employee unless certified with a Certificate of Accommodation ("**COA**").

An application for a COA could be made by an employer or a centralized accommodation provider to Jabatan Tenaga Kerja Semenanjung Malaysia ("**JTK**"). An employer who contravenes the said section 24(D)(1) commits an offence, and shall, on conviction, be liable to a fine not exceeding RM50,000. A centralized accommodation provider who contravenes the said section 24(D)(1) commits an offence, and shall, on conviction, be liable to a fine not exceeding RM50,000 or imprisonment for a term not exceeding one (1) year or to both.

As at the LPD, through our 3 service providers, we have obtained COA from JTK for 116 units of accommodation available to house a total of 1,380 foreign workers including existing 1,270 foreign workers and the remaining capacity to be reserved for future foreign workers. These service providers are independent service providers and are engaged by our Group to handle the accommodation and transportation of the foreign workers of our Group. They are also involved in providing similar accommodation and transportation of the foreign workers services to other companies.

(g) The Environmental Quality Act 1974

The Environmental Quality Act 1974 ("**EQA 1974**") governs the enforcement of waste disposal in Malaysia in order to control pollution.

The EQA 1974 regulates, among others, the deposit or disposal of any scheduled wastes on land or into Malaysian waters; receiving or sending, or causing or permitting to be received or sent any scheduled wastes in or out of Malaysia; or transiting or causing or permitting the

6. INFORMATION ON OUR GROUP (cont'd)

transit of scheduled wastes. Any person who fails to comply with the relevant requirement shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a period not exceeding five (5) years or to both.

The EQA 1974 further provides that where an offence against the EQA 1974 or any regulations made thereunder has been committed by a company, firm, society or other body of persons, any person who at the time of committing the offence is a director, chief executive officer, manager, or other similar officer or a partner of the company, firm, society or other body of persons or was purporting to act in such capacity shall be deemed to be guilty of that offence unless he provides that the offence was committed without his consent or connivance and that he has exercised all such diligence as to prevent committing the offence as he ought to have exercised having regard to the nature of his functions in that capacity and to all the circumstances.

There are no non-compliances with the aforesaid laws, regulations, rules and requirements as at the LPD and there are no other regulatory requirements and/or environmental issues which may materially affect our Group's operations arising from the utilisation of our assets. However, NSM was compounded on 10 June 2021 by MITI for failing to comply with Prevention and Control of Infectious Diseases (measures within infected local areas) (No. 2) Regulations, 2021 and Jabatan Kesihatan Negeri Pulau Pinang ("**JKNPP**") on 24 June 2021 under Section 11(3) of Prevention and Control of Infectious Diseases Act, 1988. Kindly refer to Section 6.5.15(c) for further details.

6.5.15 Interruptions to our business and operations

Save for the emergency restrictions imposed in Malaysia following the outbreak of COVID-19, our Group has not experienced any interruption which has significantly affected our business and operations during the past 12 months preceding the LPD.

(a) Impact of COVID-19 on our Group

COVID-19 was officially declared a pandemic by the Director General of the World Health Organisation on 11 March 2020. The Malaysian Government announced the imposition of an MCO under the Prevention and Control of Infectious Diseases Act, 1988 and the Police Act, 1967 which began on 18 March 2020 for a period of two weeks and was subsequently extended to 4 May 2020.

(i) MCO 1.0, RMCO and CMCO

During the initial MCO period, all businesses were required to temporarily suspend operations, except for essential services such as healthcare, food and beverage, and manufacturing of essential goods. The CMCO was then imposed from 5 May 2020 until 9 June 2020 followed by the RMCO from 10 June 2020 until 31 December 2020.

Our Group is considered an essential service as we are involved in the supply chain of electrical and electronic products. As such, our Group was permitted to continue our operations during the initial MCO after receiving approval from MITI on 19 March 2020. We continued our operations with 50% of our production staff, while non-production staff worked remotely from home. We resumed operations with a full workforce after receiving approval from MITI on 15 April 2020 to resume full operations. We have not had to decrease our production workforce during the initial MCO, subsequent MCO and CMCO periods

6. INFORMATION ON OUR GROUP (cont'd)

(ii) Subsequent MCOs and National Recovery Plan implemented

During the end of 2020, the number of COVID-19 cases increased and led to the Malaysian Government imposing a second MCO in various states beginning 13 January 2021 to 4 March 2021. The country transitioned into a CMCO beginning 5 March 2021.

During the second MCO, we were allowed to continue operations starting from 13 January 2021 vide the approval letter obtained by MITI on 12 January 2021 with our continued compliance with the relevant SOPs put in place. As a precautionary measure, we have performed antigen swab test on all of our 1,054 foreign workers on 26 January 2021 and 27 January 2021, as requested by SOCSO on 14 January 2021, and they were all tested negative.

However, increasing COVID-19 cases saw the MCO re-imposed nationwide beginning 12 May 2021. In light of further increases in COVID-19 positive cases nationwide, the Malaysian Government imposed a full MCO ("**FMCO**") effective from 1 June 2021, where all social and economic activities would not be allowed to operate, with exemptions provided to certain industries deemed as essential services. Similar to the initial MCO period in 2020, we had on 30 May 2021 for NSM and 12 June 2021 for NSY received the approval from MITI to continue operating during the FMCO starting from 1 June 2021, albeit with a reduced production workforce of 50.0% and a work-from-home policy for managerial and administrative staff.

During the Phase 4 of the National Recovery Plan, we were allowed to resume full operation at all our plants beginning from 5 July 2021. Employees are permitted to participate in operations, and certain supporting group of employees were still permitted to work from home with approval from their respective Head of Department.

In the event of a prolonged COVID-19 pandemic and/or implementation of FMCO measures and/or increase in restrictions on MCO, this would adversely affect our ability to implement our future plans and strategies. Nevertheless, we do not foresee that this will affect our relationship with our major customers and we continue to have recurring business transactions with them. Furthermore, Malaysia entered the 'Transition to Endemic' phase of COVID-19 on 1 April 2022 with all restrictions on business operating hours removed.

There is no material impact on our Group under the endemic phase of COVID-19 and we do not expect any material impact on our Group during this period. Notwithstanding, we will continue to implement stringent standard operating procedure put in place as precautionary measures to avoid the outbreak of COVID-19 cases in all of our manufacturing facilities.

(b) Measures to commence and continue our business operations

As part of the conditions set forth by MITI permitting companies providing essential services to operate during the MCO period, our Group has established a protocol at workplace to monitor and prevent the spread of COVID-19 in accordance with the standard that has been determined by the MOH. An Emergency Response Protocol Committee that is headed by our Head of Human Resources has also been established to handle emergency cases involving COVID-19 infection(s) or investigation(s). Our Group will be responsible for all the expenses incurred for the required COVID-19 testing on our employees and other close contact persons within the same workplace, the treatment of our employees who have contracted COVID-19 as well as the cost for the disinfection and sanitisation of the workplace. Some of the SOPs that we have implemented are as follows:

6. INFORMATION ON OUR GROUP (cont'd)

- (i) employees are required to wear a face mask in our manufacturing facilities and office areas.
- (ii) we also implemented restriction of movement between our manufacturing plants so as to reduce physical contact and interaction between our workers and employees;
- (iii) placing hand sanitisers at various areas at our manufacturing facilities including the entrances and common areas as well as ensuring that face masks are worn by employees and that social distancing is practiced at all times;
- (iv) cleaning, sanitising and disinfecting common areas of our manufacturing facilities;
- (v) disinfecting the manufacturing premises three times daily;
- (vi) our Group has allocated multiple break sessions on a staggered basis for our employees. We have also provided refreshments and meals to our employees so that they can have their meals within our manufacturing facilities and minimise their movements/contacts with outsiders during working hours; and
- (vii) as part of our corporate social responsibility, we also occasionally provide free face masks, supplements and face shields to our employees from time to time.

From 18 March 2020 up to the LPD, our Group incurred additional expenses of RM1.63 million for the implementation of strict health and safety measures including the purchase of sanitisers, disinfectants, thermometers and personal protective equipment, refreshments and meals, higher utilities, overtime charges, attendance allowances and relief allowances stemming from the increase in work hours. As at LPD, our Group has not pursued any retrenchment or salary cutting or deferment exercises.

(c) COVID-19 cases within our Group

The following are incidences of COVID-19 cases within our Group:

- (i) On 1 March 2021, 1 of our employees working at Plant 5 was tested positive with COVID-19. As a precautionary measure, we also conducted contact tracing and performed antigen test on a total of 409 close contacts on 4 March 2021 and 5 March 2021, who were all working in Plant 5. As a result, 3 additional employees were tested positive with COVID-19 on 5 March 2021 and have undergone subsequent PCR test on 6 March 2021 and confirmed to be tested positive.

However, we only ceased EMS activities at a specific section in Plant 5, which did not result in any material disruptions to our EMS operations. We also performed disinfection and sanitisation of our manufacturing facilities.

- (ii) On 14 June 2021, 7 of our production workers working at Plant 1 and Plant 2 were tested positive with COVID-19. As a precautionary measure, we conducted mass testing on all production workers working at Plant 1 and Plant 2 on 14 June 2021 and 15 June 2021. As a result, a number of the production workers were tested positive. We then contacted the MOH which then directed our 8 workers who tested positive for COVID-19 to be quarantined at designated quarantine centres.
- (iii) Subsequently, the MOH also issued a shutdown notice on the operations at Plant 1 and Plant 2 effective 17 June 2021. Following this incident, plant-wide disinfection and sanitisation took place on 20 June 2021. The temporary closure of Plant 1 and Plant 2 during this period did not result in any material disruption to our business operations, as we continued our EMS operations at Plant 3, Plant 5 and Plant 6. Upon a follow up check

6. INFORMATION ON OUR GROUP (cont'd)

by MOH, we were cleared to resume our operations on 25 June 2021. During this period of the temporary closures at Plant 1 and Plant 2, we did not incur any additional fixed costs.

On 28 June 2021, 12 of our employees working at Plant 5 were tested positive with COVID-19. We subsequently undertook contact tracing and conduct COVID-19 testings on all our employees at Plant 5 with the use of the Antigen Rapid Test Kits on 28 June 2021 and 29 June 2021. We also ceased all operations at Plant 5 following the issuance of a shutdown notice by MOH which took effect from 28 June 2021. During the shutdown period, we conducted disinfection and sanitisation exercises at Plant 5. Upon a follow up check by the MOH, we were cleared to resume our operations at Plant 5 on 7 July 2021. Up to LPD, we had a total of 661 employees who were tested positive with COVID-19. A summary of our infected employees by category of job functions and nationality up to LPD is as follows:

Categories	Number of infected employees up to LPD
Management and professionals	86
Technical and supervisory	114
Administrative and clerical	57
General workers	15
Operators and technicians	389
Total	661
<u>Nationalities</u>	
Local	342
Foreigners	319
Total	661

As at LPD, all of our employees have been fully vaccinated.

Note:

NSM was compounded on 10 June 2021 by MITI for failing to comply with Prevention and Control of Infectious Diseases (measures within infected local areas) (No. 2) Regulations, 2021 where NSM had failed to implement one (1) meter physical distancing in NSM's manufacturing facilities. NSM had since settled the final agreed compound amount of RM5,000 on 14 June 2021. Subsequent to this incident, our Group has reminded all of our employees to strictly comply with all standard operating procedures as well as strict health and safety measures set by the MOH and our Group at all times.

NSM was subsequently compounded by JKNPP on 24 June 2021 for failing to comply with the direction of the authorised officer within the power granted under Section 11(3) of Prevention and Control of Infectious Diseases Act, 1988 where the list of close contacts with individuals tested positive for COVID-19 was not produced/reported to the authorised officer from Pejabat Kesihatan Daerah, Seberang Perai Tengah, Pulau Pinang. NSM has since settled the final agreed compound amount of RM12,500 on 28 June 2021. Subsequent to this incident, our Group has updated our reporting structure of any COVID-19 positive cases to JKNPP on a timely manner and there was no further compound received.

6. INFORMATION ON OUR GROUP (cont'd)

(d) Impact on the operations and financials of our Group

(i) Impact of COVID-19 on our production and product sales

As we were categorised as a company providing essential services and were allowed to continue operating during the various MCO periods, albeit at a lower capacity, we were able to continue EMS activities and did not experience a significant negative impact on our EMS activities for the FYE 2020 due to COVID-19. We also did not experience any decrease in demand of EMS from our customers. However, the lockdown and movement control measures prevented us from conducting face-to-face meetings and site visits with potential customers, which in turn slowed down our business development process.

From 18 March 2020 up to LPD, we did not receive any cancellation, default in payments or suspension/delays of any contracts or purchase orders due to the COVID-19 pandemic, save for several cases involving a push-out request in the date of delivery. In addition, from 18 March 2020 up to LPD, none of our customers have made claims against our Group for delays or failure to complete purchase orders due to COVID-19.

Following the shutdown notice effective 17 June 2021 to 24 June 2021 and a number of our production workers testing positive for COVID-19, we are unable to carry out our EMS activities. We have informed our customers regarding our shutdown and have rescheduled several deliveries as a result. Our customers understand the situation and we have not incurred any penalties from our customers due to the delayed delivery. Nevertheless, we remain in constant communication with our customers to update them on the situation.

During the periods of shutdown or reduced operational capacity at Plant 1, Plant 2 and Plant 5, we continue to incur costs such as staff costs, testing and sanitisation of RM1.55 million for which we generate less or no income. Nonetheless, we have assessed the impact of the shutdown on 17 June 2021 on our financial performance and we believe that any shortfall of income experienced due to the shutdown will be made up in the remaining months of FYE 2021. The financial impact arising from COVID-19 outbreak to our Group are as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022	1 July 2022 up to LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Additional expenses incurred for the implementation of strict health and safety measures	-	230	1,317	69	10

(ii) Impact of COVID-19 on our supply chain

We have experienced some disruptions in our supply chain due to the lockdown measures imposed and worldwide semiconductor shortages stemming from pent-up demand for semiconductor as well as the limited new semiconductor supply and production disruptions. The delivery of raw materials to our premises was also affected briefly due to travel restrictions as well as MITI's deferred approval for businesses they deemed as non-essential. Nonetheless, we have not encountered any failure to meet our contractual obligations nor have we incurred any penalties imposed by our customers. Furthermore, any hike in the cost of materials is absorbed by our customers as indicated in the quotation.

6. INFORMATION ON OUR GROUP (cont'd)

Delivery of finished goods to our local customers was minimally affected as they are carried out by our own fleet of delivery trucks, albeit subjected to strict SOPs implemented by the Government. We experienced slight delays in delivery of finished goods to our international customers due to difficulty in obtaining cargo space for air and sea freight. Despite the delays, our Group did not experience a material adverse effect in delivering finished products to our customers as most of them are local or based in South East Asia and East Asia.

We were also not significantly affected by the increase in air and sea freight rates during the COVID-19 pandemic as our terms with our customers are mostly ex-works, which means that they will incur the logistics costs. We have not experienced any penalties from our customers on the delay and are in constant communication with them. We have also continued to receive new purchase orders from customers during this period. As a result, we believe that the delays in delivery will not have any significant adverse impact on our business and financial performance for FYE 2021 and FPE 2022.

The impact has been cushioned by our Group's drawdown of existing inventories, participation in vendor-managed inventory arrangement with selected suppliers and successful sourcing of alternate suppliers locally. During the shutdown of our manufacturing facilities (namely Plant 1 and Plant 2) from 17 June 2021 to 24 June 2021, our Group has continued to operate at 30.0% of our workers capacity.

As at LPD, our Group has sufficient resources to fulfil our financial obligations to meet our monthly operational expenditure and our financial obligations in the next 12 months. Our Group does not anticipate any financial difficulties in meeting our debt obligations in the next 12 months. Our Group also has sufficient working capital to sustain our existing business operations.

As we were categorised as a company providing essential services and were allowed to operate during the various MCO periods, we have not experienced significant adverse effects on our business operations due to the COVID-19 pandemic and resulting lockdown measures for the FYE 2020. Furthermore, there is no material impact on our Group under the endemic phase of COVID-19 and we do not expect any material impact on our Group during this period. Notwithstanding, we will continue to implement stringent standard operating procedure put in place as precautionary measures to avoid the outbreak of COVID-19 cases in all of our manufacturing facilities.

6.6 BUSINESS STRATEGIES AND PROSPECTS

6.6.1 Business strategies

Our business strategies over the next 36 months are as follows:

(a) Expansion of our EMS business

We intend to expand our EMS business through the following strategies:

(i) Expanding our EMS offerings to our existing customers

Some of our customers are MNCs or international corporations with a diversified range of products. This presents opportunity for our Group to expand our EMS offerings to this group of customers. Our marketing and business development team constantly analyses new business areas that we can expand into and presenting new proposals to provide EMS to these customers' other products range. In addition, the team also seek expansion opportunities in current products that we assemble and test in terms of expanding the

6. INFORMATION ON OUR GROUP (cont'd)

number and value of semi-finished sub-assemblies that we can assemble and test for fully-assembled electronic products.

(ii) Securing more new customers

We will leverage on our track record in the EMS industry to secure new customers. Our marketing and business development team uses industry knowledge and participation in international conventions, exhibition, conferences and trade fairs to identify potential customers. In 2022, we had participated in the SEMICON Southeast Asia (a premier event that promotes the growth of the semiconductor and microelectronics ecosystem in Southeast Asia by connecting companies, suppliers and buyers across the supply chain), which was held from 21 June 2022 to 23 June 2022 in Penang. Our marketing team had also attended the Electronics Manufacturing Expo Asia 2022 (an electronics manufacturing and assembly technology and equipment event that brings together an international congregation of semiconductor manufacturers and equipment suppliers) which was held from 19 July 2022 to 21 July 2022 in Penang. In addition, we also participated in the World Congress on Innovation and Technology 2022 (a World Congress on Innovation and Technology event that features discussions with visionaries, captains of the industry, government leaders, innovators and academics from over 80 countries) which was held from 13 September 2022 to 15 September 2022 in Penang. Moving forward, we intend to participate in the upcoming exhibitions/seminar:

Exhibitions/Seminar	Location	Period
SEMICON South East Asia 2023	Penang	23 May 2023 to 25 May 2023

(iii) Business collaboration with GoldTek

We intend to ride on our new business collaboration with GoldTek to further expand our EMS business. The Business Collaboration Agreement entered into with GoldTek allows us to secure new business growth and strengthen the relationships between both parties for more future collaborations with more affiliates and/or subsidiaries of Hon Hai. Through NIM, we shall undertake collaborative efforts with GoldTek to explore for more opportunities to collaborate together with the other affiliates and/or subsidiaries of Hon Hai to expand its product category such as portable and low power consumption IoT electronic devices and tap into their global customer base.

There was previously a civil suit at Taiwan New Taipei District Court on the contractual compensation claim made by NSM against Hon Hai as disclosed in Section 11.3.5(b)(iii) of this Prospectus. As at the LPD, both parties have mutually reached an amicable settlement for the civil lawsuit, whereby NSM has withdrawn the said civil lawsuit from the Taiwan New Taipei District Court and both parties have agreed to continue with their business relationship by entering into a new manufacturing and supply agreement to undertake new EMS opportunities. With this development, our Group does not foresee that such civil suit will affect our business relationship with Hon Hai, after taking into consideration that NSM and GoldTek had executed the Business Collaboration Agreement on 1 March 2022, whereby 60.0% equity interest in NIM was acquired by GoldTek. Presently, we are also in negotiation and discussions with Hon Hai on other potential collaboration opportunities for EMS activities. Nevertheless, in the event that the Business Collaboration Agreement is terminated, we do not foresee any significant impact to our Group as the collaboration has yet to generate any revenue as at the LPD and is expected to commence operations in the first half of 2023.

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

(b) Expansion of our SMT assembly capacity

In line with our strategy to expand our EMS business, we have allocated RM5.93 million of our IPO proceeds to purchase additional machineries and equipment to add 4 SMT assembly lines for our PCBA services. These new machineries and equipment are also expected to enhance our EMS efficiency.

As at LPD, we have a monthly production capacity for SMT services of up to 1,257,600,000 mounting points per month. Upon completion of the expansion of our SMT assembly lines within 36 months, our monthly production capacity is expected to increase by up to 38,400,000 mounting points to a maximum of 1,296,000,000 mounting points per month.

6.6.2 Prospects of our Group

According to the IMR Report, the EMS market in Malaysia is expected to continue on an expansionary trend. The EMS market in Malaysia is expected to grow at a CAGR of 10.3% from RM565.51 billion in 2022 to RM819.12 billion in 2027. Factors boosting growth within the local EMS market is likely to come from more manufacturers from a broad range of end-user markets outsourcing more manufacturing activities to EMS market players. At the same time, the increasing adoption of electronic content in traditional and non-traditional markets such as the automotive and consumer electronics sectors also provide EMS market players with a growing pool of potential new clients. Prospects of the local EMS market have also been uplifted by the presence of an established electronics cluster in Malaysia providing a sizable and ready end-user market for EMS. Further details on the prospects and outlook of the EMS market in Malaysia are set out in Section 7 of this Prospectus. We believe that we are in a good position to ride on the projected growth in the market by leveraging on our competitive strengths (as detailed in Section 6.5.6 of this Prospectus) and successfully implementing our business strategies (as detailed in Section 6.6 of this Prospectus).

6.7 MATERIAL CONTRACTS

Save as disclosed below, there were no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Group or our subsidiaries for the past 3 FYEs 2019 to 2021, FPE 2022 and up to the date of this Prospectus:

- (a) sale and purchase agreement and supplemental sale and purchase agreement dated 28 February 2018 and 13 September 2019 entered into between SkyGate Technology and NSM for the acquisition of Plant 1 for a purchase consideration of RM7,000,000 and Plant 2 for a purchase consideration of RM9,100,000.

The said acquisition was completed on 18 November 2019 where the full purchase price of RM16,100,000 was recorded in the books of NSM and SkyGate Technology as an unsecured loan payable on demand by NSM to SkyGate Technology. All of the unsecured loan payable had been fully settled by NSM to SkyGate Technology on 17 March 2021.

- (b) sale and purchase agreement dated 15 July 2020 entered into between SkyGate Technology and NSM for the acquisition of Plant 3 for a purchase consideration of RM13,200,000.

The said acquisition was completed on 12 October 2020 where the full purchase price of RM13,200,000 was recorded in the books of NSM and SkyGate Technology as an unsecured loan payable on demand by NSM to SkyGate Technology. All of the unsecured loan payable had been fully settled by NSM to SkyGate Technology on 17 March 2021.

6. INFORMATION ON OUR GROUP (cont'd)

- (c) forms of transfer of securities under Section 105 of the Act dated 21 April 2021 in relation to the Acquisition of NIM, which was completed on 28 April 2021;
- (d) conditional share sale agreement dated 31 May 2021 in relation to the acquisition of entire equity interest of NSM from Ooi Eng Leong and Tan Ah Geok ("**Sellers**") for a purchase consideration of RM111,047,299.80 to be fully satisfied on completion by the issue and allotment of 1,110,472,998 ordinary shares of the Company to the Sellers or nominees. The conditional share sale agreement was mutually terminated on 28 April 2022.
- (e) conditional share sale agreement dated 25 January 2022 entered into between NSM and Davindra for the Acquisition of NSY. Completion shall take place upon first instalment of RM1,000,000 is received by Davindra and the transfer form shall be dated on the completion date.

NSM and Davindra acknowledges and agrees that upon completion, the registered and beneficial ownership of NSM over the said shares shall not be challenged by Davindra despite not receiving the full purchase consideration of RM15,000,000 as at the completion date. Davindra has irrevocably confirmed and undertaken that he has no rights, ownership, claim and whatsoever over the said shares from the completion date. In the event there is any default payment of the purchase consideration, Davindra agrees to only claim from NSM the defaulted payment as an outstanding amount owing to him under his contractual right instead of requesting NSM to return any part of the said shares unless otherwise mutually agreed. The Acquisition of NSY was completed on 17 February 2022.

- (f) Business Collaboration Agreement;
- (g) tenancy agreement dated 1 June 2022 entered into between NSM and KAGA for the rental of Plant 3;
- (h) conditional share sale agreement dated 14 June 2022 in relation to the Acquisition of NSM; and
- (i) Underwriting Agreement.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.8 PROPERTY, PLANT AND EQUIPMENT

6.8.1 Material Properties

(a) Properties owned by our Group

Our Company, NSY and NIM do not own any properties. The summary of the information on the material land and buildings owned by NSM as at the LPD is set out below:

No.	Title details / Postal address	Category of land use/ Expiry of lease	Description of property / Existing use / Age of building	Major Conditions / interest / Encumbrances	Date of issuance of CF / CCC ⁽ⁱ⁾	Land	
						Built-up area sq ft	Audited NBV as at 30 June 2022 RM'000
(a)	Plant 1	Industrial	A single storey detached factory annexed with a single storey factory office	Major Conditions PT 76 Nil	23 June 2011 and 27 March 2020	59,910/ 41,494	6,907
	PT 76 held under HSD 44452 (" PT 76 ") & Lot 9168 held under PN 10342 (" Lot 9168 "), all in Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang bearing the postal address of 1413, Solok Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang	Leasehold PT 76 : 99 years (expiring on 27 November 2073) Lot 9168 : 60 years (expiring on 7 September 2070)	Office, storage space and manufacturing facilities for NSM Approximately 30 years	Lot 9168 The land shall be used for industrial purposes only Major Restriction-in-interest The land hereby alienated shall not be transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.			
				Major encumbrances PT76 Charge in favour of United Overseas Bank (Malaysia) Bhd (" UOB ") registered on 25 February 2022.			

6. INFORMATION ON OUR GROUP (cont'd)

No.	Title details / Postal address	Category of land use/ Expiry of lease	Description of property / Existing use / Age of building	Major Conditions / Restriction-in- interest / Encumbrances	Date of issuance of CF / CCC ⁽ⁱ⁾	Land area/ Built-up area sq ft	Audited NBV as at 30 June 2022 RM'000
				Lot 9168 Charge in favour of UOB registered on 25 February 2022.			
(b)	Plant 2 PT 1076, Mukim 01, Daerah Seberang Perai Tengah, Pulau Pinang held under HSD 44098 bearing the postal address of 2422, Solok Perusahaan 1, Kawasan Perusahaan 1, 13600 Perai, Pulau Pinang	Industrial Leasehold, 60 years (expiring on 21 February 2042)	A double-storey office block annexed with 1½-storey detached factory Office, storage space and manufacturing facilities for NSM Approximately 30 years	Major Conditions Nil Major Restriction-in-interest (i) The land hereby alienated shall not be transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority. (ii) The land hereby alienated shall not be subdivided.	23 June 2011 and 27 March 2020	43,727 / 63,922	8,812
(c)	Plant 3 Lot 683, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under PN 1338, bearing the postal address of 1415, Lorong Perusahaan 1, Kawasan	Industrial Leasehold, 99 years (expiring on 22 August 2072)	A double-storey detached factory cum office block Rented to KAGA Components (Malaysia) Sdn Bhd ⁽ⁱⁱ⁾	Major encumbrances Charge in favour of UOB registered on 3 June 2015 Major Restriction-in-interest (i) The land hereby alienated shall not be transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.	21 May 1996 and 11 December 2001	84,798 / 104,093	15,269

6. INFORMATION ON OUR GROUP (cont'd)

No.	Title details / Postal address	Category of land use/ Expiry of lease	Description of property / Existing use / Age of building	Major Conditions / interest / Encumbrances	Date of issuance of CF / CCC ⁽¹⁾	Land area/		Audited NBV as at 30 June 2022
						Built-up area	sq ft	
	Perusahaan Perai, 13600 Perai, Pulau Pinang		Approximately 49 years	(ii) The land hereby alienated shall not be subdivided.				
				Major Encumbrances Charge in favour of Hong Leong Bank Berhad registered on 11 March 2021.				
				Charged in favour of Hong Leong Bank Islamic Berhad registered on 8 December 2021.				
(d)	Plant 5 Plot 44, Plot 45, 46 & 47, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang held under HSD 44436 bearing the postal address of 2005, Tingkat Perusahaan 1, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang	Industrial Leasehold, 99 years (expiring on 14 May 2072)	A three-storey detached office block annexed with double-storey detached factory, double-storey detached guard house and single-storey guard house, pump house, chemical house and TNB sub-station	Major Conditions Nil Major Restriction-in-interest The land hereby alienated shall not be transferred, charged, leased, subleased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.	21 May 2020	124,712 / 215,833	49,568	
			Office, storage space and manufacturing facilities for NSM	Major Encumbrances Charge in favour of UOB registered on 19 May 2017				
			Approximately 1 year					

6. INFORMATION ON OUR GROUP (cont'd)

Notes:

- (i) The date of issuance of the relevant CF/CCC of our owned properties relates to the first CF/CCC issued by the relevant authorities and the subsequent CF/CCC issued upon any extensions/renovations performed for each property.
- (ii) Previously, our Group have utilised Plant 3 as our Group's office, storage space manufacturing facilities for NSM. We have since relocated the manufacturing operations of Plant 3 to Plant 7 since February 2022 and have excess manufacturing floor space available. We have taken the approach to make such available manufacturing floor space available for rental to KAGA Components (Malaysia) Sdn Bhd ("**KAGA**") to generate rental income. As such, on 1 June 2022, NSM entered into a tenancy agreement with KAGA for the rental of Plant 3. The salient terms and conditions of the said tenancy agreement are as follows:

Date of tenancy agreement	Parties	Premises	Duration	Monthly rental	Termination
1 June 2022	NSM as landlord KAGA as tenant	Plant 3	A fixed term of 12 months from 1 June 2022 (" Initial Tenure ") subject to an automatic renewal and extension for additional 36 months upon the expiration of the Initial Tenure (" Automatic Extension Period "). Upon expiry of the Automatic Extension Period, the tenant shall have an option to renew the Tenancy for an additional 36 months subject to the terms and conditions of the Tenancy Agreement (" Further Extension Period ").	RM135,000	The tenancy granted is a fixed term tenancy. During the Initial Tenure and also the Automatic Extension Period, no early termination is allowed by either the landlord or the tenant. Both the landlord and the tenant agree that both have the right to terminate the tenancy by giving two (2) years notice in writing (in the form of letter) to the landlord or the tenant before the expiration of the Further Extension Period and any other period after the Further Extension Period.

The above tenancy agreement entered into between NSM and KAGA does not require the written sanction of the State Authority as it is not a lease under the National Land Code.

6. INFORMATION ON OUR GROUP (cont'd)

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

(b) Properties rented by our Group

The details of material properties rented by us as at LPD are set out below:

No.	Postal address / Type of properties rented	Landlord / Tenant	Description/Existing use	Land area / Built-up area (sq ft)	Date of issuance of CCC or CF	Period of tenancy/ Rental per annum
(i)	Plant 6 Lot 10563, Jalan Perusahaan 3, Kamunting Industrial Estate, 34600 Kamunting, Taiping Perak	Delta Palma Sdn Bhd / NSY	Single-storey factory annexed with double-storey office / Manufacturing facilities, storage space and office for NSY	174,246 / 74,283	8 July 1983	1 February 2020 to 31 January 2023 / RM432,000
	Manufacturing facilities					
(ii)	Plant 7 2511, Tingkat Perusahaan 4A, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang	SkyGate Sciences Sdn Bhd / NSM, NSY and NIM	Manufacturing spaces located at single storey detached factory building / manufacturing facilities for our Group	756,636 / 227,654 ⁽¹⁾ (rented built-up area as our manufacturing floor space within Plant 7)	24 November 2005	1 February 2022 to 31 January 2023 / RM4,097,773
	Manufacturing facilities					

Note:

- (1) On 28 February 2022, our Group had entered into a tenancy agreement with SkyGate Sciences Sdn Bhd for the initial rented space of 100,000 sq ft at Plant 7. On 1 May 2022, our Group entered into an addendum to the tenancy agreement dated 28 February 2022 to expand the overall rented space from 100,000 sq ft to 227,654 sq ft at Plant 7.

6. INFORMATION ON OUR GROUP (cont'd)

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

6.8.2 Operating capacities and output**(a) Production capacity and utilisation rate for SMT Services**

As at 31 December 2021, we operate a total of 105 units of SMT machineries across a total of 23 SMT assembly lines which are located at Plant 1, Plant 2, Plant 5 and offsite EMS sites at our customers' manufacturing plants as follows:

(a) As at 31 December 2021

Locations	Number of SMT assembly lines (lines)	Number of SMT machineries (units)	Monthly production capacity (mounting points)	Average monthly utilisation rate (%)⁽²⁾
Plant 1 and Plant 2	9	40	384,000,000	81.6
Plant 5	11	54	518,400,000	80.5
Offsite EMS sites ⁽¹⁾	3	11	105,600,000	76.9
Total	23	105	1,008,000,000	

(b) As at 30 June 2022

Locations	Number of SMT assembly lines (lines)	Number of SMT machineries (units)	Monthly production capacity (mounting points)	Average monthly utilisation rate (%)⁽³⁾
Plant 1 and Plant 2	9	30	288,000,000	76.1
Plant 5	10	46	441,600,000	78.7
Plant 7	8	38	364,800,000	81.3
Offsite EMS sites ⁽¹⁾	3	11	105,600,000	78.3
Total	30	125	1,200,000,000	

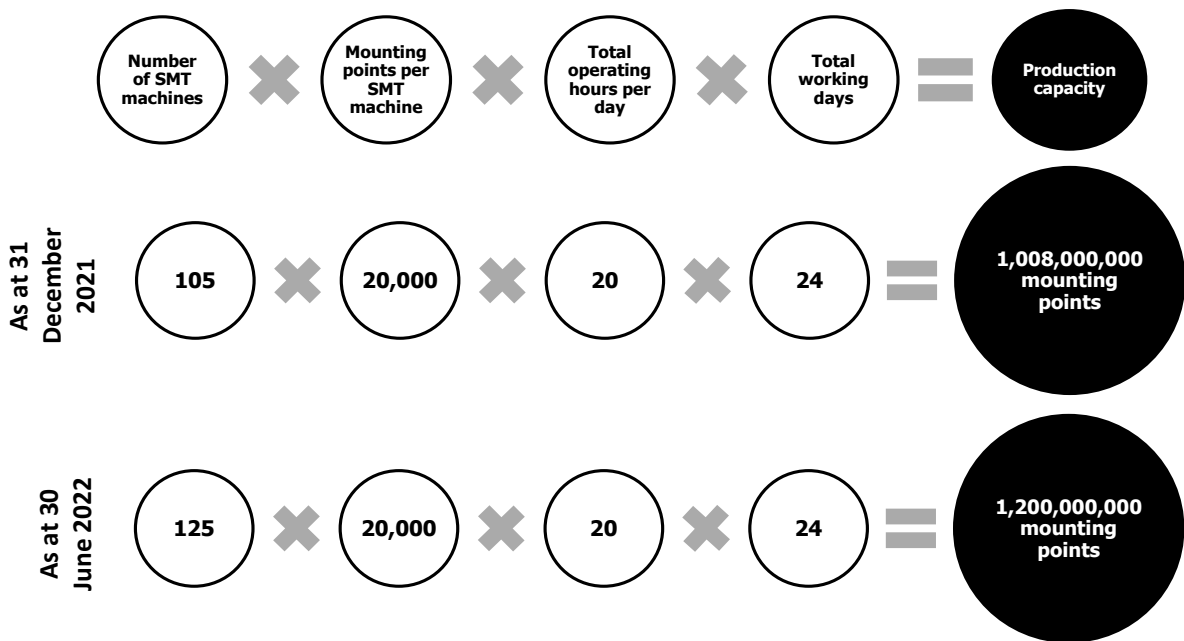
Notes:

- (1) It is an industry norm that for certain cases, some end customers in the industry do request to have their contract manufacturers to set up assembly lines utilising either the contract manufacturers' or the end customers' SMT machineries and equipment, depending on the end customers' requirements, within their manufacturing facilities (i.e. offsite EMS arrangement). At the request of our customer, we have also undertaken an offsite EMS arrangement for our PCBA services. Under this arrangement, we have re-located certain of our SMT machineries and equipment to our customer's manufacturing plant and also re-assigned our employees with all required raw materials and input provided by the customer. We have entered into such an arrangement as the customer intends to exert a tighter control and maintain the confidentiality in the development of their new prototypes and products. We have been providing our PCBA services to this customer since 2014. We will continue to discuss with our customers on the possible continuation of the offsite EMS arrangement for future project(s). However, upon the expiry of the offsite EMS arrangement, the machineries and equipment will be returned to our manufacturing facilities with employees re-assigned. As at LPD, we are engaged in an offsite EMS arrangement with a single customer involved in the automotive industry.

6. INFORMATION ON OUR GROUP (cont'd)

- (2) This relates to the average monthly utilisation rate in FYE 2021, which was calculated based on the monthly average mounting points achieved divided by the monthly average production capacity for each location. The monthly production capacity differs from month to month due to various factors which include the total number of SMT machines that are in operation, SMT machines that are under maintenance, overtime operations and public holidays and/or new addition of SMT machines to the overall production.
- (3) This relates to the average monthly utilisation rate in FPE 2022, which was calculated based on the monthly average mounting points achieved divided by the monthly average production capacity for each location. The monthly production capacity differs from month to month due to various factors which include the total number of SMT machines that are in operation, SMT machines that are under maintenance, overtime operations and public holidays and/or new addition of SMT machines to the overall production. The number of SMT assembly lines, SMT machineries and average monthly utilisation rates for Plant 1, Plant 2 and Plant 5 has declined during FPE 2022 as compared to FYE 2021, as we have shifted several EMS activities for certain of our customer products (namely supercomputers IoT products) from these plants to Plant 7 commencing from February 2022.

For illustration purposes, we calculate our monthly production capacity for our SMT assembly lines by applying the following formula:



Parameters	Details
Number of SMT machines	As at 31 December 2021, we were operating on a total of 105 units of SMT machineries. As at 30 June 2022, we were operating on a total of 125 units of SMT machineries.
Mounting points per SMT machine per hour	Based on the specification provided by vendors, each SMT machine has the capability to undertake up to 38,000 mounting points per hour. However, SMT machines are not able to achieve this level of utilisation capacity as there are typically various different electronic components with various different sizes involved leading to higher complexity that will contribute and require longer time for production. Besides that, there are also various

6. INFORMATION ON OUR GROUP (cont'd)

Parameters	Details
	others processes involved to the overall production process. There is time delay in the production processes if the mounted PCB cannot be further processed until the completion of other ongoing processes leading to a longer production lead time. Taking into account these complexities on the various processes for our own production, the optimum mounting points per hour by each of the SMT machine to achieve production efficiency is at 20,000.
Total operating hours per day	Our production employees work on a 10-hour shift per day operating on 2 shifts per day giving us a total of 20 operating hours per day. Any operating hours extended beyond this (if required) will lead to an over-time arrangement and production employees will also be eligible for over-time allowances.
Total working days	We have an average of 24 working days per month consisting of 20 weekdays and 4 Saturdays. Although we have omitted Sundays and public holidays, we may conduct unscheduled production activities on any of the Sundays due to emergency or urgent needs to meet high order volume, fulfil order backlog and/or coping with unexpected public holidays that result in stoppage of production activities.
Production capacity	We have the capacity to produce up to 1,008,000,000 mounting points from 105 units of SMT machine that can each produce 20,000 mounting points per hour over 20 hours per day for 24 working days in a month, on the assumption that all the SMT machines and equipment does not experience any downtime due to maintenance.

For FYE 2020, we achieved an average monthly production capacity utilisation rate of 81.0% or 503.66 million mounting points for our SMT services. For FYE 2021, we achieved an average monthly production capacity utilisation rate of 80.5% or 669.39 million mounting points for our SMT services based on the following data:

Month	FYE 2020			FYE 2021		
	Mounting Points Achieved (mounting points)	⁽¹⁾ Monthly Production Capacity (mounting points)	Monthly Utilisation Rate (%)	Mounting Points Achieved (mounting points)	⁽¹⁾ Monthly Production Capacity (mounting points)	Monthly Utilisation Rate (%)
January	453,100,231	552,561,257	82.0	528,378,501	704,504,668	75.0
February	432,288,000	547,200,000	79.0	549,113,640	704,000,000	78.0
March	437,760,003	547,200,000	80.0	637,435,542	768,000,000	83.0
April	485,830,200	599,790,370	81.0	684,827,165	835,200,000	82.0
May	468,384,034	571,200,000	82.0	620,934,929	739,200,000	84.0
June	545,826,900	673,860,370	81.0	671,954,889	809,600,000	83.0
July	525,611,080	673,860,359	78.0	609,064,980	857,838,000	71.0
August	552,819,728	674,170,400	82.0	642,772,862	783,869,344	82.0
September	565,843,001	673,622,620	84.0	715,895,154	917,814,300	78.0
October	558,273,852	672,619,099	83.0	748,600,672	924,198,374	81.0
November	544,820,636	664,415,410	82.0	830,760,683	966,000,000	86.0
December	473,356,523	657,439,615	72.0	792,957,778	966,000,000	82.0
Monthly Average	503,659,516	625,661,625	81.0	669,391,400	831,352,057	80.5

6. INFORMATION ON OUR GROUP (cont'd)

Month	FPE 2022		
	Mounting Points Achieved (mounting points)	⁽¹⁾ Monthly Production Capacity (mounting points)	Monthly Utilisation Rate (%)
January	826,656,052	1,046,400,000	79.0
February	782,496,082	1,100,000,000	71.1
March	899,526,438	1,200,000,000	75.0
April	925,750,002	1,150,000,000	80.5
May	928,050,000	1,150,000,000	80.7
June	942,832,459	1,150,000,000	82.0
Monthly Average	884,218,506	1,132,733,333	78.1

Note:

- (1) Monthly production capacity differs from month to month due to various factors which include the total number of SMT machines that are in operation, SMT machines that are under maintenance, overtime operations and public holidays and/or new addition of SMT machines to the overall production.

As at LPD, we have a monthly production capacity for SMT services of up to 1,257,600,000 mounting points per month. Upon completion of the expansion of our SMT assembly lines within 36 months, our monthly production capacity is expected to increase by up to 38,400,000 mounting points to a maximum of 1,296,000,000 mounting points per month.

As at LPD, we operate a total of 131 units of SMT machineries across a total of 31 SMT assembly lines which are located at Plant 1, Plant 2, Plant 5, Plant 7 and offsite EMS sites at our customers' manufacturing plants as follows:

Locations	Number of SMT assembly lines (lines)	Number of SMT machineries (units)	Monthly production capacity (mounting points)	Average monthly utilisation rate (%) ⁽¹⁾
Plant 1 and Plant 2	14	45	432,000,000	77.7
Plant 5	5	22	211,200,000	80.2
Plant 7	9	53	508,800,000	80.8
Offsite EMS sites	3	11	105,600,000	78.3
Total	31	131	1,257,600,000	

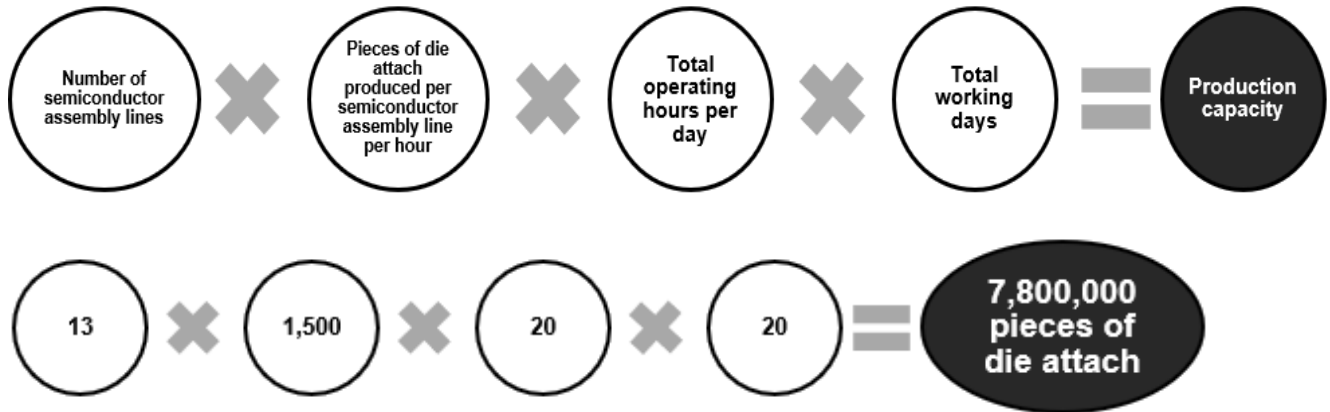
Note:

- (1) This relates to the average monthly utilisation rate for the period commencing from 1 January 2022 to the LPD, which is calculated based on the monthly average mounting points achieved divided by the monthly average production capacity for each location. The monthly production capacity differs from month to month due to various factors which include the total number of SMT machines that are in operation, SMT machines that are under maintenance, overtime operations and public holidays and/or new addition of SMT machines to the overall production.

6. INFORMATION ON OUR GROUP (cont'd)

(b) Production capacity and utilisation rate for the assembly and testing of semiconductor devices by NSY

As at 31 December 2021, NSY operates a total of 13 semiconductor assembly lines supported by a total of 105 machineries and equipment at our Plant 6. We calculate the monthly production capacity for NSY's semiconductor assembly and testing services in FYE 2021 by applying the following formula:



Parameters	Details
Number of semiconductor assembly lines	For FYE 2021, NSY was operating on a total of 13 semiconductor assembly lines supported by a total of 105 machineries and equipment
Pieces of die attach produced per semiconductor assembly line per hour	Based on the specification provided by vendors, each semiconductor assembly line has the capability to produce up to 1,500 pieces of die attach per hour
Total operating hours per day	The production employees of NSY work on a 10-hour shift per day operating on 2 shifts per day giving us a total of 20 operating hours per day. Any operating hours extended beyond this (if required) will lead to an over-time arrangement and production employees will also be eligible for over-time allowances
Total working days	NSY has an average of 20 working days per month consisting of 20 weekdays. Although NSY has omitted Saturdays, Sundays and public holidays, NSY may conduct unscheduled production activities on any of the weekend days due to emergency or urgent needs to meet high order volume, fulfil order backlog and/or coping with unexpected public holidays that result in stoppage of production activities
Production capacity	We have the capacity to produce up to 7.80 million pieces of die attach from 13 semiconductor assembly lines that can each produce 1,500 pieces of die attach per hour over 20 hours per day for 20 working days in a month

For FYE 2021 and FPE 2022, NSY achieved an average monthly production capacity utilisation rate of 73.8% or 5.76 million pieces of die attach as well as 65.8% or 4.59 million pieces of die attach, respectively, for NSY's assembly and testing of semiconductor devices services based on the following data:

6. INFORMATION ON OUR GROUP (cont'd)

Month	FYE 2021	
	(1)Die attach (pieces)	(2)Monthly utilisation rate (%)
January	6,235,123	79.9
February	5,531,327	70.9
March	7,118,266	91.3
April	6,099,790	78.2
May	5,479,312	70.2
June	5,789,508	74.2
July	6,129,688	78.6
August	4,799,406	61.5
September	5,432,094	69.6
October	5,653,246	72.5
November	6,137,413	78.7
December	4,702,152	60.3
Monthly Average	5,758,944	73.8

Month	FPE 2022	
	(1)Die attach (pieces)	(3)Monthly utilisation rate (%)
January	4,953,222	71.1
February	4,347,930	62.4
March	6,613,280	94.9
April	3,910,240	56.1
May	4,357,120	62.5
June	3,329,337	47.8
Monthly Average	4,585,188	65.8

Notes:

- (1) Total number of die attach pieces manufactured is inclusive of additional 0.5% to 2.5% of die attach pieces to ensure sufficient useable die attach pieces to complete the job
- (2) Computed based on the maximum capacity of 7,800,000 pieces of die attach per month for FYE 2021.
- (3) Computed based on the maximum capacity of 6,969,600 pieces of die attach per month for FPE 2022. The average monthly utilisation rates for NSY's assembly and testing of semiconductor devices services has declined during FPE 2022 as compared to FYE 2021, as there has been a decrease in purchase orders received due to change in customers' product mix.

As at LPD, NSY operates a total of 9 semiconductor assembly lines supported by a total of 94 machineries and equipment at our Plant 6, that can each produce 2,200 pieces of die attach per hour over 22 hours per day for 16 working days in a month, resulting in a maximum production capacity of 6,969,600 pieces of die attach per month. The production employees of NSY work on a 11-hour shift per day operating on 2 shifts per day giving us a total of 22 operating hours per day. NSY has reduced the total number of semiconductors assembly lines operated from 13 to 9 semiconductor assembly lines in FYE 2021 by removing less productive older machineries. This has resulted in the decrease in the pieces of die attach produced at Plant 6 during FPE 2022. For these older machineries and equipment, we may work together with our customers towards enhancing the software used in order to improve their performance. NSY also undertook the calibration of the remaining machineries to shorten the distance of IC pick-up points leading to better efficiency on output on die attach pieces per hour for each semiconductor assembly line. In view of the shortages of semiconductor worldwide experienced by our Group in the past, we have also adjusted downward our total monthly operating hours by reducing the number of working days by 4 days and increasing

6. INFORMATION ON OUR GROUP (cont'd)

operating hours per day by 2 hours. The total monthly operating hours will be re-adjusted upward in tandem with improvement in the semiconductor supply chain situation.

6.8.3 Material plans to construct, expand or improve our facilities

Save as disclosed in Section 4.9, our Group has no other immediate plans to construct, expand or improve our facilities as at LPD.

6.9 EMPLOYEES

As at LPD, our Group has a total workforce of 2,195 employees of whom 895 are permanent employees and 1,300 are contractual workers; which are made up of 1,271 foreign employees (which includes 1,270 foreign workers and 1 expatriate) and 29 local employees. Our average headcount of contractual workers as at 31 December 2021 and 30 June 2022 is 925 and 730 employees, respectively.

We pay social insurance for our employees, including medical, personal accident and work injury insurance in compliance with applicable local laws and regulations. None of our employees belong to any trade unions and there has been no industrial dispute since we commenced operations. A summary of our Group's total workforce according to job functions as at 31 December 2021, 30 June 2022 and as at LPD is as below:

Categories	As at 31 December 2021			As at 30 June 2022		
	Permanent	Contractual	Total	Permanent	Contractual	Total
Management and professionals ^(a)	107	1	108	157	9	166
Technical and supervisory ^(b)	259	16	275	315	14	329
Administrative and clerical	95	0	95	120	1	121
General workers	8	18	26	20	19	39
Operators and junior technicians	124	908	1,032	310	698	1,008
Total	593	943	1,536	922	741	1,663

Categories	As at LPD		
	Permanent	Contractual	Total
Management and professionals ^(a)	153	9	162
Technical and supervisory ^(b)	310	16	326
Administrative and clerical	124	1	125
General workers	26	19	45
Operators and junior technicians	282	1,255	1,537
Total	895	1,300	2,195

Notes:

- (a) Comprising mainly Directors, key senior management, department managers and staff engineers.
- (b) Comprising mainly engineers, senior technicians and supervisors.

The increase in the number of our Group's total workforce as at the LPD compared to 31 December 2021, particularly in the number of management and professionals, technical and supervisory as well as operators and junior technicians, was mainly in line with the expansion in our EMS activities in Plant 5 and Plant 7 during FPE 2022.

6. INFORMATION ON OUR GROUP (cont'd)

We source our foreign employees from various countries as categorised below according to their job functions. The breakdown is as follows:

Countries	Number of foreign employees as at LPD				Total
	Management and professional	Technical and supervisory	General workers	Operators and technician	
Taiwan	1	-	-	-	1
Bangladesh	-	-	-	124	124
Indonesia	-	5	-	168	173
Myanmar	-	-	9	421	430
Nepal	-	3	4	516	523
Philippines	-	5	-	-	5
Vietnam	-	-	1	13	14
Cambodia	-	-	-	1	1
Total	1	13	14	1,243	1,271

All our foreign employees have valid working permits and are not in breach of any immigration laws.

[The rest of this page is intentionally left blank]

6. INFORMATION ON OUR GROUP (cont'd)

6.10 MAJOR CUSTOMERS

Our top 5 customers according to their revenue contribution during the financial years/period under review are as follows:

No.	Major customers	Revenue contribution		EMS provided	Business model performed	*Length of relationship		
		RM'000	%			Years	Country	
FYE 2019								
(1)	Company A	144,971	44.5	Semi-finished sub-assemblies and fully-assembled electronic products	Turnkey	8	Malaysia	
(2)	Robert Bosch Power Tools Sdn Bhd	42,836	13.1	Completed PCBs	Turnkey	8	Malaysia	
(3)	Smart Wireless Computing Inc.	20,152	6.2	Fully-assembled electronic products	Turnkey	8	USA	
(4)	Company B	18,825	5.8	Completed PCBs	Turnkey	6	Malaysia	
(5)	Ista International GmbH	12,510	3.8	Fully-assembled electronic products	Consignment	8	Germany	
	Total	239,294	73.4					
FYE 2020								
(1)	Company A	300,403	53.1	Fully-assembled electronic products	Turnkey	8	Malaysia	
(2)	Robert Bosch Power Tools Sdn Bhd	40,930	7.2	Completed PCBs	Turnkey	8	Malaysia	
(3)	Smart Wireless Computing Inc.	33,039	5.8	Fully-assembled electronic products	Turnkey	8	USA	
(4)	Company C	31,578	5.6	Completed PCBs	Turnkey	3	China	
(5)	Company B	22,795	4.0	Completed PCBs	Turnkey	6	Malaysia	
	Total	428,745	75.7					

6. INFORMATION ON OUR GROUP (cont'd)

No.	Major customers	Revenue contribution		EMS provided	Business model performed	*Length of relationship		
		RM'000	%			Years	Country	
FYE 2021								
(1)	Company A	388,959	51.1	Fully-assembled electronic products	Turnkey	8	Malaysia	
(2)	Company D	65,374	8.6	Fully-assembled electronic products	Consignment	4	Hong Kong	
(3)	Robert Bosch Power Tools Sdn Bhd	60,466	7.9	Completed PCBs	Turnkey	8	Malaysia	
(4)	Company C	40,753	5.4	Completed PCBs	Turnkey	3	China	
(5)	Company B	38,420	5.0	Completed PCBs	Turnkey	6	Malaysia	
	Total	593,972	78.0					
FPE 2022								
(1)	Company A	233,241	54.8	Fully-assembled electronic products	Turnkey	8	Malaysia	
(2)	Company D	44,816	10.5	Fully-assembled electronic products	Consignment	4	Hong Kong	
(3)	Robert Bosch Power Tools Sdn Bhd	39,253	9.2	Completed PCBs	Turnkey	8	Malaysia	
(4)	Company B	23,691	5.6	Completed PCBs	Turnkey	6	Malaysia	
(5)	Company F	12,202	2.9	Semiconductor devices	Consignment	2	Malaysia	
	Total	353,203	83.0					

Note:

* The length of relationship with our major customers was determined since the transfer of our EMS business from SkyGate Technology to NSM in December 2013 up to FPE 2022.

6. INFORMATION ON OUR GROUP (cont'd)

Our customers typically do not enter into long-term contracts with us and our sales are mostly based on purchase orders that we receive from time to time. As a result, the future performance of our Group is reliant, to a certain extent, on our ability to secure repeat purchase orders from these customers. For the financial years under review, Company A was our single largest customer which contributed 44.5%, 53.1%, 51.1% and 54.8% of our total revenue for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. As such, we are dependent on Company A. The loss of business from Company A may materially affect our financial performance. Kindly refer to Section 8.1.2 for the risk factor relating to the dependency on Company A. We have a long and established business relationship with Company A which evolved from manufacturing of completed PCBs on a consignment basis in 2009 to the manufacturing of more complex optical products on a turnkey basis. We have also entered into various manufacturing and supply agreements to govern the relationship between our Group with our customers, which sets out, amongst other, the non-disclosure terms and confidentiality obligations for confidential information obtained, roles and responsibilities of respective parties, representations and warranties, general scope of services to be provided, payment arrangements, delivery terms, validity period of these manufacturing agreements (which general span between 1 year and 5 years, which are then subject to respective periodical renewal on yearly and period basis) as well as other other terms and conditions governing our relationship with our customers. However, we are not dependent on these agreements as our EMS services are provided to our customers based on purchase orders basis.

There has been no dispute with these customers over time which has significantly affected our operations or financial performance. We believe that our track record, capabilities and longstanding relationships with Company A will continue to grow as we expand our capabilities to service their manufacturing needs.

6.11 MAJOR SUPPLIERS

Our Group's top 5 suppliers according to total purchases during the financial years/period under review are as follows:

No.	Major suppliers	Purchase value		Main raw materials sourced	*Length of relationship Years	Country
		RM'000	%			
FYE 2019						
(1)	Company A and E ⁽ⁱ⁾	142,588	54.2	Optoelectronic devices, electronic components and passive components	8	Malaysia
(2)	ST Microelectronics Asia Pacific Pte Ltd	8,723	3.3	ICs and passive components	7	Singapore
(3)	Arrow Electronics Asia (S) Pte Ltd	6,939	2.6	ICs and passive components	7	Singapore
(4)	WPG South Asia Pte Ltd	6,534	2.5	ICs and passive components	7	Singapore
(5)	Avnet Asia Pte Ltd	3,844	1.5	ICs and passive components	8	Singapore
	Total	168,628	64.1			
FYE 2020						
(1)	Company A ⁽ⁱⁱ⁾	258,351	56.8	Optoelectronic devices, electronic components and passive components	8	Malaysia

6. INFORMATION ON OUR GROUP (cont'd)

No.	Major suppliers	Purchase value		Main raw materials sourced	*Length of relationship	Country
		RM'000	%		Years	
(2)	Company C	47,555	10.5	Central processing units and passive components	2	China
(3)	ST Microelectronics Asia Pacific Pte Ltd	9,584	2.1	ICs and passive components	7	Singapore
(4)	Arrow Electronics Asia (S) Pte Ltd	8,413	1.9	ICs and passive components	7	Singapore
(5)	Company E ⁽ⁱ⁾	6,265	1.4	ICs and passive components	7	USA
	Total	330,168	72.7			
FYE 2021						
(1)	Company A ⁽ⁱⁱⁱ⁾	272,882	46.3	Optoelectronic devices, ICs, electronic components and passive components	8	Malaysia
(2)	Company E ⁽ⁱⁱⁱ⁾	51,709	8.8	ICs and passive components	7	USA
(3)	Company C	23,363	4.0	Central processing units, ICs and passive components	2	China
(4)	Arrow Electronics Asia (S) Pte Ltd	19,325	3.3	ICs and passive components	7	Singapore
(5)	N.F. Smith & Associates, L.P.	18,128	3.1	ICs and passive components	4	USA
	Total	385,407	65.5			
FPE 2022						
(1)	Company A ^(iv)	114,884	33.1	Optoelectronic devices, ICs, electronic components and passive components	8	Malaysia
(2)	Company E ^(iv)	24,417	7.0	ICs and passive components	7	USA
(3)	Arrow Electronics Asia (S) Pte Ltd	20,089	5.8	ICs and passive components	7	Singapore
(4)	Avnet Asia Pte Ltd	18,456	5.3	ICs and passive components	8	Singapore
(5)	Shennan Circuits Co., Ltd	13,970	4.0	PCBs	3	China
	Total	191,816	55.2			

Note:

- * The length of relationship with our major suppliers was determined since the transfer of our EMS business from SkyGate Technology to NSM in December 2013 up to FPE 2022.
- (i) Company A and Company E are related companies and they aggregately supplied RM142.59 million or 54.2% of the total purchase value of our Group.

6. INFORMATION ON OUR GROUP (cont'd)

- (ii) Company A and Company E are related companies and they aggregately supplied RM265.62 million or 58.2% of the total purchase value of our Group.
- (iii) Company A and Company E are related companies and they aggregately supplied RM324.59 million or 55.1% of the total purchase value of our Group.
- (iv) Company A and Company E are related companies and they aggregately supplied RM139.30 million or 40.1% of the total purchase value of our Group

Company A and Company C are our major customers under the turnkey arrangement. Under this arrangement, we are required to purchase certain raw materials from Company A and Company C for contracts relating to their products. As such, Company A and Company C are also our major suppliers.

For the financial years/period under review, Company A was our single largest supplier which contributed to 52.8%, 56.8%, 46.3% and 33.1% of our total purchases for FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. As such, we are dependent on Company A. As described above, the purchases from Company A is mainly part of the turnkey arrangement. Kindly refer to Section 8.1.2 for the risk factor relating to the dependency on Company A.

6.12 EXCHANGE CONTROLS

Our Group has not established any place of business outside of Malaysia and is not subject to any governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

[The rest of this page is intentionally left blank]