NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF OPPSTAR BERHAD ("OPPSTAR" OR "COMPANY") DATED 22 FEBRUARY 2023 ("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 for a paper/printed copy of the Prospectus directly from the Company, Affin Hwang Investment Bank Berhad ("**Affin Hwang IB**") or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

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

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, Affin Hwang IB and the Company 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. (Malaysian time)** on **22 February 2023** and will close at **5.00 p.m. (Malaysian time)** on **3 March 2023**. In the event there is any change to the timetable, Oppstar will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia and announce it on Bursa Securities' website accordingly.

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.

PROSPECTUS

OPPSTAR BERHAD PROSPECTUS

Headquarters

Oppstar Technology Sdn Bhd

Level 6, I2U Building, Sains@USM
10, Persiaran Bukit Jambul
11900 Bayan Lepas
Pulau Pinang, Malaysia

Tel : +604 611 6693
Email : investor@oppstar.com.my

www.oppstar.com.my

PROSPECTUS

OPPSTAR BERHAD

(Registration No. 202101031391 (1431691-M))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") IN CONJUNCTION WITH THE LISTING OF OPPSTAR BERHAD ("OPPSTAR") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING THE PUBLIC ISSUE OF 165,479,000 NEW ORDINARY SHARES IN OPPSTAR ("IPO SHARES") IN THE FOLLOWING MANNER:

(I) 31,810,000 IPO SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;

(II) 22,267,000 IPO SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES WHO HAVE CONTRIBUTED TO THE SUCCESS OF OPPSTAR AND ITS SUBSIDIARIES;

(III) 31,877,000 IPO SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND

(IV) 79,525,000 IPO SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY OF MALAYSIA

AT AN IPO PRICE OF RM0.63 PER IPO SHARE PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter

AFFIN HWANG INVESTMENT BANK BERHAD
(Registration No. 197301000792 (14389-U))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

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

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (6) MONTHS FROM THE DATE OF THIS PROSPECTUS.

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

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 180 OF THIS PROSPECTUS.

THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL OF OUR IPO AND 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 PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSSLY DISCLAIMS ANY LIABLITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENT OF THIS PROSPECTUS.

THIS PROSPECTUS IS DATED 22 FEBRUARY 2023

All defined terms used in this Prospectus are defined under "Presentation of Information", "Definitions" and "Glossary of Technical Terms".

RESPONSIBILITY STATEMENTS

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

Affin Hwang IB, being our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, 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 the offering.

STATEMENTS OF DISCLAIMER

Approval has been granted by Bursa Securities for the listing and quotation of our Shares being offered. Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on 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 for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

OTHER STATEMENTS

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

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus is prepared and published solely in connection with the offering under the laws of Malaysia. Our Shares are offered in Malaysia solely based on the contents of this Prospectus. Our Company, our Promoters and our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter have not authorised anyone to provide you with information which is not contained in this Prospectus.

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

The distribution of this Prospectus and the offering are subject to the laws of Malaysia. Our Company, our Promoters and our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. No action has been taken to permit a public offering of the securities of our Company based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used for the purpose of and does not constitute an offer to sell or an invitation to buy the securities offered under the offering in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy the securities offered under the offering to any person to whom it is unlawful to do so. Our Company, our Promoters and our Principal Adviser require you to inform yourselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of the offering, 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 any countries or jurisdictions other than Malaysia, to consult your legal and/ or other professional advisers as to whether your application for the offering would result in the contravention of any law of such country or jurisdiction which you may be subject to. Neither we nor our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter nor any other advisers in relation to the offering shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for the offering would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subject to. We will further assume that you have accepted the offering in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

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

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

If you are in doubt of the validity or integrity of an electronic Prospectus, you should immediately request from us, our Principal Adviser or our Issuing House, a paper/ printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the electronic Prospectus and the contents of the paper/ printed copy of this Prospectus for any reason whatsoever, the contents of the paper/ printed copy of this Prospectus, which are identical to the copy of 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 Principal 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 Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or 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 on any data, information, files or other material provided by such parties; and

(iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

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

(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 which may be viewed through web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible 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 subsequently communicated or disseminated in any manner to you or other parties; and

(ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

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

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INDICATIVE TIMETABLE

The indicative timetable for our IPO is set out below:

Event	Time / date
Opening of applications for our IPO Shares	10.00 a.m., 22 February 2023
Closing of applications for our IPO Shares	5.00 p.m., 3 March 2023
Balloting of applications for our IPO Shares	7 March 2023
Allotment of our IPO Shares to successful applicants	14 March 2023
Listing	15 March 2023

If there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia and announce it on Bursa Securities' website accordingly.

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PRESENTATION OF INFORMATION

All references to "our Company" or "Oppstar" in this Prospectus are to Oppstar Berhad. All references to "our Group" or "Oppstar Group" in this Prospectus are to our Company and our subsidiaries collectively. All references to "we", "us", "our" and "ourselves" in this Prospectus are to our Company and where the context otherwise requires, shall include our subsidiaries. Unless the context otherwise requires, references to "Management" in this Prospectus are to our Directors and Key Senior Management as at the date of this Prospectus, and statements to our beliefs, expectations, estimates and opinions are those of our Management.

All references to "you" are to our prospective investors.

All references to the "LPD" in this Prospectus are to 30 January 2023, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities.

Other abbreviations and acronyms used in this Prospectus are defined in the "Definitions" section and technical terms used in this Prospectus are defined in the "Glossary of Technical Terms" section. Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Any reference to persons shall, where applicable, include companies and corporations.

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

All references to times and dates in this Prospectus are references to times and dates in Malaysia, unless otherwise stated.

Certain amounts and percentage figures included in this Prospectus have been subjected to rounding adjustments. As a result, any discrepancy in the tables or charts between the amounts listed and totals in this Prospectus is due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the industry in which we operate as well as our estimated market share in the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us or is extracted from the Independent Market Research Report ("**IMR Report**") prepared by Smith Zander International Sdn Bhd ("**Smith Zander**"), an independent market researcher, as included in Section 7 of this Prospectus. In compiling their data for the review, Smith Zander had relied on its research methodology, industry sources, published materials, their private databanks and direct contacts within the industry. Further, third party projections, including the projections from the IMR Report, cited in this Prospectus are subject to uncertainties that could cause actual data to differ materially from the projected figures. We cannot give any assurance that the projected figures will be achieved and you should not place undue reliance on the statistical data and third party projections cited in this Prospectus.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail. The information on our website or any website, directly or indirectly, linked to such website does not form part of this Prospectus and you should not rely on the information for the purpose of your decision whether or not to invest in our Shares.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies and prospects are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements, or industry results 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 current views 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 terminologies such as the words "expect", "believe", "anticipate", "plan", "aim", "intend", "estimate", "forecast", "may", "will", "would" and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) the general industry environment, including the demand for and supply of our products;

(ii) our future overall business development and operations plans;

(iii) our business strategies, trends and competitive position and the effect of such competition;

(iv) potential growth opportunities;

(v) our financial performance and financing plan including future earnings, cash flows and liquidity; and

(vi) the regulatory environment and the effects of future regulation.

Factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied in the forward-looking statements in this Prospectus include those discussed in Section 8 of this Prospectus on "Risk Factors" and Section 11.3.2 of this Prospectus on "Significant Factors Affecting our Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made based on information available to us as at the LPD and made only as at the LPD.

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

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DEFINITIONS

Unless the context otherwise requires, the following definitions shall apply throughout this Prospectus:

ACE Market	:	ACE Market of Bursa Securities
Acquisitions	:	Alpha Core Acquisition and Oppstar Technology Acquisition, collectively
Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent
Admission	:	Admission of our Shares to the Official List
Affin Hwang IB, Principal Adviser, Sponsor, Sole Placement Agent or Sole Underwriter	:	Affin Hwang Investment Bank Berhad (Registration No. 197301000792 (14389-U))
AIRIS Labs Acquisition	:	The acquisition by Oppstar Technology of 260,000 ordinary shares in AIRIS Labs, representing the remaining 50% equity interest in AIRIS Labs from Lee Weng Fai and Lee Weng Fook for a purchase consideration of RM300,000, which was satisfied via cash. The AIRIS Labs Acquisition was completed on 19 May 2022
Alpha Core Acquisition	:	The acquisition by Oppstar of the entire issued share capital of Alpha Core comprising 1,000 ordinary shares from Cheah Hun Wah, Chua Kar Keng, Tan Kim Pin, Ma Shing Yuan @ Beh Heng Guan, Lim Kean Harn, Yap Swee Leong, Chan Ying Poh, Ho Qiao Yee, Ho Yoon San, Tan Beng Hin, Koh Kok Siew, Leow Eng Chai, Liaw Kok Keong, Lou Jieying, Ng Hee Guan, Koh Kai Ngiap, Chin Fung Wei and Hu King Seng for a purchase consideration of RM705,600, which was satisfied via the issuance of 47,040,000 new Shares at an issue price of RM0.015 per Share. The Alpha Core Acquisition was completed on 22 December 2021
Application	:	Application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form	:	Application form for the application of our IPO Shares
APU	:	Asia Pacific University Sdn Bhd (Registration No. 200401033695 (672203-A))
ATM	:	Automated teller machine
Authorised Financial Institution(s)	:	Authorised financial institution(s) participating in the Internet Share Application in respect of the payment for our IPO Shares
Bigcore Technology	:	Bigcore Technology Sdn Bhd (Registration No. 202101032935 (1433235-X))

DEFINITIONS *(CONT'D)*

Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
By-Laws	:	The rules, terms and conditions of the LTIP as may be modified, varied and/or amended from time to time
CAGR	:	Compound annual growth rate
CCC	:	Certificate of completion and compliance
CDS	:	Central depository system
CDS Account	:	An account established by Bursa Depository for a depositor to record his deposits or withdrawals of securities and to deal in such securities
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of our Company
COVID-19	:	Coronavirus disease 2019
Dato' Margaret Yeo	:	Dato' Yeo Eng Hong
Director(s)	:	The director(s) of our Company and shall have the meaning given in Section 2 of the CMSA
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that has been registered by Bursa Securities, which is being issued, circulated, distributed, stored or hosted on digital platforms or electronic storage mediums, including but not limited to website, mobile application, email, compact disc, thumb drive and cloud-based storage
Electronic Share Application	:	Application for our IPO Shares through a Participating Financial Institution's ATMs
Eligible Person(s)	:	Eligible Director(s), employee(s) and business associate(s) of our Group who have contributed to the success of our Group
EPS	:	Earnings per Share
Financial Periods Under Review	:	FPE 2022 and FPE 2023, collectively

DEFINITIONS *(CONT'D)*

Financial Years Under Review	:	FYE 2020, FYE 2021 and FYE 2022, collectively
FPE	:	Six (6)-month financial period ended 30 September
FYE	:	Financial year ended 31 March
GP	:	Gross profit
IMR or Smith Zander	:	Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V))
IMR Report	:	Independent market research report prepared by Smith Zander
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application, as listed in Section 15.6 of this Prospectus
Internet Share Application	:	Application for our IPO Shares through an Internet Participating Financial Institution
INTI Penang	:	INTI International College Penang
IT	:	Information technology
IPO	:	Public Issue of 165,479,000 new Shares
IPO Price	:	RM0.63 for each IPO Share
IPO Share(s)	:	165,479,000 new Share(s) to be issued pursuant to our IPO
Issuing House	:	Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
Key Senior Management	:	Key senior management of our Group including our Executive Directors and those as set out in Section 4.5 of this Prospectus
Listing	:	Listing of and quotation for the entire enlarged issued share capital of Oppstar on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	30 January 2023, being the latest practicable date prior to the registration of this Prospectus with Bursa Securities
LTIP or Scheme	:	An establishment of a long term incentive plan of up to 15% of the total number of issued shares of our Company (excluding treasury shares, if any) at any point of time during the LTIP Period for the eligible Directors and employees of Oppstar Group (excluding subsidiary companies which are dormant)
LTIP Award(s)	:	SGP Award(s) and/or the SOP Award(s), as the case may be
LTIP Award Date(s)	:	The date of which the LTIP Award(s) is awarded to eligible Director(s) and/or employee(s) by the LTIP Committee from time to time

DEFINITIONS *(CONT'D)*

LTIP Committee	:	The committee comprising such persons as may be appointed and duly authorised by our Board pursuant to the By-Laws to implement and administer the LTIP
LTIP Participant(s)	:	SGP Participant(s) and/or the SOP Participant(s), as the case may be
LTIP Period	:	The duration of the Scheme in accordance with the By-Laws
Malaysian Public	:	Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities
MCO	:	Movement control order
MFRS	:	Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
MIDA	:	Malaysian Investment Development Authority
MITI	:	Ministry of International Trade and Industry of Malaysia
MNCs	:	Multinational corporations
MyIPO	:	Intellectual Property Corporation of Malaysia
N/A	:	Not applicable
NA	:	Net assets
NBV	:	Net book value
Official List	:	A list specifying all securities which have been admitted for listing and have not been removed from Bursa Securities
Oppstar Group or Group	:	Our Company and subsidiaries, collectively
Oppstar or Company	:	Oppstar Berhad (Registration No. 202101031391 (1431691-M))
Oppstar Share(s) or Share(s)	:	Ordinary share(s) in our Company
Oppstar Technology Acquisition	:	The acquisition by Oppstar of the entire issued share capital of Oppstar Technology comprising 900,000 ordinary shares from Ng Meng Thai, Cheah Hun Wah, Tan Chun Chiat, Bigcore Technology, Lee Chun Keat, Willetts Lim Wei Lit and Chin Fung Wei for a purchase consideration of RM6,355,200, which was satisfied via the issuance of 423,680,000 new Shares at an issue price of RM0.015 per Share. The Oppstar Technology Acquisition was completed on 22 December 2021
Option Price	:	The price at which SOP Participant(s) shall be entitled to subscribe for the Share(s) upon the exercise of the SOP Option(s), as initially determined and as may be adjusted, pursuant to the provisions of the By-Laws

DEFINITIONS *(CONT'D)*

Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application, as listed in Section 15.5 of this Prospectus
PAT	:	Profit after taxation attributable to common controlling shareholders of the combining entities/owners of the parent
PBT	:	Profit before taxation
Pink Form Allocations	:	22,267,000 IPO Shares made available for application by the Eligible Persons
PRC or China	:	The People's Republic of China
Pre-IPO Investors	:	The pre-IPO investors of Oppstar, namely Chua Kar Keng, Tan Kim Pin, Ma Shing Yuan @ Beh Heng Guan, Lim Kean Harn, Yap Swee Leong, Chan Ying Poh, Ho Qiao Yee, Ho Yoon San, Tan Beng Hin, Koh Kok Siew, Leow Eng Chai, Liaw Kok Keong, Lou Jieying, Ng Hee Guan and Koh Kai Ngiap
Promoters or Specified Shareholders	:	The promoters of Oppstar, namely Ng Meng Thai, Cheah Hun Wah, Tan Chun Chiat and Bigcore Technology, details of which are set out in Section 4.1 of this Prospectus
Prospectus	:	This Prospectus dated 22 February 2023 in relation to our IPO
R&D	:	Research and development
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SC	:	Securities Commission Malaysia
Selected Investors	:	Being the investors that meet the requirements of Schedule 6 or 7 of the CMSA and subscribe for our IPO Shares through private placement
SGP	:	Share Grant Plan as stipulated in the By-Laws
SGP Award(s)	:	The award of such number of Share(s) to eligible Director(s) and/or employee(s) in the manner and subject to the terms and conditions provided in the By-Laws
SGP Award Date(s)	:	The date of which SGP Award(s) is awarded to eligible Director(s) and/or employee(s) pursuant to a LTIP Award letter
SGP Participant(s)	:	Eligible Director(s) and/or employee(s) who has accepted SGP Award(s) in the manner provided in the By-Laws
Share Registrar	:	Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869-T))
SICDA	:	Securities Industry (Central Depositories) Act 1991 of Malaysia
SOP	:	Share Option Plan as stipulated in the By-Laws

DEFINITIONS *(CONT'D)*

SOP Award(s)	:	The award of such number of SOP Option(s) to eligible Director(s) and/or employee(s) to subscribe for the Share(s) at the Option Price in the manner and subject to the terms and conditions provided in the By-Laws
SOP Award Date(s)	:	The date of which SOP Award(s) is awarded to eligible Director(s) and/or employee(s) pursuant to a LTIP Award letter
SOP Option(s)	:	The right of SOP Participant(s) to subscribe for the Share(s) at the Option Price in the manner provided in the By-Laws
SOP Participant(s)	:	Eligible Director(s) and/or employee(s) who has accepted the SOP Award(s) in the manner provided in the By-Laws
Sophic Automation	:	Sophic Automation Sdn Bhd (Registration No. 200701036965 (794994-D))
Sophic Automation Subscription	:	The subscription by Sophic Automation of 425,000 new ordinary shares in Alpha Core, representing 42.50% equity interest in Alpha Core for a purchase consideration of RM425,000, which was satisfied via cash. The Sophic Automation Subscription was completed on 17 January 2022
sq ft	:	square feet
UK	:	United Kingdom
Underwriting Agreement	:	The underwriting agreement dated 2 February 2023 entered into between our Company and our Sole Underwriter for the purpose of our IPO
UniMAP	:	Universiti Malaysia Perlis
USA	:	United States of America
USM	:	Universiti Sains Malaysia
UTAR	:	Universiti Tunku Abdul Rahman
Xiamen KirinCore	:	XiaMen KirinCore IOT Technology LTD *(in Chinese characters:厦门龙辉芯物联网科技有限公司)*

SUBSIDIARIES OF OUR COMPANY

Alpha Core	:	Alpha Core Sdn Bhd (Registration No. 201901030114 (1339444-D))
Oppstar Technology	:	Oppstar Technology Sdn Bhd (Registration No. 201401009402 (1085480-P))

SUBSIDIARIES OF OPPSTAR TECHNOLOGY

Oppstar Shanghai	:	Oppstar (Shanghai) Technology Co Ltd (Registration No. 91310000MA1HR62HXL)
AIRIS Labs	:	AIRIS Labs Sdn Bhd (Registration No. 202001015529 (1371849-T))

DEFINITIONS *(CONT'D)*

CURRENCIES

NTD	:	New Taiwan dollar, the lawful currency of Taiwan
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMB	:	Renminbi, the lawful currency of the PRC
SGD	:	Singapore Dollar, the lawful currency of Singapore
USD	:	United States Dollar, the lawful currency of the USA
YEN	:	Japanese Yen, the lawful currency of Japan

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GLOSSARY OF TECHNICAL TERMS

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

2D	:	Two-dimensional, where an object is characterised in two dimensions, such as length and width
3D	:	Three-dimensional, where an object is characterised in three dimensions, such as length, width and height
AI	:	Artificial intelligence, a simulation of human intelligence demonstrated by machines to perform human-like tasks such as problem-solving
AI ASIC	:	A type of ASIC which is specifically for artificial intelligence applications
ASIC	:	Application-specific integrated circuit, an IC designed for a customised use, instead of a general purpose designed IC
Assembly	:	The process of packaging IC into a packaged form
Back-end design	:	Back-end design involves design processes responsible for the physical implementation of an IC
CPU	:	Central processing unit, a principal part of any digital computer system, generally composed of the main memory, control unit, and arithmetic-logic unit
Custom layout	:	Back-end design activity of standard cells or analogue IPs which involves layout design of transistor level circuits
Debug	:	The process of finding and removing problems or defects within an IC design
Die	:	A small block of semiconducting material on which a given functional circuit is fabricated
Digital signal	:	Signal which has a finite set of possible values and can be defined as 1s or 0s
EDA	:	Electronic design automation, a software tool used in IC design
EMS	:	Electronic manufacturing services, refers to companies that provide manufacturing services within the electronics industry
Fabless companies	:	Semiconductor companies that design and sell their own semiconductor ICs but are not involved in the fabrication process. Fabrication of ICs is outsourced to foundries

GLOSSARY OF TECHNICAL TERMS *(CONT'D)*

Fab-lite companies	:	Semiconductor companies that design, manufacture and sell ICs but also engage foundries to complement their manufacturing capabilities
Fabrication	:	A multi-staged process of manufacturing IC onto a semiconductor wafer
Fidelity	:	A measure of the realism of a model or simulation
Finer process nodes	:	Fabrication process nodes that are able to achieve finer design geometries. For instance, a 5nm process is considered to be a finer process node compared to a 10nm process.
FinFET	:	Fin field-effect transistor, a type of 3D transistor. FinFET gate design is the dominant technology used in commercial fabrication of 14nm, 10nm, 7nm and 5nm based ICs
Foundries	:	Companies that provide semiconductor manufacturing services to other companies
FPGA	:	Field-programmable gate array, a type of IC which allows users to alter its functionality through programming of the IC after it has been manufactured
Front-end design	:	Front-end design involves design processes responsible to determine the functionality of an IC
Full IC design turnkey	:	Provision of complete design solution for a complete IC
GDSII	:	Geometrical data base standard for information interchange, the industry standard format for data exchange relating to IC layout designs
Gate-level designs	:	IC design represented by logic gates, which are the basic building blocks for digital electronics to carry out logical operations
IC	:	Integrated circuit, a set of electronic circuit which consist of a collection of interconnects and electronic elements fabricated on a semiconductor material
IC design	:	IC design is a discipline of electronics engineering, which aims to design an IC that performs a specific objective function
IC design houses	:	Companies that provide IC design services to other semiconductor companies including IDMs, fabless companies and fab-lite companies
IDMs	:	Integrated device manufacturers, refer to companies that design, manufacture and sell ICs
Interconnect	:	Structures that connect two or more circuit elements (such as transistors) together electrically

GLOSSARY OF TECHNICAL TERMS *(CONT'D)*

IoT	:	Internet of things, refers to a network of physical devices, machines, vehicles or other items embedded with sensors, processing ability, software and other technologies connected and exchange data with other data systems over the internet or other communication networks
IP	:	Intellectual property (IP) or sometimes referred to as semiconductor intellectual property (SIP) is a reusable unit of logic, cell or layout design that is the intellectual property of a company
IP design turnkey	:	Provision of complete design solution for a functional block (IPs) that reside within an IC
LVS	:	Layout versus schematic, a process of verifying a design and to determine if a layout design corresponds to the original circuit schematic
Machine learning	:	A subset of AI that involves algorithms which allow machines to learn based on experience
nm	:	Nanometer, an international system of units (SI) of length, equal to 10−9 m (a thousand-millionth of a meter)
ODC	:	Offshore/ Offsite design centre is a setup where our engineers provide design services away from our customer's premise
OSATs	:	Outsourced semiconductor assembly and test companies, refers to companies that offer services related to the assembly and testing of ICs
Packaging	:	A process of encapsulating the IC with plastic moulding compound or ceramic case to protect it from the external environment
Post-silicon validation	:	A process to validate that ICs function correctly, performed on IC prototypes before mass fabrication
Power distribution analysis	:	A process to ensure the effectiveness of the power distribution network within the IC and that the IC conforms to the device specifications
Power distribution network	:	The power network that ensures sufficient power
Process node technology	:	Process node refers to the specific semiconductor fabrication process. Each process node such as 16nm or 10nm implies the generation of the IC. A smaller number refers to a more advanced process node, which is able to provide better performance to an IC
RISC-V	:	Reduced instruction set computer (RISC) – V, an open source standard instruction set architecture for processor design
RTL	:	Register-transfer level, a design abstraction which models a digital circuit in terms of data flow. RTL abstractions are typically described in industry used languages such as VHDL and Verilog

GLOSSARY OF TECHNICAL TERMS *(CONT'D)*

Signal integrity	:	A set of measures of quality of an electrical signal
SoC	:	System on a chip, an IC that integrates components needed in a computer or electronic system, into a single IC
Tape-out	:	The stage where the final design for ICs is ready for manufacturing or fabrication
Transistor	:	One of the basic building blocks of modern electronics, the transistor is a device used to amplify or switch electrical signals and power.
Transistor density	:	The number of transistors that can be fabricated per unit area
VHDL	:	VHSIC (very high-speed integrated circuits) hardware description language, a hardware description language used to model electronic systems
Verilog	:	A hardware description language used to model electronic systems

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Nationality	Address
Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir	Independent Non-Executive Chairman	Malaysian	No. 3, Jalan Telukan 8/25 40000 Shah Alam Selangor
Ng Meng Thai	Executive Director/ Chief Executive Officer	Malaysian	26, Lorong Gemilang Permai 1 Taman Gemilang Permai 14000 Bukit Mertajam Pulau Pinang
Cheah Hun Wah	Executive Director/ Chief Technology Officer	Malaysian	18, Lorong Batu Nilam 2 Taman Sunway Mutiara 11900 Batu Maung Pulau Pinang
Tan Chun Chiat	Executive Director/ Chief Operating Officer	Malaysian	No. 9, Persiaran Kelicap 2 11900 Bayan Lepas Pulau Pinang
Dato' Margaret Yeo	Independent Non-Executive Director	Malaysian	A-1-1 Sri Langit Jalan Taman Seputeh 7 58000 Kuala Lumpur
Foong Pak Chee	Independent Non-Executive Director	Malaysian	No. A3-28-3A, SOHO SUITES KLCC 20, Jalan Perak 50450 Kuala Lumpur
Dato' Dr. Mohd Sofi Bin Osman	Independent Non-Executive Director	Malaysian	Lot 9168, Kampung Punggai Mukim Pantai Timur 81600 Pengerang Johor

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Foong Pak Chee	Chairman	Independent Non-Executive Director
Dato' Dr. Mohd Sofi Bin Osman	Member	Independent Non-Executive Director
Dato' Margaret Yeo	Member	Independent Non-Executive Director

CORPORATE DIRECTORY *(CONT'D)*

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Margaret Yeo	Chairman	Independent Non-Executive Director
Dato' Dr. Mohd Sofi Bin Osman	Member	Independent Non-Executive Director
Foong Pak Chee	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Dr. Mohd Sofi Bin Osman	Chairman	Independent Non-Executive Director
Dato' Margaret Yeo	Member	Independent Non-Executive Director
Foong Pak Chee	Member	Independent Non-Executive Director

COMPANY SECRETARY : Ooi Yoong Yoong
39 Irving Road
10400 George Town
Pulau Pinang

Telephone No. : +604 210 9828
Professional qualification : Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") (MAICSA Membership No.: 7020753 / SSM PC. No.: 202008002042)

REGISTERED OFFICE : 39 Irving Road
10400 George Town
Pulau Pinang

Telephone No. : +604 210 9828

HEAD/MANAGEMENT OFFICE : Level 6, I2U Building, Sains@USM
10, Persiaran Bukit Jambul
11900 Bayan Lepas
Pulau Pinang

Telephone No. : +604 611 6693
Website : www.oppstar.com.my
E-mail : investor@oppstar.com.my

CORPORATE DIRECTORY *(CONT'D)*

PRINCIPAL ADVISER, SPONSOR, SOLE PLACEMENT AGENT AND SOLE UNDERWRITER	:	Affin Hwang Investment Bank Berhad 27th Floor, Menara Boustead 69 Jalan Raja Chulan 50200 Kuala Lumpur Telephone No. : +603 2142 3700
AUDITORS AND REPORTING ACCOUNTANTS	:	BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206) Chartered Accountants 51-21-F, Menara BHL Jalan Sultan Ahmad Shah 10050 Pulau Pinang Telephone No. : +604 222 0288 Partner in-charge : Koay Theam Hock Approval No. : 02141/04/2023 J Professional qualification : Chartered Accountant, Malaysian Institute of Accountants (Membership no. 6420)
SOLICITORS	:	Wong Beh & Toh 1st Floor, No. 173 & 174 Jalan Kelab Cinta Sayang Taman Ria Jaya 08000 Sungai Petani Kedah Darul Aman Telephone No. : +604 442 9081
INDEPENDENT MARKET RESEARCHER	:	Smith Zander International Sdn Bhd 15-01, Level 15, Menara MBMR 1 Jalan Syed Putra 58000 Kuala Lumpur Telephone No. : +603 2732 7537 Person-in-charge : Dennis Tan Tze Wen Professional qualification : Bachelor of Science from Memorial University of Newfoundland, Canada *(Please refer to Section 7 of this Prospectus for the profile of the firm and signing partner)*
SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Telephone No. : +603 2084 9000

CORPORATE DIRECTORY *(CONT'D)*

ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd 11th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan Telephone No. : +603 7890 4700
LISTING SOUGHT	:	ACE Market of Bursa Securities

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1. APPROVALS AND CONDITIONS

1.1 APPROVALS AND CONDITIONS

1.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 8 December 2022, approved the following:

(i) our Admission;

(ii) our Listing; and

(iii) up to 15% of the total number of issued shares in Oppstar pursuant to the LTIP.

The approval from Bursa Securities is subject to the following conditions:

No.	Conditions	Status of Compliance
1.	Submit the following information in respect of the moratorium on the shareholdings of 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
2.	Confirmation that approvals from other relevant authorities have been obtained for implementation of the listing proposal.	Complied
3.	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon.	Complied
4.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements.	To be complied
5.	Furnish to Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Oppstar on the first day of listing.	To be complied
6.	In relation to the public offering to be undertaken by Oppstar, to announce at least two (2) market days prior to the listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/ allocation; (iii) A table showing the distribution for placement tranche as per the format in Appendix I of Bursa Securities' approval letter; and (iv) Disclosure of placees who become substantial shareholders of Oppstar arising from the public offering, if any. Please be reminded that the overall distribution of Oppstar's securities must be properly carried out to provide an orderly trading in the secondary market.	To be complied

1. APPROVALS AND CONDITIONS *(CONT'D)*

No.	Conditions	Status of Compliance
7.	Oppstar or Affin Hwang IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Oppstar to the Official List of the ACE Market.	To be complied
8.	Oppstar is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Oppstar Shares listed pursuant to the LTIP as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

1.1.2 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 12 December 2022, approved the resultant equity structure of our Company pursuant to our Listing under the equity requirements for public listed companies, subject to our Company allocating Shares equivalent to 12.50% of our enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by the MITI. In addition, our Company is to make available at least 50.00% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of listing.

The effects of our Listing on the equity structure of our Group are as follows:

Category of shareholders	As at 30 June 2022[(i)]		After our IPO	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Bumiputera investors to be approved by the MITI	-	-	[(ii)]79,525,000	12.50
- Bumiputera public investors via balloting	-	-	[(ii)]15,905,000	2.50
Total Bumiputera	-	-	95,430,000	15.00
Non-Bumiputera	468,604,200	99.55	538,653,200	84.67
Total Malaysians	**468,604,200**	**99.55**	**634,083,200**	**99.67**
Foreigners	2,116,800	0.45	2,116,800	0.33
Total	**470,721,000**	**100.00**	**636,200,000**	**100.00**

Notes:

(i) Being the latest practicable date, prior to the submission of our Listing to Bursa Securities.

(ii) Based on the assumption that Shares offered to Bumiputera investors to be approved by the MITI and Bumiputera public investors via balloting shall be fully subscribed.

1. APPROVALS AND CONDITIONS *(CONT'D)*

1.1.3 MITI

The MITI had, vide its letter dated 26 August 2022, taken note and has no objection to our Listing.

1.2 MORATORIUM ON OUR SHARES

As at the date of submission of our listing application to Bursa Securities, we have met the quantitative criteria for admission to the Main Market of Bursa Securities. Hence, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders for a period of six (6) months from the date of our admission to the Official List ("**Moratorium Period**") in accordance with Rule 3.19(1A)(b) of the Listing Requirements.

In addition, in accordance with Rule 3.19A of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by the Pre-IPO Investors, who are the employees and/or external design engineers of our Group, for the Moratorium Period.

Details of our Specified Shareholders and Pre-IPO Investors, and their Shares which will be subject to the abovementioned moratorium, are set out below:

	No. of Shares	**(ii)%**
Specified Shareholders		
Ng Meng Thai	(i)127,605,000	20.06
Cheah Hun Wah	(i)134,189,600	21.09
Tan Chun Chiat	(i)85,236,000	13.40
Bigcore Technology	21,184,000	3.34
	368,214,600	57.89
Pre-IPO Investors		
Chua Kar Keng	5,503,680	0.87
Tan Kim Pin	4,139,520	0.65
Ma Shing Yuan @ Beh Heng Guan	3,528,000	0.55
Lim Kean Harn	3,528,000	0.55
Yap Swee Leong	2,116,800	0.33
Chan Ying Poh	2,116,800	0.33
Ho Qiao Yee	2,116,800	0.33
Ho Yoon San	2,116,800	0.33
Tan Beng Hin	2,116,800	0.33
Koh Kok Siew	2,116,800	0.33
Leow Eng Chai	2,116,800	0.33
Liaw Kok Keong	2,116,800	0.33
Lou Jieying	2,116,800	0.33
Ng Hee Guan	2,116,800	0.33
Koh Kai Ngiap	1,881,600	0.30
	39,748,800	6.22
Total	**407,963,400**	**64.11**

1. APPROVALS AND CONDITIONS *(CONT'D)*

Notes:

(i) Assuming the Pink Form Allocations are fully subscribed by the Eligible Persons.

(ii) Based on the enlarged total number of 636,200,000 Shares after our IPO.

Our Specified Shareholders and Pre-IPO Investors have provided written undertakings to Bursa Securities that they will not sell, transfer or assign their respective shares under moratorium during the Moratorium Period.

The moratorium shall also apply to the shareholders of Bigcore Technology, namely Ng Meng Thai, Cheah Hun Wah and Tan Chun Chiat, who have collectively provided an undertaking that they will not sell, transfer or assign their respective shares in Bigcore Technology during the Moratorium Period in accordance with Rule 3.19(2) of the Listing Requirements.

The moratorium restriction, which is fully accepted by our Specified Shareholders and Pre-IPO Investors, will be specifically endorsed on the share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes with the aforesaid restriction.

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2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

2.1 PRINCIPAL DETAILS OF OUR IPO

	No. of IPO Shares
Number of Shares to be issued pursuant to our IPO:	
- For Malaysian Public	31,810,000
- For Pink Form Allocations	22,267,000
- For private placement to the Selected Investors	31,877,000
- For private placement to identified Bumiputera investors	79,525,000
Total	**165,479,000**
Enlarged number of issued Shares upon Listing	636,200,000
IPO Price	RM0.63
Market capitalisation upon Listing (based on our IPO Price and enlarged number of issued Shares upon Listing)	RM400,806,000

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

As at the date of submission of our listing application to Bursa Securities, we have met the quantitative criteria for admission to the Main Market of Bursa Securities. Hence, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders for the Moratorium Period in accordance with Rule 3.19(1A)(b) of the Listing Requirements. In addition, in accordance with Rule 3.19A of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by the Pre-IPO Investors, who are the employees and/or external design engineers of our Group, for the Moratorium Period. Further details on the moratorium on our Shares are set out in Section 1.2 of this Prospectus.

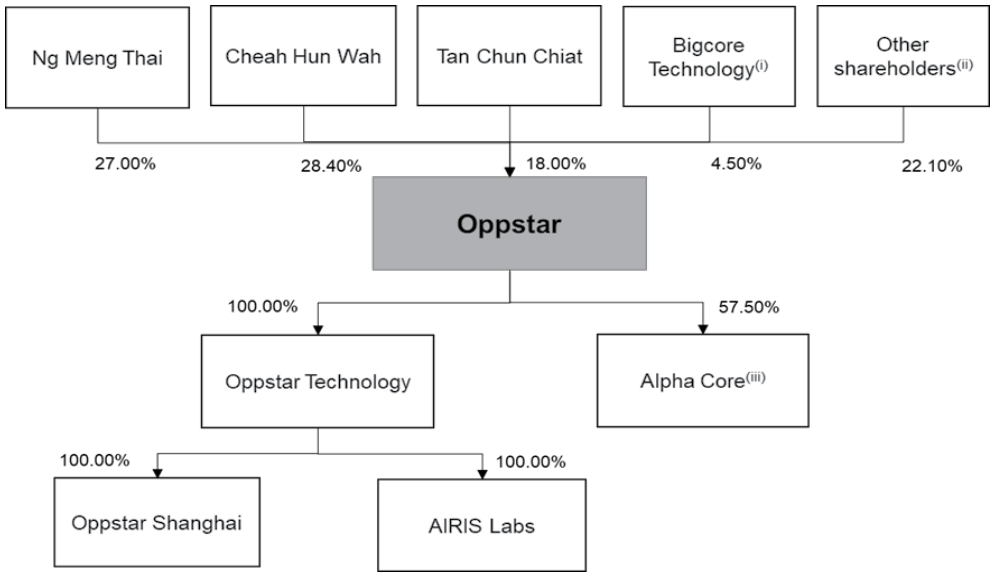
2.2 OUR BUSINESS

Our Company was incorporated in Malaysia under the Act on 27 September 2021 as a private company limited by shares under the name of Oppstar Sdn Bhd. On 22 December 2021, we completed the Acquisitions which resulted in Oppstar Technology and Alpha Core becoming our wholly-owned subsidiaries. Subsequently, on 3 January 2022, our Company was converted to a public limited company to facilitate our Listing. After the completion of the Sophic Automation Subscription on 17 January 2022, Alpha Core became the 57.50% owned subsidiary of Oppstar. On 19 May 2022, we completed the AIRIS Labs Acquisition which resulted in AIRIS Labs becoming our indirect wholly-owned subsidiary via Oppstar Technology.

We are an investment holding company. Through our subsidiaries, we are principally involved in the provision of IC design services covering front-end design, back-end design and complete turnkey solutions. We also provide other related services such as post-silicon validation services, training and consultancy services.

2. PROSPECTUS SUMMARY *(CONT'D)*

As at the LPD, our group structure is as follows:



Notes:

(i) Owned by Ng Meng Thai (33.33%), Cheah Hun Wah (33.33%) and Tan Chun Chiat (33.33%).

(ii) Consists of 19 shareholders, namely Chin Fung Wei (4.60%), Willetts Lim Wei Lit (4.50%), Lee Chun Keat (4.50%), Chua Kar Keng (1.17%), Tan Kim Pin (0.88%), Ma Shing Yuan @ Beh Heng Guan (0.75%), Lim Kean Harn (0.75%), Yap Swee Leong (0.45%), Chan Ying Poh (0.45%), Ho Qiao Yee (0.45%), Ho Yoon San (0.45%), Tan Beng Hin (0.45%), Koh Kok Siew (0.45%), Leow Eng Chai (0.45%), Liaw Kok Keong (0.45%), Lou Jieying (0.45%), Ng Hee Guan (0.45%), Koh Kai Ngiap (0.40%) and Hu King Seng (0.05%).

(iii) The remaining shareholder is Sophic Automation (42.50%), a company incorporated under the Act on 7 November 2007 which is principally engaged in the provision of automated digital solutions and product engineering services. Sophic Automation is not related to our Promoters, substantial shareholders and Directors. Please refer to Section 5.1 of this Prospectus for further details on Sophic Automation.

A summary of our business model is as follows:

Principal Activity	Provision of IC design services and other related services
Business Segments	IC design services (i) Specific design services (ii) Turnkey design services (i.e. IP design turnkey and full IC design turnkey) Others (i.e. post-silicon validation services, training and consultancy services)
Customers	IDMs, fabless companies, fab-lite companies, electronic system providers and other IC design houses
Applications	*Type: ASICs, SoCs, CPUs and FPGAs (typically fabricated on process node technology ranging in size from 20nm to 5nm, in the world's leading foundries) Industry coverage: telecommunications, automotive, industrial electronics and consumer electronics

Note:

* We are involved in the design of these types of ICs, but the ownership of the IPs, within an IC, belongs to our customers.

Our Group's revenue has grown from approximately RM15.97 million in FYE 2020 to approximately RM50.56 million in FYE 2022, at a CAGR of approximately 77.96%. In addition, our Group recorded a revenue of approximately RM28.82 million in FPE 2023. Our revenue from the overseas market grew from approximately RM8.94 million (approximately 56.02% of our revenue) in FYE 2020 to approximately RM42.91 million (approximately 84.87% of our revenue) in FYE 2022. For FPE 2023, our revenue from the overseas market was approximately RM22.02 million (approximately 76.41% of our revenue). Please refer to Sections 5 and 6 of this Prospectus for further details of our Group and business respectively.

2.3 OUR COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

(i) We have capabilities to provide turnkey design services for ICs such as ASICs and FPGAs

Our Group started with providing back-end design services back in 2014. We subsequently built up a team to offer front-end design services and expanded our offerings to include turnkey design services i.e. IP design turnkey and full IC design turnkey. Our ability to undertake turnkey design services allows our customers to deal with a single service provider instead of managing multiple service providers.

We have in the past successfully completed turnkey design projects involving ICs such as ASICs and FPGAs.

(ii) We have capabilities in designing ICs fabricated using advanced process node technology

At present, the most advanced process node technology that is currently in production is in the order of three (3) nm.

We delivered design projects using 14nm process node technology in 2015, 10nm process node technology in 2016, 7nm process node technology in 2018 and 5nm process node technology in 2021. Furthermore, in 2022, we had also secured projects using 3nm process node technology. We have been able to successfully deliver IC design projects based on these process node technologies due to our knowledge in FinFET technology, which is an enabling technology for ICs commercially fabricated using 14nm and finer process node technology.

(iii) We have experience in working on IC designs fabricated by various foundries for our customers

Typically, our customers engage us to perform IC design services, while engaging foundries for the fabrication process. Each IC design project is foundry-specific, as each foundry process has its own set of design rules.

We have completed IC design projects, where the ICs were fabricated by the world's leading foundries. Our experience with various foundry processes has also allowed us to secure projects from customers who were looking to perform process migration. Our ability to support IC design projects over multiple foundry processes provides us the flexibility to bid for various future projects.

(iv) We have the ability to secure and retain global customers

As a supplier to IDMs, fabless companies, fab-lite companies, electronic system providers and other IC design houses, we have to comply with their quality control requirements and stringent supplier selection processes. Over the years, we have maintained a good working relationship with our customers by delivering IC design services that meet their specifications and requirements, on a timely basis. Testament to this, we have secured recurring orders/contracts from our customers.

2. PROSPECTUS SUMMARY *(CONT'D)*

(v) We have an experienced management and technical team

We have an experienced and capable management team who has been collectively contributing to the growth and development of our Group. Our Executive Directors have at least 25 years of experience in the IC design industry. They have contributed significantly to our Group's historical expansion and will continue to play pivotal roles in our Group's future growth. Under the management team, our Group has successfully grown and positioned ourselves as a complete IC design turnkey service provider.

Please refer to Section 6.6 of this Prospectus for further details of our competitive strengths.

2.4 OUR FUTURE PLANS AND BUSINESS STRATEGIES

Our future plans and business strategies are as follows:

(i) Expansion of our workforce

We plan to expand our workforce to support the demands of our existing and potential customers and to continue developing our human resources capabilities, thus ensuring our long-term sustainability. The scaling up of our operations and by gaining access to a larger workforce will allow us to compete for more orders/contracts. We intend to increase our total workforce by 280 comprising design engineers for IC design and/or engineers/technicians for post-silicon validation services over 36 months.

An important factor that potential customers consider before they engage us as a supplier is the availability of workforce capability and capacity. Due to majority of our design engineers being dedicated to the current contracts with our existing customers, we may face resource constraints to secure new orders/contracts from existing and/or potential customers. As such, the expansion of workforce is crucial to allow us to compete for more orders/contracts and to be in a stronger position to tap into larger potential customers previously not accessible to us.

(ii) Expanding our geographical footprint both locally and overseas

As at the LPD, we are operating from our rented offices in Penang, Kuala Lumpur and Shanghai. Currently, we have ODC facilities of approximately 10,500 sq ft in our rented offices in Penang and approximately 3,000 sq ft in our rented office in Kuala Lumpur. There is no ODC facility in our rented office in Shanghai.

We plan to establish, by renting, new offices in Penang ("**New Penang Office**"), India ("**India Office**"), Singapore ("**Singapore Office**") and Taiwan ("**Taiwan Office**") over 36 months to provide design services and support to our customers as well as to expand our design engineering team.

(iii) Business expansion through investments and acquisitions

Part of our future plans is to expand our business through investments and acquisitions that are largely complementary to our existing business or provide additional revenue streams while enhancing our competitive advantage. This strategy will allow our Group to tap into the potential growth in demand for IC design services or acquisition of assets that complement our design portfolio. Such expansion strategies would also potentially broaden our service offerings, widen our geographical reach and customer base while contributing to incremental growth of our Group.

(iv) Expanding our post-silicon validation services

The offering of post-silicon validation services will complement our IC design business and is expected to increase our revenue. The strategic partnership we forged with Sophic Automation in 2022 will further expand our customer base and capabilities in delivering post-silicon validation services. As at the LPD, we have hired 3 post-silicon engineers for our post-silicon validation services and started exploring new business opportunities with the existing customers of our Group and Sophic Automation in Malaysia and China by

offering post-silicon validation services to them. Furthermore, the provision of post-silicon validation services allows us to further expand our service offerings.

(v) We plan to develop our own IPs for RISC-V based SoC, IPs for AI and machine learning applications as well as IP for FPGA

We intend to develop our own IPs for RISC-V based SoC, IPs for AI and machine learning applications as well as IP for FPGA. In doing so, this will provide us with readily available IPs. We would be able to licence these IPs separately or incorporate the IPs into our future IC design projects. Being able to licence our readily available IPs would also provide us an advantage when bidding for more projects in the future as it is able to shorten the IC design process. Licencing of IPs will provide us an additional source of income and improve the market profile of our Group.

(vi) Expanding our collaborations with local and foreign tertiary institutions

As part of our efforts to build knowledge workers in Malaysia and to also secure a future workforce of design engineers, we currently have collaborations with five (5) tertiary institutions, i.e. USM, INTI Penang, UniMAP, UTAR and APU. We intend to further collaborate with other local tertiary institutions by 2023. We are also likely to establish collaborations with foreign tertiary institutions.

Please refer to Section 6.7 of this Prospectus for further details of our future plans and business strategies.

2.5 RISK FACTORS

Our business is subject to a number of risk factors which may have a material adverse impact on our business, financial condition and results of operations. The following is a summary of the key risk factors that we face in our business operations:

(i) We are dependent on certain major customers

We are dependent on Xiamen KirinCore by virtue of its revenue contribution for the Financial Years Under Review and Financial Periods Under Review. Xiamen KirinCore was one of our Group's top five (5) major customers, accounting for approximately 15.57%, 70.73%, 68.43% and 62.67% of our Group's total revenue for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023 respectively.

In addition, our Group is also dependent on Customer A group of companies and Customer B by virtue of their revenue contributions for the Financial Years Under Review and Financial Periods Under Review as set out in Section 8.1.1 of this Prospectus.

Our ability to continuously secure purchase orders and/or contracts from our major customers is dependent on several factors including, amongst others, our ability to provide IC design services that meet the respective customers' specifications and requirements, changes to business fundamentals of the customers, competitive pricing of our services as well as timely delivery.

(ii) Our profitability margin depends on the type of IC design services provided

Generally, turnkey design service projects are usually of higher margins than specific design service projects as the turnkey design service projects are generally more complex in nature and our Group is able to utilise its resources more efficiently. Given the prevailing competitive market environment as well as the availability and capabilities of our design engineering workforce, there can be no assurance that GP margins for our new purchase orders and/or contracts in the future can be sustained at our historical GP margins (FYE 2020: 19.72%, FYE 2021: 40.39%, FYE 2022: 59.60% and FPE 2023: 58.95%).

(iii) We may not be able to execute some of our future plans and business strategies which may adversely affect our business prospects and growth

2. PROSPECTUS SUMMARY *(CONT'D)*

The execution of our future plans and business strategies is subject to additional expenditures including staff costs, R&D expenses, sales and marketing expenses and other working capital requirements. Furthermore, the implementation and commercial viability of our future plans and business strategies may be influenced by factors beyond our control.

Hence, there can be no assurance that the effort and expenditure spent on the implementation of our future plans and business strategies will yield expected results in growing our business in terms of financial performance and market presence. In addition, should we not be able to obtain a sufficient amount of turnkey design projects vis-à-vis the number of new design engineers to be hired, there can be no assurance that our GP margins in the future can be sustained at our historical GP margins (FYE 2020: 19.72%, FYE 2021: 40.39%, FYE 2022: 59.60% and FPE 2023: 58.95%).

(iv) We are dependent on our ability to retain and attract skilled engineers

As technical skills and engineering capabilities of our design engineering workforce will have an impact on the types and performance of IC design, it is necessary to hire personnel with the required expertise and capabilities in order to remain competitive in the industry. As such, we are dependent on the ability to retain and attract skilled engineers with a high level of competency in IC design.

In the event we are unable to hire and/or retain the skilled engineers with the required expertise and capabilities, it may create a material adverse impact on our operations and affect our capacity to secure new orders/contracts, which may negatively impact our ability to maintain and/or improve our overall financial performance.

(v) We do not have long-term contracts and our financial performance is dependent on our ability to continually secure new purchase orders and/or contracts to ensure the continuity of our order book

Our sales are primarily secured via purchase orders and/or contracts. Our contracts, if any, are generally for a period of up to two (2) years. However, our customers normally engage our IC design services by way of purchase orders. As such, our financial performance depends on our ability to secure new purchase orders and/or contracts to sustain our order book. If we are unable to do so, our order book may decline and this would adversely affect our sustainability and future business performance.

(vi) We face changes and uncertainties in the semiconductor industry

Our continued success and ability to grow is subject to the risk of future disruptive technologies that may unexpectedly displace the current technology in key verticals such as automotive, 5G communications, AI and IoT. We are exposed to the risk of our existing customers switching to other competitors if we are unable to keep up with the change in the latest technology and industry demands.

(vii) We are dependent on our Executive Directors and Key Senior Management for continued success and growth of our business

The continuing success of our Group is dependent, to a significant extent, on the efforts, commitment and abilities of our Executive Directors and Key Senior Management who play a significant role in the day-to-day operations as well as implementation of our business strategies. The loss of any of our Executive Directors and/or Key Senior Management, without any suitable and prompt replacement, may adversely impact our Group's business operations and financial performance.

(viii) We are subject to risks resulting from consolidation of businesses within the semiconductor industry

The global semiconductor industry is concentrated, with a relatively small number of IDMs, fabless companies and fab-lite companies having a sizeable market share.

Any consolidation in the semiconductor industry may impact the business processes of the affected companies as the newly merged entity may take a different approach in their supplier selection process. As a result, this may affect our position as a supplier to our customers.

Please refer to Section 8 of this Prospectus for further details of our risk factors.

2.6 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

Name	Nationality/ Country of incorporation	Before our IPO/ As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Promoters and substantial shareholders									
Ng Meng Thai	Malaysian	127,105,000	27.00	(iii)21,184,000	4.50	(iv)127,605,000	20.06	(iii)21,184,000	3.34
Cheah Hun Wah	Malaysian	133,689,600	28.40	(iii)21,184,000	4.50	(iv)134,189,600	21.09	(iii)21,184,000	3.34
Tan Chun Chiat	Malaysian	84,736,000	18.00	(iii)21,184,000	4.50	(iv)85,236,000	13.40	(iii)21,184,000	3.34
Promoter									
Bigcore Technology	Malaysia	21,184,000	4.50	-	-	21,184,000	3.34	-	-

Notes:

(i) Based on the total number of 470,721,000 Shares before our IPO/as at the LPD.

(ii) Based on the enlarged total number of 636,200,000 Shares after our IPO.

(iii) Deemed interest by virtue of his interest in Bigcore Technology pursuant to Section 8 of the Act.

(iv) Assuming full subscription of our IPO Shares reserved under the Pink Form Allocations.

Please refer to Section 4.1 of this Prospectus for further details of our Promoters and substantial shareholders.

2. PROSPECTUS SUMMARY *(CONT'D)*

2.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows:

Name	Designation
Directors	
Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir	Independent Non-Executive Chairman
Ng Meng Thai	Executive Director/ Chief Executive Officer
Cheah Hun Wah	Executive Director/ Chief Technology Officer
Tan Chun Chiat	Executive Director/ Chief Operating Officer
Dato' Margaret Yeo	Independent Non-Executive Director
Foong Pak Chee	Independent Non-Executive Director
Dato' Dr. Mohd Sofi Bin Osman	Independent Non-Executive Director
Key Senior Management	
Chin Fung Wei	Chief Financial Officer
Willetts Lim Wei Lit	Engineering Director
Lee Chun Keat	Engineering Director

Please refer to Sections 4.2 and 4.5 of this Prospectus for further details of our Directors and Key Senior Management respectively.

2.8 USE OF PROCEEDS

We expect to use the gross proceeds from our IPO of approximately RM104.25 million in the following manner:

Details of the use of proceeds	Estimated timeframe for the use of proceeds upon Listing	RM'000	% of total gross proceeds from the IPO
Business expansion through expansion of our workforce	Within thirty-six (36) months	50,000	47.96
Establishment of new offices	Within thirty-six (36) months	25,000	23.98
R&D expenditure	Within thirty-six (36) months	12,000	11.51
Working capital	Within twenty-four (24) months	12,652	12.14
Estimated listing expenses	Within two (2) months	4,600	4.41
Total		**104,252**	**100.00**

Please refer to Section 3.7 of this Prospectus for further details of the use of proceeds.

2. PROSPECTUS SUMMARY *(CONT'D)*

2.9 IMPACT OF COVID-19 PANDEMIC ON OUR GROUP

On 30 January 2020, the World Health Organization ("**WHO**") declared the outbreak of COVID-19 a Public Health Emergency of International Concern. On 11 March 2020, WHO declared COVID-19 a global pandemic due to the rapid increase in cumulative number of cases globally.

The Malaysian Government implemented several measures to curb the spread of COVID-19 and these measures included restrictions on the movement of people within Malaysia and internationally as well as restrictions on business, economic, cultural and recreational activities. The details of which are set out in Section 6.19 of this Prospectus together with the impact on our business operations.

Impact on our business and financial performance

Prior to the outbreak of COVID-19, we predominantly carried out our services at our customers' premises. As a means to contain the spread of the virus, travel restrictions were first enforced in China in January 2020. During then, we had several on-going projects overseas. Due to travel restrictions, our design engineers were also unable to be present at the customers' premises to provide our services. In addition, during the first phase of MCO imposed by the Malaysian Government in March 2020 with the closure of all businesses, our customers in Malaysia were unable to operate, and as a result, our design engineers were unable to perform the works required and obliged to our customers. As such, our business operations and financials were affected, especially between February 2020 to May 2020, where some of our projects were delayed. As the delay was due to the COVID-19 outbreak, there were no extensions of time required and no penalty charge was imposed. During the COVID-19 outbreak, however, we did not experience any cancellation of orders from our customers.

Due to the business interruption between February 2020 to May 2020, our monthly revenue for the period declined from approximately RM3.49 million in January 2020 to approximately RM1.30 million in February 2020, approximately RM0.78 million in March 2020, approximately RM0.81 million in April 2020 and approximately RM0.51 million in May 2020. This was mainly due to the travel restrictions and various measures implemented to curb the spread of the COVID-19 pandemic as detailed in Section 6.19 of this Prospectus.

Our revenue rebounded in June 2020, as evidenced by the increase from approximately RM0.51 million in May 2020 to approximately RM3.64 million in June 2020.

Impact on our business cash flows, liquidity, financial position and financial performance

The interruption to our business operations as a result of the COVID-19 pandemic, had affected the project delivery schedules for some of our on-going projects. This had an impact on our financial results between February 2020 to May 2020. Nevertheless, the delays in project delivery schedules were not major as we managed to catch up with most of the timelines. As such, our billing schedules and our financial performance in the FYE 2021 were not materially affected.

Please refer to Section 6.19 of this Prospectus for further details of the impact of COVID-19 pandemic on our Group.

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2. PROSPECTUS SUMMARY *(CONT'D)*

2.10 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out the key financial and operational highlights of our Group for the Financial Years Under Review and Financial Periods Under Review:

	Audited			Unaudited	Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2022**	**FPE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	15,965	29,262	50,561	26,418	28,815
PBT	1,474	9,994	23,120	13,185	13,760
PAT	421	7,799	16,629	9,698	10,396
Share capital/Invested equity	901	901	7,062	901	7,062
Total equity attributable to common controlling shareholders of the combining entities/Owners of the parent/ NA	1,346	3,061	14,036	12,764	24,418
Basic and diluted EPS[(i)] (sen)	0.07	1.23	2.61	1.52	1.63
Current ratio (times)	1.71	1.25	3.21	2.00	3.87

Note:

(i) For comparative purposes, the basic EPS is computed based on the PAT divided by the total enlarged number of 636,200,000 Shares after our IPO. For information purposes, the diluted EPS is equal to the basic EPS as there were no potential dilutive securities in issue during the respective Financial Years Under Review and Financial Periods Under Review.

Please refer to Section 11 of this Prospectus for further details of our financial information.

2.11 DIVIDEND POLICY

Our Group has a dividend policy to distribute a dividend of at least 25% of our annual audited PAT. Any dividend declared will be subject to recommendation of our Board and any final dividends declared will be subject to the approval of our shareholders at our annual general meeting ("**AGM**").

As we are a holding company, our ability to pay dividends will depend on the dividends or other distributions that we receive from our subsidiaries. The payment of dividends by our subsidiaries is dependent on their distributable profits, financial performance, cash flow requirements for operations and capital expenditures and any other factors.

Any declarations and payment of dividends in the future will be at the discretion of our Board. No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

Please refer to Section 11.8 of this Prospectus for further details of our dividend policy.

3. DETAILS OF OUR IPO

3.1 OPENING AND CLOSING OF APPLICATIONS

The applications for our IPO Shares will open at 10.00 a.m. on 22 February 2023 and close at 5.00 p.m. on 3 March 2023. Late applications will not be accepted.

3.2 INDICATIVE TIMETABLE

The indicative timetable for our IPO is set out below:

Event	Time / date
Opening of Applications	10.00 a.m., 22 February 2023
Closing of Applications	5.00 p.m., 3 March 2023
Balloting of Applications	7 March 2023
Allotment of our IPO Shares to successful applicants	14 March 2023
Listing	15 March 2023

If there is any change to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia and announce it on Bursa Securities' website accordingly.

3.3 PARTICULARS OF OUR IPO

The IPO Shares are offered at the IPO Price which is payable in full upon application based on the terms and conditions of this Prospectus.

3.3.1 IPO

The IPO Shares of 165,479,000 new Shares, representing approximately 26.01% of our enlarged number of issued Shares, will be allocated in the following manner:

(i) Malaysian Public

31,810,000 IPO Shares, representing 5.00% of our enlarged number of issued Shares, will be made available for application by the Malaysian Public by way of balloting process as follows:

(a) 15,905,000 IPO Shares, representing 2.50% of our enlarged number of issued Shares, will be made available to the Bumiputera Malaysian Public; and

(b) 15,905,000 IPO Shares, representing 2.50% of our enlarged number of issued Shares, will be made available to the Malaysian Public.

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

(ii) Eligible Persons

22,267,000 IPO Shares, representing 3.50% of our enlarged number of issued Shares, will be made available for application by the Eligible Persons. The details are as follows:

Eligible Persons	No. of persons	Aggregate no. of Shares allocated
Eligible Directors[(i)]	7	3,650,000
Eligible employees and other business associates who have contributed to the success of our Group[(ii)(iii)]	200	18,617,000
Total	**207**	**22,267,000**

Notes:

(i) The allocation to eligible Directors is based on, amongst others, their respective roles, responsibilities and anticipated contributions to our Group. The allocation of IPO Shares reserved for the eligible Directors is as follows:

Name	Designation	No. of Shares allocated
Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir	Independent Non-Executive Chairman	650,000
Ng Meng Thai	Executive Director/Chief Executive Officer	500,000
Cheah Hun Wah	Executive Director/Chief Technology Officer	500,000
Tan Chun Chiat	Executive Director/Chief Operating Officer	500,000
Dato' Margaret Yeo	Independent Non-Executive Director	500,000
Foong Pak Chee	Independent Non-Executive Director	500,000
Dato' Dr. Mohd Sofi Bin Osman	Independent Non-Executive Director	500,000
Total		**3,650,000**

(ii) The criteria of allocation to eligible employees (as approved by our Board) are based on, amongst others, the following:

(a) the eligible employee must be a full-time and confirmed employee of our Group and on our Group's payroll; and

(b) seniority, job grade, length of service, past performance and contributions to our Group and any other factors considered relevant by our Board.

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

(iii) The criteria of allocation to eligible business associates are based on, amongst others, their current and past contributions and support to our Group and as approved by our Board. This may include, amongst others, our customers, suppliers and business associates who have contributed to the success of our Group.

Save for the Pink Form Allocations, our Company is not aware as to whether any of our substantial shareholders, Directors or Key Senior Management have the intention to subscribe for our IPO Shares.

(iii) Private placement to Selected Investors

31,877,000 IPO Shares, representing approximately 5.01% of our enlarged number of issued Shares, will be made available for application by way of private placement to Selected Investors.

(iv) Private placement to identified Bumiputera investors approved by the MITI

79,525,000 IPO Shares, representing 12.50% of our enlarged number of issued Shares, will be made available for application by way of private placement to identified Bumiputera investors approved by the MITI.

3.3.2 Underwriting and allocation of the IPO Shares

In summary, our IPO Shares will be allocated in the following manner:

	IPO	
	No. of Shares	**(i)%**
Malaysian Public (via balloting):		
▪ Bumiputera	15,905,000	2.50
▪ Non-Bumiputera	15,905,000	2.50
Eligible Persons:		
▪ Directors	3,650,000	0.57
▪ Employees and other business associates who have contributed to the success of our Group	18,617,000	2.93
Private placement to the Selected Investors	31,877,000	5.01
Private placement to identified Bumiputera investors approved by the MITI	79,525,000	12.50
Total	**165,479,000**	**26.01**

Note:

(i) Based on the enlarged total number of 636,200,000 Shares after our IPO.

The 31,810,000 IPO Shares made available for application by the Malaysian Public (via balloting) and the 22,267,000 IPO Shares under the Pink Form Allocations are fully underwritten by our Sole Underwriter.

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

The 111,402,000 IPO Shares made available for application by way of private placement to the Selected Investors and identified Bumiputera investors approved by the MITI are not underwritten. Irrevocable undertakings will be obtained from the Selected Investors and identified Bumiputera investors approved by the MITI to subscribe for our IPO Shares made available under the private placement.

There is no over-allotment or "greenshoe" option that will increase the number of our IPO Shares.

3.3.3 Clawback and reallocation

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

(i) Malaysian Public

In the event of under-subscription of our IPO Shares by the Malaysian Public, and subject to a corresponding over-subscription by the Eligible Persons or Selected Investors under the private placement, the remaining portion will be clawed back and reallocated to the Eligible Persons and/or offered to the Selected Investors under the private placement, at the discretion of our Sole Placement Agent and our Board.

Any remaining IPO Shares not subscribed for will be subscribed by our Sole Underwriter in accordance with the terms of the Underwriting Agreement.

(ii) Eligible Persons

In the event of under-subscription of our IPO Shares by the Eligible Persons under the Pink Form Allocations, the unsubscribed IPO Shares will be reallocated to other Eligible Persons who have applied for excess IPO Shares (if any) ("**Excess Shares**") in addition to their pre-determined allocation. Such Excess Shares will be allocated to the Eligible Persons who have applied for Excess Shares on a fair and equitable basis in the following manner:

(a) firstly, allocation on a proportionate basis based on the number of Excess Shares they applied for; and

(b) secondly, to minimise odd lots.

Our Board reserves the right to allocate to the Eligible Persons who have applied for Excess Shares in addition to their pre-determined allocation at the discretion of our Board in such manner as it deems fit and expedient in the best interest of our Company. Our Board also reserves the right to accept or reject any Excess Shares application, in full or in part, without assigning any reason.

In the event of under-subscription by the other Eligible Persons (after reallocation of Excess Shares to other Eligible Persons), and subject to a corresponding over-subscription by the Malaysian Public or Selected Investors under the private placement, the remaining portion will be clawed back and reallocated to the Malaysian Public and/or offered to the Selected Investors under the private placement, at the discretion of our Sole Placement Agent and our Board.

Thereafter, any remaining IPO Shares not subscribed for will be subscribed by our Sole Underwriter in accordance with the terms of the Underwriting Agreement.

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

(iii) Private placement to the Selected Investors

In the event of under-subscription of the IPO Shares by the Selected Investors under the private placement and subject to a corresponding over-subscription by the Malaysian Public or Eligible Persons, the remaining portion will be clawed back and reallocated to the Malaysian Public and/or offered to the Eligible Persons.

(iv) Private placement to identified Bumiputera investors approved by the MITI

In the event of under-subscription of our IPO Shares by identified Bumiputera investors approved by the MITI under the private placement and subject to a corresponding over-subscription by the Malaysian Public or Selected Investors, the remaining portion will be clawed back and reallocated as follows:

(a) firstly, to the Malaysian institutional investors which are part of the Selected Investors under Section 3.3.1(iii) of this Prospectus; and

(b) secondly, to the Bumiputera Malaysian Public which are part of the Malaysian Public under Section 3.3.1(i) of this Prospectus.

Thereafter, any remaining IPO Shares will be made available for other Malaysian Public under Section 3.3.1(i) of this Prospectus and/or offered to other Selected Investors under Section 3.3.1(iii) of this Prospectus, the proportion of which will be at the discretion of our Sole Placement Agent and our Board. If still under-subscribed, such IPO Shares will be made available for subscription by the Eligible Persons.

The clawback and reallocation provisions will not apply in the event there is an over-subscription in all of the allocations of our IPO Shares at the closing date of our IPO.

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

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.00% of our IPO Shares.

3.3.4 LTIP

In conjunction with our IPO and Listing, our Company will implement a LTIP of up to 15% of the total number of issued shares of our Company (excluding treasury shares, if any), comprising the SGP Award(s) and/or SOP Award(s) to eligible Directors and employees of our Group (excluding subsidiary companies which are dormant) at any point of time during the LTIP Period.

The LTIP shall comprise the SGP and SOP. The SGP is intended to award Oppstar Shares to Executive Directors and/ or senior management of our Group (excluding subsidiary companies which are dormant) whilst the SOP is intended to allow the Company to award share options to Directors and employees of our Group (excluding subsidiary companies which are dormant), subject to them fulfilling certain vesting conditions as determined by the LTIP Committee after the establishment of the LTIP.

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

The LTIP will be administered in accordance with the By-Laws by the LTIP Committee. The LTIP Committee shall be appointed by our Board. The LTIP Committee shall comprise not less than three (3) members, which may include a combination of executive Director, independent non-executive Director and/or senior management.

The actual number of LTIP Awards to be allocated to the eligible Directors and employees shall be determined by the LTIP Committee at its sole and absolute discretion after taking into consideration, which may include the eligible Directors and employees' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of our Group.

Notwithstanding the above, the LTIP Award(s) to be awarded to any eligible person, who is a Director, major shareholder or chief executive of the Company or persons connected with such Director, major shareholder or chief executive (as defined in the Listing Requirements), shall also be approved by the shareholders of the Company in general meeting to be convened unless such approval is no longer required under the Constitution, the Listing Requirements and any other prevailing guidelines issued by the authorities.

This is intended to incentivise our Directors for their contribution towards development, growth and success and strategic direction to drive long-term shareholder value enhancement of our Group and to incentivise our employees for their commitment, dedication and loyalty towards attainment of higher performance.

3.3.4.1 SGP

The SGP is intended to allow our Group to reward the eligible Executive Directors and/or senior management of our Group, which includes the key management personnel and design engineers who are crucial to our Group's business. As such, the compensation for the Directors and senior management will be more aligned to shareholders' value creation through the SGP Awards, subject to the terms and conditions of the By-Laws.

Upon acceptance of the SGP Awards by the SGP Participants, the SGP Awards will be vested to the SGP Participants at no consideration during the LTIP Period, subject to the SGP Participants fulfilling the vesting conditions as may be determined by the LTIP Committee in accordance with the By-Laws. The reference price of the SGP Awards to be awarded will be determined based on the fair value of the SGP Awards, which will take into account, amongst others, the market price of our Shares as at or prior to the SGP Award Date.

3.3.4.2 SOP

The SOP is intended to allow our Group to reward the eligible Directors and employees through the SOP Awards, subject to the terms and conditions of the By-Laws.

Upon acceptance of the SOP Awards by the SOP Participants, the SOP Awards will be vested to the SOP Participants at the Option Price during the LTIP Period, subject to the SOP Participants fulfilling the vesting conditions as may be determined by the LTIP Committee in accordance with the By-Laws.

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

Subject to any adjustments to be made under the By-Laws and pursuant to the Listing Requirements, the Option Price shall be based on a price to be determined by our Board upon recommendation of the LTIP Committee which will be based on the volume weighted average price of our Shares for the five (5) market days immediately preceding the SOP Award Date with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the LTIP Period.

The Option Price in respect of any offer which is made in conjunction with the Listing shall be the initial public price of our Shares.

The salient terms of the LTIP are as follows:

(i) Maximum number of new Shares available under the LTIP

The maximum number of Shares which may be made available under the LTIP shall not in aggregate exceed 15% of the total number of issued shares of our Company (excluding treasury shares, if any) at any point of time during the LTIP Period.

(ii) Basis of allocation and maximum allowable allotment

The allocation of Shares to be made available for the LTIP Awards under the LTIP shall be determined by the LTIP Committee.

Subject to the By-Laws, the maximum number of Shares to be awarded to any eligible Directors and employees under the LTIP at any point of time in each LTIP Award shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the eligible Directors' and employees' designation, length of service, work performance and/or such other factors as the LTIP Committee deems fit, and subject to the following conditions:

(a) the total number of Shares made available under the LTIP shall not exceed the amount set out in Section 3.3.4(i) of this Prospectus;

(b) not more than 10% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) of the total number of issued shares of our Company made available under the LTIP shall be allocated to any eligible Directors and employees who, either singly or collectively through persons connected (as defined in the Listing Requirements) with the eligible Directors and employees, holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of our Company (excluding treasury shares, if any);

(c) up to 50% of the total number of Shares which may be made available under the LTIP could be allocated, in aggregate, to the Directors and senior management of our Group who are eligible Directors and employees (where "**senior management**" shall be subject to any criteria as may be determined at the sole discretion of the LTIP Committee from time to time); and

(d) the Directors and senior management of our Group shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any;

provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

The LTIP Committee shall determine the maximum number of Shares for the LTIP Awards that will be made available to the eligible Directors and employees under the LTIP, in the manner provided in the By-Laws in relation to each class or grade of Directors and employees and the aggregate maximum number of LTIP Awards that can be awarded to the Directors and employees under the LTIP from time to time, and the decision of the LTIP Committee shall be final and binding.

The LTIP Committee may at its sole and absolute discretion determine whether the LTIP Awards to the eligible Directors and employees will be made on a staggered basis over the LTIP Period or in a single award and/or whether the LTIP Awards are subject to any vesting period and if so, to determine the vesting conditions.

(iii) Eligibility

Subject to the sole discretion of the LTIP Committee, only eligible Directors and employees who fulfil the following conditions as at the LTIP Award Date shall be eligible to participate in the LTIP:

(a) in respect of an employee of our Group, the employee must fulfil the following criteria as at the LTIP Award Date:

(aa) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(bb) is employed by our Group on a full-time basis or serving in a specific designation under an employment contract with our Group for a fixed duration (or any other contract as may be determined by the LTIP Committee) and is on the payroll of any company within our Group and has not served a notice of resignation or received a notice of termination;

(cc) must have been in employment of our Group for a period of at least six (6) months prior to the LTIP Award Date;

(dd) is confirmed in writing as a full-time employee of our Group prior to and up to the LTIP Award Date; and

(ee) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

(b) in respect of an executive Director, the executive Director must fulfil the following criteria as at the LTIP Award Date:

(aa) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(bb) is appointed as an executive Director of our Company or any company within our Group for such periods as may be determined by the LTIP Committee prior to and up to the LTIP Award Date; and

(cc) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

(c) in respect of a non-executive Director, the non-executive Director must fulfil the following criteria as at the SOP Award Date:

(aa) is at least 18 years of age and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;

(bb) is appointed as a non-executive Director of our Company or any company within our Group for such periods as may be determined by the LTIP Committee prior to and up to the SOP Award Date; and

(cc) fulfils any other criteria and/or falls within such category as may be determined by the LTIP Committee from time to time.

Notwithstanding the above, the LTIP Committee may, at its absolute discretion, waive any of the eligibility conditions as set out above. The eligibility and number of LTIP Awards to be awarded to the eligible Directors and employees under the LTIP shall be at the sole and absolute discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding.

Subject to Sections 3.3.4(iii) of this Prospectus, the LTIP Committee may from time to time at its own discretion decide on the performance targets to be achieved by the LTIP Participants before the LTIP Awards can be vested.

Eligibility under the LTIP does not confer on the eligible Directors and employees any claim or right to participate in or any right whatsoever under the LTIP and the eligible Directors and employees do not acquire or have any right over or in connection with the LTIP Awards unless the LTIP Awards have been made by the LTIP Committee to the eligible Directors and employees and the eligible Directors and employees have accepted the LTIP Awards in accordance with the provisions of the By-Laws.

(iv) Duration and termination of the Scheme

The LTIP, when implemented, shall be in force for a period of five (5) years from the date on which the last of the following approvals and/or conditions as set out in the By-Laws have been obtained and/or complied with ("**Effective Date**"):

(a) submission of the final copy of the By-Laws to Bursa Securities together with a letter of compliance pursuant to Rule 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;

(b) receipt of the approval or approval-in-principle, as the case may be, from Bursa Securities for the listing of and quotation for the new Shares to be issued under the LTIP;

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

(c) receipt of the approval of any other relevant regulatory authorities whose approvals are necessary in respect of the LTIP; and

(d) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals (if any).

Our Company may, if our Board deems fit and upon the recommendation of the LTIP Committee, extend the LTIP for a period of up to a maximum of five (5) years, commencing from the day after the date of expiration of the original five (5) years period, and shall not in aggregate exceed 10 years from the Effective Date or such longer period as may be permitted by Bursa Securities or any other relevant authorities.

Such extended Scheme shall be implemented in accordance with the terms of the By-Laws, save for any amendment and/or change to the relevant statutes and/or regulations then in force. Unless otherwise required by the relevant authorities, no further approvals from the shareholders of our Company shall be required for the extension of the LTIP and our Company shall serve appropriate notices on each LTIP Participant and/or make any necessary announcements to any parties and/or Bursa Securities (if required) within 30 days prior to the date of expiry of the LTIP or such other period as may be stipulated by Bursa Securities.

The LTIP may be terminated by the LTIP Committee at any time before the date of expiry of the Scheme provided that an announcement is released to Bursa Securities on the following:

(a) the effective date of termination ("**Termination Date**");

(b) the number of Shares vested pursuant to the SGP and/or number of SOP Options exercised pursuant to the SOP; and

(c) the reasons and justifications for termination.

In the event of termination of the LTIP, the following provisions shall apply:

(a) no further LTIP Award(s) shall be awarded by the LTIP Committee from the Termination Date;

(b) all LTIP Award(s) which have yet to be accepted by the eligible Directors and employees shall automatically lapse and become null and void on the Termination Date; and

(c) any LTIP Awards which have yet to be vested or exercised (as the case may be and whether fully or partially) awarded under the LTIP shall be deemed cancelled and be null and void.

Subject to the requirements under the Listing Requirements, approval or consent of the shareholders of our Company by way of resolution in a general meeting and written consent of the LTIP Participants who have yet to vest their LTIP Awards and/or exercise their vested SOP Options are not required to effect a termination of the LTIP.

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

(v) Rights attaching to Oppstar Shares

The Shares arising upon vesting of the SGP Awards and/or exercising of the SOP Options shall, upon allotment and issuance, rank equally in all respects with existing Shares and together with our Shares procured by our Company, via the Trustee (as defined in (vii) below), for transfer, shall:

(a) be subject to the provisions of our Constitution; and

(b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the date on which our Shares are credited into the CDS Accounts of the LTIP Participants and shall in all other respects rank equally with other existing Shares then in issue.

Notwithstanding any provision in the By-Laws, the LTIP Participants shall not be entitled to any rights, dividends or other distributions attached to our Shares prior to the date on which such Shares are credited into their respective CDS Accounts.

(vi) Retention period

The Shares arising upon vesting of the SGP Awards and/or exercising of the SOP Options will not be subjected to any retention period or restriction on transfer unless otherwise as stated in the LTIP Awards as determined by the LTIP Committee from time to time. However, LTIP Participants are encouraged to hold our Shares as a long-term investment and not for any speculative and/or realisation of any immediate gain.

Notwithstanding the above, the LTIP Committee shall be entitled at its discretion to prescribe or impose, in relation to any LTIP Awards, any condition relating to any retention period or restriction on transfer (if applicable) as the LTIP Committee sees fit.

An eligible Director who is a non-executive Director in our Group shall not sell, transfer or assign our Shares obtained through the exercise of the SOP Options granted to him within one (1) year from the SOP Award Date.

(vii) Administration and Implementation of the LTIP

The LTIP shall be administered by the LTIP Committee. The LTIP Committee shall, subject to the By-Laws, administer the LTIP in such manner as it shall deem fit and with such powers and duties as are conferred upon it by our Board. The decision of the LTIP Committee shall be final and binding.

Our Board shall have power at any time and from time to time to approve, rescind and/or revoke the appointment of any person in the LTIP Committee as it shall deem fit.

In implementing the LTIP, the LTIP Committee may at its absolute discretion decide that the LTIP Awards be satisfied by the following methods:

(a) issuance of new Shares;

(b) acquisition of existing Shares from the open market of Bursa Securities;

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

(c) transfer of our Company's treasury shares (if any) or any other methods as may be permitted by the Act, as amended from time to time and any re-enactment thereof; or

(d) a combination of any of the above.

In considering the method of satisfaction as referred to in (a) to (d) above, the LTIP Committee shall take into consideration, amongst others, factors such as the prevailing market price of our Shares, the potential cost arising from awarding the LTIP Awards and dilutive effects on our Company's capital base as well as applicable laws and/or regulatory requirements. The method of satisfaction to be made by our Company shall be at the discretion of the LTIP Committee.

For the purpose of facilitating the implementation of the Scheme, our Company and/or the LTIP Committee may, but shall not be obligated to, establish a trust to be administered by a trustee(s) to be appointed by our Company ("**Trustee**") ("**Trust**") in accordance with the trust deed to be entered into between our Company and the Trustee ("**Trust Deed**"). Accordingly, our Company shall have the power to appoint or rescind the appointment of any Trustee as it deems fit for the purpose of administering the Scheme, in accordance with the provisions of the Trust Deed. Our Company shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement or makes rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the LTIP Committee may in its absolute discretion direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.

The Trustee shall, at such times as the LTIP Committee shall direct, subscribe for and/or acquire the necessary number of existing Shares from the open market of Bursa Securities to accommodate any transfer of our Shares to the CDS Accounts of the LTIP Participant(s). For this purpose, the Trustee will be entitled, from time to time, to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from our Company and/or any company within our Group. The LTIP Committee shall have the discretion to instruct the Trustee to subscribe for new Shares and/or acquire existing Shares from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

The appointment or involvement of a Trustee shall not be required in the event that the Shares to be awarded under the LTIP are to be satisfied solely via issuance of new Shares and/or transfer of treasury shares held by our Company, if any, pursuant to Section 127(7) of the Act.

(viii) Listing of and quotation for the LTIP Shares

The new Shares to be issued pursuant to the LTIP will be listed and quoted on the ACE Market.

In conjunction with our Listing, our Group intends to offer up to 15,905,000 SOP Awards ("**Initial SOP Awards**") to our eligible employees, who meet the eligibility criteria to participate in the LTIP as set out in the By-Laws in Section 13 of this Prospectus. For avoidance of doubt, none of these Initial SOP Awards are allocated to our Directors, Key Senior Management or persons connected with them.

The Initial SOP Awards will be offered to our eligible employees on the date of Listing whereby the Initial SOP Awards will comprise 15,905,000 new Shares after our Listing, upon full exercise. In compliance with Section 3.3.4.2 above, the exercise price for 15,905,000 SOP Options shall be the IPO Price.

Effect of the LTIP

Save for the potential impact of the MRFS 2, the grant of the LTIP Awards will not have an immediate effect on the consolidated NA and NA per Share until such time when Shares are issued/or transferred arising from the vesting of the SGP Awards and/or exercise of the SOP Options.

Any potential effect on the NA and NA per Share of our Group in the future would depend on factors such as the method of satisfaction of the LTIP Awards, actual number of Shares to be issued/or transferred which can only be determined at the point of the vesting of the SGP Awards and/or the exercise of the SOP Options and Option Price.

The EPS of our Group may be diluted, depending on the number of Shares issued/or transferred to the LTIP Participants pursuant to the vesting of the LTIP Awards. In accordance with MFRS 2, the potential cost arising from the awarding of the LTIP Awards is required to be measured at fair value as at the LTIP Award Date and recognised as an expense in the consolidated statements of comprehensive income of our Company over the vesting period of such LTIP Awards and may therefore reduce the future earnings of our Group, the quantum of which can only be determined at the LTIP Award Date.

The potential effects of the LTIP on the earnings and EPS of our Group in the future, as a consequence of the recognition of the expense cannot be determined at this juncture as it would depend on various factors, which may include, amongst others, the actual number of SGP Awards vested and/or SOP Options exercised, the Option Price, the prevailing market price of the Shares and the volatility of the Share price, which will affect the fair value of the LTIP Awards as at the LTIP Award Date. It should be noted that such potential cost of awarding the LTIP Awards does not represent a cash outflow but only an accounting treatment.

3.3.5 Minimum subscription level

There is no minimum subscription in terms of the amount of proceeds to be raised from our IPO. However, in order to comply with the public spread requirements of the Listing Requirements, the minimum subscription level will be the number of Shares required to be held by public shareholders.

Pursuant to the Listing Requirements, at least 25% of our enlarged number of issued Shares must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our Admission. Prior to our Admission, we will ensure that this requirement is met through the balloting process and the private placement exercise to ensure that a minimum 200 public shareholders holding not less than 100 Shares each is in place and at least 25% of our enlarged number of issued

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

If the public spread requirement is not met, we may not be permitted to proceed with the Listing. In such event, monies paid in respect of all applications will be returned in full, without interest or any share of revenue or benefits arising therefrom. If such monies are not returned in full within 14 days after we become liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

3.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

	No. of Shares	RM
Issued share capital as at the LPD	470,721,000	7,061,800
New Shares to be issued pursuant to our IPO	165,479,000	(i)102,588,746
Enlarged issued share capital upon Listing	**636,200,000**	**109,650,546**
IPO Price		0.63
Market capitalisation upon Listing (based on our IPO Price and enlarged number of issued Shares upon Listing)		400,806,000

Note:

(i) Calculated based on the IPO Price of RM0.63 per IPO Share and after deducting the estimated listing expenses totaling RM4,600,000 to be borne by our Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM2,500,000 had been incurred and expensed off to the statement of profit or loss and other comprehensive income as of 30 September 2022. Upon completion of the Listing, a total of RM1,663,024 is assumed to be directly attributable to our IPO and as such, will be debited against the share capital of our Company and the remaining expenses of RM436,976 will be expensed off to the statement of profit or loss and other comprehensive income.

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

The new Shares will, upon allotment and issuance, rank equally in all respects with our existing Shares including voting rights, and will be entitled to all rights, dividends and other distributions that may be declared after the date of allotment of the new Shares, subject to any applicable Rules of Bursa Depository.

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

At our general meeting, each shareholder shall be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Subject to the Listing Requirements, any resolution put to vote at the meeting shall be decided by way of poll. On a poll, each shareholder present either in person or by proxy, attorney or other duly authorised representative shall have one (1) vote for every Share held or represented. A proxy may but need not be a member of our Company. However, on a show of hands, each shareholder present either in person or by proxy, attorney or other duly authorised representative shall have one (1) vote.

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

3.5 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES

3.5.1 IPO Price

Our Directors, together with our Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter, have determined and agreed on the IPO Price of RM0.63 per IPO Share, after taking into consideration the following:

(i) our EPS of approximately 2.61 sen based on our PAT for FYE 2022 of approximately RM16.63 million and our enlarged total number of 636,200,000 Shares which translate into a price-to-earnings multiple of approximately 24.14 times;

(ii) our EPS of approximately 1.63 sen based on our PAT for FPE 2023 of approximately RM10.40 million and our enlarged total number of 636,200,000 Shares which translate into an annualised price-to-earnings multiple of approximately 19.33 times;

(iii) our pro forma NA per Share of RM0.20 as at 30 September 2022 based on our enlarged total number of 636,200,000 Shares after our IPO and subsequent to the use of proceeds from our IPO;

(iv) our business overview and financial performance as described in Sections 6 and 11 of this Prospectus respectively;

(v) our competitive strengths as set out in Section 6.6 of this Prospectus;

(vi) our future plans and business strategies as set out in Section 6.7 of this Prospectus; and

(vii) the overview and outlook of the global semiconductor industry and global IC design industry as described in Section 7 of this Prospectus.

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

3.5.2 Expected market capitalisation

Based on the IPO Price of RM0.63 per IPO Share, the total market capitalisation of our Company upon Listing will be approximately RM400.81 million.

3.6 DILUTION

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

Our pro forma NA per Share as at 30 September 2022 before our IPO was approximately RM0.05 per Share.

Pursuant to the issuance of 165,479,000 new Shares under our IPO and after adjusting for the use of proceeds from our IPO, our pro forma NA per Share based on our enlarged number of issued Shares upon Listing of 636,200,000 Shares would be approximately RM0.20 per Share.

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

The table below illustrates such dilution on a per Share basis:

	RM
IPO Price	0.63
Pro forma NA per Share as at 30 September 2022 before our IPO	0.05
Pro forma NA per Share as at 30 September 2022 after giving effect to our IPO and the use of proceeds from our IPO	0.20
Increase in pro forma NA per Share to our existing shareholders	0.15
Dilution in pro forma NA per Share to new investors	0.43
Dilution in pro forma NA per Share to new investors as a percentage of the IPO Price	68.25%

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

Save as disclosed below, none of our Directors, Key Senior Management, substantial shareholders or persons connected with them have acquired any securities in our Company, neither have they entered into any transaction which grants them the right to acquire any of our Shares since our incorporation up to the date of this Prospectus.

	No. of Shares held after the Acquisitions and before our IPO	[(i)]No. of Shares from our IPO	Total consideration RM	Effective cost per Share RM
Promoter				
Bigcore Technology	21,184,000	-	317,760	0.015
Promoters, substantial shareholders and Directors				
Ng Meng Thai	127,105,000	500,000	2,221,575	0.017
Cheah Hun Wah	133,689,600	500,000	2,320,344	0.017
Tan Chun Chiat	84,736,000	500,000	1,586,040	0.019
Directors				
Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir	-	650,000	409,500	0.630
Dato' Margaret Yeo	-	500,000	315,000	0.630
Foong Pak Chee	-	500,000	315,000	0.630
Dato' Dr. Mohd Sofi Bin Osman	-	500,000	315,000	0.630
Key Senior Management				
Chin Fung Wei	21,654,400	500,000	639,816	0.029
Willetts Lim Wei Lit	21,184,000	500,000	632,760	0.029
Lee Chun Keat	21,184,000	500,000	632,760	0.029
New investors from our IPO	-	165,479,000	104,251,770	0.630

Note:

(i) Assuming all Pink Form Allocations are fully subscribed.

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

3.7 USE OF PROCEEDS

We expect to use the gross proceeds from our IPO of approximately RM104.25 million in the following manner:

Details of the use of proceeds	Estimated timeframe for the use of proceeds upon Listing	RM'000	% of total gross proceeds from the IPO
Business expansion through expansion of our workforce	Within thirty-six (36) months	50,000	47.96
Establishment of new offices	Within thirty-six (36) months	25,000	23.98
R&D expenditure	Within thirty-six (36) months	12,000	11.51
Working capital	Within twenty-four (24) months	12,652	12.14
Estimated listing expenses	Within two (2) months	4,600	4.41
Total		**104,252**	**100.00**

3.7.1 Business expansion through expansion of our workforce

Due to the nature of our business, our labour costs accounted for more than 90% of total cost of sales for the Financial Years Under Review and Financial Periods Under Review.

We intend to earmark approximately RM50.00 million for the expansion of our workforce to support the demands of our existing and potential customers and to continue developing our human resources capabilities, thus ensuring our long-term sustainability. We aim to achieve this by increasing our total workforce by 280 comprising design engineers for IC design and engineers/technicians for post-silicon validation services. Such amount is expected to be utilised over 36 months. We intend to hire the new design engineers and post-silicon engineers/technicians locally and may also hire expatriates from countries such as India and Indonesia. These design engineers and post-silicon engineers/technicians are expected to be based in Penang and Kuala Lumpur.

The details and number of design engineers and post-silicon engineers/technicians to be hired are as follows:

Details	*No. of staff to be employed	
	Local	Foreign
Design engineers		
- Managerial level (with more than 7 years of experience)	20	10
- Middle level (more than 3 years but less than 7 years of experience)	40	15
- Junior level (less than 3 years of experience and fresh graduates)	120	10
Post-silicon engineers/technicians	65	-
Total	**245**	**35**

Note:

* The actual number of design engineers and post-silicon engineers/technicians to be employed by our Group as well as timing of recruitment is dependent on the availability of engineers and orders/contracts secured or to be secured at any point in time.

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

The timing for our Group's recruitment plan is as follows:

Details	*No. of staff to be employed			
	Year 1	Year 2	Year 3	Total
Design engineers				
- Managerial level (with more than 7 years of experience)	8	22	-	30
- Middle level (more than 3 years but less than 7 years of experience)	17	28	10	55
- Junior level (less than 3 years of experience and fresh graduates)	65	47	18	130
Post-silicon engineers/technicians	30	35	-	65
Total	**120**	**132**	**28**	**280**

Note:

* The number of additional staff to be employed in Years 1 to 3 is based on the current negotiations with our existing and potential customers for additional orders/contracts as well as enquiries/invites received from potential customers. However, the actual number of design engineers and post-silicon engineers/technicians to be employed by our Group as well as timing of recruitment is dependent on the availability of engineers and orders/contracts secured or to be secured at any point in time.

Typically, the time needed for our Group to recruit a new hire (i.e. from the date of job posting until the date of joining) is approximately three (3) to six (6) months.

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

The cost for our Group's recruitment plan is as follows:

Details	Annual salary range[(i)] (RM)	Year 1		Year 2		Year 3		Total estimated cost (cumulative) (RM)[(vi)]
		No. of staff to be employed [(ii)]	Total estimated cost (RM)[(iii)]	No. of staff to be employed [(ii)]	Total estimated cost (RM)[(iv)]	No. of staff to be employed [(ii)]	Total estimated cost (RM)[(v)]	
Design engineers								
- Managerial level (with more than 7 years of experience)	130,000 – 220,000	8	1,400,000	22	5,250,000	-	5,250,000	11,900,000
- Middle level (more than 3 years but less than 7 years of experience)	80,000 – 130,000	17	1,785,000	28	4,725,000	10	5,775,000	12,285,000
- Junior level (less than 3 years of experience and fresh graduates)	55,000 – 80,000	65	4,387,500	47	7,560,000	18	8,775,000	20,722,500
Post-silicon engineers/technicians	30,000 – 45,000	30	1,125,000	35	2,437,500	-	2,437,500	6,000,000
Total		**120**	**8,697,500**	**132**	**19,972,500**	**28**	**22,237,500**	**50,907,500**

Notes:

(i) Comprises basic salary, bonus and statutory contributions. The actual salary is dependent on the educational background, years of experience and job responsibilities.

(ii) The actual number of design engineers and post-silicon engineers/technicians to be employed by our Group as well as timing of recruitment is dependent on the availability of engineers and orders/contracts secured or to be secured at any point in time.

(iii) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1.

(iv) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1 and year 2.

(v) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1, year 2 and year 3.

(vi) Any shortfall will be funded out of the portion allocated for working capital, internally generated funds and/or bank borrowings. The actual cost will be dependent on the actual salary and number of design engineers and post-silicon engineers/technicians to be employed by our Group.

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

In line with the revenue growth of our Group for the Financial Years Under Review and Financial Periods Under Review, our Group has concurrently increased the number of design engineers. We have increased our design engineers from a total of 128 personnel in FYE 2020 to 155 personnel in FYE 2021 and further increased to 169 personnel in FYE 2022 and 203 personnel in FPE 2023. As at the LPD, we have a total of 214 design engineers and 3 post-silicon engineers. The engineers that we hire are mainly engineering degree holders in electrical and electronics or microelectronics.

The details of our engineers with their years of experience and years of service in our Group as at the LPD are as follows:

	Number of engineers				
	Years of service in our Group				
Years of experience	**Less than 1 year**	**Between 1 to 3 years**	**Between 3 to 5 years**	**More than 5 years**	**Total**
Less than 3 years and fresh graduates	34	35	3	-	72
More than 3 years but less than 7 years	13	25	34	8	80
More than 7 years and less than 10 years	3	3	7	5	18
More than 10 years and less than 20 years	5	4	8	11	28
More than 20 years	4	5	6	4	19
Total	**59**	**72**	**58**	**28**	**217**

In addition, the contract value for turnkey design projects is larger and it allows us to have flexibility and more efficient use of our skilled labour resources. In view of this, our Group decided to focus our business direction on securing more turnkey design projects since FYE 2020. For FYEs 2020, 2021 and 2022, approximately 52.76%, 76.62% and 79.06% of our total revenue respectively were derived from turnkey design services. For FPE 2023, approximately 81.36% of our total revenue was derived from turnkey design services. We expect our turnkey design services to continue to be our largest revenue contributor moving forward.

The undertaking of a turnkey design project entails the formation of a project team consisting of design engineers from the front-end, back-end, project management, and design automation departments. The number of design engineers needed in a turnkey design project varies based on its complexity, timeline and scope. The turnkey design projects could require the involvement of between 80 to 120 design engineers at any point in time, throughout the tenure of the project. Having sufficient design engineers with IC design knowledge and technical expertise will enable us to secure more orders/contracts and sustain the business of our Group.

Further, the turnkey design services that we offer to our customers require high cash commitment as the design engineers involved in such projects are hired under our Group's payroll. For turnkey design projects, we pay the salaries of our design engineers at the end of each month, but we invoice our customers on a milestone basis, typically ranging from three (3) to six (6) months. Furthermore, we provide credit terms of between 30 to 90 days to our customers.

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

For the Financial Years Under Review and Financial Periods Under Review, the revenue contribution from our post-silicon validation services was minimal (i.e. less than approximately 0.02% of our Group's total revenue) and carried out on an ad-hoc basis by our design engineers. Due to the high demand for our IC design services coupled with limited resources, we had allocated our workforce to focus on our IC design services.

As part of our future plan to expand our post-silicon validation services, we intend to grow this business through cross-selling opportunities with our existing IC design customer base. The offering of post-silicon validation services will require us to hire more post-silicon engineers/technicians and will complement our IC design business, further expanding our service offerings. We intend to hire 65 post-silicon engineers/technicians over the next two (2) years upon Listing. These post-silicon engineers/technicians will be placed in Alpha Core.

We had, in 2022, entered into a strategic partnership agreement with Sophic Automation to further strengthen our offerings in post-silicon validation services by leveraging on Sophic Automation's engineering resources and customer base. Sophic Automation has the technical expertise and experience in automated digital solutions and product engineering services, which enables Sophic Automation to carry out post-silicon validation services for semiconductor products, including those used in the fabrication of hardware for smart solutions that enable Industry 4.0. Sophic Automation's major customer in post-silicon validation services is an IDM in computer peripherals such as microprocessors.

An important factor that potential customers consider before they engage us as a supplier is the availability of workforce capability and capacity. The utilisation rate of our design engineers was approximately 57.86%, 73.27% and 89.82% for FYEs 2020, 2021 and 2022 respectively. For FPE 2023, the utilisation rate of our design engineers was approximately 85.17%. Please refer to Section 6.13 of this Prospectus for further details on the utilisation rate of our design engineers.

Due to the majority of our design engineers being dedicated to the current contracts with our existing customers, we may face resource constraints to secure new orders/contracts from existing and/or potential customers. There is minimal underutilisation at this current time. As such, the expansion of workforce is crucial to allow us to compete for more orders/contracts and to be in a stronger position to tap into larger potential customers previously not accessible to us. This also provides more flexibility in managing resources and delivering our services on a timely basis. Due to the nature of our business which requires no upfront capital investment, the resources can be easily transferred between different projects.

As part of our effort to build knowledge workers in Malaysia and to also secure a future workforce of design engineers, our Group currently has collaborations with five (5) tertiary institutions, i.e. USM, INTI Penang, UniMAP, UTAR and APU. The collaborations would involve creating a structured program to develop knowledge workers through activities such as R&D, industry lectures, on-site training, boot camps, internships and provide employment opportunities.

The expansion of our workforce is in line with the expected growth of the global IC design industry. According to the IMR Report, the global IC design sales increased from NTD3.37 trillion (RM433.39 billion) in 2016 to an estimated NTD5.60 trillion (RM827.13 billion) in 2022, at a CAGR of 8.83%.

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

The growth in the global IC design industry is driven by the following key drivers:

(i) Continuous technological advancements leading to innovation in end-user products drive the demand for ICs, which in turn drive the sales of IC design services

A major driving factor of the growth in the global demand for ICs is rapid technological advancements, which continue to promote new product innovation in the market as industry players need to ensure their products remain competitive.

Moving forward, it is expected that the introduction of new end-user products integrated with the lifestyle of today's society will continue to increase. The continuous technological advancements leading to product innovation will drive the sales of IC design services.

(ii) Increase in IC design service outsourcing creates growth opportunities for IC design houses

Following the evolution of process node technology, IC design has become increasingly complex and expensive.

In order to reduce IC design operational costs and to focus on the companies' core business, many semiconductor companies such as IDMs, fabless companies and fab-lite companies outsource all (e.g. full IC design basis) or parts (e.g. specific design or functional block basis) of their IC design processes to IC design houses. By outsourcing, these semiconductor companies will be able to increase the productivity of their business without having the need to increase the size of their team.

In light of this, IC design houses have emerged in various countries, including Malaysia, to cater to the growing need of the semiconductor companies. This outsourcing trend has, and is expected to continue to, create growth opportunities for IC design houses.

(iii) Growth in the semiconductor industry drives the sales of IC design services

As a supporting industry to the semiconductor industry, the demand for IC design services is driven by the growth in the semiconductor industry.

In 2019, global semiconductor sales decreased by 12.05% from USD468.78 billion (RM1.89 trillion) in 2018 to USD412.31 billion (RM1.71 trillion) in 2019, mainly due to uncertainties resulting from the escalation of the USA-China trade war. Nevertheless, driven by continuous technological advancements which led to increased usage of semiconductors in various end-user applications, global semiconductor sales recovered at a CAGR of 12.06% from USD412.31 billion (RM1.71 trillion) in 2019 to an estimated USD580.13 billion (RM2.55 trillion) in 2022. Further, the World Semiconductor Trade Statistics ("**WSTS**") expects global semiconductor sales to decrease by 4.06% from USD580.13 billion (RM2.55 trillion) in 2022 to USD556.57 billion (RM2.45 trillion) in 2023, in view of a slowdown in semiconductor sales in the Asia Pacific region which is largely exposed to weakened consumer demand for electrical and electronics ("**E&E**") products and expected to weaken the demand for memory ICs.

In Malaysia, the production of semiconductor related ICs and other semiconductor components registered a CAGR of 14.60% from 90.92 billion units in 2019 to 119.41 billion units in 2021, which signifies growing demand for semiconductors. Smith Zander estimates the production of semiconductor related ICs and other semiconductor components to have grown by 16.25% from 119.41 billion units in 2021 to 138.82 billion units in 2022.

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

The growth in semiconductor sales will also be driven by increasing usage of ICs in various end-user applications as contributed by technological advancement such as the prevalence of mobile and wireless devices, 5G wireless networks and AI. The continuing growth in the semiconductor industry is thus expected to continue to drive the sales of IC design services.

To ensure future profitability and sustainability of our Group, our Group requires the availability of workforce capability and capacity. This is an important factor that potential customers consider before they engage our Group as a supplier.

The increase of workforce capability and capacity is premised on the order book as at the LPD, the current negotiations with existing and potential customers for additional orders/contracts as well as enquiries/invites received from potential customers. As at the LPD, our order book stood at approximately RM34.29 million, and this is expected to be recognised in the next 12 months. Our current order book mainly consists of turnkey design service projects and these projects are generally more complex in nature and our Group is able to utilise its resources more efficiently. Hence, turnkey design service projects are usually of higher margins than specific design service projects and majority of the design engineers are currently dedicated to working on the existing contracts with our Group's customers. However, our order book may change at any particular point in time as a result of additions, deferrals or rescheduling due to customers' requests.

Generally, our customers such as Customer A group of companies, Customer D, Synkom Co. Ltd and Customer E group of companies engage our IC design services by way of purchase orders which last for a period of between three (3) to six (6) months. Further, we do not have any long-term contracts with our customers. Hence, our order book, at any specific point in time, is just an indication or a portion of the actual annual revenue of our Group. In the past, we had to decline projects due to resource constraints. As such, it is crucial for our Group to expand our workforce to secure more orders/contracts and hence allow us to grow our revenue and profitability.

As at the LPD, we have received enquiries from existing and potential customers from China, Malaysia, India, Japan and Taiwan for both specific design services and turnkey design services. The projects from the enquiries may require a total of up to 200 design engineers.

Should our Group be able to continuously secure such turnkey design service contracts as in FYE 2022, the GP margin of our Group is not expected to decrease upon the recruitment of the 280 design engineers as turnkey design services will command better margins as compared to specific design services and the securing of such turnkey design service contracts will contribute to our revenue and allow our Group to be able to maintain the revenue mix in FYE 2022 i.e. approximately 79.06% from turnkey design services and 20.76% from specific design services. For FPE 2023, the revenue mix of our Group was approximately 81.36% from turnkey design services and 18.64% from specific design services. Please refer to Section 8.1.5 of this Prospectus for further details on the risk factors in relation to our Group not having long-term contracts and for our financial performance being dependent on our ability to continually secure new purchase orders and/or contracts to ensure the continuity of our order book.

While our Group is in the progress of securing additional orders/contracts, our GP margin may be affected by the cost of expansion of workforce. However, we are in constant communication with our customers for them to share their development roadmap. We will then adjust the hiring and allocation of our workforce based on the feedback from our customers.

We also train our design engineers to be able to perform multiple technical functions within the IC design process. By doing so, this allows our Group to have flexibility in managing our workforce resources. This will minimise the risk of underutilisation of our workforce resources.

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

We believe that the expansion of our workforce will allow our Group to meet the demands of our existing and potential customers. This in turn will continue to enhance our Group's earnings and will also facilitate our business strategies.

In the event the allocated proceeds are insufficient for the business expansion through expansion of workforce, any shortfall will be funded out of the portion allocated for working capital, internally generated funds and/or bank borrowings.

3.7.2 Establishment of new offices

As at the LPD, we are operating from our rented offices in Penang, Kuala Lumpur and Shanghai.

Currently, we have ODC facilities of approximately 10,500 sq ft in our rented offices in Penang and approximately 3,000 sq ft in our rented office in Kuala Lumpur. There is no ODC facility in our rented office in Shanghai. ODC facilities represent the designated areas within our premises which provide design services for our customers. This will enable our customers to have their outsourced design centres and is based on our customers' requirements in terms of planning, analysing, designing and managing tasks. The ODC facilities consist of a dedicated design space with designated access and a server room with independent network infrastructure, fixed infrastructure protocol address and remote log in features.

We intend to use approximately RM25.00 million for the establishment of new offices, by renting, New Penang Office, India Office, Singapore Office and Taiwan Office.

The breakdown of the estimated costs of establishing these new offices are as follows:

Details	**RM'000**
New Penang Office[(i)]	9,700
India Office[(ii)]	5,500
Singapore Office[(iii)]	5,000
Taiwan Office[(iv)]	4,800
Total	**25,000**

The breakdown of the proceeds to be utilised as disclosed above is indicative and will be dependent on the operating requirement of our Group at the time of utilisation.

Notes:

(i) Currently, we have a total workforce of 192 employees who are based in our current offices in Penang. These employees provide services to our customers in various countries such as China, Japan, Singapore and USA.

In view of our business expansion plans which include the expansion of our workforce, our existing offices in Penang are insufficient to cater for such plans and strategies. As such, we intend to rent additional floor space of 20,000 sq ft in Penang by the first (1st) half of 2023 to expand our design engineering team and to support our business operations such as the provision of IC design and post-silicon validation services and to conduct R&D activities. We will continue to rent the current offices in Penang. Our New Penang Office is expected to have ODC facilities with an estimated area of 16,000 sq ft and it is expected to cater for 200 additional employees.

As at the LPD, we are still in the midst of identifying the exact office location for our New Penang Office as we intend to rent an office space which meets with the criteria of having a floor space of approximately 20,000 sq ft, ample car parks and good amenities nearby, such as restaurants and a gymnasium.

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

Our Group has been operating in Penang since our inception. There are various MNCs such as Intel Corporation Inc. ("**Intel**"), Advanced Micro Devices Inc., Renesas Electronics Corporation and Broadcom Inc. that have established operations in IC design in Penang.

Being situated in Penang provides us with proximity to some of our existing and potential customers to serve them better and secure more IC design projects in the future. In addition, we can have better access to more engineers with IC design experience from the semiconductor industry in Penang. We have also established collaborations with USM and INTI Penang. These collaborations provide us channels to hire new design engineers from the said institutions. As such, we intend to continue our expansion in Penang, which will continue to serve as our headquarters in the future and also serve our customers from other countries.

The estimated cost of establishing our New Penang Office includes initial purchase of office equipment and IT infrastructure, renovation works, rental expenses and other operating expenses over 36 months. The breakdown of these costs is as follows:

New Penang Office	**RM'000**
Rental expenses	3,000
IT infrastructure expenses which include laptops, servers, closed-circuit television (CCTV) system and network cabling and equipment	2,500
Renovation works	2,100
Initial purchase of office equipment	1,500
Other operating expenses which include utilities expenses	600
Total	**9,700**

(ii) We intend to rent a new office in India by the second (2nd) half of 2023 to increase our market presence and expand our design engineering team.

For our India Office, we are currently exploring potential locations within Bangalore or Chennai. This would provide us with opportunities to hire design engineers as permanent employees to be based in India in the future. As at the LPD, we have engaged five (5) external design engineers, who are based in India, to provide IC design services for our customers from various countries. This would also allow us to tap into the talent pool in India and the India Office is intended to serve our customers in India as well as to support our Group's business in the markets that we may serve in the future. The estimated floor space for our India Office is 4,500 sq ft. As at the LPD, we have yet to identify the exact office location for our India Office.

India has an established IC design industry and has engineers who are experienced in designing ICs. MNCs such as Intel and Texas Instruments Incorporated have established offshore design teams in India since the 1980s and local IC design firms such as Infosys Limited, Tata Consultancy Services Limited and Wipro Limited have since emerged. Currently, India also houses other major semiconductor firms including Broadcom Inc., NXP Semiconductors N.V., Samsung Semiconductor and Micron Technology Inc.. Being able to operate in India would provide us the opportunity to better access the talent pool in India and increase our design capability and capacity. This would also allow us to explore business opportunities in India.

With the established IC design industry and availability of talent pool in India, we intend to establish an IC design team in India to provide us proximity to some of our existing customers (such as MNCs who have operations in India) and potential customers to serve them better and secure more IC design projects in the future. In addition, we also received recent enquiries from a potential customer in India.

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

The estimated cost of establishing our India Office includes initial company set-up costs and professional fees, rental expenses and initial purchase of IT infrastructure, and payroll expenses for 30 IC design engineers and other operating expenses over 36 months. The breakdown of these costs are as follows:

India Office	**RM'000**
Payroll expenses	4,430
Rental expenses	830
IT infrastructure expenses which include laptops	100
Other operating expenses which include utilities expenses	100
Initial company set-up costs and professional fees	40
Total	**5,500**

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

The details of our Group's recruitment plan for India Office are as follows:

Details	Estimated salary (RM)[(i)]	Year 1		Year 2		Year 3		Total estimated cost (cumulative) (RM)
		No. of staff to be employed[(ii)]	Total estimated cost (RM)[(iii)]	No. of staff to be employed[(ii)]	Total estimated cost (RM)[(iv)]	No. of staff to be employed[(ii)]	Total estimated cost (RM)[(v)]	
Design engineers								
- Managerial level (with more than 7 years of experience)	88,000 - 144,000	3	348,000	2	580,000	-	580,000	1,508,000
- Middle level (more than 3 years but less than 7 years of experience)	44,000 - 88,000	6	396,000	2	528,000	-	528,000	1,452,000
- Junior level (less than 3 years of experience and fresh graduates)	26,000 - 44,000	10	350,000	5	525,000	2	595,000	1,470,000
Total		**19**	**1,094,000**	**9**	**1,633,000**	**2**	**1,703,000**	**4,430,000**

Notes:

(i) Comprises basic salary, bonus and statutory contributions. The actual salary is dependent on the educational background, years of experience and job responsibilities.

(ii) The actual number of design engineers to be employed by our Group as well as timing of recruitment is dependent on the availability of engineers and orders/contracts secured or to be secured at any point in time.

(iii) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1.

(iv) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1 and year 2.

(v) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1, year 2 and year 3.

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

(iii) We intend to rent a new office in Singapore by the first (1st) half of 2024 to increase our market presence, enhance our sales and marketing presence and expand our design engineering team.

For our Singapore Office, we are currently exploring potential locations within the Central Business District or Jurong District. The estimated floor space for our Singapore Office is 2,000 sq ft. As at the LPD, we have yet to identify the exact office location for our Singapore Office.

Singapore has the presence of MNCs which have existing design teams, such as Infineon Technologies AG, Intel, MediaTek Inc. and Qualcomm Inc.. Being able to operate from Singapore would also provide us close proximity to foundries such as Global Foundries Inc., which has operations based in Singapore. The setting up of our Singapore Office will allow us to hire a team of experienced design engineers based in Singapore. Further, by establishing an office in Singapore, which is a regional hub selected by many MNCs, would provide us with sales and marketing access to the regional market.

The estimated cost of establishing our Singapore Office includes initial company set-up costs and professional fees, rental expenses, initial purchase of office equipment and IT infrastructure, and payroll expenses for one (1) sales and marketing employee and nine (9) IC design engineers for over 36 months. The breakdown of these costs is as follows:

Singapore Office	**RM'000**
Payroll expenses	4,050
Rental expenses and initial purchase of office equipment	880
IT infrastructure expenses which include laptops	50
Initial company set-up costs and professional fees	20
Total	**5,000**

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

The details of our Group's recruitment plan for Singapore Office are as follows:

Details	Estimated salary (RM)[(i)]	Year 1		Year 2		Year 3		Total estimated cost (cumulative) (RM)
		No. of staff to be employed[(ii)]	Total estimated cost (RM)[(iii)]	No. of staff to be employed[(ii)]	Total estimated cost (RM)[(iv)]	No. of staff to be employed[(ii)]	Total estimated cost (RM)[(v)]	
Design engineers								
- Managerial level (with more than 7 years of experience)	280,000 - 320,000	-	-	2	600,000	1	900,000	1,500,000
- Middle level (more than 3 years but less than 7 years of experience)	200,000 - 280,000	-	-	2	480,000	1	720,000	1,200,000
- Junior level (less than 3 years of experience and fresh graduates)	180,000- 200,000	-	-	2	380,000	1	570,000	950,000
Sales and marketing manager	190,000 - 210,000	-	-	1	200,000	-	200,000	400,000
Total		**-**	**-**	**7**	**1,660,000**	**3**	**2,390,000**	**4,050,000**

Notes:

(i) Comprises basic salary, bonus and statutory contributions. The actual salary is dependent on the educational background, years of experience and job responsibilities.

(ii) The actual number of design engineers to be employed by our Group as well as timing of recruitment is dependent on the availability of engineers and orders/contracts secured or to be secured at any point in time.

(iii) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1.

(iv) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1 and year 2.

(v) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1, year 2 and year 3.

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

(vi) We intend to rent a new office in Taiwan by the second (2nd) half of 2023 to increase our market presence, enhance our sales and marketing presence and expand our design engineering team.

For our Taiwan Office, we are currently exploring potential locations within Hsinchu or Taipei due to close proximity to our potential customers in the semiconductor industry. This would provide us with opportunities to secure more IC design projects in the future. The estimated floor space for our Taiwan Office is 2,000 sq ft. As at the LPD, we have yet to identify the exact office location for our Taiwan Office.

Taiwan has an established IC design industry and has experienced engineers in designing SoCs and ASICs as well as being familiar with fabrication processes at foundries such as Taiwan Semiconductor Manufacturing Company Limited ("**TSMC**") and United Microelectronics Corporation ("**UMC**"). The setting up of our Taiwan Office will allow us to hire a team of experienced design engineers based in Taiwan. Further, the expansion into Taiwan would also provide us with increased market visibility and an improved business network. Being able to operate in Taiwan would also provide us with close proximity to foundries such as TSMC and UMC, hence potentially allowing us to further explore our business relationship with the foundries.

In addition, due to linguistic and cultural similarities, we will be able to, through our Taiwan Office, provide more effective IC design services and sales support to our potential customers.

The estimated cost of establishing our Taiwan Office includes initial company set-up costs and professional fees, rental expenses and initial purchase of IT infrastructure, and payroll expenses for one (1) sales and marketing employee and ten (10) IC design engineers over 36 months. The breakdown of these costs is as follows:

Taiwan Office	**RM'000**
Payroll expenses	4,000
Rental expenses	740
IT infrastructure expenses which include laptops	50
Initial company set-up costs and professional fees	10
Total	**4,800**

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

The details of our Group's recruitment plan for Taiwan Office are as follows:

Details	Estimated Salary (RM)[(i)]	Year 1		Year 2		Year 3		Total estimated cost (cumulative) (RM)
		No. of staff to be employed[(ii)]	Total estimated cost (RM)[(iii)]	No. of staff to be employed[(ii)]	Total estimated cost (RM)[(iv)]	No. of staff to be employed[(ii)]	Total estimated cost (RM)[(v)]	
Design engineers								
- Managerial level (with more than 7 years of experience)	238,000 - 286,000	1	262,000	-	262,000	1	524,000	1,048,000
- Middle level (more than 3 years but less than 7 years of experience)	161,000 – 238,000	2	399,000	-	399,000	-	399,000	1,197,000
- Junior level (less than 3 years of experience and fresh graduates)	139,000 – 161,000	-	-	2	300,000	4	900,000	1,200,000
Sales and marketing manager	180,000 – 190,000	1	185,000	-	185,000	-	185,000	555,000
Total		**4**	**846,000**	**2**	**1,146,000**	**5**	**2,008,000**	**4,000,000**

Notes:

(i) Comprises basic salary, bonus and statutory contributions. The actual salary is dependent on the educational background, years of experience and job responsibilities.

(ii) The actual number of design engineers to be employed by our Group as well as timing of recruitment is dependent on the availability of engineers and orders/contracts secured or to be secured at any point in time.

(iii) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1.

(iv) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1 and year 2.

(v) Computed based on the estimated average annual salary and number of staff to be employed based on respective level in year 1, year 2 and year 3.

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

In the event the allocated proceeds are insufficient for the establishment of new offices, any shortfall will be funded out of the portion allocated for working capital, internally generated funds and/or bank borrowings. Any excess not used for this purpose will be used for our working capital purposes.

3.7.3 R&D expenditure

Currently, our customers engage us to develop IPs within an IC and these IPs are owned by them.

We have completed R&D on AI ASIC, which is an IC for AI and machine learning capabilities in 2020 (tape-out was completed in 2019).

As part of our continuing R&D efforts, we intend to earmark approximately RM12.00 million for the development of our own IPs for RISC-V based SoC, IPs for AI and machine learning as well as IP for FPGA. This is expected to further enhance and differentiate our service offerings. The development of our own IPs for RISC-V based SoC, IPs for AI and machine learning as well as IP for FPGA is expected to span over the next 36 months.

Typically, the designing of an IC involves development of IPs which provide specific functionalities. Some of these IPs can also be applied to other ICs which require such IPs. In doing so, the designing process will have a shorter product development cycle. Through the development of our own IPs, we can potentially increase our revenue stream by licensing of these IPs, which is an industry norm.

We intend to undertake the following:

(i) IPs for RISC-V based SoC

We intend to further enhance our competitiveness in SoC design by developing IPs which will complement our ability in offering our turnkey design services. We intend to focus on IPs suited for SoC based on RISC-V architecture, which is an open-source initiative to develop a new generation of processors through open standard collaborations.

We have commenced the following project:

Project	Description	Actual commencement date	Target completion date
IPs for RISC-V based SoC	Development of IPs required in RISC-V based SoC. IPs developed will include peripheral IPs required for SoC.	Fourth (4^{th}) quarter of 2021	Second (2^{nd}) quarter of 2025

(ii) IPs for AI and machine learning applications

We intend to further enhance our competitiveness by developing IPs for AI and machine learning applications. This would build upon our AI and machine learning capabilities established through our subsidiary, AIRIS Labs which has successfully developed IPs for AI and machine learning.

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

We have commenced the following project:

Project	Description	Actual commencement date	Target completion date
IPs for AI and machine learning	Development of IPs for AI accelerator required for an AI and machine learning IC, along with required peripheral IPs	Fourth (4th) quarter of 2021	First (1st) quarter of 2025

(iii) IP for FPGA

We intend to further enhance our competitiveness in FPGA by developing an IP which will complement our ability in offering our turnkey design services.

We intend to undertake the following project:

Project	Description	Target commencement date	Target completion date
3D-FPGA	Three-dimensional FPGA with structural hardening capabilities to improve reliability	Second (2nd) quarter of 2023	First (1st) quarter of 2026

The estimated cost of our R&D expenditure includes purchase of software (which includes EDA tools), fabrication and packaging costs, payroll expenses for 12 R&D employees over the next 36 months and registration of intellectual property rights. The breakdown of these costs is as follows:

	RM'000
Purchase of software which includes EDA tools	6,000
Payroll expenses	4,000
Fabrication and packaging costs	1,500
Registration of intellectual property rights	500
Total	**12,000**

The breakdown of the proceeds to be utilised as disclosed above is indicative and will be dependent on the operating requirement of our Group at the time of utilisation.

By undertaking the abovementioned R&D activities, this will provide us with readily available IPs. We would be able to license these IPs separately or incorporate the IPs into our future IC design projects. Being able to license our readily available IPs would also provide us an advantage when bidding for more projects in the future as it is able to shorten the IC design process. Licensing of IPs will provide us an additional source of income and improve the market profile of our Group.

In the event the allocated proceeds are insufficient for the R&D expenditure, any shortfall will be funded out of the portion allocated for working capital, internally generated funds and/or bank borrowings. Any excess not used for this purpose will be used for our working capital purposes.

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

3.7.4 Working capital

Our Group's working capital requirement is expected to increase in tandem with our business expansion through expansion of our workforce and establishment of new offices as detailed in Sections 3.7.1 and 3.7.2 above.

We intend to use approximately RM12.65 million for our Group's working capital requirements for a period of 24 months, the details of which are as follows:

	RM'000
Travelling expenses for IC design engineers	
- Transportation costs and travel allowances	3,500
- Accommodation expenses	2,000
Cost associated with the collaboration between our Group and potential local and foreign tertiary institutions	2,500
Miscellaneous expenses which include insurance and staff welfare expenses	1,652
External design engineers	1,500
Sales and marketing expenses	1,000
Training and development costs for our employees	500
Total	**12,652**

The additional working capital is expected to enhance our Group's liquidity and cash flows. Additional funding for working capital, if required, will be met through internally generated funds and/or external borrowings.

3.7.5 Estimated listing expenses

Our listing expenses are estimated to be approximately RM4.60 million, the details of which are as follows:

Details	**RM'000**
Professional fees	2,126
Underwriting, placement and brokerage fees	1,650
Fees to authorities	150
Miscellaneous expenses and contingencies[(i)]	394
Printing and advertising expenses	280
Total	**4,600**

Note:

(i) Includes any other incidental or related expenses in connection with our IPO (such as fees to be paid to public or investor relation consultants, related tax and funds reserved for contingency purposes).

In the event the allocated proceeds are insufficient for the listing expenses, any shortfall will be funded out of the portion allocated for working capital and/or internally generated funds. However, any excess not used for this purpose will be used for our working capital purposes.

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

Pending the use of proceeds from the IPO, we intend to place the proceeds (including accrued interest, if any) or any balance thereof in interest-bearing accounts with licensed financial institutions in Malaysia and/or in money market instruments.

3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

3.8.1 Brokerage fee

We will pay the brokerage fee for the 54,077,000 IPO Shares made available for application by the Malaysian Public and the Eligible Persons under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus respectively, at the rate of 1.00% (exclusive of any applicable tax) on the IPO Price in respect of all successful applications which bear the stamp of either Affin Hwang IB, the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

3.8.2 Underwriting commission

Affin Hwang IB, as our Sole Underwriter has agreed to underwrite up to 54,077,000 IPO Shares made available for application by the Malaysian Public and the Eligible Persons under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus respectively. As stipulated in the Underwriting Agreement, we will pay our Sole Underwriter an underwriting commission at the rate of 1.90% (exclusive of any applicable tax) of the total value of the underwritten Shares.

3.8.3 Placement fee

We will pay our Sole Placement Agent a placement fee at the rate of 1.90% (exclusive of any applicable tax) of the value of the 111,402,000 IPO Shares reserved for the private placement to the Selected Investors and identified Bumiputera investors approved by the MITI under Sections 3.3.1(iii) and 3.3.1(iv) of this Prospectus respectively.

3.9 DETAILS OF THE UNDERWRITING ARRANGEMENT

We have entered into the Underwriting Agreement with our Sole Underwriter to underwrite 54,077,000 IPO Shares under Sections 3.3.1(i) and 3.3.1(ii) of this Prospectus ("**Underwritten Shares**"), subject to the clawback and reallocation provisions as set out in Section 3.3.3 of this Prospectus and upon the terms and subject to the conditions of the Underwriting Agreement.

Details of the underwriting commission are set out in Section 3.8.2 of this Prospectus while the salient terms of the Underwriting Agreement are as follows:

(i) Conditions precedent for underwriting

The obligations of our Sole Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:

(a) Bursa Securities' approval of our Listing remaining in full force and effect and that all conditions (except for any which can only be complied with after our IPO has been completed) have been complied with;

(b) the offer and issuance of the IPO Shares having been approved by the shareholders of our Company;

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

(c) the lodging with the Registrar of Companies of a copy of this Prospectus for lodgement in accordance with the requirements of Section 234 of the CMSA;

(d) the registration with Bursa Securities of this Prospectus and the submission to Bursa Securities of accompanying documents on or before their issue, circulation or distribution to the public;

(e) all necessary approvals and consents required in relation to our IPO including but not limited to governmental approvals having been obtained and are in full force and effect and that all conditions to the approvals (except for any which can only be complied with after our IPO has been completed) have been complied with;

(f) this Prospectus being issued not later than 16 May 2023 or such later date as may be agreed between our Sole Underwriter and our Company in writing;

(g) our IPO and the offering and subscription of our IPO Shares in accordance with the provisions not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities) or any jurisdiction within which such IPO Shares are offered;

(h) there not being, in the opinion of our Sole Underwriter, on or prior to the last day and time for the acceptance of and payment for our IPO in accordance with this Prospectus and the Application Form or any such date as may be extended from time to time by our Company together with the mutual agreement of our Sole Underwriter in writing, subject to the prior written approval of the relevant authorities, if required ("**Closing Date**"), any material adverse effect in the condition (financial, business, operations or otherwise) of our Group from that set out in this Prospectus which is material in the context of our IPO;

(i) the delivery to our Sole Underwriter on the Closing Date and date of delivery of the Applications Form(s) together with the remittance of subscription monies payable on the application of the unsubscribed Shares by our Sole Underwriter ("**Settlement Date**"), respectively a certificate in the agreed form of our Company, signed by a duly authorised officer of our Company, dated the Closing Date and the Settlement Date, to the effect that the person who provides such certificate has carefully examined the Underwriting Agreement and that;

1. the representations, warranties and undertakings of our Company are true, accurate and correct and not misleading in all respects on and as of the Closing Date and Settlement Date (as the case may be), as though they had been given and made on the Closing Date and the Settlement Date (as the case may be), and our Company has complied with all the terms of the Underwriting Agreement and satisfied all the conditions on its part under the Underwriting Agreement to be performed and satisfied on or prior to the Closing Date and the Settlement Date (as the case may be);

2. since the date of the Underwriting Agreement, there has been no change or development that may have a material adverse effect;

3. the allotment and issuance of the public issue under our IPO are not being prohibited by any statutes or regulations promulgated or issued by any legislative or regulatory body in Malaysia; and

4. all the conditions set out in conditions precedent for underwriting of the Underwriting Agreement with respect to our Company have been fulfilled and that no event has occurred with respect to our Company that would give rise to a right for our Sole Underwriter to give notice to our Company to terminate the Underwriting Agreement.

(ii) Termination by our Sole Underwriter upon the occurrence of adverse changes and consequence thereof

Notwithstanding anything contained in the Underwriting Agreement, our Sole Underwriter, may by notice in writing to our Company given at any time before the date of our Listing, terminate, cancel and withdraw its underwriting commitment if in the opinion of our Sole Underwriter:

(a) there is any breach by our Company of any of the obligations, the representations, warranties or undertakings set out in the Underwriting Agreement in any respect; or in the case of any warranties or representations or undertakings which are not qualified by any materiality requirements, in any material respect; and in either event, where such misrepresentation or breach is capable of remedy, the same not being remedied within three (3) Market Days or on such other day which the parties may mutually agree in writing, but in any event no later than the Closing Date from the provision of a written notice to our Company, as the case may be, by our Sole Underwriter;

(b) our Company withholds any material information from our Sole Underwriter, which, in the opinion of our Sole Underwriter, is likely to have a material adverse effect;

(c) there shall have occurred, happened or come into effect any event or series of events beyond the control of our Sole Underwriter by reason of Force Majeure (as defined below) which would have or can be expected to have, a material adverse effect on the business, operations, financial condition or prospects of our Group or the success of our IPO or which is likely to have the effect of making any material obligation under the Underwriting Agreement incapable of performance in accordance with its terms or our Company shall sustain any material loss or interference with the business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labour disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, in each case, that has had or could be expected to have a material adverse effect;

"**Force Majeure**" means causes which are unpredictable and beyond the control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:

1. war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;

2. riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power; or

3. natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other acts of God.

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

(d) any government requisition or other occurrence of any nature whatsoever which is reasonably likely to have a material adverse effect on the business, operations, financial condition or prospects of our Group or the success of our IPO;

(e) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the opinion of our Sole Underwriter is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

1. on or after the date of the Underwriting Agreement; and

2. prior to the date of our Listing,

lower than 85%, of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

(f) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for three (3) consecutive Market Days or more;

(g) any new law or regulation or change in law, regulation, directive, policy or ruling in any applicable jurisdiction which is reasonably likely to prejudice the success of our Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or to transfer the underwritten Shares or which is reasonably likely to have the effect of making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms;

(h) any part of the private placement or our IPO is stopped or delayed by our Company or the regulatory authorities for any reason whatsoever (unless such delay has been approved by our Sole Underwriter in writing);

(i) our Listing does not take place on or before 7 June 2023 or within five (5) Market Days after the Settlement Date, whichever is earlier, or such other extended date as may be agreed by our Sole Underwriter;

(j) approval for our IPO is withdrawn, modified and/or subject to terms and conditions which is, in the opinion of our Sole Underwriter, not acceptable to our Sole Underwriter;

(k) the Closing Date does not take place on or before 25 May 2023 or any later date as may be agreed by our Sole Underwriter;

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

(l) any commencement of legal proceedings or action against our Company or any of our Directors which in the opinion of our Sole Underwriter, would have or is likely to have a material adverse effect or make it impracticable to enforce contracts to allot and/or transfer the underwritten Shares;

(m) any of the approvals as referred in the Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented and such revocation, suspension, cessation, variation or supplement upon terms that would have or is likely to have a material adverse effect; or

(n) any material statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any material aspect which would have or is likely to prejudice the success of our Listing or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer the underwritten Shares or making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms.

3.10 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS, which is operated by Bursa Depository. This will take effect in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to the subscribers or purchasers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS Accounts, either directly in their names or through authorised nominees. Persons whose names appear in our Record of Depositors maintained by Bursa Depository will be treated as our shareholders in respect of the number of Shares credited to their respective CDS Accounts.

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. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10.00 payable for each transfer not transacted on the market.

Shares held in CDS Accounts may not be withdrawn from the CDS except in the following instances:

(i) to facilitate a share buy-back;

(ii) to facilitate conversion of debt securities;

(iii) to facilitate company restructuring process;

(iv) where a body corporate is removed from the Official List;

(v) to facilitate a rectification of any error; and

(vi) in any other circumstances as determined by Bursa Depository from time to time, after consultation with the SC.

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

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 are required to trade under the odd lot market. Settlement and payment of trades done on a "ready" basis on Bursa Securities generally takes place on the second (2nd) Market Day following the transaction date.

It is expected that our Shares will commence trading on Bursa Securities about 10 Market Days after the close of the IPO. Subscribers of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfer to other CDS Account in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

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

4.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Promoters are Ng Meng Thai, Cheah Hun Wah, Tan Chun Chiat and Bigcore Technology.

4.1.1 Shareholdings of our Promoters and substantial shareholders

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

Name	Nationality/ Country of incorporation	Before our IPO/ As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Promoters and substantial shareholders									
Ng Meng Thai	Malaysian	127,105,000	27.00	(iii)21,184,000	4.50	(iv)127,605,000	20.06	(iii)21,184,000	3.34
Cheah Hun Wah	Malaysian	133,689,600	28.40	(iii)21,184,000	4.50	(iv)134,189,600	21.09	(iii)21,184,000	3.34
Tan Chun Chiat	Malaysian	84,736,000	18.00	(iii)21,184,000	4.50	(iv)85,236,000	13.40	(iii)21,184,000	3.34
Promoter									
Bigcore Technology	Malaysia	21,184,000	4.50	-	-	21,184,000	3.34	-	-

Notes:

(i) Based on the total number of 470,721,000 Shares before our IPO/as at the LPD.

(ii) Based on the enlarged total number of 636,200,000 Shares after our IPO.

(iii) Deemed interest by virtue of his interest in Bigcore Technology pursuant to Section 8 of the Act.

(iv) Assuming full subscription of our IPO Shares reserved under the Pink Form Allocations.

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

Our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Company as all our Shares before and after our IPO are of the same class.

Save as disclosed above, there is no other person who, directly or indirectly, jointly or severally, exercises control over our Company as at the LPD. There is also no arrangement between our Company and our shareholders with any third party, which may, at a subsequent date, result in a change in control of our Company.

4.1.2 Profiles of our Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

(i) Ng Meng Thai

Ng Meng Thai, a Malaysian aged 59, is our Executive Director/Chief Executive Officer. He was appointed to our Board on 27 September 2021. He is responsible for overseeing our business functions as well as the strategic planning, formulation and implementation of our Group's business strategies.

He graduated from Universiti Sains Malaysia with a Bachelor of Engineering with Honours in Electronic Engineering in 1989. He also completed a Master of Business Administration from Royal Melbourne Institute of Technology (RMIT) in 2008.

Upon graduating from Universiti Sains Malaysia, he began his career as a Design Engineer at Hitachi Semiconductor (Malaysia) Sdn Bhd (now known as Renesas Semiconductor (Malaysia) Sdn Bhd), a company which is principally involved in the manufacture and sale of silicon transistors and IC, where he was responsible for designing and developing microcontroller ICs for electronic appliances such as CD players and remote controls. During his career with Hitachi Semiconductor (Malaysia) Sdn Bhd, he also had the opportunity to work alongside the design team in Japan.

After leaving Hitachi Semiconductor (Malaysia) Sdn Bhd in 1993, he joined Intel Microelectronics (M) Sdn Bhd, a company which is principally involved in R&D services performed for Intel and to operate the activities under the approved global service centre status, as Senior Engineer. He was responsible for designing microcontrollers and chipsets used in computing systems. During his tenure with Intel Microelectronics (M) Sdn Bhd, he was promoted several times before leaving Intel Microelectronics (M) Sdn Bhd in 2008. His last position held was Senior Design Manager where he was leading the CPU and chipset circuit design team which was involved in developing multiple generations of CPUs and chipsets covering various fabrication process nodes.

Subsequently, he joined Altera Corporation (M) Sdn Bhd (now part of Intel), a company which is principally involved in the design, research and develop components for the electronics industry and other related industry, as a Director (IC Engineering) in 2008. He was responsible for leading and overseeing the FPGA IC design team which was involved in delivering multiple generations of high-end, mid-range and low-cost FPGA chips. He left Altera Corporation (M) Sdn Bhd and incorporated Oppstar Technology in 2014.

With more than 25 years of experience in the IC design industry, he has the experience and in-depth understanding of the IC design industry. Building on his experience and industry knowledge, he plays an instrumental role in the growth and development of our Group. Under his leadership, our Group has grown from a team of 5 design engineers in 2014 to 217 engineers as at the LPD. He has also successfully expanded our customer network to include the overseas market.

As at the LPD, Ng Meng Thai also sits on the board of a private limited company as disclosed in Section 4.2.3 of this Prospectus.

(ii) Cheah Hun Wah

Cheah Hun Wah, a Malaysian aged 52, is our Executive Director/Chief Technology Officer. He was appointed to our Board on 21 January 2022. He is responsible for overseeing our Group's R&D activities, technology pathfinding as well as developing technology procedures to enhance our service offerings.

He graduated with a Higher National Diploma in Engineering (Electrical/Electronic) from Nottingham Trent University in 1994. He obtained a Bachelor of Engineering (Electrical/Electronic) from University of Lincoln in 2002. He also completed a Master of Science in Engineering Business Management from University of Warwick in 2011.

Upon graduating from Nottingham Trent University, he began his career as a Component Design Engineer at Intel Microelectronics (M) Sdn Bhd in 1994 where he was responsible for the back-end design activities for microcontrollers. During his tenure with Intel Microelectronics (M) Sdn Bhd, he was promoted several times with his last position held being the Senior Physical Design Engineering Manager. In his time at Intel Microelectronics (M) Sdn Bhd, he mainly focused on very large scale integration (VLSI) IC design, particularly in advanced back-end physical design in the auto place and route design domain. He was also leading the chipset physical design team which was involved in developing multiple generations of chipsets.

In 2012, he left Intel Microelectronics (M) Sdn Bhd and joined Altera Corporation (M) Sdn Bhd (now part of Intel) as a Senior Manager (Design Engineering). He was responsible for managing the back-end design teams for FPGA products and was involved in physical design and full IC integration for numerous products. In 2014, he left Altera Corporation (M) Sdn Bhd and joined Oppstar Technology as the Executive Director.

He is also our Chief Technology Officer where he is instrumental in the development of our Group towards being a complete IC design turnkey provider. He was also involved in the setting up of our subsidiaries, Oppstar Shanghai and Alpha Core as well as played a vital role in completing R&D in 2020 for an AI ASIC which involved ICs for AI and machine learning capabilities. He also serves as an Adjunct Professor at Collaborative Microelectronic Design Excellence Center, Universiti Sains Malaysia since 2021.

As at the LPD, Cheah Hun Wah also sits on the board of a private limited company as disclosed in Section 4.2.3 of this Prospectus.

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

(iii) Tan Chun Chiat

Tan Chun Chiat, a Malaysian aged 53 is our Executive Director/Chief Operating Officer. He was appointed to our Board on 21 January 2022. He is responsible for overseeing our day-to-day operational and administrative functions.

He graduated from Queen's University of Belfast with a Bachelor of Engineering (Electrical and Electronic Engineering) in 1992. He also completed a Master of Business Administration from University of Strathclyde in 2001.

In 1992, he began his career as a Quality Assurance Engineer at Conner Peripherals Sdn Bhd (changed its name to Perai Seagate Storage Products Sdn Bhd and was part of Seagate Technology Holdings Plc), a company which was principally involved in the manufacture and remanufacture of hard-disk drive and is currently dissolved. He was responsible for performing quality control functions through process controls and failure analysis as well as ensuring effectiveness and conformity of hard disc drives to ISO 9000/2 quality standards.

He left Conner Peripherals Sdn Bhd and joined Intel Technology Sdn Bhd, a company which is principally involved in assembling and testing of integrated semiconductor devices and the operation of warehousing services, as an Engineer in 1993. He was responsible for designing new generations of burn-in and test hardware for CPUs and chipsets. Subsequently, he served in various positions during his tenure with Intel Technology Sdn Bhd where he was leading a team involved in analysing tooling technology for high-speed microprocessors and chipsets testing as well as establishing new capabilities in high speed digital design, simulation and testing for electromagnetic interference. In addition, he was also involved in developing solutions for the next generation of computer laptop platform technology.

His last position held at Intel Technology Sdn Bhd was Department Manager for Assembly Test and Technology Development (Automation) for the Asia Pacific region (ATTD-Automation APAC). He was responsible for managing the software development engineering team, specialising in providing technology development in factory software automation solutions, equipment control, data analysis systems, yield management systems as well as solutions for capacity and productivity optimisation.

He left Intel Technology Sdn Bhd in 2015 and joined our Group as the Chief Operating Officer in the same year. Subsequently, in 2016, he became a Director of Oppstar Technology. He plays a vital role in assisting our Executive Director/Chief Executive Officer, Ng Meng Thai in implementing our business initiatives, particularly in the day-to-day operational functions as well as IT and human resource related matters.

As at the LPD, Tan Chun Chiat also sits on the board of a private limited company as disclosed in Section 4.2.3 of this Prospectus.

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

(iv) Bigcore Technology

Bigcore Technology was incorporated in Malaysia on 7 October 2021 under the Act as a private limited company. The principal activity of Bigcore Technology is investment holding.

As at the LPD, the issued capital of Bigcore Technology is RM3 comprising 3 ordinary shares.

As at the LPD, the directors of Bigcore Technology are Ng Meng Thai, Cheah Hun Wah and Tan Chun Chiat. The details of the shareholders and their respective shareholdings in Bigcore Technology are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Ng Meng Thai	Malaysian	1	33.33	-	-
Cheah Hun Wah	Malaysian	1	33.33	-	-
Tan Chun Chiat	Malaysian	1	33.33	-	-

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

4.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since the date of our incorporation on 27 September 2021 up to the LPD and after our IPO are as follows:

	As at 27 September 2021 (date of incorporation)				After the Acquisitions and as at the LPD			
	Direct		Indirect		Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**(i)%**	**No. of Shares**	**(i)%**
Promoters and substantial shareholders								
Ng Meng Thai	1	100.00	-	-	127,105,000	27.00	(iii)21,184,000	4.50
Cheah Hun Wah	-	-	-	-	133,689,600	28.40	(iii)21,184,000	4.50
Tan Chun Chiat	-	-	-	-	84,736,000	18.00	(iii)21,184,000	4.50
Promoter								
Bigcore Technology	-	-	-	-	21,184,000	4.50	-	-

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

Name	After our IPO			
	Direct		Indirect	
	No. of Shares	(ii)%	No. of Shares	(ii)%
Promoters and substantial shareholders				
Ng Meng Thai	(iv)127,605,000	20.06	(iii)21,184,000	3.34
Cheah Hun Wah	(iv)134,189,600	21.09	(iii)21,184,000	3.34
Tan Chun Chiat	(iv)85,236,000	13.40	(iii)21,184,000	3.34
Promoter				
Bigcore Technology	21,184,000	3.34	-	-

Notes:

(i) Based on the total number of 470,721,000 Shares after the Acquisitions and as at the LPD.

(ii) Based on the enlarged total number of 636,200,000 Shares after our IPO.

(iii) Deemed interest by virtue of his interest in Bigcore Technology pursuant to Section 8 of the Act.

(iv) Assuming full subscription of our IPO Shares reserved under the Pink Form Allocations.

4.1.4 Benefits paid or intended to be paid or given to our Promoters or substantial shareholders

Save for the following, there is no other amount or benefit that has been paid or intended to be paid or given to our Promoters or substantial shareholders within the two (2) years preceding the date of this Prospectus:

(i) the distribution of dividends to our Promoters and substantial shareholders are as follows:

	FYE 2021 RM'000	FYE 2022 RM'000
Promoters and substantial shareholders		
Ng Meng Thai	1,825	1,698
Cheah Hun Wah	1,825	1,698
Tan Chun Chiat	1,521	1,415

(ii) issuance of our Shares as consideration pursuant to the Acquisitions as set out in Section 5.1.1 of this Prospectus; and

(iii) aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities as set out in Section 4.2.4 of this Prospectus.

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

4.2 BOARD OF DIRECTORS

4.2.1 Shareholdings of our Directors

The details of our Directors and their respective shareholdings in our Company as at the LPD and after our IPO (assuming each of our Directors subscribes in full for their respective entitlements under the Pink Form Allocations as set out in Section 3.3.1(ii) of this Prospectus) are as follows:

	Before our IPO/ As at the LPD				After our IPO			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(i)%	No. of Shares	(i)%	No. of Shares	(ii)%	No. of Shares	(ii)%
Professor Datuk Ir.Ts. Dr. Siti Hamisah Binti Tapsir	-	-	-	-	650,000	0.10	-	-
Ng Meng Thai	127,105,000	27.00	(iii)21,184,000	4.50	127,605,000	20.06	(iii)21,184,000	3.34
Cheah Hun Wah	133,689,600	28.40	(iii)21,184,000	4.50	134,189,600	21.09	(iii)21,184,000	3.34
Tan Chun Chiat	84,736,000	18.00	(iii)21,184,000	4.50	85,236,000	13.40	(iii)21,184,000	3.34
Dato' Margaret Yeo	-	-	-	-	500,000	0.08	-	-
Foong Pak Chee	-	-	-	-	500,000	0.08	-	-
Dato' Dr. Mohd Sofi Bin Osman	-	-	-	-	500,000	0.08	-	-

Notes:

(i) Based on the total number of 470,721,000 Shares before our IPO/as at the LPD.

(ii) Based on the enlarged total number of 636,200,000 Shares after our IPO.

(iii) Deemed interest by virtue of his interest in Bigcore Technology pursuant to Section 8 of the Act.

Ng Meng Thai, Cheah Hun Wah and Tan Chun Chiat are representatives of Bigcore Technology.

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

4.2.2 Profiles of our Directors

The profiles of our Directors, save for Ng Meng Thai, Cheah Hun Wah and Tan Chun Chiat which are set out in Sections 4.1.2(i), (ii) and (iii) of this Prospectus respectively, are as follows:

(i) Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir

Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir, a Malaysian aged 62, is our Independent Non-Executive Chairman. She was appointed to our Board on 21 January 2022.

She graduated from Institut Teknologi Mara (now known as Universiti Teknologi Mara) with a Diploma in Civil Engineering in 1982 and completed her Bachelor of Science in Civil Engineering from New England College in 1984. Subsequently, in 1987, she obtained her Master of Science in Civil Engineering from University of Lowell (now known as University of Massachusetts Lowell), and later obtained her Doctor of Philosophy from University of Leeds in 1994. Thereafter, she completed an Advanced Management Program from Harvard Business School in 2014 and the Razak School of Government Senior Leadership Programme with SAID Business School, University of Oxford in 2015.

In addition, she has been a Professional Engineer of the Board of Engineers Malaysia since 2001, a Fellow member of the Institution of Engineers since 2007 and a Professional Technologist of the Malaysia Board of Technologists since 2017 and subsequently, in 2021, she was appointed as the President of the Malaysia Board of Technologists. In 2022, she was appointed as a member of the Institute of Corporate Directors Malaysia and a member of the Board of Governors for UCSI Hospital Sdn Bhd.

In 1987, she began her career as a lecturer at Universiti Teknologi Malaysia where she was responsible for conducting lectures, research and consultancy. During her tenure with Universiti Teknologi Malaysia, she held various positions which include, amongst others, Head of Laboratory, Associate Professor, Assistant Director, Programme Director, Dean and Deputy Vice Chancellor, where her responsibilities included lecturing, research, consultancy and management. Her last position held at Universiti Teknologi Malaysia was Campus Director of UTM International Campus.

In 2009, she was seconded to the Ministry of Higher Education ("**MoHE**") as the Deputy Director General (Department of Higher Education). She was subsequently promoted to be the Director General (Department of Higher Education) in 2016, where she was responsible for overseeing the planning, development and implementation of policies relating to both public and private universities.

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

In 2019, she transferred from the MoHE to the Ministry of Energy, Science, Technology, Environment and Climate Change (which subsequently changed its name to the Ministry of Science, Technology and Innovation ("**MOSTI**")) as the Secretary General where she was responsible for developing and overseeing the roll-out of national policies relating to energy, science, technology, innovation and climate change. Following the restructuring of the said ministry by the Government in March 2020, she continued to hold the position of Secretary General up until March 2021. In 2020, she was also appointed as Adjunct Professor of Universiti Teknologi Malaysia until her departure in 2021.

In 2021, she was re-appointed as the Secretary General of MOSTI on a 6-month contract basis, where she was responsible for overseeing the national agenda of science, technology and innovation cutting across all ministries. In addition, she was assigned to lead the roll-out of the COVID-19 Vaccination Plan under the COVID-19 Immunisation Task Force in Malaysia before her retirement.

Upon retiring from MOSTI, she joined UCSI University as the Group Chief Executive Officer and Vice Chancellor in 2021. She is responsible for overseeing the strategic agenda of the education, technology, hotels and travel segments as well as monitoring the performance and fiduciary duties of the UCSI group of companies. In 2022, she was appointed by the Ministry of Health of Malaysia as the chairman of the Healthcare Work Culture Improvement Task Force (HWCITF) to cover aspects of work culture as well as human resource management of health staff to ensure the delivery of quality and professional services. The task force has ended in August 2022.

As at the LPD, Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir also sits on the board of a private limited company and a public limited company as disclosed in Section 4.2.3 of this Prospectus.

(ii) Dato' Margaret Yeo

Dato' Margaret Yeo, a Malaysian aged 69, is our Independent Non-Executive Director. She was appointed to our Board on 21 January 2022.

She is a lawyer by profession with more than 40 years of experience in legal practice. She is a member of Lincoln's Inn, called to the English Bar in 1977.

In 1979, she was admitted as an advocate and solicitor of the High Court of Malaya. In 1985, she obtained a Master of Law from King's College London, University of London and was later admitted as an advocate and solicitor of the Supreme Court of Singapore in 1987. In 1989, she was elected to be a member of the Malaysian Bar Council.

She has been a registered trademark agent with Intellectual Property Corporation of Malaysia (MyIPO) since 2000 and a notary public appointed by the Attorney General of Malaysia since 2001.

In 1978, she began her career as a chambering student and then a legal assistant in the litigation department of Shook Lin & Bok in 1979, where she was involved in research, drafting pleadings and attending court on commercial claims and matrimonial cases.

In 1981, she joined Tan Sri Abdul Aziz & Ong as a legal assistant where she gained experience in conveyancing, commercial and merchant banking work. She later focused on banking and finance, in particular acting for the lead and other participating banks for syndicated loan documentation.

In 1986, she joined Messrs Yip Yeo & Nasrim as a Partner, where she was in charge of growth strategy and overseeing a team of lawyers in delivering conveyancing, banking and finance, commercial litigation, family and intellectual property work. She was also involved in coordinating and liaising with relevant government authorities. Messrs Yip Yeo & Nasrim (Kuala Lumpur) had several name changes over the years. In 2006, she sold her share in the partnership then named Messrs Yeo Ainie Rubiah which later assumed its present name of Messrs Yeo Tan Othman. Since then, she has remained as a Consultant of Messrs Yeo Tan Othman, where she is practising law and responsible for providing advisory services on the firm's business strategy.

As at the LPD, Dato' Margaret Yeo also sits on the board of several private limited companies as disclosed in Section 4.2.3 of this Prospectus.

(iii) Foong Pak Chee

Foong Pak Chee, a Malaysian aged 54, is our Independent Non-Executive Director. He was appointed to our Board on 21 January 2022.

He graduated from Universiti Kebangsaan Malaysia with a Bachelor of Economics in 1993. He has been a Chartered Accountant of the Malaysian Institute of Accountants since 1997.

In 1993, he began his career as an Audit Assistant at PriceWaterhouse (now known as Pricewaterhouse Coopers), an accounting firm which is principally involved in providing accounting, assurance, consulting and tax services, where he was responsible for providing audit services to the company's customers. He subsequently held the position of Audit Senior before leaving in 1997. Subsequently, he joined Commerce International Merchant Bankers Berhad (CIMB) as an Executive (Corporate Finance department), where he was involved in corporate finance related matters including initial public offerings. His last position held in CIMB was Manager (Corporate Finance department) when he left in 2001.

In 2001, he joined Octagon Consolidated Berhad, an investment holding company and through its group of companies are principally involved in manufacturing of industrial paints, as the Head, Internal Audit/ Corporate Services (General Manager), where he was primarily responsible for planning and executing annual audit plans as well as providing assurance that business and operations are in compliance with the group's policies and procedures. He left Octagon Consolidated Berhad and joined MAVCAP Debt Ventures Berhad (now known as Malaysia Debt Ventures Berhad), a company which is principally involved in the provision of financing facilities to the information and communication technology and other emerging technology sectors, as Finance Manager in 2002, where he was responsible for assessing credit proposals.

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

In 2004, he joined KIC Oil & Gas Sdn Bhd, a company which is principally involved in the provision of management services to KIC Oil & Gas Sdn Bhd group of companies which are involved in the provision of storage services and trading of petroleum products, as the Vice President (Corporate Finance department) and was redesignated to Chief Financial Officer in 2006. As the Chief Financial Officer, he was responsible for overseeing the company's accounting and finance functions.

In 2012, he left KIC Oil & Gas Sdn Bhd and founded Accentus Advisory Sdn Bhd (which name was changed to Accentus Consulting Sdn Bhd in 2012 and was subsequently converted into Accentus Consulting PLT in 2014) which was principally involved in the provision of professional corporate and general consultancy services. Accentus Consulting PLT is currently dormant.

In 2015, he joined SIPP Energy Sdn Bhd, a company which is principally involved in the development of a combined cycle power plant, as the Chief Executive Officer where he was responsible for overseeing the company's business functions as well as negotiating with the Energy Commission for the development of a 1,440 megawatt combined cycle gas turbine power plant in Johor. He left SIPP Energy Sdn Bhd in 2017.

In 2017, he joined O2 Management Services Sdn Bhd, a company which is principally involved in providing management services such as human resources consulting, payroll administration and business consulting and trainings, as the General Manager (Corporate Services) where he was responsible for providing management services to the company's customers. Subsequently, in 2021, he joined O3 Corporate Services Sdn Bhd, a company which is principally involved in providing business management consultancy services, as General Manager (Corporate Services) and was later promoted to Senior General Manager (Corporate Services) in 2022 where he is responsible for providing corporate consultancy services to the company's customers.

As at the LPD, save for the partnership as disclosed in Section 4.2.3 of this Prospectus, Foong Pak Chee does not hold any directorship in any other public listed companies or private limited companies.

(iv) Dato' Dr. Mohd Sofi Bin Osman

Dato' Dr. Mohd Sofi Bin Osman, a Malaysian aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 27 June 2022.

He graduated from University of Strathclyde with a Bachelor of Science in Mechanical Engineering in 1986. In 2006, he graduated with a Doctor of Business Administration from American Heritage University and was conferred an Honorary Doctor of Philosophy in Business Administration by Akamai University. In 2019, he was conferred the Honorary Degree of Doctor of Engineering by UniMAP. Subsequently, in 2022, he was conferred the Honorary Degree of Doctor of Philosophy of Mechanical Engineering by Universiti Tun Hussein Onn Malaysia ("**UTHM**").

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

Dato' Dr. Mohd Sofi Bin Osman began his career as an Engineer at Advanced Micro Devices Sdn Bhd ("**AMD**"), a company which is principally involved in providing high-performance and adaptive processor technologies, combining CPUs, graphics processing units (GPUs) and FPGAs, in 1986. During his 25-year career with AMD, he was involved in major initiatives such as transforming the assembly and test facility into state-of-the-art manufacturing and transitioning new technology for the company. He was also responsible for managing the operations of the site and planning for future requirements in terms of talent and technology for the Penang operations. In 2002, he was granted a patent in the field of semiconductor manufacturing process and this patent has since expired in 2019. He held the position of Managing Director of AMD for Penang operations and Corporate Vice President of the group prior to his leaving in 2011. Under his leadership, AMD has been the recipient of numerous awards including Lean Award from Porsche Consulting, the Prime Minister Hibiscus Award for environmental protection, the National Health and Safety Award and the Ansted Social Responsibility Award.

In 2012, he joined Altera Corporation (M) Sdn Bhd (now part of Intel) as the Vice President of Operations. His last position held in Altera Corporation (M) Sdn Bhd (now part of Intel) was the Managing Director and Vice President of Worldwide Operations and Engineering, where he was responsible for leading the Worldwide Operations and Engineering activities. He retired from Altera Corporation (M) Sdn Bhd (now part of Intel) in 2016.

In 2018, he came out of retirement and joined Lumileds Malaysia Sdn Bhd, a company which is principally involved in manufacturing and sale of light emitting diodes based lighting products, as the Managing Director and Vice President for Penang operations, where he was responsible for the overall management and operations of Lumileds Malaysia Sdn Bhd. He left Lumileds Malaysia Sdn Bhd in 2020.

He was the former Chairman of Penang Skills Development Centre (PSDC) from 2005 to 2011. He was also the President of the Free Industrial Zone Penang Company Association (Frepenca) from 2006 to 2008. He was a former board member of Collaborative Research in Engineering, Science and Technology ("**CREST**") in 2013 and was subsequently appointed to be an adviser in 2016 where he held this position until today. He also served as a member of the Penang SME Centre Management Council for a period of nine (9) months in 2012, a member of Tech Dome Penang STEM Advisory Panel from 2017 to 2018 and the Chairman of MIMOS Semiconductor (M) Sdn Bhd from 2018 to 2021.

In 2006, Dato' Sofi was appointed to the board of directors of Kolej Universiti Kejuruteraan Utara Malaysia (KUKUM) (which subsequently changed its name to UniMAP) and subsequently, in 2017, he was appointed as the chairman of the board of directors of UniMAP until 2018. He was also appointed as the chairman of the board of directors of UTHM from 2018 to 2020, an Adjunct Professor at Universiti Teknologi Mara (UiTM) from 2017 to 2019 and a member of CEO Faculty Programme by Ministry of Education from 2015 to 2017 as well as 2019 to 2020.

He is currently an Adjunct Professor at the Institute of Nano Optoelectronics Research and Technology (INOR), Universiti Sains Malaysia, since 2021.

As at the LPD, Dato' Dr. Mohd Sofi Bin Osman does not hold any directorship in any other public listed companies or private limited companies.

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

4.2.3 Involvement of our Directors in other principal business activities outside our Group

The principal business activities performed by our Directors outside our Group as at the LPD and their present directorships in companies outside our Group and in the past five (5) years preceding the LPD are as follows:

(a) Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Present involvement:			
Kumpulan Kitacon Berhad	Investment holding company with its subsidiary is principally involved in the provision of construction services	Independent Non-Executive Chairperson	
Malaysian Industry-Government Group for High Technology	To prospect and promote the process of development for industries through the strategic application of science and technology, for the benefit of the socio-economic development of Malaysia	Director	-
Previous involvement:			
Malaysian Technology Development Corporation Sdn Bhd	Venture capital activities, management of government grants, technology incubation management and technology support services	Director (ceased directorship on 15 September 2021)	-
Malaysia Venture Capital Management Berhad	To establish, administer and manage venture capital for information and technology ("**ICT**") and venture funds other than for ICT as well as to carry out activities related to venture capital management	Director (ceased directorship on 15 September 2021)	-

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
MIMOS Berhad	Research and development in the field of information and communication technologies	Director (ceased directorship on 15 September 2021)	-
Mranti Corporation Sdn Bhd (formerly known as Technology Park Malaysia Corporation Sdn Bhd)	Provision of infrastructure, facilities and services as well as to lend and advance money or give credit to such persons or companies on such terms	Director (ceased directorship on 15 September 2021)	-
Unitem Sdn Bhd	Open university and distance learning courses	Director (ceased directorship on 29 January 2019)	-
Yayasan Inovasi Malaysia	To develop and promote creative skills in the fields of science and technology, nurture and support scientific innovation as well as conduct educational and awareness programmes	Director (ceased directorship on 15 September 2021)	-

(b) Ng Meng Thai

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Present involvement:			
Bigcore Technology	Investment holding (holding shares of our Company)	Director	Shareholder with approximately 33.33% equity interest
Previous involvement:			
Silicon One Sdn Bhd	Architectural and engineering activities and related technical consultancy	Director (ceased directorship on 20 December 2021)	-

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

(c) Cheah Hun Wah

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Present involvement:			
Bigcore Technology	Investment holding (holding shares of our Company)	Director	Shareholder with approximately 33.33% equity interest

(d) Tan Chun Chiat

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Present involvement:			
Bigcore Technology	Investment holding (holding shares of our Company)	Director	Shareholder with approximately 33.33% equity interest

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

(e) Dato' Margaret Yeo

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Present involvement:			
Cindai Sepakat Sdn Bhd	General trading	Director	-
Indotiara Sdn Bhd	Property investment	Director	-
Maestro Swiss Chocolate Sdn Bhd	Manufacturing, supplying and distributing chocolates and other chocolate related products	Director	-
Maestro Swiss Cocoa Sdn Bhd	Beverage products for cocoa powder, cocoa butter, cocoa cakes and cocoa massa	Director	-
Maestro Swiss Corporation (M) Sdn Bhd	Chocolate related products business	Director	-
Maestro Swiss Food Sdn Bhd	Manufacturing malt based beverage and chocolate drink powder	Director	-
Maestro Swiss Holdings (M) Sdn Bhd	Investment holdings in shares	Director	-
Maestro Swiss Industries Sdn Bhd	Manufacturing, selling finished products and procurement of materials, human resources functions payroll, recruitment etc	Director	-
Maestro Swiss Land I Sdn Bhd	Property ownership	Director	-
Maestro Swiss Land II Sdn Bhd	Property investment	Director	-
Maestro Swiss Land III Sdn Bhd	Property investment	Director	-

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

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Maestro Swiss Land IV Sdn Bhd	Property investment	Director	-
Maestro Swiss Land V Sdn Bhd	Real estate activities with own or leased property	Director	-
Maestro Swiss Land VI Sdn Bhd	Real estate activities with own or leased property	Director	-
Maestro Swiss Land VII Sdn Bhd	Real estate activities with own or leased property	Director	-
Maestro Swiss Management Services Sdn Bhd	Management services and human resources recruitment	Director	-
Maestro Swiss Products Sdn Bhd	Manufacturing, supplying and distributing sugar confectionery and water biscuits	Director	-
Messrs. Yeo Tan Othman	Provision of legal services	-	Consultant
Minsoon Motors Sdn Bhd	Trading in automotive accessories and autoparts	-	Shareholder with 12.50% equity interest
Perumahan Sukaria Sdn Bhd	Investment in properties and shares	Director	Shareholder with 2.50% equity interest
Plugs & Points Industries Sdn Bhd	Property investment holdings	-	Shareholder with approximately 3.13% equity interest
Regal Distribution Services (M) Sdn Bhd	Distribution of consumer products	Director	Shareholder with 100.00% indirect equity interest by virtue of her shareholding in Regal Marketing & Trading Sdn Bhd pursuant to Section 8 of the Act
Regal Marketing & Trading Sdn Bhd	Business of promoting consumer products	Director	Shareholder with 50.00% equity interest

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

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Yatee Holdings Sdn Bhd	Investment holdings of shares	Director	Shareholder with approximately 10.00% equity interest
Yatee & Sons Sdn Bhd	Share and property investment holdings	-	Shareholder with 5.00% equity interest
Previous involvement:			
Absocap Holdings Sdn Bhd	Activities of real estate agents and brokers for buying, selling and renting of real estate	Director (ceased directorship on 4 November 2021)	-
SES Environmental Services Sdn Bhd	Dissolution (dissolved on 21 June 2018) (Previously involved in investment holding of shares)	Director (Deemed ceased directorship as at the dissolution date on 21 June 2018)	-

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

(f) Foong Pak Chee

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Present involvement:			
Accentus Consulting PLT	Dormant (Previously involved in the provision of professional corporate and general consultancy services)	-	Partner with 99.99% equity interest
Previous involvement:			
Wondrous Vista Development Sdn Bhd	Real estate activities with own or leased property	Director (ceased directorship on 18 March 2019)	-

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

(g) Dato' Dr. Mohd Sofi Bin Osman

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Present involvement:			
3LYON Holdings Berhad	Investment holding company which provides consumer and corporate financing and investments in high growth industries, real estate and lifestyle businesses	-	Preference shareholder with 0.18% equity interest in the preference share capital
Kuber Venture Berhad	Investment holding company which provides Islamic consumer and corporate financing and invests in organisations that believes in the environmental, social and governance (ESG) criteria as set of standards for a company's operations.	-	Preference shareholder with 1.02% equity interest in the preference share capital
Previous involvement:			
Lumileds Malaysia Sdn Bhd	Manufacture and sale of light emitting diodes (LEDS) based lighting products	Director (ceased directorship on 1 January 2020)	-
MIMOS Semiconductor (M) Sdn Bhd	A wholly-owned subsidiary of MIMOS Berhad, principally involved in the provision of management and semiconductor wafer fabrication services, nano fabrication services, failure analysis services, product development, technology monetisation and investment	Director (ceased directorship on 7 June 2021)	-
Unimap Holdings Sdn Bhd	A wholly owned subsidiary of Universiti Malaysia Perlis to carry on business in education and corporate consultancy, general trading and services, and investment holding company	Director (ceased directorship on 14 December 2017)	-

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

Our Executive Directors are not involved in any business activities outside our Group save for Bigcore Technology which is an investment holding company holding shares of our Company. As such, their involvement will not affect their ability to perform their roles and responsibilities as well as their contributions to our Group.

The involvement of our Independent Non-Executive Directors in other business activities outside our Group, will not affect their contributions to our Group as our Independent Non-Executive Directors' involvement in our Company is to the extent of attending meetings and discharging their responsibilities as independent directors.

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

4.2.4 Remuneration and material benefits-in-kind of our 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 to us in their capacities to our Group for the FYEs 2022 and 2023 are as follows:

FYE 2022 (Actual):

Name	Directors' fees RM'000	Salaries RM'000	Bonuses RM'000	Allowances and benefits-in-kind RM'000	Other emoluments[ii] RM'000	Total RM'000
Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir	14[i]	-	-	-	-	14
Ng Meng Thai	-	369	38	84	57	548
Cheah Hun Wah	-	327	78	84	56	545
Tan Chun Chiat	-	308	30	85	47	470
Dato' Margaret Yeo	11[i]	-	-	-	-	11
Foong Pak Chee	11[i]	-	-	-	-	11
Dato' Dr. Mohd Sofi Bin Osman	-	-	-	-	-	-

FYE 2023 (Proposed):

Name	Directors' fees RM'000	Salaries RM'000	Bonuses[iv] RM'000	Allowances and benefits-in-kind RM'000	Other emoluments[ii] RM'000	Total RM'000
Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir	78	-	-	-	-	78
Ng Meng Thai	-	430	54	154	66	704
Cheah Hun Wah	-	391	51	154	62	658
Tan Chun Chiat	-	324	41	154	51	570
Dato' Margaret Yeo	60	-	-	-	-	60
Foong Pak Chee	60	-	-	-	-	60
Dato' Dr. Mohd Sofi Bin Osman	46[iii]	-	-	-	-	46

Notes:

(i) Appointed as our Independent Non-Executive Directors on 21 January 2022 and hence, the total is computed on a pro-rata basis.

(ii) These comprise contributions to employee's provident fund ("**EPF**"), social security organisation ("**SOCSO**") and employee insurance scheme.

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

(iii) Appointed as our Independent Non-Executive Director on 27 June 2022 and hence, the total is computed on a pro-rata basis.

(iv) The final bonus will be determined later based on the individual's performance as well as our Group's business performance and cash flows at the time of assessment.

The remuneration of our Directors must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees must be further approved/endorsed by our shareholders at a general meeting.

4.3 BOARD PRACTICES

Our Board is responsible for leading and managing our Company in an effective and responsible manner and all our Directors have an equal responsibility for our operations and corporate accountability.

With the limit set by our Constitution, our Board is responsible for the governance and management of our Company, which include reviewing and adopting a strategic plan and direction for our Group, overseeing the conduct and performance of our Group's businesses to evaluate whether our businesses are being properly managed, identifying our Group's principal risks and ensuring the implementation of appropriate internal controls and mitigation measures, establishing a succession plan for our senior management, as well as reviewing the adequacy and the integrity of the management information and internal controls system of our Group.

4.3.1 Term of office of our Board

The details of our Directors, all of whom are Malaysians, the expiration of each of their current term of office and the period they have served in office as at the LPD are as follows:

Name	Age	Designation	Date of appointment	Date of expiration of the current term of office	Approximate no. of years in office up to the LPD
Professor Datuk Ir. Ts. Dr. Siti Hamisah Binti Tapsir	62	Independent Non-Executive Chairman	21 January 2022	Shall retire at our AGM to be held in 2025	One (1) year
Ng Meng Thai	59	Executive Director/ Chief Executive Officer	27 September 2021	Shall retire at our AGM to be held in 2023	Two (2) years
Cheah Hun Wah	52	Executive Director/ Chief Technology Officer	21 January 2022	Shall retire at our AGM to be held in 2024	One (1) year
Tan Chun Chiat	53	Executive Director/ Chief Operating Officer	21 January 2022	Shall retire at our AGM to be held in 2025	One (1) year
Dato' Margaret Yeo	69	Independent Non-Executive Director	21 January 2022	Shall retire at our AGM to be held in 2024	One (1) year

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

Name	Age	Designation	Date of appointment	Date of expiration of the current term of office	Approximate no. of years in office up to the LPD
Foong Pak Chee	54	Independent Non-Executive Director	21 January 2022	Shall retire at our AGM to be held in 2023	One (1) year
Dato' Dr. Mohd Sofi Bin Osman	62	Independent Non-Executive Director	27 June 2022	Shall retire at our AGM to be held in 2025	Less than one (1) year

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("**MCCG**") which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture.

Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively.

Our Board is committed to achieving and sustaining high standards of corporate governance and we have considered the additional best practices and guidance set out in the MCCG which includes the non-involvement of our Chairman in our Audit and Risk Management Committee, Nomination Committee and/or Remuneration Committee and for the Company to have at least 30% women directors on our Board.

As at the LPD, our Board comprises two (2) females out of seven (7) members, which represents 28.57% of our Board, and is a departure from Practice Note 5.9 of the MCCG. We shall use our best endeavours to identify suitable women candidate(s) to the Board and ensure that the composition of the Board comprises at least 30% of women directors within two (2) years from the date of our Listing.

4.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was formed by our Board on 21 January 2022. The members of our Audit and Risk Management Committee consist of the following:

Name	Designation	Directorship
Foong Pak Chee	Chairman	Independent Non-Executive Director
Dato' Dr. Mohd Sofi Bin Osman	Member	Independent Non-Executive Director
Dato' Margaret Yeo	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee undertakes, amongst others, the following functions:

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

External audits

(i) To review with the external auditors, the audit report, the nature and scope of their audit plan and report the same to our Board;

(ii) To review with the external auditors, their audit report and evaluation of accounting policies and systems of internal controls and report the same to our Board;

(iii) To review internal audit findings and the management's responses or action plans, including the status of the previous audit recommendations;

(iv) To review the assistance given by employees of our Group to the external auditors;

(v) To review and report the same to our Board any letter of resignation from the external auditors of our Company as well as whether there is any reason (supported by grounds) to believe that our Company's external auditors are not suitable for re-appointment;

(vi) To make recommendations concerning the appointment of the external auditors and their remuneration to our Board;

(vii) To review the non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the external auditors' firm; and

(viii) To assess the suitability, objectivity and independence of the external auditor, taking into consideration:

  (a) the competence, audit quality and resource capacity of the external auditor in relation to the audit;

  (b) the nature and extent of the non-audit fees rendered and the appropriateness of the level of fees; and

  (c) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the term of all relevant profession and regulatory requirements.

Internal audits

(i) to review and report to our Board the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(ii) to review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken by management on the recommendations;

(iii) to review any appraisal or assessment of the performance of members of the internal audit function;

(iv) to approve any appointment or termination of senior staff members of the internal audit function, if the internal audit function is performed in-house;

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

(v) to take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning, if the internal audit function is performed in-house; and

(vi) to ensure the person responsible for the internal audit reports directly to our Audit and Risk Management Committee.

Financial reporting

(i) to review quarterly results and year-end financial statements prior to the approval of our Board, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;

(b) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters addressed; and

(c) compliance with accounting standards and other legal requirements.

Others

(i) to review any related party transactions and conflict of interest situations that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(ii) to review and verify the allocation of shares or options to employees under employees' share option scheme;

(iii) to report any breach of listing requirements, which have not been satisfactory resolved to Bursa Securities;

(iv) to review with management, the primary elements comprising our Company's risk culture, including establishing "a tone from the top" that reflects our Company's core values and the expectation that employees act with integrity and promptly escalate non-compliance in and outside of our Company; accountability mechanisms designed to ensure that employees at all levels understand our Company's approach to risk as well as its risk-related goal;

(v) to review with management, our Company's risk appetite and risk tolerance and assess whether our Company's strategy is consistent with the agreed-upon risk appetite and tolerance for our Company;

(vi) to maintain and establish a clear framework to hold management accountable for building and maintaining an effective risk appetite framework and providing the Board with regular, periodic reports on our Company's risk status;

(vii) to review with management, the design of our Company's risk management functions, as well as the qualifications and backgrounds of senior risk personnel and the policies applicable to risk management, to assess whether they are appropriate given our Company's size and scope of operations;

(viii) to oversee the conduct and review the results of company-wide risk assessments, including the identification and reporting of critical risks;

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

(ix) to review with management, the categories of risk our Company faces, including any risk concentrations and risk interrelationships, as well as the likelihood of occurrence, the potential impact of those risks, mitigating measures and action plans to be employed if a given risk materialises;

(x) to review with management, the ways in which risk is measured on an aggregate, company-wide basis, the setting of aggregate and individual risk limits (quantitative and qualitative, as appropriate), the policies and procedures in place to hedge against or mitigate risks and the actions to be taken if risk limits are exceeded;

(xi) to review with management, the assumptions and analysis underpinning the determination of our Company's principal risks and whether adequate procedures are in place to ensure that new or materially changed risks are properly and promptly identified, understood and accounted for in the actions of our Company;

(xii) to review management's implementation of its risk policies and procedures, to assess whether they are being followed and are effective;

(xiii) to provide advice to our Board on risk strategies and coordinate the activities of the various standing Board Committees for risk oversight;

(xiv) to review internal systems of formal and informal communication across divisions and control functions to encourage the prompt and coherent flow of risk-related information within and across business units and, as needed, the prompt escalation of information to senior management (and to the Board or Board Committees as appropriate). Review reports from management, Independent Auditors, Internal Auditors, legal counsel, regulators, stock analysts and outside experts as considered appropriate regarding risks the Company faces and our Company's risk management function, and consider whether, based on each individual Director's experience, knowledge and expertise, the Board or Committee primarily tasked with carrying out the Board's risk oversight function is sufficiently equipped to oversee all facets of the Company's risk profile including specialised areas such as cybersecurity and determine whether subject-specific risk education is advisable for such Directors;

(xv) to review our Company's internal control and risk management framework, policies, processes, responsibilities and actions and assess whether any changes to be made;

(xvi) to solicit feedback on the adequacy and effectiveness of risk management and internal control from our Executive Directors, management, Internal Auditors and External Auditors at least annually; and

(xvii) to review the statement on risk management and internal control in our Company's annual report to ensure relevant information as prescribed in the Listing Requirements.

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

4.3.3 Nomination Committee

Our Nomination Committee was formed by our Board on 21 January 2022. The members of our Nomination Committee consist of the following:

Name	Designation	Directorship
Dato' Margaret Yeo	Chairman	Independent Non-Executive Director
Dato' Dr. Mohd Sofi Bin Osman	Member	Independent Non-Executive Director
Foong Pak Chee	Member	Independent Non-Executive Director

Our Nomination Committee undertakes, amongst others, the following functions:

(i) to propose, consider and recommend to our Board suitable persons for appointment as Directors of the Company;

(ii) to recommend to our Board, candidates to fill the seats on Board committees;

(iii) to assist our Board to review on an annual basis the required mix of skills, independence and experiences and other qualities, including core competencies, which non-executive Directors should bring to our Board;

(iv) to assess on an annual basis on the effectiveness of our Board as a whole, the committees of our Board and contribution of each individual Director including Chairman of our Board, Independent Non-Executive Directors, as well as the Chief Executive Officer, the Chief Operating Officer and the Chief Technology Officer. All assessment and evaluations carried out by the committee in the discharge of all its functions should be properly documented;

(v) to review the tenure of each Director with an aim to ensure that the composition of our Board is refreshed periodically;

(vi) to lead the succession planning and oversee the development of a diverse pipeline for our Board and management succession, including the future chairman of our Board, executive Directors and Chief Executive Officer;

(vii) to assess the skill gaps of our Directors and recommend appropriate training and development programmes for our Directors; and

(viii) to review the term of office and performance of our Audit and Risk Management Committee and each of its members annually to determine whether our Audit and Risk Management Committee and members have carried out their duties in accordance with their terms of reference.

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

4.3.4 Remuneration Committee

Our Remuneration Committee was formed by our Board on 21 January 2022. The members of our Remuneration Committee consist of the following:

Name	Designation	Directorship
Dato' Dr. Mohd Sofi Bin Osman	Chairman	Independent Non-Executive Director
Dato' Margaret Yeo	Member	Independent Non-Executive Director
Foong Pak Chee	Member	Independent Non-Executive Director

Our Remuneration Committee undertakes, amongst others, the following functions:

(i) to set, review, recommend and advise the policies and procedures on all elements of the remuneration of our Directors and key senior management;

(ii) to review and recommend to our Board the remuneration packages of executive Directors and key senior management including, where appropriate, bonuses, incentive, benefits-in-kind, severance payments, any grant of entitlement under share scheme based on the merit, qualification and competence while having regard to the operating results, individual performance and comparable market statistics;

(iii) to review and recommend to our Board the remuneration packages of Non-Executive Directors, which shall subject to shareholders' approval at the annual general meeting, based on the level of expertise, commitment and responsibilities undertaken; and

(iv) to review and assess the adequacy and relevance of the remuneration policies and procedures annually and recommend any changes it considers necessary to our Board.

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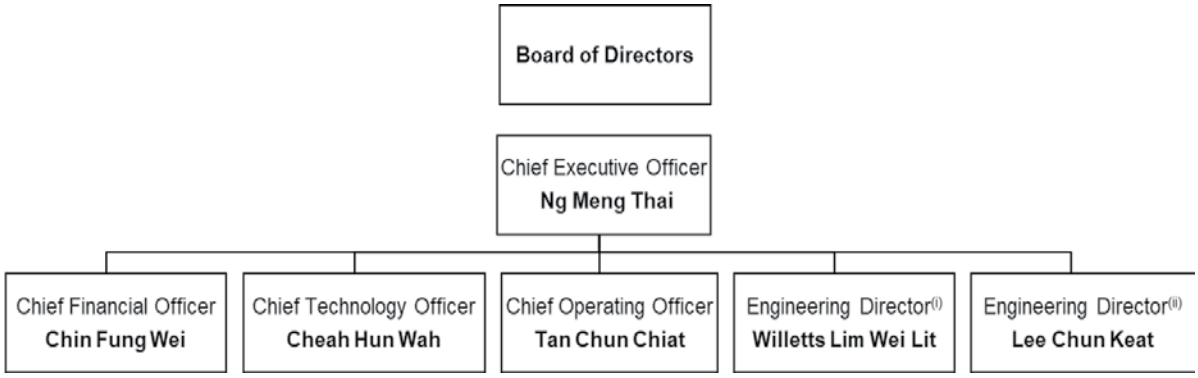
4. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(CONT'D)*

4.4 MANAGEMENT REPORTING STRUCTURE

The following chart illustrates the management reporting structure of our Group:



Notes:

(i) He is responsible for overseeing and managing our back-end design operations.

(ii) He is responsible for overseeing and managing our front-end design operations as well as the operations of AIRIS Labs.

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4.5 KEY SENIOR MANAGEMENT

4.5.1 Shareholdings of our Key Senior Management

Save for the shareholdings of Ng Meng Thai, Cheah Hun Wah and Tan Chun Chiat, being our Executive Directors/Chief Executive Officer, Executive Director/Chief Technology Officer and Executive Director/Chief Operating Officer respectively which have been set out in Section 4.2.1 of this Prospectus, the details of our Key Senior Management and their respective shareholdings in our Company as at the LPD and after our IPO (assuming each of our Key Senior Management subscribe in full for their respective entitlements under the Pink Form Allocations as set out in Section 3.3.1(ii) of this Prospectus) are as follows:

		Before our IPO/ As at the LPD				After our IPO			
		Direct		Indirect		Direct		Indirect	
Name	**Designation**	**No. of Shares**	**(i)%**	**No. of Shares**	**(i)%**	**No. of Shares**	**(ii)%**	**No. of Shares**	**(ii)%**
Chin Fung Wei	Chief Financial Officer	21,654,400	4.60	-	-	22,154,400	3.48	-	-
Willetts Lim Wei Lit	Engineering Director	21,184,000	4.50	-	-	21,684,000	3.41	-	-
Lee Chun Keat	Engineering Director	21,184,000	4.50	-	-	21,684,000	3.41	-	-

Notes:

(i) Based on the total number of 470,721,000 Shares before our IPO/as at the LPD.

(ii) Based on the enlarged total number of 636,200,000 Shares after our IPO.

None of our Key Senior Management are representatives of any corporate shareholder.

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

4.5.2 Profiles of our Key Senior Management

The profiles of our other Key Senior Management are as follows:

(i) Chin Fung Wei

Chin Fung Wei, a Malaysian aged 50, is our Chief Financial Officer. He is responsible for overseeing the accounting and finance functions of our Group.

He graduated from Universiti Utara Malaysia with a Bachelor of Business Administration with Honours in 1997.

In 1997, he began his career as an Executive at Hong Leong Bank Berhad, where he was responsible for marketing corporate loans and conducting credit analysis. He left Hong Leong Bank Berhad in the same year. In 1998, he joined Shamsir Jasani Cheng Consultants Sdn Bhd (now known as Grant Thornton Consulting Sdn Bhd), a company which is principally involved in providing management and corporate advisory consultancy, as a Consultant, where he was responsible for providing advisory services on financial and corporate recovery matters.

He left Shamsir Jasani Cheng Consultants Sdn Bhd in 2000 and joined AsiaStockWatch.com Sdn Bhd, a company which was principally involved in providing stock analysis for companies listed on Bursa Securities and is currently dissolved, as an Investment Analyst for the banking and insurance sectors. He left AsiaStockWatch.com Sdn Bhd in 2001 and joined TGN Dataworks Sdn Bhd, a company which is principally involved in providing computer applications and related services, as the Vice President in the research department. He was leading a team of analysts in collecting and analysing financial data for listed companies overseas, particularly in the USA.

In 2003, he joined Malaysia Debt Ventures Berhad as a Credit Analyst, where he was responsible for providing client account management and credit support for technology companies. He left Malaysia Debt Ventures Berhad and joined ACN System Solutions Sdn Bhd, a company which is principally involved in the dealing of computer products and network solutions, in 2007 as the Chief Operating Officer. He was responsible for overseeing the operations, covering finance, accounting and corporate structuring matters. In the same year, he left ACN System Solutions Sdn Bhd and joined Select-TV Solutions Sdn Bhd, a company which is principally involved in the provision of interactive entertainment systems, interactive application solutions, sale of information technology and networking products, as the Executive Vice President of Finance. He was responsible for overseeing the finance, accounting and corporate structuring matters.

He then joined Hicom Holdings Bhd (a subsidiary of DRB-HICOM Berhad), a company which is principally involved in providing management services to companies within the group, in 2013 as a Senior Manager (Corporate Planning Division), where he was responsible for the corporate finance and restructuring of the companies within the group. Subsequently, in the same year, he joined CREST as a Senior Manager, Head of Market Engagement Department and was then promoted to Vice President of Market and Industry Development Department in 2015. During his tenure in CREST, he was leading a team involved in providing assistance to grow Malaysian companies in the electrical and electronics industry.

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

In 2019, he joined our Group and assumed his current position.

As at the LPD, Chin Fung Wei does not hold any directorship in any other public listed companies or private limited companies.

(ii) Willetts Lim Wei Lit

Willetts Lim Wei Lit, a Malaysian aged 50, is our Engineering Director (Back-End Design). He is responsible for overseeing and managing our back-end design team.

He graduated with a Higher National Diploma in Engineering (Electrical/Electronic) from Nottingham Trent University in 1995. He also obtained a Bachelor of Engineering (Electrical/Electronic) from University of Lincoln in 2002.

In 1995, he began his career as a Mask Designer at Intel Microelectronics (M) Sdn Bhd where he was responsible for layout and full-chip design. In his time at Intel Microelectronics (M) Sdn Bhd, he was promoted several times. His last position held was a Very Large Scale Integration (VLSI) Graphic Engineer, where he was responsible for leading a team in the project execution and delivery for analogue, digital and physical design for ICs.

In 2012, he left Intel Microelectronics (M) Sdn Bhd and joined Altera Corporation (M) Sdn Bhd (now part of Intel) as a Principal Engineer (Physical Design). He was responsible for FPGA and SoC full chip designs as well as focusing on back-end design flow technologies and execution. In addition, he was also involved in liaising with design teams in the USA for the design project collaborations and strategising on methodologies for upcoming design projects. After the acquisition of Altera Corporation (M) Sdn Bhd by Intel, he was also responsible for FPGA and SoC full chip designs as well as back-end design flow technologies and execution. He left in 2017 and provided IC design services to Oppstar Technology on a freelance basis.

Subsequently, in 2018, he joined our Group and assumed his current position.

As at the LPD, Willetts Lim Wei Lit does not hold any directorship in any other public listed companies or private limited companies.

(iii) Lee Chun Keat

Lee Chun Keat, a Malaysian aged 52, is our Engineering Director (Front-End Design). He is responsible for overseeing and managing our front-end design operations as well as the operations of AIRIS Labs.

He graduated from University of Malaya with a Bachelor of Engineering (Hons) in Electrical in 1996.

In 1996, he began his career as a Design Engineer at Intel Microelectronics (M) Sdn Bhd, where he was responsible for designing and validating microcontroller projects. Between 1997 to 1999, he was relocated to USA to be part of the design team for the computer chipset project, being one of the company's mainstream projects. Upon returning to Malaysia in 1999, he was assigned to work on functional blocks in the computer chipset project.

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

In his time at Intel Microelectronics (M) Sdn Bhd, he was promoted several times with his last position held being Senior Logic Design Manager. As a Senior Logic Design Manager, he led multiple logic design teams to deliver various designs for several projects including computer chipsets, Atom processor SoC and digital televisions. He also managed physical design teams to work on several computer chipset projects.

In 2012, he left Intel Microelectronics (M) Sdn Bhd and joined Altera Corporation (M) Sdn Bhd (now part of Intel) as a Senior Manager (Design Engineering). He was leading the FPGA design verification and SoC design team which focused on full-chip and sub-system verification, SoC design and physical design. During his tenure with Altera Corporation (M) Sdn Bhd, he set up a new design team in Penang to deliver Unify Development Vehicle (UDV) boards for next generation FPGA validation. After the acquisition of Altera Corporation (M) Sdn Bhd by Intel, he was also responsible for leading the design team which focused on full-chip and sub-system verification, SoC design and physical design.

Subsequently, in 2018, he joined our Group and assumed his current position.

As at the LPD, Lee Chun Keat does not hold any directorship in any other public listed companies or private limited companies.

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4.5.3 Involvement of our Key Senior Management in other principal business activities outside our Group

Save for the involvement of Ng Meng Thai, Cheah Hun Wah and Tan Chun Chiat, being our Executive Directors/Chief Executive Officer, Executive Director/Chief Technology Officer and Executive Director/Chief Operating Officer respectively which have been set out in Section 4.2.3 of this Prospectus, the principal business activities performed by our Key Senior Management outside our Group as at the LPD and their present directorships in companies outside our Group and in the past five (5) years preceding the LPD are as follows:

(a) Chin Fung Wei

Company name/Firm Name	Principal business activities	Designation	Involvement in principal business activities other than as a director
Present involvement: • Sen Simetri Sdn Bhd	Investment in a company which is principally involved provision of interactive entertainment systems, interactive application solutions, sale of information technology and networking products	-	Shareholder with approximately 5.45% equity interest

The involvement of Chin Fung Wei in Sen Simetri Sdn Bhd is not expected to require a significant amount of his time or attention as he is merely an investor in the said company. As such, his involvement in those business activities outside our Group will not affect his ability to perform his roles and responsibilities as well as his contributions to our Group.

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

4.5.4 Remuneration and material benefits-in-kind of our Key Senior Management

Save for the aggregate remuneration and material benefits-in-kind paid and proposed to be paid to Ng Meng Thai, Cheah Hun Wah and Tan Chun Chiat, being our Executive Directors/Chief Executive Officer, Executive Director/Chief Technology Officer and Executive Director/Chief Operating Officer respectively which have been set out in Section 4.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind (including any contingent or deferred remuneration) paid and proposed to be paid to our other Key Senior Management for services rendered to us in their capacities to our Group for the FYEs 2022 and 2023 are as follows:

	Remuneration band	
	FYE 2022 (Actual)	**FYE 2023 (Proposed)**
Name	**RM'000**	**RM'000**
Chin Fung Wei	400 - 450	450 - 500
Willetts Lim Wei Lit	350 - 400	400 - 450
Lee Chun Keat	300 - 350	350 - 400

4.6 SERVICE CONTRACTS

As at the LPD, we do not have any existing or proposed service contract with our Directors or Key Senior Management, which provides for benefits upon termination of employment.

4.7 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

There is no association or family relationship between any of our Promoters, substantial shareholders, Directors and Key Senior Management as at the LPD.

4.8 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

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

(i) 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 or she was a partner or any corporation of which he or she was a director or member of key senior management;

(ii) such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) in the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his or her or its part, involving a breach of any law or regulatory requirement that relates to the capital market;

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

(v) in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his or her or its part that relates to the capital market;

(vi) such person was the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him or her or it from engaging in any type of business practice or activity;

(vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(viii) any unsatisfied judgment against such person.

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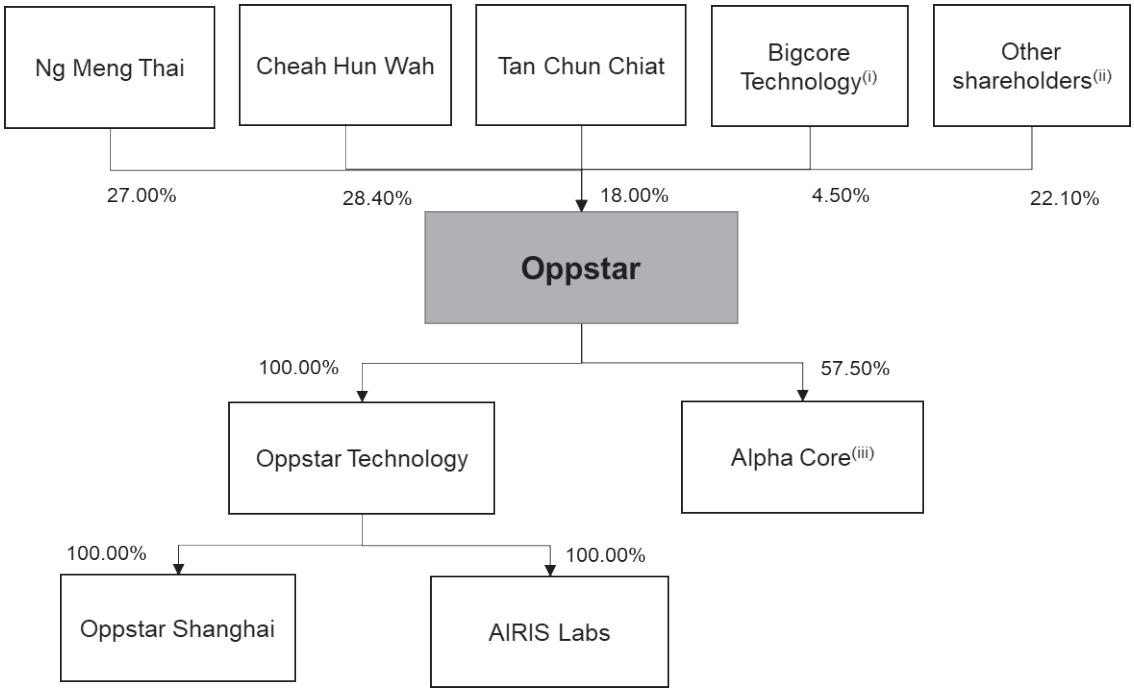
5. INFORMATION ON OUR GROUP

5.1 OUR COMPANY

Oppstar was incorporated in Malaysia under the Act on 27 September 2021 as a private company limited by shares under the name of Oppstar Sdn Bhd. On 22 December 2021, we completed the Acquisitions which resulted in Oppstar Technology and Alpha Core becoming our wholly-owned subsidiaries. Subsequently, on 3 January 2022, our Company was converted to a public limited company to facilitate our Listing. After the completion of the Sophic Automation Subscription on 17 January 2022, Alpha Core became the 57.50% owned subsidiary of Oppstar. On 19 May 2022, we completed the AIRIS Labs Acquisition which resulted in AIRIS Labs becoming our indirect wholly-owned subsidiary via Oppstar Technology.

We are an investment holding company. Through our subsidiaries, we are principally involved in the provision of IC design services covering front-end design, back-end design and complete turnkey solutions. We also provide other related services such as post-silicon validation services, training and consultancy services.

As at the LPD, our group structure is as follows:



Notes:

(i) Owned by Ng Meng Thai (33.33%), Cheah Hun Wah (33.33%) and Tan Chun Chiat (33.33%).

(ii) Consists of 19 shareholders, namely Chin Fung Wei (4.60%), Willetts Lim Wei Lit (4.50%), Lee Chun Keat (4.50%), Chua Kar Keng (1.17%), Tan Kim Pin (0.88%), Ma Shing Yuan @ Beh Heng Guan (0.75%), Lim Kean Harn (0.75%), Yap Swee Leong (0.45%), Chan Ying Poh (0.45%), Ho Qiao Yee (0.45%), Ho Yoon San (0.45%), Tan Beng Hin (0.45%), Koh Kok Siew (0.45%), Leow Eng Chai (0.45%), Liaw Kok Keong (0.45%), Lou Jieying (0.45%), Ng Hee Guan (0.45%), Koh Kai Ngiap (0.40%) and Hu King Seng (0.05%).

(iii) The remaining shareholder is Sophic Automation (42.50%), a company incorporated under the Act on 7 November 2007 which is principally engaged in the provision of automated digital solutions and product engineering services. Sophic Automation is not related to our Promoters, substantial shareholders and Directors.

5. INFORMATION ON OUR GROUP *(CONT'D)*

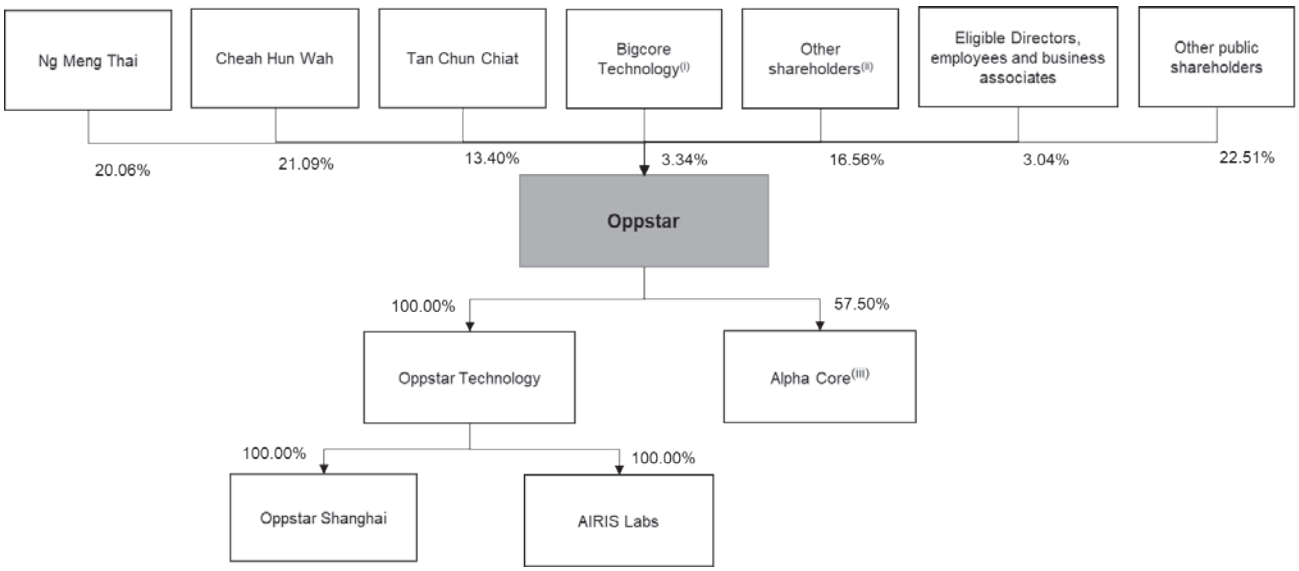
The directors of Sophic Automation are Lee Chee Hoo, Koh Dim Kuan, Low Chee Onn, Mohammad Hazani bin Hassan and Dato' Boonler Somchit.

The ordinary shareholders of Sophic Automation are Lee Chee Hoo, Koh Dim Kuan and Low Chee Onn and the preference shareholder of Sophic Automation is Malaysian Technology Development Corporation Sdn Bhd.

The key management team of Sophic Automation is Lee Chee Hoo and Koh Dim Kuan.

Sophic Automation serves both local and foreign based MNCs involved in semiconductor and electronics products.

Upon Listing, our group structure is as follows:



Notes:

(i) Owned by Ng Meng Thai (33.33%), Cheah Hun Wah (33.33%) and Tan Chun Chiat (33.33%).

(ii) Consists of 19 shareholders, namely Chin Fung Wei (3.48%), Willetts Lim Wei Lit (3.41%), Lee Chun Keat (3.41%), Chua Kar Keng (0.87%), Tan Kim Pin (0.65%), Ma Shing Yuan @ Beh Heng Guan (0.55%), Lim Kean Harn (0.55%), Yap Swee Leong (0.33%), Chan Ying Poh (0.33%), Ho Qiao Yee (0.33%), Ho Yoon San (0.33%), Tan Beng Hin (0.33%), Koh Kok Siew (0.33%), Leow Eng Chai (0.33%), Liaw Kok Keong (0.33%), Lou Jieying (0.33%), Ng Hee Guan (0.33%), Koh Kai Ngiap (0.30%) and Hu King Seng (0.04%).

(iii) The remaining shareholder is Sophic Automation (42.50%), a company incorporated under the Act on 7 November 2007 which is principally engaged in the provision of automated digital solutions and product engineering services. Sophic Automation is not related to our Promoters, substantial shareholders and Directors. Please refer to the group structure as at the LPD for further details on Sophic Automation.

Please refer to Section 5.2 of this Prospectus for further details on our subsidiaries.

5. INFORMATION ON OUR GROUP *(CONT'D)*

5.1.1 Acquisitions

In conjunction with, and as an integral part of our Listing, the details of the Acquisitions are as follows:

(i) Oppstar Technology Acquisition

On 22 December 2021, our Company acquired the entire issued share capital of Oppstar Technology comprising 900,000 ordinary shares from the vendors for a purchase consideration of RM6,355,200. The purchase consideration was wholly satisfied via the issuance of 423,680,000 new Shares at an issue price of RM0.015 per Share to the following vendors:

	Shareholding in Oppstar Technology		Purchase Consideration	No. of new Shares issued
	No. of shares	%	RM	
Ng Meng Thai	270,000	30.00	1,906,560	127,104,000
Cheah Hun Wah	270,000	30.00	1,906,560	127,104,000
Tan Chun Chiat	180,000	20.00	1,271,040	84,736,000
Bigcore Technology	45,000	5.00	317,760	21,184,000
Lee Chun Keat	45,000	5.00	317,760	21,184,000
Willetts Lim Wei Lit	45,000	5.00	317,760	21,184,000
Chin Fung Wei	45,000	5.00	317,760	21,184,000
Total	**900,000**	**100.00**	**6,355,200**	**423,680,000**

The purchase consideration of Oppstar Technology of RM6,355,200 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted consolidated NA of Oppstar Technology as at 30 September 2021 of RM6,397,325 (after taking into consideration the group structure of Oppstar Technology which includes 100% of Oppstar Shanghai and 50% of AIRIS Labs and adjusting for the payment of dividend of RM5,661,000). The Oppstar Technology Acquisition was completed on 22 December 2021 and thereafter, Oppstar Technology has become our wholly-owned subsidiary.

(ii) Alpha Core Acquisition

On 22 December 2021, our Company acquired the entire issued share capital in Alpha Core comprising 1,000 ordinary shares from the vendors for a purchase consideration of RM705,600. The purchase consideration was wholly satisfied via the issuance of 47,040,000 new Shares at an issue price of RM0.015 per Share to the following vendors:

5. INFORMATION ON OUR GROUP *(CONT'D)*

	Shareholding in Alpha Core		Purchase Consideration	No. of new Shares issued
	No. of shares	%	RM	
Cheah Hun Wah	140	14.00	98,784	6,585,600
Chua Kar Keng	117	11.70	82,555	5,503,680
Tan Kim Pin	88	8.80	62,093	4,139,520
Ma Shing Yuan @ Beh Heng Guan	75	7.50	52,920	3,528,000
Lim Kean Harn	75	7.50	52,920	3,528,000
Yap Swee Leong	45	4.50	31,752	2,116,800
Chan Ying Poh	45	4.50	31,752	2,116,800
Ho Qiao Yee	45	4.50	31,752	2,116,800
Ho Yoon San	45	4.50	31,752	2,116,800
Tan Beng Hin	45	4.50	31,752	2,116,800
Koh Kok Siew	45	4.50	31,752	2,116,800
Leow Eng Chai	45	4.50	31,752	2,116,800
Liaw Kok Keong	45	4.50	31,752	2,116,800
Lou Jieying	45	4.50	31,752	2,116,800
Ng Hee Guan	45	4.50	31,752	2,116,800
Koh Kai Ngiap	40	4.00	28,224	1,881,600
Chin Fung Wei	10	1.00	7,056	470,400
Hu King Seng	5	0.50	3,528	235,200
Total	**1,000**	**100.00**	**705,600**	**47,040,000**

The purchase consideration of Alpha Core of RM705,600 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the audited NA of Alpha Core as at 30 September 2021 of RM705,562. The Alpha Core Acquisition was completed on 22 December 2021 and thereafter, Alpha Core has become our wholly-owned subsidiary.

5.1.2 Sophic Automation Subscription

Following the Acquisitions, we had, on 13 January 2022, entered into a strategic partnership agreement with Sophic Automation for the subscription by Sophic Automation of 425,000 new ordinary shares in Alpha Core, representing 42.50% equity interest in Alpha Core for a purchase consideration of RM425,000, which was satisfied via cash.

The cash consideration was arrived at on a willing-issuer willing-subscriber basis, after taking into consideration of the adjusted NA per Alpha Core share of approximately RM1.00 as at 30 September 2021 (after taking into consideration the increase in ordinary shares of Alpha Core to 575,000 shares by way of bonus issue on the basis of 574 bonus shares for every one (1) existing share held and adjusting for accumulated net loss of approximately RM114,000 for three (3) months to 31 December 2021) and the capital investment amount required by Alpha Core for its business operations. The Sophic Automation Subscription was completed on 17 January 2022 and thereafter, Alpha Core has now become our 57.50% owned subsidiary.

5.1.3 AIRIS Labs Acquisition

Oppstar Technology had, on 10 May 2022, acquired 260,000 ordinary shares in AIRIS Labs, representing the remaining 50% equity interest in AIRIS Labs, not already owned by Oppstar Technology, from Lee Weng Fai and Lee Weng Fook for a purchase consideration of RM300,000, which was satisfied via cash.

The purchase consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted NA of AIRIS Labs as at 31 March 2022 of approximately RM230,986 (after taking into consideration the increase in share capital of AIRIS Labs of RM420,000) and patents held by AIRIS Labs.

The AIRIS Labs Acquisition was completed on 19 May 2022 and thereafter, AIRIS Labs has now become our indirect wholly owned subsidiary via Oppstar Technology.

5.1.4 Share capital

As at the LPD, our issued share capital is RM7,061,800 comprising 470,721,000 Shares.

The changes in our issued share capital since the date of our incorporation up to the LPD are as follows:

Date of allotment	No. of Shares allotted	Consideration	Cumulative issued share capital RM
27 September 2021	1	Cash	1
21 December 2021	[(i)]999	Cash	1,000
22 December 2021	470,720,000	Other than cash pursuant to the Acquisitions	7,061,800

Note:

(i) 999 shares were issued and allotted to Ng Meng Thai on 21 December 2021.

None of our Shares were issued at a discount, on special terms or based on instalment payment terms.

Upon completion of our IPO, our enlarged issued share capital will increase to RM109,650,546 comprising 636,200,000 Shares.

As at the LPD, we do not have any outstanding warrant, option, convertible security or uncalled capital in respect of our Shares.

5. INFORMATION ON OUR GROUP *(CONT'D)*

5.2 OUR SUBSIDIARIES, JOINT VENTURE AND ASSOCIATED COMPANY

As at the LPD, the details of our subsidiaries are as follows:

Name and registration no.	Date and place of incorporation	Our effective equity interest %	Issued share capital/ registered capital	Principal activities
Oppstar Technology (201401009402 (1085480-P))	19 March 2014/ Malaysia	100.00	RM900,000	Provision of IC design services and other related services
Alpha Core (201901030114 (1339444-D))	22 August 2019/ Malaysia	57.50	RM1,000,000	Provision of post-silicon validation services, software and engineering solutions, IC design services and other related services
Subsidiaries of Oppstar Technology				
Oppstar Shanghai (91310000MA1HR62HXL)	9 April 2019/ PRC	100.00	USD100,000	Sales and marketing as well as provision of IC design services, post-silicon validation services and technical support
AIRIS Labs (202001015529 (1371849-T))	25 June 2020/ Malaysia	100.00	RM520,000	R&D on engineering and technology

As at the LPD, we do not have any joint venture or associated company.

5.2.1 Oppstar Technology

(i) History and business

Oppstar Technology was incorporated in Malaysia under the Companies Act 1965 (and is deemed registered under the Act) on 19 March 2014 as a private limited company under the name of Oppstar Technology Sdn Bhd.

The principal place of business of Oppstar Technology is at Level 6, I2U Building, Sains@USM, 10, Persiaran Bukit Jambul, 11900 Bayan Lepas, Pulau Pinang. It is currently principally involved in the provision of IC design services and other related services.

(ii) Share capital

As at the LPD, the issued share capital of Oppstar Technology is RM900,000 comprising 900,000 ordinary shares.

The changes in the issued share capital of Oppstar Technology for the past three (3) FYEs 31 March 2020 to 2022 and up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital RM
9 December 2019	400,000	Other than cash pursuant to bonus issue	900,000

None of the ordinary shares of Oppstar Technology were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, Oppstar Technology does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

(iii) Shareholder

Oppstar Technology is a wholly-owned subsidiary of our Company.

(iv) Subsidiary, joint venture and associated company

As at the LPD, Oppstar Technology has two (2) subsidiaries, namely Oppstar Shanghai and AIRIS Labs. Please refer to Sections 5.2.3 and 5.2.4 of this Prospectus for the information on Oppstar Shanghai and AIRIS Labs respectively.

As at the LPD, Oppstar Technology does not have any joint venture or associated company.

5.2.2 Alpha Core

(i) History and business

Alpha Core was incorporated in Malaysia under the Act on 22 August 2019 as a private limited company under the name of Alpha Core Sdn Bhd.

The principal place of business of Alpha Core is at Level 5, Left Wing, I2U Building, Sains@USM, 10, Persiaran Bukit Jambul, 11900 Pulau Pinang, Malaysia. It is currently principally involved in the provision of post-silicon validation services, software and engineering solutions, IC design services and other related services.

(ii) Share capital

As at the LPD, the issued share capital of Alpha Core is RM1,000,000 comprising 1,000,000 ordinary shares.

The changes in the issued share capital of Alpha Core for the past three (3) FYEs 31 March 2020 to 2022 and up to the LPD is as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital RM
22 August 2019	1,000	Cash	1,000
5 January 2022	574,000	Other than cash pursuant to bonus issue	575,000
17 January 2022	425,000	Cash	1,000,000

None of the ordinary shares of Alpha Core were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, Alpha Core does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

(iii) Shareholder

The shareholders of Alpha Core and their respective shareholdings in Alpha Core are as follows:

Shareholder	No. of shares	%
Oppstar	575,000	57.50
Sophic Automation	425,000	42.50
Total	**1,000,000**	**100.00**

(iv) Subsidiary, joint venture and associated company

As at the LPD, Alpha Core does not have any subsidiary, joint venture or associated company.

5.2.3 Oppstar Shanghai

(i) History and business

Oppstar Shanghai was incorporated in PRC under PRC Law of Foreign Investment and PRC Company Law as a wholly foreign-owned limited liability company on 9 April 2019 under the name of Oppstar (Shanghai) Technology Co Ltd.

The principal place of business of Oppstar Shanghai is at Room 301-A9, Building 1, 800 Naxian Road, Pudong New District, Shanghai. It is currently principally involved in sales and marketing as well as provision of IC design services, post-silicon validation services and technical support. Oppstar Shanghai was intended to serve our customers in China only.

(ii) Share capital

As at the LPD, the registered capital of Oppstar Shanghai is USD100,000.

There has been no change in the registered capital of Oppstar Shanghai for the past three (3) FYEs 31 March 2020 to 2022 and up to the LPD.

None of the capital of Oppstar Shanghai were issued at a discount or on special terms.

As at the LPD, Oppstar Shanghai does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

(iii) Shareholder

Oppstar Shanghai is a wholly-owned subsidiary of Oppstar Technology.

(iv) Subsidiary, joint venture and associated company

As at the LPD, Oppstar Shanghai does not have any subsidiary, joint venture or associated company.

5.2.4 AIRIS Labs

(i) History and business

AIRIS Labs was incorporated in Malaysia under the Act on 25 June 2020 as a private limited company under the name of AIRIS Labs Sdn Bhd.

The principal place of business of AIRIS Labs is at Level 7, I2U Building, Sains@USM, 10, Persiaran Bukit Jambul, 11900 Bayan Lepas, Pulau Pinang. It is currently principally involved in R&D on engineering and technology.

(ii) Share capital

As at the LPD, the issued share capital of AIRIS Labs is RM520,000 comprising 520,000 ordinary shares.

The change in the issued share capital of AIRIS Labs since the date of incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital RM
25 June 2020	4	Cash	4
23 February 2021	99,996	Cash	100,000
18 April 2022	420,000	Cash	520,000

None of the ordinary shares of AIRIS Labs were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, AIRIS Labs does not have any outstanding warrant, option, convertible security or uncalled capital in respect of its shares.

5. INFORMATION ON OUR GROUP *(CONT'D)*

(iii) Shareholder

AIRIS Labs is a wholly-owned subsidiary of Oppstar Technology.

(iv) Subsidiary, joint venture and associated company

As at the LPD, AIRIS Labs does not have any subsidiary, joint venture or associated company.

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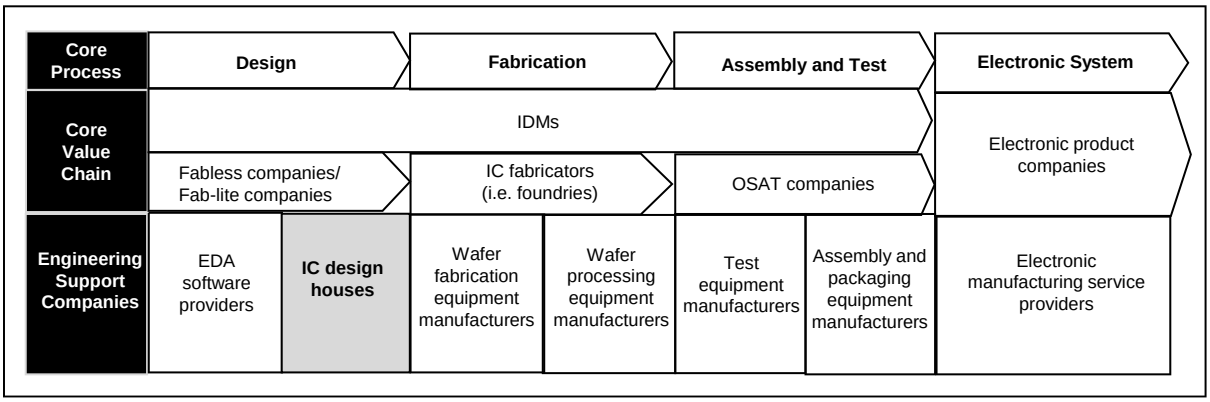
6. BUSINESS OVERVIEW

6.1 OVERVIEW AND HISTORY

Our Company was incorporated on 27 September 2021 under the Act as a private limited company and subsequently converted into a public limited company on 3 January 2022. Our company is an investment holding company and was incorporated to facilitate our Listing.

Our Group is principally involved in the provision of IC design services covering front-end design, back-end design and complete turnkey solutions. We also provide other related services such as post-silicon validation services, training and consultancy services. We mainly focus on the design of ICs such as ASICs, SoCs, CPUs and FPGAs. We generally provide IC design services with process node technology ranging from 20nm to 5nm. In 2022, we had also secured projects using 3nm process node technology.

Our Group is involved in the design segment of the semiconductor industry value chain as shown below:



Note:

- denotes the role of our Group in the value chain of the semiconductor industry which includes post-silicon validation services.

Our customers mainly comprise IDMs, fabless companies, fab-lite companies, electronic system providers and other IC design houses. The ICs that we design can be used for end products in the following industries:

Industries	End products
Telecommunications	Telecommunication towers, phone switching systems, modems, routers, networking equipment and servers
Industrial electronics	Manufacturing equipment, power equipment and measurement equipment
Automotive	Sensors, entertainment systems, navigation systems and control systems
Consumer electronics	Desktop computers, laptops, smartphones, tablets, smart watches, servers, monitors, keyboards, mouses, smart glasses and smart home appliances

Our Group's revenue has grown from approximately RM15.97 million in FYE 2020 to approximately RM50.56 million in FYE 2022, at a CAGR of approximately 77.96%. In addition, our Group recorded a revenue of approximately RM28.82 million in FPE 2023. The growth in our Group's revenue is largely attributed to the increase in turnkey design services. Our revenue from the overseas market grew from approximately RM8.94 million (approximately 56.02% of our revenue) in FYE 2020 to approximately RM42.91 million (approximately 84.87% of our revenue) in FYE 2022. For FPE 2023, our revenue from the overseas market was approximately RM22.02 million (approximately 76.41% of our revenue). China was the largest revenue contributor to our Group, contributing approximately 52.76%, 76.63%, 77.94% and 71.87% of our Group's total revenue for FYEs 2020, 2021 and 2022 as well as FPE 2023 respectively.

6. BUSINESS OVERVIEW *(CONT'D)*

History of our business

The history of our Group dates back to March 2014, with the incorporation of Oppstar Technology by our Executive Director/Chief Executive Officer, Ng Meng Thai and his spouse, Lim Eng Hong as the company's first two directors. During the same year, Oppstar Technology commenced its business by providing IC back-end design services to a USA-based fabless company which has operations in Malaysia and specialises in FPGA (the company is now part of Customer E group of companies). In October 2014, Lim Eng Hong ceased to be Oppstar Technology's director upon the appointment of Executive Director/Chief Technology Officer, Cheah Hun Wah as a director of Oppstar Technology. Our Executive Director/Chief Operating Officer, Tan Chun Chiat became Oppstar Technology's director in January 2016.

In the fourth (4th) quarter of 2014, we started focusing on FinFET projects. The FinFET technology is an advanced IC design technology that enables the fabrication of more transistors within a limited footprint, by means of extending conventional 2D structures into 3D structures (i.e. designing and fabricating transistors vertically). Our business is focused on FinFET technology in recognition of the growing demand for ICs with faster processing speeds and lower power consumption profiles, and this is achieved by increasing the transistor density of the ICs through the utilisation of more advanced wafer fabrication processes.

In 2015, we managed to secure Customer D which is a Malaysian subsidiary of a Japan-based fab-lite company. Customer D mainly supplies ICs to the automotive, communications, healthcare and high-performance computing industries.

In 2016, we made inroads into a new area of business by securing IC design projects related to FinFET process migration support from Customer E group of companies, a USA-based IDM which has operations in Malaysia. Process migration is the modification of design for fabrication of an IC in another foundry, taking into consideration process variations, and fulfilling the design to meet rules and parameters of the new desired foundry process. This engagement led to several overseas IC design projects from Customer E group of companies in South Korea and China. Some of these projects were for ICs used in mobile devices and manufactured on a process node technology of 10nm.

In 2017, we ventured into the Singapore market by securing an IC design project from a Singapore-based fabless company with its headquarters in the USA. In the same year, we signed a collaboration agreement with USM for the purpose of research and training related to IC design for their academic staff and students.

In 2018, we undertook a design project for ASICs used in blockchain technology, fabricated using a 7nm process node technology for a USA-based fabless company that has operations in Malaysia. In that same year, we further expanded our customer base and secured our first design project from an IC design house that operates in China.

Oppstar Shanghai was incorporated in April 2019 to support our operations in China. During this period, we extended our service offerings to include IC front-end design services and undertook our first IP design turnkey project. This IP design turnkey project involved us performing IC design services for functional blocks within an IC.

Alpha Core was incorporated in August 2019. Through Alpha Core, we provide post-silicon validation services, software and engineering solutions and other related services. The formation of Alpha Core was with the intention of complementing our IC design services. In the same year, we signed a memorandum of understanding with INTI Penang, to collaborate on AI and IC design curriculum development, training, research and development as well as providing internships and job opportunities.

6. BUSINESS OVERVIEW *(CONT'D)*

In 2020, we undertook our first full IC design turnkey project, which involved designing multiple IPs, integrating them into a single IC, managing the project and providing design automation functions. The said full IC design turnkey project was for a tenure of two (2) years and involved the design engineering expertise and input of between 80 to 120 design engineers, at any point in time, throughout the tenure of the project. We also signed a memorandum of understanding with UniMAP in the same year on the collaboration in IC design, system development for AI IC, talent development and providing job opportunities for graduates. In the same year, we set up ODC facilities by having designated areas within our premises to provide design services for our customers. During the year, we also managed to secure our first design project from a USA-based IC design house.

In the same year, we formed a joint venture company, AIRIS Labs, with Lee Weng Fook and Lee Weng Fai for the purpose of conducting R&D on IC and its applications for AI and machine learning capabilities. We also completed R&D on AI ASIC which is an IC for AI and machine learning capabilities (tape-out was completed in 2019). The development of AI ASICs involves the development of a set of IPs which provides our Group with the relevant experience and credentials to be better positioned to secure for turnkey design projects. Our Group secured a project, which involves AI IP, from a new customer in China based on our expertise gained from developing AI ASIC. This project involves design services based on machine learning IPs.

In 2021, we secured our first IC design project based on 5nm process node technology. In the same year, Alpha Core was awarded MSC status by MIDA. Among the benefits of achieving MSC status is a 5-year pioneer status incentive providing the company with 70% tax exemption on its income derived from services provided through IC design and post-silicon validation services. The period of the tax exemption is five (5) years from 7 May 2021 to 6 May 2026 and may further be extended for another five (5) years subject to the evaluation and compliance with the incentive conditions set in the first five (5)-year exemption period.

In 2022, we entered into a strategic partnership agreement with Sophic Automation for the subscription by Sophic Automation of 42.50% equity interest in Alpha Core, which resulted in our equity interest in Alpha Core reducing to 57.50%. This further strengthens our offerings in post-silicon validation services by leveraging on Sophic Automation's engineering resources and customer base. In the same year, we also established our office in Kuala Lumpur. We also signed a memorandum of understanding with UTAR on the collaboration in IC design, talent development and providing job opportunities for graduates. In May 2022, we acquired the remaining 50% equity interest in AIRIS Labs to streamline our group structure, resulting in AIRIS Labs becoming an indirect wholly owned subsidiary via Oppstar Technology.

In relation to the collaboration agreement and memorandums of understanding entered with the tertiary institutions above, the obligations of the Group to provide job opportunities for graduates, sponsorships for postgraduate students and internships are not on a yearly basis. For the Financial Years Under Review, we have incurred a total of approximately RM0.05 million for the collaboration with these tertiary institutions. For FPE 2023, we have incurred a total of approximately RM0.15 million for the collaboration with these tertiary institutions.

In addition, we also signed a memorandum of understanding with APU on the collaboration and cooperation on a R&D programme related to advanced development in IC which enables student internship programs and final year project activities.

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6. BUSINESS OVERVIEW *(CONT'D)*

6.2 OUR KEY BUSINESS MILESTONES

The table below summarises our key business milestones as at the LPD:

Year	Key Events and Milestones
2014	• Incorporation of Oppstar Technology. • Commenced business by providing IC back-end design services to a USA-based fabless company which has operations in Malaysia and specialises in FPGA (the company is now part of Customer E group of companies).
2015	• Secured Customer D which is a Malaysian subsidiary of a Japan-based fab-lite company.
2016	• Secured IC design projects related to FinFET process migration support from Customer E group of companies, a USA-based IDM which has operations in Malaysia. • Secured several overseas IC design projects from Customer E group of companies in South Korea and China. • Involved in IC design projects based on 10nm process node technology.
2017	• Ventured into the Singapore market by securing an IC design project from a Singapore-based fabless company with its headquarters in the USA. • Signed a collaboration agreement with USM.
2018	• Undertook a design project for ASICs used in blockchain technology, fabricated using a 7nm process node technology for a USA-based fabless company that has operations in Malaysia. • Expanded customer base and secured first design project from an IC design house that operates in China.
2019	• Incorporation of Oppstar Shanghai. • Extended service offerings to include IC front-end design services. • Undertook first IP design turnkey project. • Incorporation of Alpha Core. • Signed a memorandum of understanding with INTI Penang.
2020	• Undertook first full IC turnkey design project. • Signed a memorandum of understanding with UniMAP. • Set up ODC facilities by having designated areas within premises to provide design services for customers. • Incorporation of a joint venture company, AIRIS Labs. • Completed R&D on AI ASIC which is an IC for AI and machine learning capabilities (tape-out was completed in 2019).
2021	• Secured first IC design project based on 5nm process node technology. • Alpha Core awarded with MSC status by MIDA.
2022	• Entered into a strategic partnership agreement with Sophic Automation for the subscription by Sophic Automation of 42.50% equity interest in Alpha Core, which resulted in our equity interest in Alpha Core reducing to 57.50%. • Established our office in Kuala Lumpur. • Signed a memorandum of understanding with UTAR.

Year	Key Events and Milestones
	• Acquired the remaining 50% equity interest in AIRIS Labs, resulting in AIRIS Labs becoming an indirect wholly owned subsidiary via Oppstar Technology. • Signed a memorandum of understanding with APU.

6.3 OUR PRINCIPAL ACTIVITIES

Our Group offers IC design services covering front-end design, back-end design and complete turnkey solutions. We also provide other related services such as post-silicon validation services, training and consultancy services. We are able to offer our complete range of IC design and post-silicon validation services to our customers such as IDMs, fabless companies, fab-lite companies, electronic system providers and other IC design houses. We mainly focus on ICs such as ASICs, SoCs, CPUs and FPGAs. We generally provide IC design services with process node technology ranging from 20nm to 5nm. In 2022, we had also secured projects using 3nm process node technology.

The ICs that we design can be used for end products in the following industries:

Industries	End products
Telecommunications	Telecommunication towers, phone switching systems, modems, routers, networking equipment and servers
Industrial electronics	Manufacturing equipment, power equipment and measurement equipment
Automotive	Sensors, entertainment systems, navigation systems and control systems
Consumer electronics	Desktop computers, laptops, smartphones, tablets, smart watches, servers, monitors, keyboards, mouses, smart glasses and smart home appliances.

The types and profiles of the ICs for the projects we have undertaken are as follows:

(i) ASICs

ASICs are ICs that are designed for specific applications as compared to CPUs and FPGAs which are for general purposes. Generally, the cost of designing an ASIC is high and these ASICs are used for products that are produced in large quantities.

Since ASICs are designed for specific applications, they are able to offer better performance with lower power consumption and occupy smaller semiconductor footprint.

A typical ASIC will have functional blocks such as processors, memory and communication modules.

ASICs are mainly used in most industries including telecommunications, consumer electronics, automotive, data centres and aerospace and defence.

Among the ASIC related projects that we have performed are for our customers such as Customer A group of companies and Customer D, Xiamen KirinCore and Synkom Co. Ltd.

6. BUSINESS OVERVIEW *(CONT'D)*

(ii) SoCs

A system on a chip is an IC that integrates the entire computer system onto a single platform. A single SoC will have built in components such as processors, memory, input and output ports and analogue-to-digital converters. SoCs can perform a variety of functions including providing processing capabilities, signal processing and supporting wireless communications, while being able to perform the role of multiple ICs.

SoCs are mainly used in most industries including consumer electronics, industrial, general computing, data centres and automotive.

Among the SoC related projects that we have performed are for our customers such as Customers C and E.

(iii) CPUs

CPUs are dedicated processing units which act as the "brain" for electronic devices, and works alongside other semiconductor devices and passive components on a circuit board. CPUs are an integral part of a computing device as it is responsible for interpreting the computer's commands. A CPU performs the basic arithmetical, logical, and input/output operations of a computer system.

CPUs are mainly used in general computing and data centres.

Among the CPU related projects that we have performed are for our customers such as Customers C and E.

(iv) FPGAs

FPGAs are ICs that can be programmed for a specific use after they have been manufactured. FPGAs contain programmable cells which provide product developers the flexibility of customising the IC in various ways, without redesigning the IC. FPGAs are highly configurable and are used in many types of applications such as electronic equipment, smart energy grids, aircraft navigation, automotive driver assistance, medical ultrasound and data centre search functions. The FPGA's design approach also enables high performance applications which require a high degree of parallel operations, such as machine learning.

FPGAs are mainly used in industries such as telecommunications, aerospace and defence, consumer electronics, automotive and data centres.

Among the FPGA related projects that we have performed are for our customers such as Customer A group of companies and Customer B.

As at the LPD, we have a team of 217 engineers with various skillsets that are able to support a diverse range of projects including different types of design services, foundry technologies, process node technology and applications.

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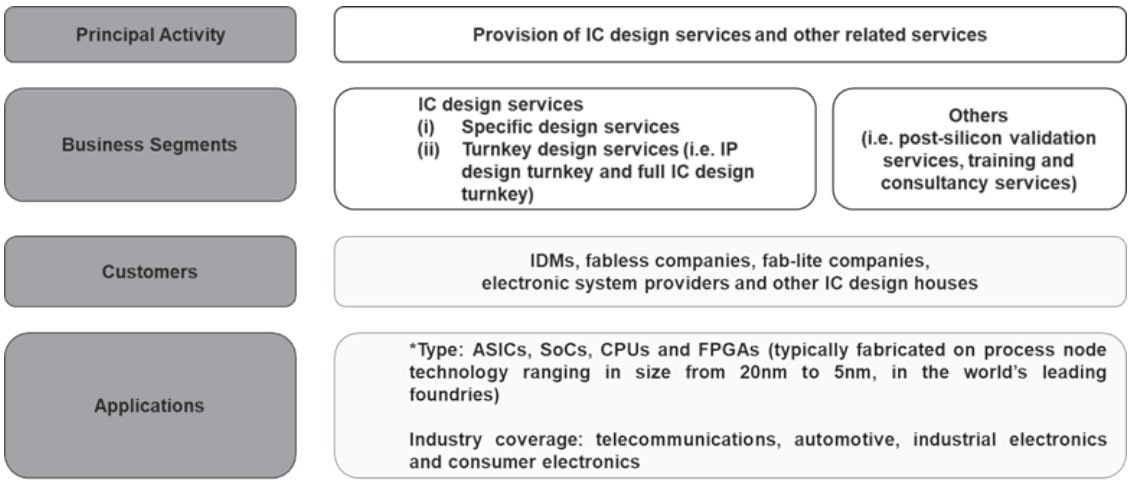
6. BUSINESS OVERVIEW *(CONT'D)*

6.4 OUR BUSINESS MODEL

The diagram below shows our business model:



Note:

* We are involved in the design of these types of ICs, but the ownership of the IPs, within an IC, belongs to our customers.

6.4.1 Our business segments

(i) IC design services

We are engaged by our customers in manners as explained below.

(a) Specific design services

We provide specific design services to our customers based on the resources required for a specific project over a defined time frame.

Our customers for this segment generally would already have in-house design teams and our services complement their existing teams. These customers include IDMs, fabless companies, fab-lite companies and other IC design houses.

The designing of ICs requires multiple design teams with specialised knowledge in their respective fields of expertise and tight adherence to product development timelines. Customers engage us for specific design services to address their resource and/or skills gap required for their IC development needs.

(b) Turnkey design services

We provide turnkey design services to our customers which comprise IP design turnkey and full IC design turnkey to be performed based on our customers' specifications.

For IP design turnkey, we provide IC design services for functional blocks within an IC based on the customers' specifications. Our customers for IP design turnkey generally would already have in-house design teams, but they may lack certain capabilities and/or resources. Our customers for IP design turnkey include IDMs, fabless companies, fab-lite companies, and other IC design houses.

6. BUSINESS OVERVIEW *(CONT'D)*

For full IC design turnkey, we provide IC design services involving the designing of multiple IPs, integrating them into a single IC, managing the project and providing design automation functions based on the customers' specifications. Our customers for full IC design turnkey may not have the capabilities to design the entire IC, or they could be in a situation where they may choose to focus their resources on building other ICs. This allows us to supplement our customers' range of ICs. Our customers for full IC design turnkey include IDMs, fabless companies, fab-lite companies and electronic system providers.

Further, by providing turnkey design services, our customers are able to reduce costs and project risks by engaging a single service provider instead of managing multiple service providers.

In comparison with our specific design services segment, the turnkey design services are managed by us. This allows us the flexibility to form our own teams which are best suited for the project. Such projects are typically carried out at the customers' premise or at our premise through the setup of ODCs.

(ii) Others

We provide other related services such as post-silicon validation services, training and consultancy services.

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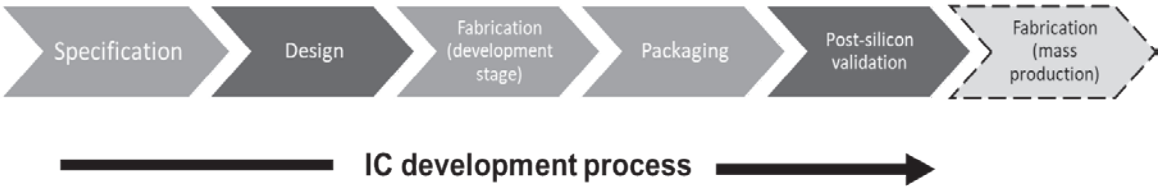
6. BUSINESS OVERVIEW *(CONT'D)*

6.4.2 Our services

The design segment in the semiconductor industry value chain involves the IC development process. Only IDMs like Intel and Samsung Semiconductor are able to support the overall IC development process.

The IDMs are, however, supported by engineering support companies such as EDA software providers, IC design houses and various equipment manufacturers (e.g. wafer fabrication equipment manufacturers, wafer processing equipment manufacturers, test equipment manufacturers and assembly and packaging equipment manufacturers) based on their respective areas of expertise, to perform all or part of the core processes of IC development, namely design, fabrication (development stage and mass production), packaging and post-silicon validation.

The diagram below shows the IC development process prior to fabrication (mass production):



Note:

denotes the roles of our Group in the IC development process.

In the development of an IC, the specifications will be determined by our customers.

Our customers will then engage IC design houses like us for our IC design services. Our IC design services involve the process of designing and verification of an IC, up to the tape-out process. Tape-out is the stage where the design for ICs developed is ready for fabrication (at the development stage), i.e. the point at which the artwork for the photomask of the circuit is ready to be sent to the foundry.

The fabrication of an IC is performed (at the development stage) by the foundries into wafers.

The fabricated ICs (i.e. in the form of wafers) are then sent for packaging prior to post-silicon validation. Post-silicon validation is a process to validate that the IC is functional and conforms to the design specifications.

The IC will only be sent for fabrication (mass production) upon the completion of the entire development process as illustrated above.

The design development cycle period required for an IC generally ranges between three (3) months to two (2) years and this varies depending on the functionality requirements and performance characteristics required of an IC.

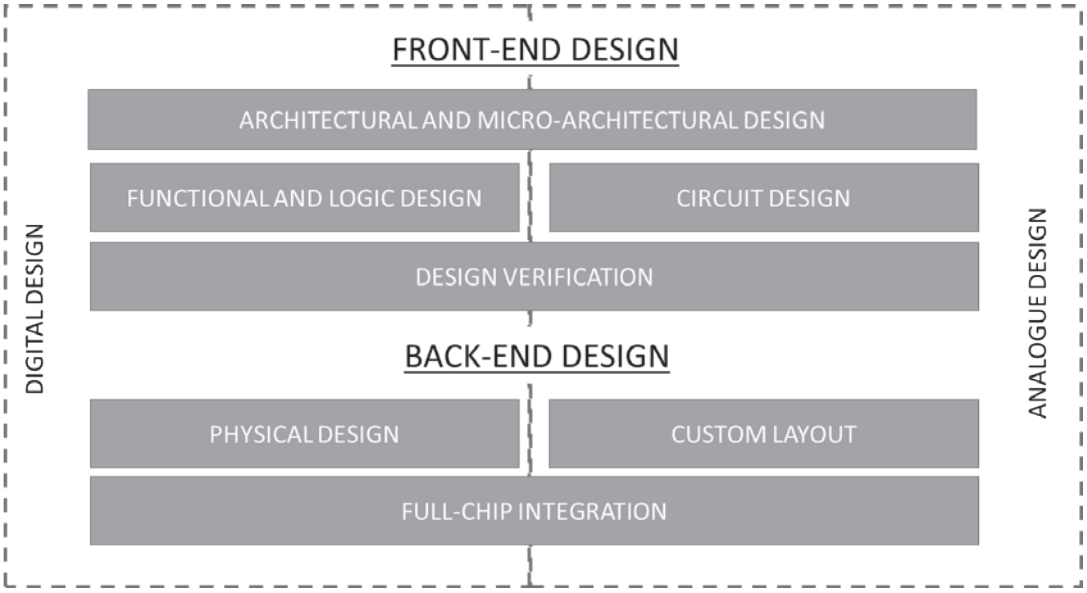
6. BUSINESS OVERVIEW *(CONT'D)*

IC design services

We offer a complete range of services within the IC design process, which can be separated into the front-end design and back-end design.

Front-end design refers to the set of processes required for creating a design that meets the functionality requirements of an IC as well as its verification.

Back-end design refers to the set of processes required in translating the design into physical implementations of an IC.



A typical IC consists of both digital and analogue circuitries.

Digital circuits operate by transmitting and processing digital signals, represented in the binary form of ones and zeros. Examples of digital circuits include processors, graphic accelerators, control electronics, as well as coding and decoding circuits.

Analogue circuits operate by transmitting voltage or current in a continuous manner. Examples of analogue circuits include amplifiers, oscillators, power regulators, analogue-to-digital converters, digital-to-analogue converters, transceivers and input/output interfaces.

(i) Front-end design: Architectural and micro-architectural design

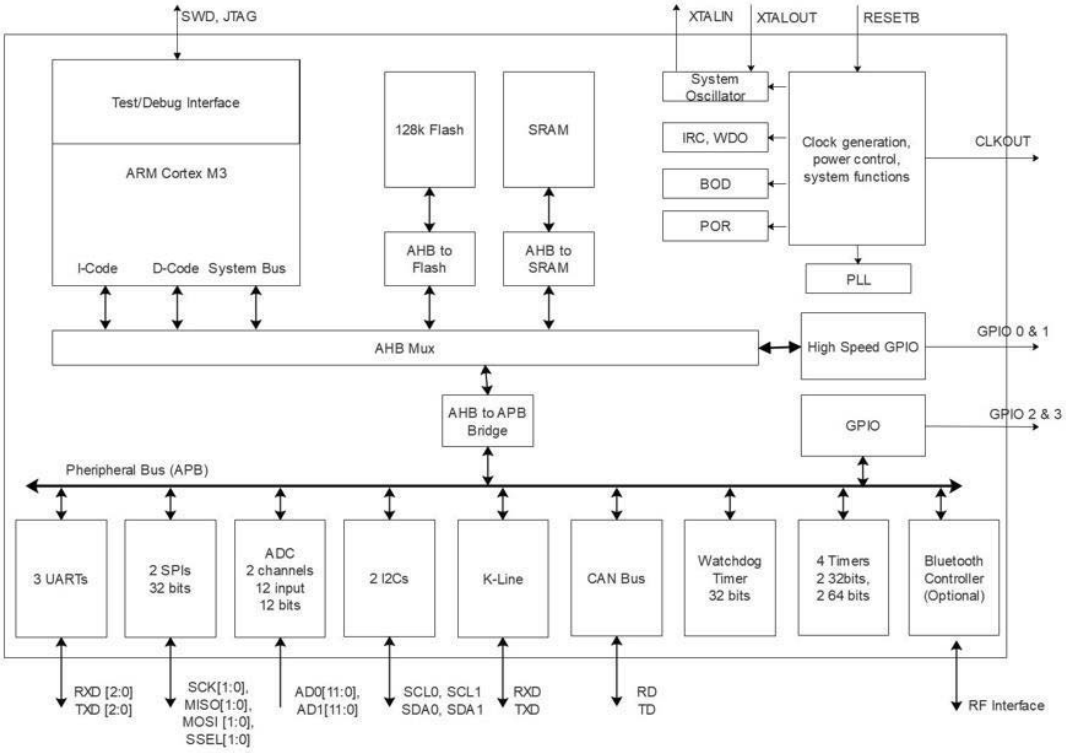
We provide architectural design services, being the initial stage of the IC design process. At this stage, the required functionality of the full IC is planned. Our design engineers will first communicate with our customers on the fundamental requirements and performance characteristics of the IC. The specifications provided at this stage include the digital and analogue functions of the IC and the required functions it must deliver, including the device's package, size, speed, power consumption and process node technology on which the IC will be fabricated on.

With these inputs, our design engineers will then perform simulations and subsequently advise on the foundry process type and technologies. Our design engineers will then plan the relevant functional blocks into the overall design, taking into consideration the optimal device size, functionalities and manufacturing costs. Subsequently, they will then discuss with our customers on the available options, which include the trade-offs considerations between costs, performance, technologies used and project timelines.

6. BUSINESS OVERVIEW *(CONT'D)*

At this stage, the design is still at its conceptual stage and during the planning of the functional blocks of the IC, the priority of the design engineers is to determine the specific purpose of each of the blocks. For instance, the function of the memory block is to store information, the processor block is for the development of its computing capabilities while the communication interface block is to control the inbound and outbound communication.

The diagram below shows the architecture of an example of an IC:



We provide micro-architecture design services as an extension to the architecture design services, whereby the functional performance in each block is defined. With the completion of micro-architecture design, the internal specifications for each functional block in the IC design are established.

Typically, a design engineer needs to have experience and IC design knowledge to successfully plan out the functions of the IC. The design engineers will also need to have the necessary competency and proficiency in utilising various types of design tools and techniques.

The design engineers will need to work closely with the project management team to plan out the allocation of resources, manage the total design costs and the timeframe-related challenges required for a successful project execution.

(ii) Front-end digital design: Functional and logic design

We offer front-end digital design services, which are also termed as functional and logic design.

Functional and logic design focuses on ensuring the correct logic functionality of the IP or IC, while seeking to meet the required performance.

6. BUSINESS OVERVIEW *(CONT'D)*

Our design engineers will first conceptualise the required functionality of an IP or IC, in RTL code using IC design industry languages such as Verilog and Very High Speed IC (VHSIC) Hardware Description Language (VHDL). These text-based RTL codes describe how an IC should behave given a certain set of inputs. Our back-end design engineers will then synthesize the RTL codes into gate-level designs by using the EDA tools and design libraries in one of the physical design stages.

(iii) Front-end analogue design: Circuit design

We offer front-end analogue design services, which are also termed as circuit design.

Circuit design focuses on designing circuits with the emphasis on fidelity, accuracy and signal integrity.

Circuit design is used when functional and logic design is unable to achieve the desired functionality. The analogue circuitry will be presented in the form of gate-level schematics to perform circuit simulation for analogue components to ensure circuit functionality and performance. This gate-level schematic will then be used by our back-end design engineers in the custom layout design.

Circuit design requires more human intervention compared to functional and logic design. Until today, the EDA tools for circuit design have not been automated to the same degree as for functional and logic design. This is primarily due to the nature of analogue circuitry, which would require more manually driven work even for a small design block.

(iv) Front-end design: Design verification

Our design verification service includes functional verification for both digital and analogue design implementations.

Our functional verification service is where our design engineers define test strategy (i.e. how to verify) and test planning (i.e. what to verify and the documentations required). This will complete functionality testing of the design according to the industry standards verification flow and methodology using EDA tools and ensures the quality design without functionality failures.

Our design verification team will also ensure that all required specifications provided are met and there are no unintended bugs in the device.

Part of the test plan is also to list out various functional checks and methodologies to be created and used in the verification process. Typically, the verification strategy incorporates a mix of random and semi-random test generations, alongside specific test-cases to cover all defined test scenarios.

In implementing the test plan, our design engineers will set up an environment to generate the tests needed to cover all defined scenarios. Our design engineers will also fix and verify any bugs, if found during the process.

The final portion of our design verification services involves conducting gate-level simulations to ensure functional correctness of circuits synthesized from the RTL code.

For analogue components, circuit simulation is performed by our design engineers utilising simulation software to model the electronic circuit, predict and verify the performance of the circuit.

6. BUSINESS OVERVIEW *(CONT'D)*

(v) Back-end Design: Physical design

We offer physical design services, where the gate-level digital designs are converted into geometrical representations which are used in the fabrication process. Physical design involves multiple processes, with the assistance of EDA tools and design libraries which comprise the following stages namely synthesis, floorplanning, place and route, and physical verification. The design objective is to achieve performance, power and area conforming to specific foundry process requirements.

(a) during the synthesis stage, our design engineers convert the functional and logic design (i.e. in RTL codes) into gate-level designs. While EDA tools are utilised to synthesize these codes, our design engineers will still be required to have the expertise and necessary knowledge to create the instructions and develop constraints in order for the tools to perform the correct optimisation based on the specifications provided and the design intent.

(b) our design engineers will then decide on the floorplan, which is the placement of functional blocks and its connectivity within the IC. The three (3) main considerations for this stage are performance, power and die area.

(c) the place and route stage is when our design engineers construct the design to achieve optimal placement of transistors and interconnects within the IC.

(d) physical verification is the next stage, whereby our design engineers will verify the physical design's conformity to specifications (performed over a range of voltages, temperatures and fabrication processes) and compliance to foundry requirements called design rule check ("**DRC**"). Any non-compliance will require rectification. To achieve the desired outcome, the physical design process will require multiple iterations.

(vi) Back-end Design: Custom layout design

We offer custom layout design whereby analogue circuit (i.e. in the form of gate-level schematics) are converted into geometric layout used in an IP or IC, at transistor level. The geometric layout defines the physical placement of materials on layers that makes up all the transistors within an IC. In producing the geometric layout, analogue design techniques are deployed to preserve the electrical characteristic of an analogue circuit from process variations at the foundries.

While physical design looks into designing the entire IP based on available design libraries, custom layout design typically involves the creation of specific layout for the IP. We are also engaged to perform custom layout design when a customer seeks to create the layout of a standard cell within an IP or IC, which could be reused for their future IC designs. An example of such building blocks is a specific memory cell, which can be reused many times in the designing of an IC.

There is a set of foundry design rules that our design engineer is required to comply with, for all drawn layers and geometry. Once the custom layout design is completed, our design engineer will perform a complete set of physical verification checks to ensure database accuracy and DRC compliance.

6. BUSINESS OVERVIEW *(CONT'D)*

(vii) Back-end Design: Full chip integration

As part of our full IC design turnkey projects, we provide full chip integration services where our design engineers integrate various functional blocks into a complete IC. Our design engineers are involved from the early stage of the project in order to set the proper design guidelines for the development of each functional block. This is performed after taking into consideration the IC's physical dimensions, power planning, signal integrity planning, packaging requirements and foundry requirements. To ensure all the guidelines are met, tools are deployed at functional block level, prior to integration.

The full chip integration team performs the final check before a design is sent to foundry for fabrication. Prior to releasing the final design to the foundry, the team needs to ensure all DRC are completed.

Post-silicon validation services

We offer post-silicon validation services which are to validate that the IC is functional and conforms to the design specifications. Post-silicon validation is the last stage of the development of an IC, before mass production. Where required by our IC design customers, we are able to perform post-silicon validation services for them.

Post-silicon validation services

- Device-system based validation
  - Testing will be performed on the IC with all other components of the system mounted with it on a reference or validation board
- Electrical characterisation and validation
  - Validating the electrical performance of the IC
- Software compatibility and debugging
  - Validating software compatibility, driver applications and operating systems of mobile devices, tablets, notebooks, desktops, and servers

(i) Device-system based validation

We provide device-system based validation, whereby testing will be performed on the IC with all other components of the system mounted with it on a reference or validation board. This process validates and simulates real-life applications of the IC that a customer might eventually have in an actual deployment and to qualify that the IC works.

Part of our services offering at this stage includes the design of validation boards, validation programs and supporting the fabrication process involved.

(ii) Electrical characterisation

We provide electrical characterisation services, whereby it is the process of validating the electrical performance of the IC. This stage is to ensure our designed product meets our customer's requirements. The function of electrical characterisations is to look into the frequencies, operating temperatures and signal integrity of the IC.

To achieve this, our service offerings here include the design of test boards and generating the data sequence needed for testing. We are also able to provide support to our customers in developing development kits, which are supplied to their customers to accelerate the process of developing electronic systems around the designed IC.

6. BUSINESS OVERVIEW *(CONT'D)*

(iii) Software compatibility and debugging

We provide software compatibility and debugging services to validate software compatibility, driver applications and operating systems of mobile devices, tablets, notebooks, desktops, and servers.

Software compatibility and debugging are done to ensure a particular hardware is able to interface well with the software developed and if a device operates as predicted. Software compatibility debugging typically looks into multiple operating systems, applications and communication protocols.

Part of the work of our design engineers of these services is to develop scripts to automate test processes and data extraction, run analysis and to perform debugging.

Training and Consultancy

We also provide training and consultancy services to our customers which include tertiary institutions. The training and consultancy services provided by our Group involve conducting courses and provision of advisory services in the area of IC design for our customers, as and when requested, and are based on the scope determined by our customers. The trainers are not required to be certified and there are no certificates provided to the attendees.

In the past, we were invited by a government body and tertiary institutions to conduct introductory courses and technical training on specific areas of IC design such as functional and logic design, circuit design, physical design and custom layout design for educational purposes.

6.5 OUR BUSINESS SEGMENTS AND PRINCIPAL MARKETS

(i) Our business segments

The table below sets out our revenue by business segments for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
IC Design										
Specific design services										
- Front-end design	515	3.23	601	2.06	282	0.56	283	1.07	139	0.48
- Back-end design	7,023	43.98	6,184	21.13	10,214	20.20	5,083	19.24	5,231	18.16
	7,538	47.21	6,785	23.19	10,496	20.76	5,366	20.31	5,370	18.64
Turnkey design services	8,423	52.76	22,422	76.62	39,973	79.06	21,051	79.69	23,445	81.36
	15,961	99.97	29,207	99.81	50,469	99.82	26,417	100.00	28,815	100.00
Others	4	0.03	55	0.19	92	0.18	1	*	-	-
Total	**15,965**	**100.00**	**29,262**	**100.00**	**50,561**	**100.00**	**26,418**	**100.00**	**28,815**	**100.00**

6. BUSINESS OVERVIEW *(CONT'D)*

Note:

***** Negligible.

(ii) Our principal markets

The table below sets out our revenue by principal markets for the Financial Years Under Review and Financial Periods Under Review:

	Audited						Unaudited		Audited	
	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	7,021	43.98	4,045	13.82	7,652	15.13	3,351	12.68	6,797	23.59
Overseas										
China	8,423	52.76	22,424	76.63	39,409	77.94	21,053	79.70	20,710	71.87
Japan	158	0.99	2,443	8.35	3,318	6.56	1,981	7.50	890	3.09
Singapore	363	2.27	-	-	149	0.30	-	-	418	1.45
USA	-	-	350	1.20	33	0.07	33	0.12	-	-
	8,944	56.02	25,217	86.18	42,909	84.87	23,067	87.32	22,018	76.41
Total	**15,965**	**100.00**	**29,262**	**100.00**	**50,561**	**100.00**	**26,418**	**100.00**	**28,815**	**100.00**

6.6 OUR COMPETITIVE STRENGTHS

6.6.1 We have capabilities to provide turnkey design services for ICs such as ASICs and FPGAs

Our Group started with providing back-end design services back in 2014. We subsequently built up a team to offer front-end design services and expanded our offerings to include turnkey design services i.e. IP design turnkey and full IC design turnkey. Our ability to undertake turnkey design services allows our customers to deal with a single service provider instead of managing multiple service providers.

The undertaking of a turnkey design project entails the formation of a project team consisting of design engineers in the front-end, back-end, project management, and design automation departments. The number of design engineers needed in a turnkey design project varies based on its complexity, timeline, and scope. As at the LPD, we have a total of 217 engineers, which enables us to bid and execute projects which could require the involvement of 80 to 120 design engineers at any point in time, throughout the tenure of the project. To undertake such projects require us to have a complete front-end and back-end design team. The front-end and back-end design process require specific specialised skillsets which are distinctly different. The front-end design engineers are generally able to provide IC design services in the area of front-end design only, while back-end design engineers are generally able to provide IC design services in the area of back-end design only.

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6. BUSINESS OVERVIEW *(CONT'D)*

The table below sets out the level of seniority of our engineers:

Level of seniority	Number of engineers
Managerial level (with more than 7 years of experience)	65
Middle level (more than 3 years but less than 7 years of experience)	80
Junior level (less than 3 years of experience and fresh graduates)	72
Total	**217**

The utilisation rate of our design engineers was approximately 57.86%, 73.27% and 89.82% for FYEs 2020, 2021 and 2022 respectively. For FPE 2023, the utilisation rate of our design engineers was approximately 85.17%. Please refer to Section 6.13 of this Prospectus for further details on the utilisation rate of our design engineers.

We have in the past successfully completed turnkey design projects involving ICs such as ASICs and FPGAs. According to the IMR Report, a major driving factor of the growth in the global demand for ICs is rapid technological advancements, which continue to promote new product innovation in the market as industry players need to ensure their products remain competitive.

The technological advancements used in applications such as mobile and wireless devices, 5G wireless networks and AI products will require continuous development in ASICs and FPGAs.

In order to remain competitive, we keep abreast with the latest process node technology that is commercially applied i.e. 7nm or 5nm such that our design engineers are aligned with the latest design developments provided by the foundries. This will further allow our Group to be able to secure projects which utilise the next generation process node technology i.e. 3nm or 2nm.

The factors above have provided us a platform to grow our business, as reflected in our revenue growth from approximately RM15.97 million in FYE 2020 to approximately RM50.56 million in FYE 2022. In addition, our Group recorded a revenue of approximately RM28.82 million in FPE 2023.

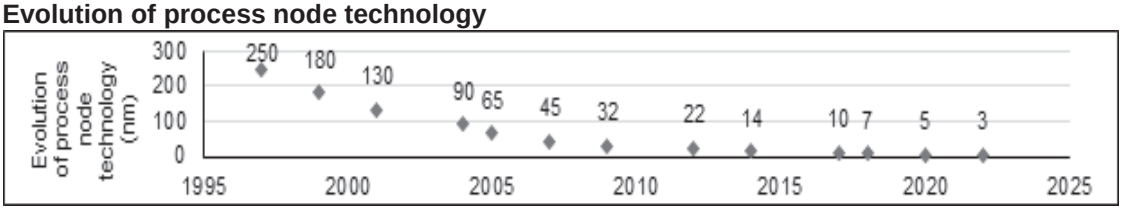
6.6.2 We have capabilities in designing ICs fabricated using advanced process node technology

Rapid technological advancements in applications such as mobile and wireless devices, 5G wireless networks and AI products have been a major driver for the semiconductor industry. This in turn has driven the demand for more sophisticated ICs. To meet this technological trend, the semiconductor industry is constantly pushing for development towards finer process nodes. The process nodes improvements have allowed the increase in transistor density, faster processing speed and lower power consumption.

At present, the most advanced process node technology that is currently in production is in the order of three (3) nm. The diagram below describes the evolution of process node technology from 1995 to 2022.

6. BUSINESS OVERVIEW *(CONT'D)*

Evolution of process node technology



Source: Smith Zander

We delivered design projects using 14nm process node technology in 2015, 10nm process node technology in 2016, 7nm process node technology in 2018 and 5nm process node technology in 2021. Furthermore, in 2022, we had also secured projects using 3nm process node technology. We have been able to successfully deliver IC design projects based on these process node technologies due to our knowledge in FinFET technology, which is an enabling technology for ICs commercially fabricated using 14nm and finer process node technology.

6.6.3 We have experience in working on IC designs fabricated by various foundries for our customers

Typically, our customers engage us to perform IC design services, while engaging foundries for the fabrication process. Each IC design project is foundry-specific, as each foundry process has its own set of design rules. The designing of ICs will need to conform to design rules of the respective foundry processes. The design rules specify (a) geometric restrictions such as object width, object length and spacing between objects within specific layers; and (b) connectivity restrictions such as maximum routing density and routing shapes, as provided by the foundries and which our design engineers need to abide by when designing an IC.

Each IC design house designing ICs with the same process node technology will have to meet standard pre-requisite requirements on the design rules set by the foundries for the fabrication process. Different foundries will have different sets of design rules for the IC design houses to meet. Similarly, different process node technologies will also have different sets of design rules for the IC design houses to meet.

We have completed IC design projects, where the ICs were fabricated by the world's leading foundries such as TSMC, Samsung Semiconductor, Intel and Global Foundries Inc. Our experience with various foundry processes has also allowed us to secure projects from customers who were looking to perform process migration. Process migration is the modification of design for fabrication of an IC in another foundry, taking into consideration process variations, and fulfilling the design to meet rules and parameters of the new desired foundry process. Our ability to support IC design projects over multiple foundry processes provides us the flexibility to bid for various future projects.

In the past, we have not experienced any failures in meeting the design rules set by the foundries.

6.6.4 We have the ability to secure and retain global customers

Our customers are IDMs, fabless companies, fab-lite companies, electronic system providers and other IC design houses. During the Financial Years Under Review and Financial Periods Under Review, we have secured customers in Malaysia, China, Japan, Singapore and USA, some of which are MNCs that are headquartered in USA and Japan.

As a supplier to IDMs, fabless companies, fab-lite companies, electronic system providers and other IC design houses, we have to comply with their quality control requirements and stringent supplier selection processes. Over the years, we have maintained a good working relationship with our customers by delivering IC design services that meet their specifications and requirements, on a timely basis. Testament to this, we have secured recurring orders/contracts from our customers. Please refer to Section 6.17 of this Prospectus for further details on our major customers.

In addition, certain of our design engineers possess multi-lingual competencies and are able to communicate with customers in multiple languages such as English, Mandarin and Japanese. This provides us with an advantage when dealing with overseas customers, especially in China and Japan. Our success in securing and retaining our global customers is a testament to our service quality, customer service and proven industry track record.

6.6.5 We have an experienced management and technical team

We have an experienced and capable management team who has been collectively contributing to the growth and development of our Group. Our Key Senior Management is equipped with the relevant expertise and experience in the designing ICs.

Our Executive Director/Chief Executive Officer, Ng Meng Thai, our Executive Director/Chief Technology Officer, Cheah Hun Wah and our Executive Director/Chief Operating Officer, Tan Chun Chiat have at least 25 years of experience respectively, in the IC design industry. They have contributed significantly to our Group's historical expansion and will continue to play pivotal roles in our Group's future growth. Under the management team, our Group has successfully grown and positioned ourselves as a complete IC design turnkey service provider.

They are supported by a key management/technical team which comprises:

(i) Chin Fung Wei, our Chief Financial Officer with approximately 25 years of experience in finance and accounting related fields. He is responsible for overseeing accounting and finance functions of our Group.

(ii) Willetts Lim Wei Lit, our Engineering Director (Back-End Design) with approximately 27 years of experience specialising in physical design and full chip integration. He is responsible for overseeing and managing our back-end design operations.

(iii) Lee Chun Keat, our Engineering Director (Front-End Design) with approximately 26 years of experience specialising in logic design and functional verification. He is responsible for overseeing and managing our front-end design operations as well as the operations of AIRIS Labs.

A combination of knowledge and relevant working experience in the IC design has enabled our key management team to lead the workforce of our Group, develop sustainable business strategies and capture business opportunities available in the IC design industry, all of which drive the growth of our Group's business. Our dedicated key management team coupled with their focus on customers' needs, are key to the success of our Group.

Please refer to Sections 4.2.2 and 4.5.2 of this Prospectus for the profiles of our Directors and Key Senior Management respectively.

6. BUSINESS OVERVIEW *(CONT'D)*

6.7 OUR FUTURE PLANS AND BUSINESS STRATEGIES

6.7.1 Expansion of our workforce

We plan to expand our workforce to support the demands of our existing and potential customers and to continue developing our human resources capabilities, thus ensuring our long-term sustainability. The scaling up of our operations and by gaining access to a larger workforce will allow us to compete for more orders/contracts. We intend to increase our total workforce by 280 comprising design engineers for IC design and engineers/technicians for post-silicon validation services. Such amount is expected to be utilised over 36 months. We intend to hire the new design engineers and post-silicon engineers/technicians locally and may also hire expatriates from countries such as India and Indonesia. These design engineers and post-silicon engineers/technicians are expected to be based in Penang and Kuala Lumpur.

In line with the revenue growth of our Group for the Financial Years Under Review and Financial Periods Under Review, our Group has concurrently increased the number of design engineers. We have increased our design engineers from a total of 128 personnel in FYE 2020 to 155 personnel in FYE 2021 and further increased to 169 personnel in FYE 2022 and 203 personnel in FPE 2023. As at the LPD, we have a total of 214 design engineers and 3 post-silicon engineers. The design engineers that we hire are mainly engineering degree holders in electrical and electronics or microelectronics.

In addition, the contract value for turnkey design projects is larger and it allows us to have flexibility and more efficient use of our skilled labour resources. In view of this, our Group decided to focus our business direction on securing more turnkey design projects since FYE 2020. For FYEs 2020, 2021 and 2022, approximately 52.76%, 76.62% and 79.06% of our total revenue respectively were derived from turnkey design services. For FPE 2023, approximately 81.36% of our total revenue was derived from turnkey design services. We expect our turnkey design services to continue to be our largest revenue contributor moving forward.

The undertaking of a turnkey design project entails the formation of a project team consisting of design engineers from the front-end, back-end, project management, and design automation departments. The number of design engineers needed in a turnkey design project varies based on its complexity, timeline and scope. The turnkey design projects could require the involvement of between 80 to 120 design engineers at any point in time, throughout the tenure of the project. Having sufficient design engineers with IC design knowledge and technical expertise will enable us to secure more orders/contracts and sustain the business of our Group.

Further, the turnkey design services that we offer to our customers require high cash commitment as the design engineers involved in such projects are hired under our Group's payroll. For turnkey design projects, we pay the salaries of our design engineers at the end of each month, but we invoice our customers on a milestone basis, typically ranging from three (3) to six (6) months. Furthermore, we provide credit terms of between 30 to 90 days to our customers.

For the Financial Years Under Review and Financial Periods Under Review, the revenue contribution from our post-silicon validation services was minimal (i.e. less than approximately 0.02% of our Group's total revenue) and carried out on an ad-hoc basis by our design engineers. Due to the high demand for our IC design services coupled with limited resources, we had allocated our workforce to focus on our IC design services.

6. BUSINESS OVERVIEW *(CONT'D)*

As part of our future plan to expand our post-silicon validation services, we intend to grow this business through cross-selling opportunities with our existing IC design customer base. The offering of post-silicon validation services will require us to hire more post-silicon engineers/technicians and will complement our IC design business, further expanding our service offerings. We intend to hire 65 post-silicon engineers/technicians over the next two (2) years upon Listing. These post-silicon engineers/technicians will be placed in Alpha Core.

We had, in 2022, entered into a strategic partnership agreement with Sophic Automation to further strengthen our offerings in post-silicon validation services by leveraging on Sophic Automation's engineering resources and customer base. Sophic Automation has the technical expertise and experience in automated digital solutions and product engineering services, which enables Sophic Automation to carry out post-silicon validation services for semiconductor products, including those used in the fabrication of hardware for smart solutions that enable Industry 4.0. Sophic Automation's major customer in post-silicon validation services is an IDM in computer peripherals such as microprocessors.

An important factor that potential customers consider before they engage us as a supplier is the availability of workforce capability and capacity. Due to majority of our design engineers being dedicated to the current contracts with our existing customers, we may face resource constraints to secure new orders/contracts from existing and/or potential customers. As such, the expansion of workforce is crucial to allow us to compete for more orders/contracts and to be in a stronger position to tap into larger potential customers previously not accessible to us. This also provides more flexibility in managing resources and delivering our services on a timely basis. Due to the nature of our business which requires no upfront capital investment, the resources can be easily transferred between different projects.

As part of our effort to build knowledge workers in Malaysia and to also secure a future workforce of design engineers, our Group currently has collaborations with five (5) tertiary institutions, i.e. USM, INTI Penang, UniMAP, UTAR and APU. The collaborations would involve creating a structured program to develop knowledge workers through activities such as R&D, industry lectures, on-site training, boot camps, internships and provide employment opportunities.

The expansion of our workforce is in line with the expected growth of the global IC design industry. According to the IMR Report, the global IC design sales increased from NTD3.37 trillion (RM433.39 billion) in 2016 to an estimated NTD5.60 trillion (RM827.13 billion) in 2022, at a CAGR of 8.83%.

The growth in the global IC design industry is driven by the following key drivers:

(i) Continuous technological advancements leading to innovation in end-user products drive the demand for ICs, which in turn drive the sales of IC design services

A major driving factor of the growth in the global demand for ICs is rapid technological advancements, which continue to promote new product innovation in the market as industry players need to ensure their products remain competitive.

Moving forward, it is expected that the introduction of new end-user products integrated with the lifestyle of today's society will continue to increase. The continuous technological advancements leading to product innovation will drive the sales of IC design services.

6. BUSINESS OVERVIEW *(CONT'D)*

(ii) Increase in IC design service outsourcing creates growth opportunities for IC design houses

Following the evolution of process node technology, IC design has become increasingly complex and expensive.

In order to reduce IC design operational costs and to focus on the companies' core business, many semiconductor companies such as IDMs, fabless companies and fab-lite companies outsource all (e.g. full IC design basis) or parts (e.g. specific design or functional block basis) of their IC design processes to IC design houses. By outsourcing, these semiconductor companies will be able to increase the productivity of their business without having the need to increase the size of their team.

In light of this, IC design houses have emerged in various countries, including Malaysia, to cater to the growing need of the semiconductor companies. This outsourcing trend has, and is expected to continue to, create growth opportunities for IC design houses.

(iii) Growth in the semiconductor industry drives the sales of IC design services

As a supporting industry to the semiconductor industry, the demand for IC design services is driven by the growth in the semiconductor industry.

In 2019, global semiconductor sales decreased by 12.05% from USD468.78 billion (RM1.89 trillion) in 2018 to USD412.31 billion (RM1.71 trillion) in 2019, mainly due to uncertainties resulting from the escalation of the USA-China trade war. Nevertheless, driven by continuous technological advancements which led to increased usage of semiconductors in various end-user applications, global semiconductor sales recovered at a CAGR of 12.06% from USD412.31 billion (RM1.71 trillion) in 2019 to an estimated USD580.13 billion (RM2.55 trillion) in 2022. Further, the WSTS expects global semiconductor sales to decrease by 4.06% from USD580.13 billion (RM2.55 trillion) in 2022 to USD556.57 billion (RM2.45 trillion) in 2023, in view of a slowdown in semiconductor sales in the Asia Pacific region which is largely exposed to weakened consumer demand for E&E products and expected to weaken the demand for memory ICs.

In Malaysia, the production of semiconductor related ICs and other semiconductor components registered a CAGR of 14.60% from 90.92 billion units in 2019 to 119.41 billion units in 2021, which signifies growing demand for semiconductors. Smith Zander estimates the production of semiconductor related ICs and other semiconductor components to have grown by 16.25% from 119.41 billion units in 2021 to 138.82 billion units in 2022.

The growth in semiconductor sales will also be driven by increasing usage of ICs in various end-user applications as contributed by technological advancement such as the prevalence of mobile and wireless devices, 5G wireless networks and AI. The continuing growth in the semiconductor industry is thus expected to continue to drive the sales of IC design services.

Please refer to Section 7 of this Prospectus for the industry overview of the global semiconductor industry and global IC design industry.

To ensure future profitability and sustainability of our Group, our Group requires the availability of workforce capability and capacity. This is an important factor that the potential customers consider before they engage our Group as a supplier.

6. BUSINESS OVERVIEW *(CONT'D)*

The increase of workforce capability and capacity is premised on the order book as at the LPD, the current negotiations with existing and potential customers for additional orders/contracts as well as enquiries/invites received from potential customers. As at the LPD, our order book stood at approximately RM34.29 million, which mainly consists of turnkey design services and this is expected to be recognised in the next 12 months. Our current order book consists of turnkey design service projects and these projects are generally more complex in nature and our Group is able to utilise its resources more efficiently. Hence, turnkey design service projects are usually of higher margins than specific design service projects and majority of the design engineers are currently dedicated to working on the existing contracts with our Group's customers. However, our order book may change at any particular point in time as a result of additions, deferrals or rescheduling due to customers' requests.

Generally, our customers such as Customer A group of companies, Customer D, Synkom Co. Ltd and Customer E group of companies engage our IC design services by way of purchase orders which last for a period of between three (3) to six (6) months. Further, we do not have any long-term contracts with our customers. Hence, our order book, at any specific point in time, is just an indication or a portion of the actual annual revenue of our Group. In the past, we had to decline projects due to resource constraints. As such, it is crucial for our Group to expand our workforce to secure more orders/contracts and hence allow us to grow our revenue and profitability.

As at the LPD, we have received enquiries from existing and potential customers from China, Malaysia, India, Japan and Taiwan for both specific design services and turnkey design services. The projects from the enquiries may require a total of up to 200 design engineers.

Should our Group be able to continuously secure such turnkey design service contracts as in FYE 2022, the GP margin of our Group is not expected to decrease upon the recruitment of the 280 design engineers as turnkey design services will command better margins as compared to specific design services and the securing of such turnkey design service contracts will contribute to our revenue and allow our Group to be able to maintain the revenue mix in FYE 2022 i.e. approximately 79.06% from turnkey design services and 20.76% from specific design services. For FPE 2023, the revenue mix of our Group was approximately 81.36% from turnkey design services and 18.64% from specific design services. Please refer to Section 8.1.5 of this Prospectus for further details on the risk factors in relation to our Group not having long-term contracts and for our financial performance being dependent on our ability to continually secure new purchase orders and/or contracts to ensure the continuity of our order book.

While our Group is in the progress of securing additional orders/contracts, our GP margin may be affected by the cost of expansion of workforce. However, we are in constant communication with our customers for them to share their development roadmap. We will then adjust the hiring and allocation of our workforce based on the feedback from our customers.

We also train our design engineers to be able to perform multiple technical functions within the IC design process. By doing so, this allows our Group to have flexibility in managing our workforce resources. This will minimise the risk of underutilisation of our workforce resources.

We believe that the expansion of our workforce will allow our Group to meet the demands of our existing and potential customers. This in turn will continue to enhance our Group's earnings and will also facilitate our business strategies.

We plan to utilise RM50.00 million from the IPO proceeds for expansion of our design engineering workforce over the next three (3) years.

6. BUSINESS OVERVIEW *(CONT'D)*

6.7.2 Expanding our geographical footprint both locally and overseas

As at the LPD, we are operating from our rented offices in Penang, Kuala Lumpur and Shanghai.

Currently, we have ODC facilities of approximately 10,500 sq ft in our rented offices in Penang and approximately 3,000 sq ft in our rented office in Kuala Lumpur. There is no ODC facility in our rented office in Shanghai. Please refer to Annexure A for further details of our material rented offices.

We plan to establish, by renting, our New Penang Office, India Office, Singapore Office and Taiwan Office over the next three (3) years to provide design services and support to our customers as well as to expand our design engineering team.

(i) New Penang Office

Currently, we have a total workforce of 192 employees who are based in our current offices in Penang. These employees provide services to our customers in various countries such as China, Japan, Singapore and USA.

In view of our business expansion plans which include the expansion of our workforce, our existing offices in Penang are insufficient to cater for such plans and strategies. As such, we intend to rent additional floor space of 20,000 sq ft in Penang to expand our design engineering team and to support our business operations such as the provision of IC design and post-silicon validation services and to conduct R&D activities. We will continue to rent the current offices in Penang. Our New Penang Office is expected to have ODC facilities with an estimated area of 16,000 sq ft and it is expected to cater for 200 additional employees.

As at the LPD, we are still in the midst of identifying the exact office location for our New Penang Office as we intend to rent an office space which meets with the criteria of having a floor space of approximately 20,000 sq ft, ample car parks and good amenities nearby, such as restaurants and a gymnasium.

Our Group has been operating in Penang since our inception. There are various MNCs such as Intel, Advanced Micro Devices Inc., Renesas Electronics Corporation and Broadcom Inc. that have established operations in IC design in Penang.

Being situated in Penang provides us with proximity to some of our existing and potential customers to serve them better and secure more IC design projects in the future. In addition, we can have better access to more engineers with IC design experience from the semiconductor industry in Penang. We have also established collaborations with USM and INTI Penang. These collaborations provide us channels to hire new design engineers from the said institutions. As such, we intend to continue our expansion in Penang, which will continue to serve as our headquarters in the future and also serve our customers from other countries.

The estimated cost of establishing our New Penang Office includes rental expenses, renovation works, initial purchase of office equipment and IT infrastructure which include laptops, servers, closed-circuit television (CCTV) system and network cabling and equipment, and other operating expenses over 36 months is RM9.70 million. Such cost will be funded through our IPO proceeds.

We intend to set up our New Penang Office by the first (1st) half of 2023.

6. BUSINESS OVERVIEW *(CONT'D)*

(ii) Overseas expansion in India

We intend to rent a new office in India to increase our market presence and expand our design engineering team.

For our India Office, we are currently exploring potential locations within Bangalore or Chennai. This would provide us with opportunities to hire design engineers as permanent employees to be based in India in the future. As at the LPD, we have engaged five (5) external design engineers, who are based in India, to provide IC design services for our customers from various countries. This would also allow us to tap into the talent pool in India and the India Office is intended to serve our customers in India as well as to support our Group's business in the markets that we may serve in the future. The estimated floor space for our India Office is 4,500 sq ft. As at the LPD, we have yet to identify the exact office location for our India Office.

India has an established IC design industry and has engineers who are experienced in designing ICs. MNCs such as Intel and Texas Instruments Incorporated have established offshore design teams in India since the 1980s and local IC design firms such as Infosys Limited, Tata Consultancy Services Limited and Wipro Limited have since emerged. Currently, India also houses other major semiconductor firms including Broadcom Inc., NXP Semiconductors N.V., Samsung Semiconductor and Micron Technology Inc.. Being able to operate in India would provide us the opportunity to better access the talent pool in India and increase our design capability and capacity. This would also allow us to explore business opportunities in India.

With the established IC design industry and availability of talent pool in India, we intend to establish an IC design team in India to provide us proximity to some of our existing customers (such as MNCs who have operations in India) and potential customers to serve them better and secure more IC design projects in the future. In addition, we also received recent enquiries from a potential customer in India.

The estimated cost of establishing our India Office includes initial company set-up costs and professional fees, rental expenses and initial purchase of IT infrastructure which include laptops, and payroll expenses for 30 IC design engineers and other operating expenses over 36 months is RM5.50 million. Such cost will be funded through our IPO proceeds.

We intend to set up our India Office by the second (2nd) half of 2023.

(iii) Overseas expansion in Singapore

We intend to rent a new office in Singapore to increase our market presence, enhance our sales and marketing presence and expand our design engineering team.

For our Singapore Office, we are currently exploring potential locations within the Central Business District or Jurong District. The estimated floor space for our Singapore Office is 2,000 sq ft. As at the LPD, we have yet to identify the exact office location for our Singapore Office.

Singapore has the presence of MNCs which have existing design teams, such as Infineon Technologies AG, Intel, MediaTek Inc. and Qualcomm Inc.. Being able to operate from Singapore would also provide us close proximity to foundries such as Global Foundries Inc., which has operations based in Singapore. The setting up of our Singapore Office will allow us to hire a team of experienced design engineers based in Singapore. Further, by establishing an office in Singapore, which is a regional hub selected by many MNCs, would provide us with sales and marketing access to the regional market.

The estimated cost of establishing our Singapore Office includes initial company set-up costs and professional fees, rental expenses, initial purchase of office equipment and IT infrastructure which include laptops, and payroll expenses for one (1) sales and marketing employee and nine (9) IC design engineers for over 36 months is RM5.00 million. Such cost will be funded through our IPO proceeds.

We intend to set up our Singapore Office by the first (1st) half of 2024.

(iv) Overseas expansion in Taiwan

We intend to rent a new office in Taiwan to increase our market presence, enhance our sales and marketing presence and expand our design engineering team.

For our Taiwan Office, we are currently exploring potential locations within Hsinchu or Taipei due to close proximity to our potential customers in the semiconductor industry. This would provide us with opportunities to secure more IC design projects in the future. The estimated floor space for our Taiwan Office is 2,000 sq ft. As at the LPD, we have yet to identify the exact office location for our Taiwan Office.

Taiwan has an established IC design industry and has experienced engineers in designing SoCs and ASICs as well as being familiar with fabrication processes at foundries such as TSMC and UMC. The setting up of our Taiwan Office will allow us to hire a team of experienced design engineers based in Taiwan. Further, the expansion into Taiwan would also provide us with increased market visibility and an improved business network. Being able to operate in Taiwan would also provide us with close proximity to foundries such as TSMC and UMC, hence potentially allowing us to further explore our business relationship with the foundries.

In addition, due to linguistic and cultural similarities, we will be able to, through our Taiwan Office, provide more effective IC design services and sales support to our potential customers.

The estimated cost of establishing our Taiwan Office includes initial company set-up costs and professional fees, rental expenses and initial purchase of IT infrastructure which include laptops, and payroll expenses for one (1) sales and marketing employee and ten (10) IC design engineers over 36 months is RM4.80 million. Such cost will be funded through our IPO proceeds.

We intend to set up our Taiwan Office by the second (2nd) half of 2023.

6.7.3 Business expansion through investments and acquisitions

Part of our future plans is to expand our business through investments and acquisitions that are largely complementary to our existing business or provide additional revenue streams while enhancing our competitive advantage.

We intend to expand horizontally, which include potential mergers and acquisitions, strategic collaborations and/or joint ventures with companies in the semiconductor industry as and when any suitable opportunity arises. This strategy will allow our Group to tap into the potential growth in demand for IC design services or acquisition of assets that complement our design portfolio. Such expansion strategies would also potentially broaden our service offerings, widen our geographical reach and customer base while contributing to incremental growth of our Group.

As at the LPD, we have yet to identify any potential mergers and acquisitions, strategic collaborations and/or joint venture opportunities. Such companies can be based in Malaysia or overseas.

The decision to acquire and/or invest in any such asset or business would involve having to consider criteria such as valuation, capital requirement, business synergies, potential value creation to our existing business as well as expected return on investment. Such expansion will be funded through our internally generated fund.

We further intend to engage with other companies to form strategic partnerships that are synergistic with our existing business. In 2022, we have forged a strategic partnership with Sophic Automation to complement our post-silicon validation services. By entering into this partnership, we are able to strengthen our track record and gain access into new markets.

6.7.4 Expanding our post-silicon validation services

Our Group has been involved in providing IC design services for around eight (8) years and has accumulated industry experience and established business relationships with our customers. Post-silicon validation is a required final step in the IC development process. In 2019, we started to offer post-silicon validation services through Alpha Core. Through cross-selling opportunities, our post-silicon validation services will benefit from our existing IC design customer base.

The offering of post-silicon validation services will complement our IC design business and is expected to increase our revenue. The strategic partnership we forged with Sophic Automation in 2022 will further expand our customer base and capabilities in delivering post-silicon validation services. As at the LPD, we have hired 3 post-silicon engineers for our post-silicon validation services and started exploring new business opportunities with the existing customers of our Group and Sophic Automation in Malaysia and China by offering post-silicon validation services to them. Furthermore, the provision of post-silicon validation services allows us to further expand our service offerings.

6.7.5 We plan to develop our own IPs for RISC-V based SoC, IPs for AI and machine learning applications as well as IPs for FPGA

Currently, our customers engage us to develop IPs within an IC and these IPs are owned by them.

We have completed R&D on AI ASIC, which is an IC for AI and machine learning capabilities in 2020 (tape-out was completed in 2019).

We intend to develop our own IPs for RISC-V based SoC, IPs for AI and machine learning as well as IP for FPGA. This is expected to further enhance and differentiate our service offerings. Typically, the designing of an IC involves development of IPs which provide specific functionalities. Some of these IPs can also be applied to other ICs which require such IPs. In doing so, the designing process will have a shorter product development cycle. Through the development of our own IPs, we can potentially increase our revenue stream by licensing of these IPs, which is an industry norm.

We intend to undertake the following:

(i) IPs for RISC-V based SoC

We intend to further enhance our competitiveness in SoC design by developing IPs which will complement our ability in offering our turnkey design services. We intend to focus on IPs suited for SoC based on RISC-V architecture, which is an open-source initiative to develop a new generation of processors through open standard collaborations.

6. BUSINESS OVERVIEW *(CONT'D)*

We have commenced the following project:

Project	Description	Actual commencement date	Target completion date
IPs for RISC-V based SoC	Development of IPs required in RISC-V based SoC. IPs developed will include peripheral IPs required for SoC.	Fourth (4th) quarter of 2021	Second (2nd) quarter of 2025

(ii) IPs for AI and machine learning applications

We intend to further enhance our competitiveness by developing IPs for AI and machine learning applications. This would build upon our AI and machine learning capabilities established through our subsidiary, AIRIS Labs which has successfully developed IPs for AI and machine learning.

AI and machine learning applications are mainly used in industries such as healthcare, retail and commerce, food and beverage, financial services, manufacturing, logistics, automotive and robotics.

We have commenced the following project:

Project	Description	Actual commencement date	Target completion date
IPs for AI and machine learning	Development of IPs for AI accelerator required for an AI and machine learning IC, along with required peripheral IPs	Fourth (4th) quarter of 2021	First (1st) quarter of 2025

(iii) IP for FPGA

We intend to further enhance our competitiveness in FPGA by developing an IP which will complement our ability in offering our turnkey design services.

We intend to undertake the following project:

Project	Description	Target commencement date	Target completion date
3D-FPGA	Three-dimensional FPGA with structural hardening capabilities to improve reliability	Second (2nd) quarter of 2023	First (1st) quarter of 2026

We have budgeted a total of RM12.00 million from our IPO proceeds to fund our R&D expenditure over the next three (3) years. This includes purchase of software (which includes EDA tools), fabrication and packaging costs, payroll expenses for 12 R&D employees and registration of intellectual property rights.

By undertaking the abovementioned R&D activities, this will provide us with readily available IPs. We would be able to license these IPs separately or incorporate the IPs into our future IC design projects. Being able to license our readily available IPs would also provide us an advantage when bidding for more projects in the future as it is able to shorten the IC design process. Licensing of IPs will provide us an additional source of income and improve the market profile of our Group.

6.7.6 Expanding our collaborations with local and foreign tertiary institutions

As part of our efforts to build knowledge workers in Malaysia and to also secure a future workforce of design engineers, we currently have collaborations with five (5) tertiary institutions, i.e. USM, INTI Penang, UniMAP, UTAR and APU. We intend to further collaborate with other local tertiary institutions by 2023. We are also likely to establish collaborations with foreign tertiary institutions.

The collaborations would involve creating a structured program through activities such as R&D, industry lectures, on-site training, boot camps, internships in an effort to develop knowledge workers and this would also provide employment opportunities for them.

6.8 SEASONALITY

Our business is not subject to any cyclical or seasonal trends.

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6. BUSINESS OVERVIEW *(CONT'D)*

6.9 OUR BUSINESS AND OPERATIONS PROCESS

The operational processes of our Group involve the following:

Project inquiry

Each project starts with a project inquiry from our customers or potential customers. This involves formal and informal inquiries in the form of e-mails, messages, telephone conversations or face-to-face meetings. As at the LPD, we have a sales and marketing team of four (4) personnel to attend to such inquiries.

Non-disclosure agreements are typically signed at this stage, where required.

Project scoping

Upon receiving an inquiry, our team will engage our customer or potential customer to further understand the project requirements, which include but not limited to the scope of work, pricing, timeline and available resources, as well as its alignment to our business direction. At this point, there will be internal discussions with the senior management to understand the feasibility of undertaking the project.

Upon agreeing on the preliminary terms of the project, a quotation is prepared. If the quotation is accepted by our customers, a purchase order will be issued by our customers or in certain circumstances, a contract will be signed by both parties. A scope/statement of work ("**SOW**") which specifies technical requirements, responsibilities of each party, milestones, deliverables and payment terms, will be provided to our customers at this stage.

Project implementation

The project team would execute the project at our customers' premises, or in a dedicated ODC to them at our premise. All aspects listed in the SOW will be carried out. Periodic progress updates are provided to our customers and our project managers are in regular communication with our customers throughout the entire duration of the project. We will undertake quality assurance activities such as design verification.

Project completion

An IC design project is completed upon tape-out. Tape-out is the stage where the final design for ICs is ready for manufacturing or fabrication, i.e. the point at which the artwork for the photomask of the circuit is ready to be sent to the foundry.

Post-project completion

After the tape-out process, it will take a few months for the IC to be manufactured or fabricated. The arrangement requires us to provide support services such as validating and performing the necessary rectifications on the IC, if required.

6. BUSINESS OVERVIEW *(CONT'D)*

6.10 SALES AND MARKETING

The nature of our business involves proprietary designs for our customers. These are highly sensitive information and as such, we market our services directly to existing and potential customers.

As at the LPD, we have a sales and marketing team of four (4) personnel who are tasked to develop marketing strategies, spearheading marketing drive for our Group and developing business relationship with our customers. Our sales and marketing team also follows up on referrals including those provided by our business associates.

Our Executive Directors have at least 25 years of experience each in the IC design industry and they have established a wide business network over the years. In addition, our track record in IC design industry provides market awareness for our Group and creates sales opportunities through referrals and introductions.

We also engage in other forms of informal sales and marketing channels such as attending exhibitions and trade shows to meet potential customers. By attending such functions, we have the opportunity to discuss potential engagements which could involve technical discussions to understand their needs.

To provide searchable information of our Group's service offerings, we also maintain a corporate website at http://www.oppstar.com.my.This is to facilitate access of our Group from every part of the world to enhance our market reach and exposure.

6.11 MATERIAL MACHINERY AND EQUIPMENT

Due to the nature of our IC design business, we do not utilise any material machinery and equipment in undertaking our IC design services.

6.12 TYPES, SOURCES AND AVAILABILITY OF PRINCIPAL RAW MATERIALS AND INPUTS

We do not purchase or require any supplies for the operation of our business due to the nature of our IC design business. The IC design services which we provide to our customers are rendered by our design engineers who possess the design skill set.

6.13 OPERATING CAPACITIES

Our Group is principally involved in the provision of IC design services covering front-end design, back-end design and complete turnkey solutions. We also provide other related services such as post-silicon validation services, training and consultancy services. We provide our services based on purchase orders and/or contracts. For FYEs 2020, 2021 and 2022 as well as FPE 2023, our revenue was mainly generated from turnkey design services. The number of design engineers required for each project varies according to the complexity of the project.

We have 128, 155 and 169 design engineers as at 31 March 2020, 2021 and 2022 respectively. As at 30 September 2022, we have 203 design engineers.

6. BUSINESS OVERVIEW *(CONT'D)*

The utilisation rate of our design engineers for the Financial Years Under Review and FPE 2023:

	Total billable time (hours)	Total available time (hours)[(i)]	Utilisation rate (%)[(ii)]
FYE 2020	144,060	248,984	57.86
FYE 2021	223,523	305,080	73.27
FYE 2022	299,050	332,928	89.82
FPE 2023	172,453	202,480	85.17

Notes:

(i) Computed based on total number of design engineers (after taking into consideration the date of joining and resignation in the course of the year), the number of working days in the respective financial years and an eight (8) hour working day.

(ii) Computed based on the total billable time of our design engineers for projects divided by the total available time of our design engineers in the respective years.

The utilisation rate of approximately 57.86% in FYE 2020 is relatively lower as compared to FYE 2021 and FYE 2022 as our turnkey design service contracts secured were smaller in value and required fewer design engineers to work on the projects. Business was also disrupted by the COVID-19 pandemic in the first (1st) quarter of 2020. Our Group has subsequently set up ODC facilities where our design engineers are able to work remotely and this will minimise any disruption caused by not being able to work from our customers' premises. Further, our Group also hired more designer engineers in FYE 2020 in anticipation of new turnkey design service contracts for FYE 2021.

In FYE 2021 and FYE 2022, our utilisation rate increased to approximately 73.27% and 89.82% respectively as we undertook more turnkey design service contracts with a larger value that required more design engineers to work on the projects. This allowed us to have flexibility and more efficient use of our skilled labour resources.

In FPE 2023, our utilisation rate decreased marginally to approximately 85.17% as we increased our design engineers from a total of 169 personnel in FYE 2022 to 203 personnel in FPE 2023 and some of the newly joined design engineers were undergoing training and have yet to be fully assigned to projects. The newly joined design engineers will typically undergo training for an average period of between six (6) to nine (9) months before they are fully assigned to projects.

Due to the high utilisation rate in FYE 2022, we intend to build our workforce capacity to allow us to secure for more orders/contracts. As part of our future plans, we will utilise RM50.00 million to expand our workforce to support the demands of our existing and potential customers and to continue developing our human resources capabilities, thus ensuring our long-term sustainability.

6.14 R&D

We recognise the importance of continuous improvement in our service offerings to ensure our competitiveness in the IC design industry in order to sustain the continuous growth of our business. Our R&D team primarily focuses on the development of IPs in which the design and experience can be applied onto future design projects or incorporated into our IC design services.

6. BUSINESS OVERVIEW *(CONT'D)*

In addition, we will continue developing methodologies and automation techniques relating to IC design. By developing such capabilities, it enables us to create value to our customers which helps to shorten our product development cycle.

Our historical R&D achievements as well as on-going and future R&D projects are summarised as follows:

Achievement/ project	Description	Actual/ Target commencement date	Actual/ Target completion date
AI ASIC[(i)]	An ASIC which includes AI processing capabilities and AI accelerator	First (1st) quarter of 2018	Fourth (4th) quarter of 2020 (tape-out was completed in 2019)
IPs for RISC-V based SoC	Development of IPs required in RISC-V based SoC. IPs developed will include peripheral IPs required for SoC.	Fourth (4th) quarter of 2021	Second (2nd) quarter of 2025
IPs for AI and machine learning	Development of IPs for AI accelerator required for an AI and machine learning IC, along with required peripheral IPs	Fourth (4th) quarter of 2021	First (1st) quarter of 2025
3D-FPGA	Three-dimensional FPGA with structural hardening capabilities to improve reliability	Second (2nd) quarter of 2023	First (1st) quarter of 2026

Note:

(i) The total cost incurred for developing AI ASIC is approximately RM6.00 million, of which approximately RM4.91 million was funded by MIMOS Berhad and approximately RM1.09 million was incurred by our Group.

For FYEs 2020, 2021 and 2022, our R&D expenditure includes labour costs and professional fees in relation to IP filings. The details of our R&D expenditure for the Financial Years Under Review and Financial Periods Under Review are as follows:

	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	[(i)]%	RM'000	[(i)]%	RM'000	[(i)]%	RM'000	[(ii)]%	RM'000	[(ii)]%
R&D expenditure	740	4.63	774	2.65	1,134	2.24	357	1.35	721	2.50

Notes:

(i) Computed based on our Group's total revenue of approximately RM15.97 million, RM29.26 million and RM50.56 million for FYEs 2020, 2021 and 2022 respectively.

(ii) Computed based on our Group's total revenue of approximately RM26.42 million and RM28.82 million for FPEs 2022 and 2023 respectively.

6. BUSINESS OVERVIEW *(CONT'D)*

All the expenses incurred for our R&D expenditure are expensed off to the income statement when incurred instead of being capitalised as an intangible asset.

We have a dedicated R&D team of 12 engineers headed by our Executive Director/Chief Technology Officer, Cheah Hun Wah.

6.15 TECHNOLOGY USED OR TO BE USED

EDA tools are computer aided tools used in the designing of ICs. EDA tools are used as an IC could contain billions of transistors, and as design becomes increasingly complex, greater productivity is needed to meet the targeted time schedules. Our design engineers utilise EDA tools extensively, throughout all stages of their design and verification processes.

To deliver our IC design projects, we will utilise EDA tools that are subscribed by us or our customers, depending on the arrangement with our customers. We have, in the past, only utilised EDA tools that are provided by our customers.

For our R&D activities, we utilise EDA tools that are provided by government bodies and/or subscribed by us.

EDA tools that are provided by government bodies are at no cost as a means to incentivise companies to perform R&D activities in IC design. However, not all EDA tools required for R&D activities are provided by government bodies.

EDA tools subscribed by us require yearly subscription through authorised EDA tool distributors and is generally costly in nature.

6.16 QUALITY ASSURANCE AND VERIFICATION

To ensure that our design services are of high quality and meet the specifications and requirements of our customers, we carry out verification processes throughout the design process. The quality assurance and verification carried out by our project leaders are described below:

Type of IC design service	Quality assurance and design verification performed
Architecture and micro-architecture design	Before starting detailed designs, our design engineers will develop system level models and perform architectural simulation to prove the architecture functionality.
Functional and logic design	Gate-level simulation is conducted to ensure functional correctness of circuit synthesized from the RTL code.
Circuit design	The circuit verification process conducted to ensure the design correctness at circuit level. Compared to gate-level simulation, circuit level simulation is based on a more granular level. Circuit level verification typically involves modelling tuned towards the fabrication process.
Physical design	DRC is performed to ensure the design meets the design rules for the specific fabrication process used to manufacture the IC. The goal of DRC is to ensure that the IC functions properly and can be manufactured in a specific foundry with an acceptable yield.

6. BUSINESS OVERVIEW *(CONT'D)*

Type of IC design service	Quality assurance and design verification performed
Custom layout design	Once the custom layout is completed, our design engineer will perform a complete set of physical verification checks to ensure database accuracy and DRC compliance.
Full chip integration	Layout versus schematic is performed. This verification process compares the final layout with the design schematic. Exhaustive timing checks are performed on the design to ensure it meets the performance requirement defined in the specifications. Power distribution analysis is performed to ensure power is distributed correctly over the entire chip and there are no voltage drops over any portion of the device.

For our turnkey design projects, there are three (3) major milestones which we need to achieve before it is accepted as the final design. We have segregated the milestones into the following:

Milestone	Description
Alpha	Achieved when all the components are connected and the design passes its functional checks.
Beta	Achieved when the design meets performance requirements based on our customers' specifications.
Omega	Achieved when the design meets all manufacturing requirements.

For each of these milestones, the project leader will sign off when all the verification steps within the milestones are met.

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6. BUSINESS OVERVIEW *(CONT'D)*

6.17 MAJOR CUSTOMERS

Our Group's top five (5) major customers, as a percentage of our total revenue, for the Financial Years Under Review and FPE 2023 are as follows:

Customers[(i)]	Country	Approximate length of relationship as at the LPD		Revenue contribution RM'000	[(ii)]%	Services rendered
FYE 2020						
Customer A group of companies	Malaysia, USA and Ireland	6		6,161	38.59	Specific design services
Customer B	PRC	4		5,937	37.19	Turnkey design services
Xiamen KirinCore	PRC	4		2,486	15.57	Turnkey design services
Customer C	Malaysia	5		515	3.23	Specific design services
Customer D	Malaysia	8		341	2.13	Specific design services
			Total	**15,440**	**96.71**	
FYE 2021						
Xiamen KirinCore	PRC	4		20,698	70.73	Turnkey design services
Customer A group of companies	Malaysia, USA and Ireland	6		3,235	11.06	Specific design services
Synkom Co. Ltd	Japan	3		2,442	8.35	Specific design services
Customer B	PRC	4		1,724	5.89	Turnkey design services
Customer D	Malaysia	8		410	1.40	Specific design services
			Total	**28,509**	**97.43**	
FYE 2022						
Xiamen KirinCore	PRC	4		34,600	68.43	Turnkey design services
Customer A group of companies	Malaysia, USA and Ireland	6		5,584	11.04	Specific design services
Customer B	PRC	4		4,807	9.51	Turnkey design services
Synkom Co. Ltd	Japan	3		3,318	6.56	Specific design services
Customer E group of companies	Malaysia	7		1,250	2.47	Specific design services and turnkey design services
			Total	**49,559**	**98.01**	

6. BUSINESS OVERVIEW *(CONT'D)*

Customers[(i)]	Country	Approximate length of relationship as at the LPD	Revenue contribution RM'000	[(ii)]%	Services rendered
FPE 2023					
Xiamen KirinCore	PRC	4	18,059	62.67	Turnkey design services
Customer A group of companies	Malaysia, USA and Ireland	6	3,554	12.33	Specific design services
Customer E group of companies	Malaysia	7	2,875	9.98	Specific design services and turnkey design services
Customer B	PRC	4	2,066	7.17	Turnkey design services
Synkom Co. Ltd	Japan	3	890	3.09	Specific design services
		Total	**27,444**	**95.24**	

Notes:

(i) The details of our major customers are as follows:

Name	Description
"Customer A group of companies"	Customer A group of companies comprise Company A USA, Company A Malaysia and Company A Ireland. Company A USA, is the holding company of Company A Malaysia and Company A Ireland and is listed on National Association of Securities Dealers Automated Quotations (NASDAQ). Customer A group of companies are principally involved in designing, manufacturing and marketing microcontrollers, related mixed-signal and memory products and application development systems for high-volume embedded control applications. Customer A group of companies operate principally in the USA with market presence in overseas markets such as Asia and Europe. Customer A group of companies' products include, amongst others: (i) specialised microcontrollers for automotive, industrial, computing, communications, lighting, power supplies, motor control, human machine interface, security, wired connectivity and wireless connectivity applications; (ii) analog products consist of several families including power management, linear, mixed-signal, high voltage, thermal management, discrete diodes and metal–oxide–semiconductor field-effect transistor (MOSFETS), radio frequency (RF), drivers, safety, security, timing, universal serial bus (USB), ethernet, wireless and other interface products; (iii) FPGA products, royalties associated with licenses for the use of SuperFlash and other technologies, sales of intellectual property, fees for engineering services, memory products, timing systems, manufacturing services (wafer foundry and assembly and test subcontracting), legacy application specific integrated circuits, and products for aerospace applications; and (iv) memory products consist of electrically erasable programmable read only memory (EEPROMs), serial flash memories, parallel

6. BUSINESS OVERVIEW *(CONT'D)*

Name	Description
	flash memories, serial static random access memory (SRAM) and electrically erasable random access memory (EERAMs). It serves more than 120,000 customers across the industrial, automotive, consumer, aerospace and defense, communications and computing markets. Based on its latest annual report, Customer A group of companies recorded net sales of USD6.82 billion (equivalent to RM28.96 billion based on the exchange rate of USD1: RM4.2465 as at the LPD extracted from Bank Negara Malaysia's website) for financial year ended 31 March 2022. We are unable to disclose the identity of Customer A group of companies as they have not given their consent to disclose their name in this Prospectus.
"Customer B"	Customer B is principally involved in producing FPGAs and complex programmable logic devices as well as manufacturing and distributing electronic components. The holding company of Customer B is listed on the Shenzhen Stock Exchange. The holding company and its group of companies operate principally in China. The holding company of Customer B and its group of companies' products include, amongst others: (i) smart security chip business – smart card security chips represented by subscriber identity module (SIM) card chips, bank IC card chips, social security card chips, transportation card chips, etc., and terminal security represented by USB-Key chips, point of sales (POS) machine security chips, and contactless reader chips. At the same time, it can provide innovative terminal products and solutions based on security chips for customers in various fields such as communications, finance, industry, automobiles, and the Internet of Things; (ii) special IC business – microprocessors, programmable devices, memories, network buses and interfaces, analog devices, system-on-a-programmable- chip (SoPC) system devices and custom chips, with nearly 500 varieties. At the same time, it provides users with ASIC/SoC design and development services and domestic products system-on-chip solutions; (iii) semiconductor power device business – advanced semiconductor power devices such as super junction MOSFETS (SJ MOSFETS), shielded gate trench MOSFETS (SGT/TRENCH MOSFET), vertical double-diffused (VD MOSFET), insulatedgate bipolar transistor (IGBT), insulated gate turn-off (IGTO), silicon carbide (SiC), which are formed in many fields such as green lighting, wind power generation, smart grid, hybrid/electric vehicles, instrumentation, consumer electronics, etc. Series of mature product application solutions; and (iv) quartz crystal frequency device business – all categories of crystal resonators, crystal oscillators, voltage-controlled crystal oscillators, temperature compensated crystal oscillators, oven-controlled crystal oscillators, etc., and are widely used in communication equipment, automotive electronics, industrial control, instrumentation and other fields.

6. BUSINESS OVERVIEW *(CONT'D)*

Name	Description
	The holding company of Customer B and its group of companies serve customers across the communications, finance, industry, automobile, Internet of Things, equipment, automotive electronics, industrial control and instrumentation markets. Based on its holding company's latest annual report, the holding company of Customer B and its group of companies recorded net sales of RMB5.34 billion (equivalent to RM3.36 billion based on the exchange rate of RMB1: RM0.6288 as at the LPD extracted from Bank Negara Malaysia's website) for financial year ended 31 December 2021. We are unable to disclose the identity of Customer B as they have not given their consent to disclose their name in this Prospectus.
"Customer C"	Customer C, a private limited company incorporated in Malaysia, is principally involved in computer programming activities, computer consultancy and information communication technology (ICT) security systems. The holding company of Customer C is listed on Euronext Paris. The holding company and its group of companies operates principally in France with market presence in overseas markets such as Africa, USA, Asia Pacific, Europe and the Middle East. The holding company of Customer C and its group of companies serve customers across the financial services, consumer goods and commerce, telecommunications, media and technology, energy and utilities markets. Based on its holding company's latest annual report, the holding company of Customer C and its group of companies recorded net sales of EUR18.16 billion (equivalent to RM83.91 billion based on the exchange rate of EUR1:RM4.6208 as at the LPD extracted from Bank Negara Malaysia's website) for financial year ended 31 December 2021. Our Group has written to Customer C for consent to disclose their name in this Prospectus, but have yet to receive any response, as at the LPD.

6. BUSINESS OVERVIEW *(CONT'D)*

Name	Description
"Customer D"	Customer D, a private limited company incorporated in Malaysia, is principally involved in designing, developing and commercialising IC. The holding company of Customer D is listed on the Tokyo Stock Exchange. The holding company and its group of companies operates principally in Japan with market presence in overseas markets such as China, North America, Europe and other parts of Asia. Customer D's products include, amongst others, microcontrollers (MCUs), SoCs, analog semiconductor devices and power semiconductor devices. The holding company of Customer D and its group of companies serve customers across the automotive, industrial, infrastructure and Internet of Things markets. Based on its holding company's latest annual report, the holding company of Customer D and its group of companies recorded net sales of JPY994.40 billion (equivalent to RM32.45 billion based on the exchange rate of JPY100:RM3.2634 as at the LPD extracted from Bank Negara Malaysia's website) for financial year ended 31 December 2021. We are unable to disclose the identity of Customer D as they have not given their consent to disclose their name in this Prospectus.
"Customer E group of companies"	Customer E group of companies comprises two (2) companies incorporated in Malaysia. The holding company of Customer E group of companies is listed on NASDAQ and is principally involved in designing, manufacturing and selling computer components and related products. Its major products include microprocessors, chipsets, embedded processors and microcontrollers, flash memory, graphic, network and communication, systems management software, conferencing and digital imaging products. The holding company and its group of companies operate principally in China, Singapore, USA, Taiwan and other regions. Customer E group of companies' products include, amongst others, processors, system and devices, server products, FPGAs, structured ASICs, chipsets, graphics processing units, memory and storage, wireless products, network communication. The holding company of Customer E and its group of companies serve customers across the original equipment manufacturers, original design manufacturers, industrial and communication equipment manufacturers and other cloud service providers. Based on its holding company's latest annual report, the holding company of Customer E group of companies recorded net sales of USD79.02 billion (equivalent to RM335.56 billion based on the exchange rate of USD1:RM4.2465 as at the LPD extracted from Bank Negara Malaysia's website) for financial year ended 25 December 2021.

6. BUSINESS OVERVIEW *(CONT'D)*

Name	Description
	We are unable to disclose the identity of Customer E group of companies as we had entered into a non-disclosure agreement and master purchase agreement with Customer E group of companies, whereby we are required to maintain strict confidentiality of their identities and their business dealings with our Group. Our Group has written to Customer E group of companies for consent to disclose their name in this Prospectus, but have yet to receive any response, as at the LPD.

(ii) Computed based on our Group's total revenue of approximately RM15.97 million, RM29.26 million, RM50.56 million and RM28.82 million for FYEs 2020, 2021 and 2022 as well as FPE 2023 respectively.

None of our Promoters, substantial shareholders and Directors have any interest in any of our major customers.

Our Group is dependent on the following major customers by virtue of their percentage revenue contribution to our Group's total revenue as follows:

(i) Customer A group of companies

Customer A group of companies was one of our Group's top five (5) major customers for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023. Revenue from Customer A group of companies accounted for approximately 38.59%, 11.06%, 11.04% and 12.33% of our Group's total revenue for FYEs 2020, 2021 and 2022 as well as FPE 2023 respectively.

Customer A group of companies has been our Group's customer since 2017.

We have a non-exclusive agreement with Customer A group of companies which sets out the general terms and conditions for the provision of IC design work such as payment term, confidentiality, intellectual property and materials, indemnity and termination. The engagement between Customer A group of companies and our Group is carried out via purchase orders (which specifies technical requirements, pricing and delivery terms) on an as needed basis.

(ii) Customer B

Customer B was one of our Group's top five (5) major customers for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023. Revenue from Customer B accounted for approximately 37.19%, 5.89%, 9.51% and 7.17% of our Group's total revenue for FYEs 2020, 2021 and 2022 as well as FPE 2023 respectively.

Customer B has been our Group's customer since 2019. Since then, we had completed 12 contracts with Customer B.

(iii) Xiamen KirinCore

Xiamen KirinCore was one of our Group's top five (5) major customers for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023. Revenue from Xiamen KirinCore accounted for approximately 15.57%, 70.73%, 68.43% and 62.67% of our Group's total revenue for FYEs 2020, 2021 and 2022 as well as FPE 2023 respectively.

6. BUSINESS OVERVIEW *(CONT'D)*

Xiamen KirinCore is principally involved in the provision of IC design, software development, data processing and storage services as well as the manufacturing of communication system equipment and other electronic equipment. Xiamen KirinCore develops, produces and sells meteorological products utilising long range wireless communication technology.

Xiamen KirinCore also provides services to a subsidiary company owned by the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC, where our Group was engaged by Xiamen KirinCore for the provision of turnkey design services. Xiamen KirinCore had informed our Group that we were the only service provider for their IC turnkey design projects.

Xiamen KirinCore has been our Group's customer since April 2019 when we provided consultancy services to them. We had completed seven (7) contracts with Xiamen KirinCore.

We had also entered into the following contracts with Xiamen KirinCore for the provision of turnkey design services (i.e. full IC design turnkey):

No.	Contract details	Contract Date	Contract Duration	Status as at the LPD
1.	Technology Development (Appointment) Contract for designing display protocol IP used in ICs for wireless communication, mobile devices and industrial electronics	30 October 2020	Two (2) years from contract date, extended to 29 May 2023 via a Supplementary Agreement dated 30 November 2021	On-going[(i)] (Only commenced project in January 2022 instead of the contract date)
2.	Technology Development (Appointment) Contract for designing communication protocol IP used in an IC for wireless communication, mobile devices and industrial electronics	30 October 2020	Two (2) years from contract date, extended to 29 May 2023 via a Supplementary Agreement dated 30 November 2021	On-going[(i)] (Only commenced project in January 2022 instead of the contract date)
3.	Technology Development (Appointment) Contract for designing memory interface IP used in an IC for wireless communication, mobile devices and industrial electronics	20 April 2022	20 April 2022 to 19 October 2024	On-going

Note:

(i) The delay of these projects, upon request from Xiamen KirinCore, was partly due to travel restriction imposed by the China authorities.

6. BUSINESS OVERVIEW *(CONT'D)*

Please refer to Section 6.21 of this Prospectus for the salient terms of the abovementioned contracts.

Please refer to Section 8.1.1 of this Prospectus on the risk factors pertaining to the dependency on certain of our major customers. Save for the above, we are not dependent on any other major customers.

The relationship between our Group and Customer A group of companies, Customer B and Xiamen KirinCore is mutually beneficial where we and each of these customers are interdependent to a degree upon each other as supplier and customer. Some of the factors contributing to such a beneficial and interdependent relationship include the following:

(a) Stringent supplier selection process

We are required to undergo an evaluation process set out by Customer A group of companies, Customer B and Xiamen KirinCore. These customers have a stringent supplier selection process whereby all areas of evaluation must be assessed and supported by documentary evidence in order to comply with their supplier selection criteria. In addition, these customers have also visited our offices in Bayan Lepas as part of their supplier selection process.

To qualify through the supplier selection process and be appointed as a supplier to these customers took a duration of between one (1) to two (2) years and for them to substitute our Group with another supplier, they will have to carry out the same evaluation process for the other supplier. This would be time consuming and will cause disruption to their product development process. As such, these customers are unlikely to replace our Group with another supplier within a short period of time and it may not be commercially viable for them to do so.

Furthermore, these customers perform periodic reviews on their existing suppliers to ensure that their suppliers continually meet their criteria of evaluation in the areas of quality, cost, flexibility, service, capability and sustainability.

(b) Secured recurring orders/ contracts

Our Group has approximately six (6), four (4) and four (4) years of relationship with Customer A group of companies, Customer B and Xiamen KirinCore respectively, during which our Group has built a strong working relationship with these customers by delivering IC design services that meet their specifications and requirements and delivered on a timely basis.

Testament to this is the recurring orders/contracts from these customers over the years. We have been continuously dealing with Customer A group of companies since 2017. In addition, we have also completed 12 contracts with Customer B while we have completed seven (7) contracts and three (3) on-going contracts with Xiamen KirinCore.

Throughout our Group's years of relationship with these customers, we have had a cordial working relationship and they have been paying within the credit term extended by us.

6. BUSINESS OVERVIEW *(CONT'D)*

(c) Lead time and reducing delay in product development process

To be the supplier to our customers, we would have to make a sizeable investment of our time and resources in order to derive the lead time required to develop a new IC for their products. The projects are typically carried out at our customers' premises or at our premise through the setup of ODCs. We would also have frequent meetings with our customers to update them on the progress of our IC development process and for them to share their product roadmap with us. This open line of communication will help to reduce any delay in the product development cycle and keep the agreed timeline on track.

We offer pre-project consulting services including concept development, analysis and feasibility of different types of IC based on project requirements. Once the concept is approved, we will provide our turnkey design services which include conceptual design, process verification, specification writing, integration with foundries requirements and documentation. Throughout the process, we will be continually discussing and developing solutions together with our customers.

The process from project commencement to the tape-out process may take between nine (9) to eighteen (18) months of working closely with our customers. The timeline from project commencement to the tape-out process varies in accordance to the factors such as the complexities of the IC (e.g. the finer the process node technology and bigger the IC, the longer the IC design process) and the timeline as agreed upon with our customers. The timeline of nine (9) to eighteen (18) months is common for such projects undertaken by our Group and the timeline for such projects is comparable to the industry standard.

In view of the time consuming nature of our product development process and the amount of time invested by both our customers and us on this, there is an interdependent relationship and we believe our customers will not be able to switch to alternative suppliers without significantly affecting the product development timeline. Further, it would be more viable to work through any issues that may arise to avoid any disruption to the product development process and this is the preferred route unless there are extenuating circumstances necessitating a different approach.

(d) Provision of specialised services

We provide IC design services, which are technical, specialised and customised, to our customers and this strengthens our business relationship with them and creates customer loyalty.

We have the capability to provide turnkey design services for ICs such as ASICs and FPGAs. For FYEs 2020, 2021 and 2022, the revenue derived from our turnkey design services accounted for approximately RM8.42 million (52.76% of our revenue), approximately RM22.42 million (76.62% of our revenue) and approximately RM39.97 million (79.06% of our revenue) respectively. For FPE 2023, the revenue derived from our turnkey design services accounted for approximately RM23.45 million, representing approximately 81.36% of our total revenue.

Turnkey design services require us to have a substantial workforce of skilled design engineers with a high level of competence and commitment. As an example, a full IC design turnkey project could involve between 80 to 120 design engineers at any point in time, throughout the tenure of the project. As at the LPD, we have a total of 217 engineers, which enabled us to secure and execute turnkey design services projects.

6. BUSINESS OVERVIEW *(CONT'D)*

By engaging us as their turnkey service provider, our customers are able to save time and cost that they would have had to expend if they engaged the services of multiple service providers. Further, it is not feasible for full IC design turnkey projects to be awarded to multiple service providers.

In addition, our Group also provides our customers with other value-added services such as specification writing and documentation, packaging design, post silicon validation services, technical support and training as part of our turnkey design services.

Over the years, our Group has built strong, trusted and mutually beneficial relationships with our customers, and this has provided our Group with a strong platform for future growth. We also continuously maintain open communication with our customers on their requirements and this allows us to serve our customers better. In addition, our response time to our customers' needs also helps to strengthen our business relationship with them.

We are continuously seeking to expand our customer base. Our good relationship with our major customers, coupled with our business strategy and turnkey design service, will be a platform for us to have a more diversified portfolio of customers in different markets, both locally and overseas, and allow us to capitalise on new opportunities moving forward.

Our Group served a total of 9 customers during FYE 2020, 13 customers during FYE 2021, 12 customers during FYE 2022 and 9 customers during FPE 2023. Our customers are IDMs, fabless companies, fab-lite companies, electronic system providers and other IC design houses. As part of our future plans, we intend to expand our workforce to broaden our customer base and may reduce our revenue concentration risk on our major customers.

However, there is no assurance that such endeavours will be successful or if we are successful in securing other customers, we may not be able to achieve the same level of profit margins that we achieved during the Financial Years Under Review and Financial Periods Under Review.

We did not have any material disputes with our major customers in the past. Our Group has maintained good working relationships with our major customers and we expect our major customers to continue contributing to our Group's revenue moving forward.

6.18 MAJOR SUPPLIERS

We do not have major suppliers due to the nature of our business as we do not purchase or require any supplies for the operation of our business. The IC design services which we provide to our customers are rendered by our design engineers. As such, we do not have any material exposure to nor are we dependent on any particular supplier.

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6. BUSINESS OVERVIEW *(CONT'D)*

6.19 IMPACT OF COVID-19 PANDEMIC ON OUR GROUP

On 30 January 2020, the WHO declared the outbreak of COVID-19 a Public Health Emergency of International Concern. On 11 March 2020, WHO declared COVID-19 a global pandemic due to the rapid increase in cumulative number of cases globally.

Impact of COVID-19 on our business operations in Malaysia

The Malaysian Government implemented several measures to curb the spread of COVID-19 and these measures included restrictions on the movement of people within Malaysia and internationally as well as restrictions on business, economic, cultural and recreational activities.

The details of which are set out below together with the implications on our business operations:

	Period	Implications on our operations
MCO	18 March 2020 to 3 May 2020[(i)]	• Between 18 March 2020 to 16 April 2020, our business operations were temporarily suspended and were not able to travel to customers' premises. Our workforce was instructed to work remotely from home. • On 17 April 2020, Oppstar Technology was allowed to continue its operations during the MCO period with a 50% workforce capacity after obtaining approval from the MITI and required to adhere to the standard operating procedures ("**SOPs**") set out by the MITI. • Since the receipt of the MITI approval on 17 April 2020, we have implemented our internal SOPs on COVID-19 prevention ("**COVID-19 SOPs**") allowing not more than 50% of our workforce to operate in our premises. • The remainder of our workforce was instructed to work remotely from home.
Conditional MCO ("**CMCO**")	4 May 2020 to 9 June 2020[(ii)]	• There were no restrictions to operate in our premises. • We continued to implement our internal COVID-19 SOPs allowing not more than 50% of our workforce to operate in our premises. • The remainder of our workforce was instructed to work remotely from home.
Recovery MCO ("**RMCO**")	10 June 2020 to 31 March 2021[(iii)]	
Re-imposition of the MCO, CMCO and RMCO in 2021	13 January 2021 to 31 May 2021[(iv)]	
Total Lockdown ("**FMCO**")	1 June 2021 to 28 June 2021[(v)]	• We are allowed to operate in our premises with a 60% workforce capacity. • We continued to implement our internal COVID-19 SOPs allowing not more than 50% of our workforce to operate in our premises. • The remainder of our workforce was instructed to work remotely from home.
National Recovery Plan ("**NRP**") Phase 1	15 June 2021 to 6 July 2021[(vi)]	• We are allowed to operate in our premises with a 60% workforce capacity. • We continued to implement our internal COVID-19 SOPs allowing not more than 50% of our workforce to operate in our premises. • The remainder of our workforce was instructed to work remotely from home.

6. BUSINESS OVERVIEW *(CONT'D)*

	Period	Implications on our operations
NRP Phase 2	7 July 2021 to 17 October 2021[vi]	• We are allowed to operate in our premises with a 80% workforce capacity. • We continued to implement our internal COVID-19 SOPs allowing not more than 50% of our workforce to operate in our premises. • The remainder of our workforce was instructed to work remotely from home.
NRP Phase 3	17 October 2021 to 7 November 2021[vi]	• We are allowed to operate in our premises with a 80% workforce capacity. • We continued to implement our internal COVID-19 SOPs allowing not more than 50% of our workforce to operate in our premises. • The remainder of our workforce was instructed to work remotely from home.
NRP Phase 4	8 November 2021 onwards[vi]	• There were no restrictions to operate in our premises. • We continued to implement our internal COVID-19 SOPs allowing not more than 75% of our workforce to operate in our premises. • The remainder of our workforce was instructed to work remotely from home. • Since December 2021, we revised our internal COVID-19 SOPs allowing 100% of our workforce to operate in our premises.
Transition of COVID-19 into endemic	1 April 2022 onwards[vii]	• There were no restrictions to operate in our premises. • We continued to implement our internal COVID-19 SOPs allowing 100% of our workforce to operate in our premises.

Notes:

(i) The measures under the MCO included, amongst others, the closure of all businesses with the exception of those classified as "essential service" or businesses that have written approval from the MITI, restrictions on the movement of people within Malaysia and restrictions on international travel to and from Malaysia.

(ii) Some of the measures implemented during the CMCO were relaxed, including allowing many economic sectors to resume business provided that specific guidelines and SOPs are followed. Restrictions on the movement of people within Malaysia were also relaxed while restrictions on international travel were slightly modified.

(iii) Almost all economic sectors were allowed to resume operations provided they followed specified guidelines and SOP. The movement of people within Malaysia was further relaxed with subsisting restrictions on international travel during the CMCO period.

(iv) During the end of 2020, the number of COVID-19 cases increased and led to the Malaysian Government imposing second MCO from 13 January 2021 and subsequently, transitioned to CMCO or RMCO depending on the COVID-19 condition in each state. On 10 May 2021, the Malaysian Government announced nationwide re-imposition of MCO starting from 12 May 2021 to 7 June 2021. The measures imposed under the MCO included, amongst others, restriction on the movement of people within Malaysia and restriction on international travel to and from Malaysia, the closure of all businesses except those classified under "essential economic sector" or have written approval from MITI.

(v) On 28 May 2021, the Malaysian Government announced the imposition of a nationwide "total lockdown" or full movement control order (FMCO). The measure imposed under the FMCO include, amongst others, all service sectors that have been approved by associated ministries can operate within the MCO period, subject to associated ministry approval letters issued stating 1 June 2021 as well as restriction on the movement of people within Malaysia.

6. BUSINESS OVERVIEW *(CONT'D)*

(vi) The NRP consists of four (4) phases, including the FMCO and Phase 1 of the NRP which commenced from 1 June 2021, and is based on three (3) indicators, namely (a) the daily new cases, (b) utilisation rate of beds in intensive care unit wards, and (c) the percentage of population who have been fully vaccinated. Depending on the indicators, each state would be in the various phases of the NRP. The first phase of the NRP commenced with the implementation of the FMCO. The second phase will be implemented if the number of daily COVID-19 cases reduces to below 4,000 and will allow the reopening of selected economic sectors in stages. The third phase involves allowing nearly all economic sectors to operate, subject to SOPs and restrictions on the number of people allowed to be present at workplaces. The fourth phase will see a full reopening of the economy, with resumption of interstate travel and domestic tourism.

Amidst a higher vaccination rate, the Malaysian Government announced on 7 August 2021 that the daily number of COVID-19 cases would no longer be an indicator for the NRP for states that have vaccinated 50% of its population. For such states, the indicator would be replaced by the daily number of hospitalisations of symptomatic COVID-19 patients.

(vii) On 8 March 2022, the Malaysian Government announced that the nation will enter into the "transition of COVID-19 into endemic phase", starting from April 1 2022. This is a temporary phase before entering the endemic phase and is aimed to allow Malaysians to return to normalcy. Under this phase, there are no restrictions on operating hours of businesses as well as limits on the number of employees in workplace.

Further, our employees in Alpha Core and AIRIS Labs worked remotely from home during the MCO, CMCO, RMCO, FMCO, the NRP Phase 1, the NRP Phase 2 and the NRP Phase 3. In the NRP Phase 4, our employees in Alpha Core and AIRIS Labs started to operate in our premises at full capacity. Since December 2021, Oppstar Technology started to operate at full capacity.

Impact of COVID-19 on our business operations in China

On 23 January 2020, the central government of China imposed a lockdown in Wuhan and other cities in Hubei province in an effort to contain the outbreak of the COVID-19.

On 24 January 2020, Shanghai announced the initiation of Level 1 Response for major public health emergency, which represents the highest level emergency response against the COVID-19 disease. On 25 January 2020, Shanghai announced a 14-day quarantine and medical observation for arrivals from key areas of Hubei. During this period, the measures taken include limiting the number of entrances and exits in the neighbourhood, strengthening the staffing of gatekeepers as well as registering and measuring temperature. Our employees in Oppstar Shanghai were instructed to work from home since 25 January 2020.

With declining number of cases since 3 March 2020, the emergency alert level was downgraded to Level 2 on 23 March 2020. Most residents have returned back to work and public spaces started to reopen while conforming to required measures such as regular cleaning, temperature checks and crowd prevention.

Our employees in Oppstar Shanghai were allowed to return to the office on 23 March 2020. Our employees are only required to work remotely from home should there be any localised lockdowns. On 28 February 2022, there was an outbreak of the COVID-19 pandemic caused by the Omicron variant in Shanghai. In anticipation of potential lockdowns, our employees in Shanghai were instructed to work from home since 1 March 2022. Our Shanghai office which is located in Pudong district was subsequently subjected to lockdowns from 28 March 2022. As such, our employees in Oppstar Shanghai were required to work remotely from home from 28 March 2022 and resumed full operations since 12 June 2022 upon completion of mass COVID-19 testing.

6. BUSINESS OVERVIEW *(CONT'D)*

On 7 December 2022, the central government of China announced a nationwide loosening of the rules that curbed the spread of the COVID-19. This includes allowing infected people with mild symptoms to quarantine at home and dropping testing for people travelling domestically.

(i) Impact on our business and financial performance

Prior to the outbreak of COVID-19, we predominantly carried out our services at our customers' premises. As a means to contain the spread of the virus, travel restrictions were first enforced in China in January 2020. During then, we had several on-going projects overseas. Due to travel restrictions, our design engineers were also unable to be present at the customer's premises to provide our services. In addition, during the first phase of MCO imposed by the Malaysian Government in March 2020 with the closure of all businesses, our customers in Malaysia were unable to operate, and as a result, our design engineers were unable to perform the works required and obliged to our customers. As such, our business operations and financials were affected, especially between February 2020 to May 2020, where some of our projects were delayed. As the delay was due to the COVID-19 outbreak, there were no extensions of time required and no penalty charge was imposed. During the COVID-19 outbreak, however, we did not experience any cancellation of orders from our customers.

In order to minimise the disruption, our Group had made necessary arrangements with our customers such as work from home (remotely). We worked with our customers to improve IT infrastructure by procuring software, servers and dedicated lines needed to improve bandwidth speed and address security concerns. The total cost incurred by our Group for improving IT infrastructure (which is part of our total cost incurred for our ODC facilities as set out below) amounted to approximately RM0.57 million.

As for overseas projects, we have also been able to work remotely despite the travel restrictions. When international travel was allowed in July 2020 after obtaining approval from Immigration Department of Malaysia, some of our design engineers travelled to our customers' premises overseas. However, they were required to obtain special passes, quarantine and conduct COVID-19 tests. Most of these additional costs were borne by our customers.

Due to the business interruption between February 2020 to May 2020, our monthly revenue for the period declined from approximately RM3.49 million in January 2020 to approximately RM1.30 million in February 2020, approximately RM0.78 million in March 2020, approximately RM0.81 million in April 2020 and approximately RM0.51 million in May 2020. This was mainly due to the travel restrictions and various measures implemented to curb the spread of the COVID-19 pandemic as detailed in Section 6.19 of this Prospectus.

Our revenue rebounded in June 2020, as evidenced by the increase from approximately RM0.51 million in May 2020 to approximately RM3.64 million in June 2020.

Between March 2020 to March 2022, we invested approximately RM2.98 million for our ODC facilities. These expenses include the cost for IT infrastructure, renovation, office rental, furniture and fittings. This serves as an extension for our customers to increase their design capacity and capabilities, with our design engineers delivering the projects from our own premises.

6. BUSINESS OVERVIEW *(CONT'D)*

(ii) Impact on our business cash flows, liquidity, financial position and financial performance

The interruption to our business operations as a result of the COVID-19 pandemic, had affected the project delivery schedules for some of our on-going projects. This had an impact on our financial results between February 2020 to May 2020. Nevertheless, the delays in project delivery schedules were not major as we managed to catch up with most of the timelines. As such, our billing schedules and our financial performance in the FYE 2021 were not materially affected.

As at 30 September 2022, we have cash and bank balances as well as short-term funds of approximately RM7.45 million and RM7.77 million respectively.

Our Board is confident that, after taking into account our cash flow position, our working capital will be sufficient for our capital/operating expenditure and to sustain our business.

We do not expect any material impairment to our assets or receivables.

Based on the above, we do not expect any material impact to our cash flows, liquidity, financial position and financial performance.

(iii) Measures and steps taken in our business operations in response to COVID-19 pandemic

As part of our efforts to protect the health and safety of our employees, we have implemented COVID-19 SOPs which include, amongst others:

(a) wearing of face masks in workplaces;

(b) sanitising and disinfecting all common areas of workplaces regularly;

(c) taking and recording of body temperature before entering the workplaces;

(d) reducing capacity of all meeting rooms;

(e) implementing work from home rotations, where necessary;

(f) practising two (2) metres physical distancing at workplaces;

(g) avoidance of unnecessary travels and face-to-face meetings, where possible; and

(h) periodic self-testing by employees using rapid test kits.

On 8 March 2022, Ministry of Health of Malaysia had announced the transitioning of COVID-19 into the endemic phase from 1 April 2022. This was followed by the Malaysian Government's latest decision in relaxing various health safety SOPs which took effect from 1 May 2022. We continue to adhere to the latest Malaysian Government's SOPs by taking the necessary precautionary measures to protect the health and safety of our employees.

Since March 2020 and up to the LPD, a total of 73 of our employees tested positive for COVID-19. We have conducted contact tracing to minimise the risk of virus transmission. The affected employees and all employees in contact with COVID-19 positive individuals were instructed to work from home and were only allowed to return to our office after the quarantine period.

6. BUSINESS OVERVIEW *(CONT'D)*

Our operations were not materially impacted as our employees could perform their work remotely, when required.

As at the LPD, the total estimated cost in relation to the COVID-19 amounted to approximately RM0.18 million.

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6. BUSINESS OVERVIEW *(CONT'D)*

6.20 BUSINESS INTERRUPTIONS

Save for the impact of COVID-19 pandemic on our Group as set out in Section 6.19 of this Prospectus, we have not experienced any interruptions that had a significant effect on our operations during the past 12 months preceding the LPD.

6.21 DEPENDENCY ON CONTRACTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES, PERMITS AND PRODUCTION OR BUSINESS PROCESSES

We are not dependent on any intellectual property rights and production or business processes that could materially affect our business as at the LPD.

Further, save as disclosed below and licences and permits as set out in Annexure B of this Prospectus, we are not dependent on any other contracts, licences and permits that could materially affect our business as at the LPD.

(i) Technology Development (Appointment) Contract for designing display protocol IP used in ICs for wireless communication, mobile devices and industrial electronics dated 30 October 2020 and Supplementary Agreement dated 30 November 2021 entered into between Oppstar Technology and Xiamen KirinCore. The salient terms of Technology Development (Appointment) Contract and Supplementary Agreement for designing display protocol IP used in ICs for wireless communication, mobile devices and industrial electronics are as follows:

		Salient terms
Contracting Parties	:	Xiamen KirinCore and Oppstar Technology.
Description	:	Oppstar Technology is responsible for completing the design of display protocol IP used in ICs for wireless communication, mobile devices and industrial electronics based on the design requirements provided by Xiamen KirinCore and specified design data, mainly including display protocol functionality and all required electrical characteristics based on the required fabrication process. During the implementation of the project, Xiamen KirinCore will send personnel to participate in the project simultaneously. Xiamen KirinCore's personnel and Oppstar Technology can uniformly deploy and be responsible for checking the job scope of Xiamen KirinCore's personnel. The overall project is led by Oppstar Technology and responsible for the design and implementation of the chip.
Governing Law	:	The laws of the PRC.
Validity Period	:	30 October 2020 to 29 May 2023.

6. BUSINESS OVERVIEW *(CONT'D)*

		Salient terms
Confidentiality	:	The appointed party's obligations on confidentiality in accordance with the contract are as follows: (1) confidential content (including technical information and business information): in relation to development projects and Xiamen KirinCore's business operation methods, management rules and regulations, business processes, design methods; data available to Oppstar Technology and information required by other users; other technical information and operating information of the other party learned during the project; (2) scope of confidentiality obligations: applies to all personnel implementing and developing the project; (3) confidentiality period: within the validity period of the contract and three (3) years thereafter; and (4) liability for breach: compensation based on the actual loss caused to the other party.
Risk and Responsibility	:	Oppstar Technology shall guarantee the practicability and reliability of the technology provided to Xiamen KirinCore. Once it has occurred, the technical risks identified by the invited experts agreed upon by both parties, and after Xiamen KirinCore has paid the technology development (transfer) fees, the risk responsibilities shall be borne by the parties as follows: Xiamen KirinCore – 50%; and Oppstar Technology – 50%.
Further improvements	:	Both parties agreed that Xiamen KirinCore has the right to use the research and development results provided by Oppstar Technology in accordance with the contract to make further improvements. The resulting new technological achievements with substantive or creative technological advancement characteristics and the ownership of their rights shall be enjoyed by Xiamen KirinCore. The specific distribution method of related benefits is as follows: fully owned by Xiamen KirinCore.
Development Fee	:	Both parties agree that Xiamen KirinCore shall pay Oppstar Technology a fixed amount of technology development fee as stated in the contract.
Intellectual Property Rights	:	The two parties agreed that after Xiamen KirinCore has paid the technical fees, the research and development results and related intellectual property rights arising from the performance of the contract are attributable to the following: (1) the right to apply for a patent arising from the performance of the contract belongs to Xiamen KirinCore; (2) the patent rights arising from the performance of the contract belong to Xiamen KirinCore; and

6. BUSINESS OVERVIEW *(CONT'D)*

		Salient terms
		(3) without the permission of Xiamen KirinCore, Oppstar Technology shall not dispose of all achievements and intellectual property rights arising from the performance of the contract. Dispositions include direct use and transfer of the results, and application for patents and copyrights with the results.
Termination	:	(1) If the performance of the contract is impossible, unnecessary or meaningless due to force majeure or other unexpected events, either party has the right to terminate the contract. (2) If a party suffering from force majeure or unexpected events is totally or partially unable to perform the contract, terminates or delays performance of the contract, it shall notify the other party in writing within 30 days of the event and provide supporting documents to prove to the other party. (3) During the implementation of the project, Xiamen KirinCore shall pay relevant expenses in a timely manner. After Xiamen KirinCore owes Oppstar Technology's project funds for more than 30 days, Xiamen KirinCore shall pay a penalty of 2% of the contract amount for every 30 days thereafter. In case of serious delay, Oppstar Technology has the right to terminate the contract, and Xiamen KirinCore shall pay the remaining amount in full. (4) Oppstar Technology shall complete the research and development work on time. In the event that the project is delayed due to Oppstar Technology's reasons, for every delay of more than 45 days, Oppstar Technology shall pay a penalty of 2% of the contract amount. If the project is stalled, delayed for more than two (2) months or fails due to Oppstar Technology's reasons, Xiamen KirinCore has the right to unilaterally terminate the contract without having to pay the remaining fees.

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6. BUSINESS OVERVIEW *(CONT'D)*

(ii) Technology Development (Appointment) Contract for designing communication protocol IP used in ICs for wireless communication, mobile devices and industrial electronics dated 30 October 2020 and Supplementary Agreement dated 30 November 2021 entered into between Oppstar Technology and Xiamen KirinCore. The salient terms of Technology Development (Appointment) Contract and Supplementary Agreement for designing communication protocol IP used in ICs for wireless communication, mobile devices and industrial electronics are as follows:

		Salient terms
Contracting Parties	:	Xiamen KirinCore and Oppstar Technology.
Description	:	Oppstar Technology is responsible for completing the design of communication protocol IP used in an IC for wireless communication, mobile devices and industrial electronics based on the design requirements provided by Xiamen KirinCore and specified design data, mainly including functionality of all communication layers within the IP and compliance to required electrical characteristics based on the required fabrication process. During the implementation of the project, Xiamen KirinCore will send personnel to participate in the project simultaneously. Xiamen KirinCore's personnel and Oppstar Technology can uniformly deploy and be responsible for checking the job scope of Xiamen KirinCore's personnel. The overall project is led by Oppstar Technology and is responsible for the design and implementation of the chip.
Governing Law	:	The laws of the PRC.
Validity Period	:	30 October 2020 to 29 May 2023.
Confidentiality	:	The appointed party's obligations on confidentiality in accordance with the contract are as follows: (1) confidential content (including technical information and business information): in relation to development projects and Xiamen KirinCore's business operation methods, management rules and regulations, business processes, design methods; data available to Oppstar Technology and information required by other users; other technical information and operating information of the other party learned during the project; (2) Scope of confidentiality obligations: applies to all personnel implementing and developing the project; (3) Confidentiality period: within the validity period of the contract and three (3) years thereafter; and (4) Liability for breach: compensation based on the actual loss caused to the other party.

6. BUSINESS OVERVIEW *(CONT'D)*

		Salient terms
Risk and Responsibility	:	Oppstar Technology shall guarantee the practicability and reliability of the technology provided to Xiamen KirinCore. Once it has occurred, the technical risks identified by the invited experts agreed upon by both parties, and after Xiamen KirinCore has paid the technology development (transfer) fees, the risk responsibilities shall be borne by the parties as follows: Xiamen KirinCore – 50%; and Oppstar Technology – 50%.
Further improvements	:	Both parties agreed that Xiamen KirinCore has the right to use the research and development results provided by Oppstar Technology in accordance with the contract to make further improvements. The resulting new technological achievements with substantive or creative technological advancement characteristics and the ownership of their rights shall be enjoyed by Xiamen KirinCore. The specific distribution method of related benefits is as follows: fully owned by Xiamen KirinCore.
Development Fee	:	Both parties agree that Xiamen KirinCore shall pay Oppstar Technology a fixed amount of technology development fee as stated in the contract.
Intellectual Property Rights	:	The two parties agreed that after Xiamen KirinCore has paid the technical fees, the research and development results and related intellectual property rights arising from the performance of the contract are attributable to the following: (1) the right to apply for a patent arising from the performance of the contract belongs to Xiamen KirinCore; (2) the patent rights arising from the performance of the contract belong to Xiamen KirinCore; and (3) without the permission of Xiamen KirinCore, Oppstar Technology shall not dispose of all achievements and intellectual property rights arising from the performance of the contract. Dispositions include direct use and transfer of the results, and application for patents and copyrights with the results.
Termination	:	(1) If the performance of the contract is impossible, unnecessary or meaningless due to force majeure or other unexpected events, either party has the right to terminate the contract. (2) If a party suffering from force majeure or unexpected events is totally or partially unable to perform the contract, terminates or delays the performance of the contract, it shall notify the other party in writing within 30 days of the event and provide supporting documents to prove to the other party. (3) During the implementation of the project, Xiamen KirinCore shall pay relevant expenses in a timely manner. After Xiamen KirinCore owes Oppstar Technology's project funds for more than 30 days, Xiamen KirinCore shall pay a penalty of 2% of the contract amount for every 30 days thereafter. In case of serious delay, Oppstar Technology has the right to terminate the contract, and Xiamen KirinCore shall pay the remaining amount in full.

6. BUSINESS OVERVIEW *(CONT'D)*

		Salient terms
		(4) Oppstar Technology shall complete the research and development work on time. In the event that the project is delayed due to Oppstar Technology's reasons, for every delay of more than 45 days, Oppstar Technology shall pay a penalty of 2% of the contract amount. If the project is stalled, delayed for more than two (2) months or fails due to Oppstar Technology's reasons, Xiamen KirinCore has the right to unilaterally terminate the contract without having to pay the remaining fees.

(iii) Technology Development (Appointment) Contract for designing memory interface IP used in an IC for wireless communication, mobile devices and industrial electronics dated 20 April 2022 entered into between Oppstar Technology and Xiamen KirinCore. The salient terms of the Technology Development (Appointment) Contract for designing memory interface IP used in an IC for wireless communication, mobile devices and industrial electronics are as follows:

		Salient terms
Contracting Parties	:	Xiamen KirinCore and Oppstar Technology
Description	:	Oppstar Technology shall be responsible for completing the design of memory interface IP used in an IC for wireless communication, mobile devices and industrial electronics based on the design requirements and specified design data provided by Xiamen KirinCore, mainly including memory protocol functionality and related IPs required for the functionality of the protocol based on the required fabrication process. During the implementation of the project, Xiamen KirinCore will send personnel to participate in the project synchronously, Xiamen KirinCore's personnel and Oppstar Technology may uniformly allocate and be responsible for checking the work content of Xiamen KirinCore's personnel, and the overall project shall be led by Oppstar Technology and is responsible for the design and implementation of the chip.
Governing Law	:	The laws of the PRC.
Validity Period	:	20 April 2022 to 19 October 2024.
Confidentiality	:	The confidentiality obligations of the commissioned party for the execution of the contract are as follows: (1) confidential content (including technical information and business information): Xiamen KirinCore's business methods, management rules and regulations, business processes and design methods involved in the contract development project; data available to Oppstar Technology and other user demand materials: other technical and business information obtained in the course of the project;

6. BUSINESS OVERVIEW *(CONT'D)*

		Salient terms
		(2) scope of confidential personnel: project implementers and project developers; (3) confidentiality period: During the validity period of the contract and three (3) years after; and (4) liability for leakage: Compensation according to the actual loss caused to the other party.
Assumption of Risk and Responsibilities	:	Oppstar Technology shall ensure the practicability and reliability of the technology provided to Xiamen KirinCore, and once it occurs, the technical risks shall be identified by the invited experts through mutual consultation between both parties, and after Xiamen KirinCore pays the technology development (transfer) fee, the risk liability shall be as follows: at the proportion of 50% of Xiamen KirinCore; and 50% of Oppstar Technology.
Subsequent Technical Improvements	:	Parties confirmed that Xiamen KirinCore is entitled to use the research and development results provided by Oppstar Technology in accordance with the contract to make subsequent technical improvements. The resulting new technological achievements with the characteristics of substantial or creative technological progress and the ownership of their rights shall be enjoyed by Xiamen KirinCore. The distribution of specific related benefits is as follows: fully owned by Xiamen KirinCore.
Development Fee	:	Both parties agreed that the Xiamen KirinCore shall pay Oppstar Technology a fixed amount of technology development fee as stated in the contract.
Intellectual Property Rights	:	Parties agreed that after Xiamen KirinCore paid the technical fee in full, the research and development results and related intellectual property rights arising from the execution of the contract shall be as follows: (1) the right to apply for a patent arising from the execution of the contract shall belong to Xiamen KirinCore; (2) the patent rights arising from the execution of the contract shall belong to Xiamen KirinCore; and (3) without the permission of Xiamen KirinCore, Oppstar Technology shall not dispose of all the results and intellectual property rights produced in the performance of the contract, and the disposition includes direct use and transfer of the results, and applying for patents and copyrights with the results.

6. BUSINESS OVERVIEW *(CONT'D)*

		Salient terms
Termination	:	(1) In case the execution of the contract is impossible, unnecessary or meaningless due to force majeure reasons or other unexpected events, either party shall have the right to terminate the contract. (2) In case a party suffering from force majeure events or unexpected events is unable to perform the contract, rescinds or delays the execution of the contract in whole or in part, the party shall notify the other party in writing of the circumstances of the event within 30 days and submit the corresponding proof to the other party. (3) During the implementation of the project, Xiamen KirinCore shall pay the relevant fees in a timely manner. After Xiamen KirinCore owing Oppstar Technology more than 30 days of project funds, Xiamen KirinCore shall pay a liquidated damage of 2% of the contract amount for each additional 30 days thereafter. In case of serious delay, Oppstar Technology is entitled to terminate the contract, and Xiamen KirinCore shall pay the remaining fees in full. (4) Oppstar Technology shall complete the research and development work on time, and if the delay of the project is due to Oppstar Technology's reasons, Oppstar Technology shall pay a liquidated damage of 2% of the contract amount for each extension of more than 45 days. If the project is stalled, postponed for more than 2 months or fails due to Oppstar Technology's reasons, Xiamen KirinCore is entitled to unilaterally terminate the contract and will no longer pay the remaining fees.

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6. BUSINESS OVERVIEW *(CONT'D)*

6.22 INTELLECTUAL PROPERTIES

As at the LPD, save for the following, we do not have any other intellectual property rights registered and/ or in the process of registration:

(i) Patents[(i)]

Applicant	Authority	Filling No.	Filing Date	Validity period	Title of invention	Status
Oppstar Technology	United States Patent and Trademark Office	17474859	14 September 2021	Pending	Configurable logic cell	Pending approval[(ii)]
Oppstar Technology	United States Patent and Trademark Office	17523525	10 November 2021	Pending	3D-FPGA with structural ASIC hardening capability	Pending approval[(iii)]
Oppstar Technology	United States Patent and Trademark Office	17690411	9 March 2022	Pending	Adjustable clock phase for peak-current reduction	Pending approval[(iv)]
AIRIS Labs	United States Patent and Trademark Office	17166158	3 February 2021	Pending	System and method having the Artificial Intelligence (AI) Algorithm of K-Nearest Neighbors (K-NN)[(vii)]	Pending approval[(v)]
AIRIS Labs	Intellectual Property Corporation of Malaysia (MyIPO)	PI2020005624	27 October 2020	Pending	System and method having the Artificial Intelligence (AI) Algorithm of K-Nearest Neighbors (K-NN)[(vii)]	Pending approval[(vi)]

Notes:

(i) The patents filed do not breach any IP rights of our customers.

(ii) Expected to be obtained by third (3rd) quarter of 2024. In the event our Group fails to obtain the approval due to it not being patentable, it is not expected to have a material impact on our Group as our Group does not rely on this patent for our business activities. The resident is required to first apply for a patent application in Malaysia prior to filing an application outside Malaysia unless a written authorisation from MyIPO is obtained. We have obtained the said written authorisation from MYIPO prior to our first filing in USA.

As the USA is a hub for semiconductor companies, our Group filed this patent in the USA in order to protect our inventions against potential competitors there. We do not intend to file this patent in Malaysia.

6. BUSINESS OVERVIEW *(CONT'D)*

(iii) Expected to be obtained by fourth (4th) quarter of 2024. In the event our Group fails to obtain the approval due to it not being patentable, it is not expected to have a material impact on our Group as our Group does not rely on this patent for our business activities. The resident is required to first apply for a patent application in Malaysia prior to filing an application outside Malaysia unless a written authorisation from MyIPO is obtained. We have obtained the said written authorisation from MYIPO prior to our first filing in USA.

As the USA is a hub for semiconductor companies, our Group filed this patent in the USA in order to protect our inventions against potential competitors there. We do not intend to file this patent in Malaysia.

(iv) Expected to be obtained by first (1st) quarter of 2025. In the event our Group fails to obtain the approval due to it not being patentable, it is not expected to have a material impact on our Group as our Group does not rely on this patent for our business activities. The resident is required to first apply for a patent application in Malaysia prior to filing an application outside Malaysia unless a written authorisation from MyIPO is obtained. We have obtained the said written authorisation from MYIPO prior to our first filing in USA.

As the USA is a hub for semiconductor companies, our Group filed this patent in the USA in order to protect our inventions against potential competitors there. We do not intend to file this patent in Malaysia.

(v) Expected to be obtained by first (1st) quarter of 2024. In the event our Group fails to obtain the approval due to it not being patentable, it is not expected to have a material impact on our Group as our Group does not rely on this patent for our business activities.

(vi) Expected to be obtained by fourth (4th) quarter of 2023. In the event our Group fails to obtain the approval due to it not being patentable, it is not expected to have a material impact on our Group as our Group does not rely on this patent for our business activities.

(vii) This patent filed is on the usage of K-Nearest Neighbors (KNN), a type of AI algorithm and it includes the method of implementing its algorithm into ICs such as ASICs, SoCs or FPGAs. As part of our Group's AI ASIC development, the AI algorithm was proven by its implementation into an ASIC which forms the AI ASIC.

The AI ASIC which uses KNN algorithm can be utilised in various applications such as facial recognition, traffic prediction, video recognition, speech recognition and handwriting recognition.

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6. BUSINESS OVERVIEW *(CONT'D)*

6.23 EMPLOYEES

As at the LPD, we have a total workforce of 227 employees, of which all are permanent employees. In addition, 221 employees are Malaysians and 6 employees are foreigners.

The following sets out the number of employees in our Group according to the business functions and geographical locations as at the Financial Years Under Review, FPE 2023 and LPD:

	No. of employees				
Category	**As at 31 March 2020**	**As at 31 March 2021**	**As at 31 March 2022**	**As at 30 September 2022**	**As at the LPD**
Executive Directors and Key Senior Management	6	6	6	6	6
Engineers	120	146	151	182	196
Sales and Marketing	1	2	4	4	4
Research and Development	2	2	9	12	12
Information Technology	2	1	1	1	1
Human Resource and General Administrative	5	5	9	8	8
Total	**136**	**162**	**180**	**213**	**227**

	No. of employees				
Geographical location	**As at 31 March 2020**	**As at 31 March 2021**	**As at 31 March 2022**	**As at 30 September 2022**	**As at the LPD**
Malaysia	133	159	176	210	222
China	3	3	4	3	5
Total	**136**	**162**	**180**	**213**	**227**

None of our employees belong to any labour unions. The relationship and cooperation between our management and our employees have always been good and this is expected to continue in the future. Our Group is in compliance with statutory minimum wage, EPF and SOCSO in relation to our employees. As at the LPD, there has been no industrial dispute pertaining to our employees.

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6. BUSINESS OVERVIEW *(CONT'D)*

6.24 GOVERNING LAWS, REGULATIONS, RULES OR REQUIREMENTS

The relevant laws, regulations, rules or requirements governing the conduct of our Group's business and environmental issues 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.

Malaysia

(i) 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.

PRC

(i) Foreign Investment Law 2020 and Implementing Regulations of Foreign Investment Law ("FIL")

The FIL is enacted to replace and consolidate the laws relating to foreign investment. Prior to 2020, there were three (3) major laws corresponding to three (3) types of organisational forms of foreign invested entities ("**FIEs**"), i.e. Law on Wholly Foreign Owned Enterprises ("**WFOE Law**"), Law on Sino-Foreign Equity Joint Ventures ("**EJV Law**"), and Law on Sino-Foreign Contractual Joint Ventures ("**CJV Law**"). As of 1 January 2020, the three (3) FIE laws, i.e. WFOE Law, EJV Law and CJV Law, were superseded by a consolidated FIL.

Organisational forms of FIEs incorporated prior to 2020 will have a five (5)-year transition period to keep their present forms while they may also do it earlier to restructure their organisational forms pursuant to the PRC Company Law, the PRC Partnership Enterprise Law or other relevant laws.

Coping with implementing FIL, PRC has promulgated respective catalogue of segments for encouragement of foreign investment, and catalogue of segments restricted and prohibited from foreign investment, and has been amending them from time to time. The Catalogue of Segments Restricted and Prohibited from Foreign Investments has been superseded by the Special Administrative Measures for Foreign Investment (Negative List) ("**Negative List**"), amended from time to time, and the scope and content of Negative List has been considerably narrowed down in 2021 Edition. In general, FIEs are prohibited from carrying out businesses such as internet content providers, news and press organisations, radio/television station, publication, film production and distribution, etc., amongst others. Most restrictions in manufacturing industry had been removed in the Negative List, and the restrictions remain in printing of publications (majority stakeholders must be Mainland Chinese individuals or entities), automobile vehicles production (except for special purpose vehicles, new energy vehicles and commercial vehicles, foreign shareholders may not take more than 50% equity interest), production of confidential prescription products of proprietary Chinese medicines, satellite television broadcasting ground receiving facilities and key components production etc.

6. BUSINESS OVERVIEW *(CONT'D)*

As at the LPD, Oppstar Shanghai's business scope is not covered by or overlapped with the Negative List, and it does not need further special permits or approvals to carry out its business or operations, nor is there regulatory restriction levied on Oppstar Shanghai in the Shanghai Pilot Trade Trial Zone.

There is no special environmental requirements and restrictions levied on Oppstar Shanghai as it is not a manufacturing entity.

(ii) Administrative Regulations for Technology Import and Export 2001, as amended 2020

Under these regulations, any cross border technology transfer and economic cooperation involving technology including transfer of patents, technical secrets and know-how, and cross border technical services, could be categorised as technology import and export, subject to approval or filing record at local commerce authority depending on the nature of technology per se. Catalogues for Technologies Restricted and Prohibited from Import, and Catalogues for Technologies Restricted and Prohibited from Export have been promulgated and amended at times by Ministry of Commerce.

For technology transfer agreement involving restricted technology, prior approval from commerce department is needed to effectuate the validity of such agreement. Technologies not under the abovementioned catalogues could be imported and exported freely, and the domestic entities should file record such cross border technology transfer agreement with local commerce authority for the purpose of foreign exchange remittance and tax clearance on behalf of foreign licensors/assignors.

There is no non-compliance with the aforesaid laws, regulations, rules and requirements as at the LPD.

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7. INDUSTRY OVERVIEW

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

SMITH ZANDER

Date: 08 FEB 2023

The Board of Directors

OPPSTAR BERHAD
Level 6, I2U Building, Sains@USM
10, Persiaran Bukit Jambul
11900 Bayan Lepas
Pulau Pinang

Dear Sirs/ Madams,

Independent Market Research Report on the Global Semiconductor Industry and Global Integrated Circuit ("IC") Design Industry ("IMR Report")

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

The objective of this IMR Report is to provide an independent view of the industries in which Oppstar and its subsidiaries ("Oppstar Group") operate and to offer a clear understanding of the industry dynamics. As Oppstar Group is principally involved in the provision of IC design services covering front-end design, back-end design and complete turnkey solutions, as well as other related services, the scope of work for this IMR Report will thus address the following areas:

(i) Global semiconductor industry, being the broader industry in which Oppstar Group operates in;
(ii) Global IC design industry, being the sub-segment of the global semiconductor industry in which Oppstar Group operates in; and
(iii) Competitive landscape of the IC design industry.

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

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

For and on behalf of SMITH ZANDER:

DENNIS TAN
MANAGING PARTNER

7. INDUSTRY OVERVIEW *(CONT'D)*

SMITH ZANDER

The research for this IMR Report was completed on 31 January 2023.

For further information, please contact:

SMITH ZANDER INTERNATIONAL SDN BHD
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Malaysia
Tel: + 603 2732 7537

www.smith-zander.com

About SMITH ZANDER INTERNATIONAL SDN BHD

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

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has over 25 years of experience in market research and strategy consulting, including over 20 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

1 THE GLOBAL SEMICONDUCTOR INDUSTRY

A semiconductor is a substance which possesses specific electrical properties. Semiconductors are primarily made of silicon, whereby with modifications such as doping or gating, semiconductors can act as a conductor under certain conditions or as an insulator under other conditions in accordance to requirements.

Value chain of the semiconductor industry

In the past, the semiconductor industry comprised integrated device manufacturers ("IDMs"), which are typically brand owners or intellectual property ("IP") owners of integrated circuits ("ICs") for various electronic devices. These IDMs were vertically integrated, in which its principal activities encompassed the design, fabrication, assembly, packaging and testing of ICs. Over the years, rapid technology advancement and product innovation have increased the complexity in IC production, leading to the emergence of companies specialised in specific activities within the semiconductor industry.

Presently, there are five (5) major types of semiconductor industry players, namely IDMs, fabless companies, fab-lite companies, IC fabricators (i.e. foundries) and outsourced semiconductor assembly and test ("OSAT") companies in the core value chain of the semiconductor industry. These industry players are supported by engineering support companies such as electronic design automation ("EDA") software providers, IC design houses and various equipment manufacturers, to perform all or part of the core processes of IC production, namely design, fabrication, assembly, packaging and testing, and sales and marketing of ICs, as follows:

- **Design:** IDMs, fabless companies and fab-lite companies are involved in the design of their own IC products. They are typically brand owners or IP owners of the IC products. As the semiconductor industry is increasingly competitive, these industry players may outsource part or whole of the design processes of an IC to third party IC design houses for the purposes among others, access to engineering talent pool and cost reduction. These IC design houses are able to develop IC design solutions based on the requirements of the IDMs, fabless companies and fab-lite companies and they are typically involved in the design of ICs for third party brands. Please refer to **Chapter 2 The Global IC Design Industry** of this IMR Report for further details on the global IC design industry.

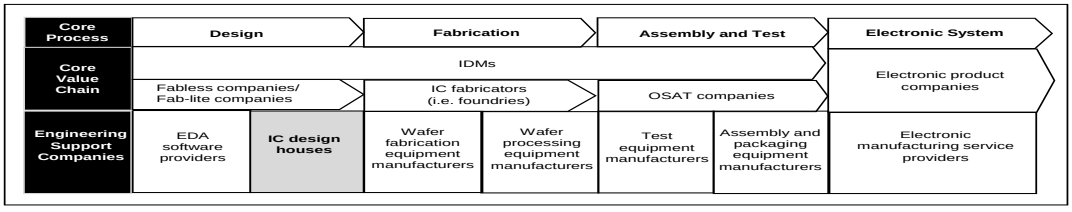
  Upon completion of the design process, prototypes of the ICs will be manufactured and undergo a post-silicon validation process before mass production to validate the functionality of the ICs, to ensure the ICs manufactured meet the required functional specifications of the IC design under different operating conditions. The post-silicon validation process is usually conducted by IDMs, fabless companies and fab-lite companies. They may also outsource it to other service providers when required.

- **Fabrication:** Upon completion of the design and post-silicon validation processes, the IC is then mass-produced and fabricated in-house (in the case of IDMs and fab-lite companies), or outsourced to a foundry (in the case of fabless companies and fab-lite companies). Manufacturing of ICs typically refers to the fabrication process where semiconductor components are formed on a semiconductor wafer/ plate, which is a thin silicon-based material, based on the IC design. Fabless companies and fab-lite companies generally engage foundries for the fabrication of ICs due to the capital and technology intensive nature of the IC fabrication process.

- **Assembly and test:** Once mass produced, the fabricated ICs are then sent for assembly, packaging and testing. The assembly process involves dicing semiconductor wafer into individual die, die bonding onto a substrate, wire bonding and encapsulating the semiconductor die with moulding compounds such as epoxy resin. The assembly process is necessary to protect the ICs and enable the dissipation of heat from the ICs, as well as facilitate the integration of ICs into electronic systems to manufacture electronic products. Thereafter, the final products manufactured will undergo a series of testing. Fabless companies and fab-lite companies generally engage OSAT companies for these processes.

- **Electronic system:** Electronic product companies are ultimately the customers of the semiconductor industry players. Examples of these companies include mobile and wireless device companies, automobile manufacturers, as well as other consumer electronic product manufacturers. These companies may also engage electronic manufacturing service providers to undertake the fabrication, assembly, packaging and/or testing of the final electronic products.

Value chain of the semiconductor industry



Notes:

- *denotes role of Oppstar Group in the value chain of the semiconductor industry.*
- *Companies involved in the above value chain may have overlapping principal activities and thus, may have multiple roles in the semiconductor value chain.*

Source: SMITH ZANDER

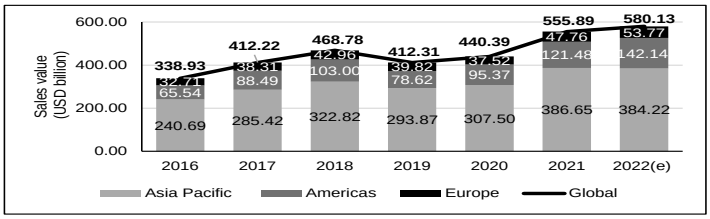
7. INDUSTRY OVERVIEW *(CONT'D)*

Industry Performance, Size and Growth

The global semiconductor industry is represented by global semiconductor sales. Global semiconductor sales increased at a compound annual growth rate ("CAGR") of 9.37% from USD338.93 billion (RM1.41 trillion)[1] in 2016 to an estimated USD580.13 billion (RM2.55 trillion)[2] in 2022. In 2019, global semiconductor sales decreased by 12.05% from USD468.78 billion (RM1.89 trillion)[3] in 2018 to USD412.31 billion (RM1.71 trillion)[4] in 2019, mainly due to uncertainties resulting from the escalation of the United States of America ("USA")-China trade war. Nevertheless, driven by continuous technological advancements which led to increased usage of semiconductors in various end-user applications, global semiconductor sales recovered by 6.81% from USD412.31 billion (RM1.71 trillion) in 2019 to USD440.39 billion (RM1.85 trillion)[5] in 2020. Further, the World Semiconductor Trade Statistics ("WSTS") expects global semiconductor sales to decrease by 4.06% from USD580.13 billion (RM2.55 trillion) in 2022 to USD556.57 billion (RM2.45 trillion)[6] in 2023, in view of a slowdown in semiconductor sales in the Asia Pacific region which is largely exposed to weakened consumer demand for electrical and electronics ("E&E") products and expected to weaken the demand for memory ICs.

Asia Pacific is the largest contributor to the global semiconductor industry, accounting for 66.23% of global semiconductor sales in 2022. Asia Pacific registered a decline of 8.97% from USD322.82 billion (RM1.30 trillion) in 2018 to USD293.87 billion (RM1.22 trillion) in 2019 in tandem with the decrease in global semiconductor sales. In line with increased demand in 2020, Asia Pacific registered a growth of 4.64% to USD307.50 billion (RM1.29 trillion) in 2020 as compared to 2019.

Semiconductor sales (Global), 2016-2022(e)



Notes:

- *Figures may not add up due to rounding.*
- *(e) – Estimate.*

Sources: WSTS, SMITH ZANDER analysis

WSTS estimated Asia Pacific's semiconductor sales to have declined slightly by 0.63% from USD386.65 billion (RM1.60 trillion)[7] in 2021 to USD384.22 billion (RM1.69 trillion) in 2022, in view of weakened demand for memory ICs which was driven by weaker demand in consumer electronics markets arising from rising inflation and normalisation of demand for consumer electronics after the spike during the coronavirus disease 2019 ("COVID-19") pandemic. Similar trend is expected to persist in 2023 whereby the semiconductor sales in Asia Pacific is expected to decrease by 6.49% from USD384.22 billion (RM1.69 trillion) in 2022 to USD359.29 billion (RM1.58 trillion) in 2023.

The major countries in Asia Pacific involved in the semiconductor industry include China, Taiwan and Japan. Within these countries, there are IDMs, fabless companies, fab-lite companies, IC fabricators and OSAT companies which drive the development of the semiconductor industry. In China, semiconductor sales[8] increased from USD107.47 billion (RM445.54 billion) in 2016 to USD192.50 billion (RM797.99 billion) in 2021, registering a CAGR of 12.36%, and estimated to have declined slightly by 0.63% to USD191.29 billion (RM841.77 billion) in 2022 as compared to 2021 in tandem with the decrease in semiconductor sales in Asia Pacific. In Taiwan, semiconductor sales[9] increased from NTD2.45 trillion (RM 315.07 billion)[10] in 2016 to an estimated NTD4.72 trillion (RM697.15 billion)[11] in 2022, registering a CAGR of 11.55%. Additionally, in Japan, semiconductor sales[12] increased from USD32.29 billion (RM133.86 billion) in 2016 to an estimated USD48.06 billion (RM211.49 billion) in 2022 at a CAGR of 6.85%. Despite an estimated slight decline in semiconductor sales in China, the growth of the semiconductor industry in Taiwan and Japan is expected to spur the growth of the global IC design industry.

[1] Exchange rate from USD to RM in 2016 was converted based on average annual exchange rates in 2016 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1457.
[2] Exchange rate from USD to RM in 2022 was converted based on average annual exchange rates in 2022 extracted from published information from Bank Negara Malaysia at USD1 = RM4.4005.
[3] Exchange rate from USD to RM in 2018 was converted based on average annual exchange rates in 2018 extracted from published information from Bank Negara Malaysia at USD1 = RM4.0353.
[4] Exchange rate from USD to RM in 2019 was converted based on average annual exchange rates in 2019 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1427.
[5] Exchange rate from USD to RM in 2020 was converted based on average annual exchange rates in 2020 extracted from published information from Bank Negara Malaysia at USD1 = RM4.2016.
[6] Exchange rate from USD to RM in 2023 was converted based on average annual exchange rates in 2022 extracted from published information from Bank Negara Malaysia at USD1 = RM4.4005.
[7] Exchange rate from USD to RM in 2021 was converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1454.
[8] Sources: Semiconductor Industry Association, SMITH ZANDER.
[9] Sources: Taiwan Semiconductor Industry Association ("TSIA"), SMITH ZANDER analysis.
[10] Exchange rate from NTD to RM in 2016 was converted based on average annual exchange rates in 2016 extracted from published information from Bank Negara Malaysia at NTD100 = RM12.8602.
[11] Exchange rate from NTD to RM in 2022 was converted based on average annual exchange rates in 2022 extracted from published information from Bank Negara Malaysia at NTD100 = RM14.7702.
[12] Sources: WSTS, SMITH ZANDER analysis.

Countries such as India and Singapore possess high skilled software engineering talent, including in IC design, making these countries suitable destinations for IC design houses to source and recruit design engineers and/or to set up operations due to the availability of such skills. As such, semiconductor companies globally may engage with IC design houses based in India or Singapore to outsource their IC design activities in order to leverage on the skills and experience of the design engineers.

2 THE GLOBAL IC DESIGN INDUSTRY

Overview

An IC is a small semiconductor with electronic circuits made up of transistors and other electronic components, such as capacitors, resistors, diodes and inductors assembled and integrated on a semiconductor material (i.e. wafer).

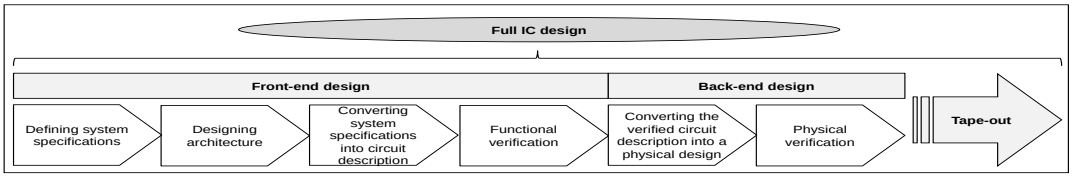
IC is designed and used in a vast array of applications such as mobile devices, computers and computer peripherals, consumer electronics, automotive components, industrial equipment, telecommunications equipment and medical equipment, to perform certain functions including data transmission, processing and storage, wireless connectivity, operations control, sensing and power management.

The IC design industry is a knowledge and skill-intensive industry. Typically, there are two broad categories of IC design which includes analog IC design and digital IC design. Analog design focuses on the designing of circuits which operate using continuous varying signal, and emphasises on signal fidelity, amplification and filtering. On the other hand, digital IC design focuses on the designing of circuits which operate using discrete signals, represented in the binary form of ones and zeros, and emphasises on logical correctness. The design processes of an IC can be generally categorised into front-end and back-end design as follows:

- **Front-end design** involves design processes responsible to determine the functionality of an IC. The front-end design process typically starts from defining system specifications, designing architecture, converting system specifications into circuit description, to functional verification of the IC.
- **Back-end design** involves design processes responsible for the physical implementation of an IC. The back-end design typically starts from converting the verified circuit description into a physical design which involves processes such as partitioning, floor-planning, place and route to physical verification of the IC.

Upon completion of both the front-end and back-end design processes, the IC design is then ready for manufacturing. The process in which the IC design is sent for manufacturing in foundries is known as tape-out. The complete IC design process from defining system specifications to tape-out is known as a full IC design.

A complete IC design process/ full IC design



Source: SMITH ZANDER

Depending on the architecture of an IC, the design of an IC may be handled hierarchically, whereby a full IC design can be divided into multiple functional blocks, and further sub-divided into multiple sub-blocks for their respective hierarchy level within an IC. Upon completion of design at each hierarchy level, the sub-blocks are then integrated to form a functional block, and functional blocks are integrated to form a full IC. The nature of the design process and architecture of an IC thus allows all (e.g. full IC basis) or parts (e.g. specific design process basis or functional block basis) of the IC design to be completed by different design engineering teams, either in-house or outsourced, and either locally or overseas.

In the IC design industry, there are IC design houses which provide IC design services to IDMs, fabless companies or fab-lite companies on a full IC basis. Generally, as full IC design involves multiple layers of integration within an IC, it requires a complete range of design knowledge and expertise such as knowledge for the inter-connections between functional blocks. These IC design houses have higher responsibility as they are responsible for the overall operational performance of the IC. IC design houses also provide IC design services to IDMs, fabless companies or fab-lite companies on a functional block basis or on a specific design process basis, based on their respective areas and levels of expertise. In this case, IC design houses are responsible for the individual performance of the functional blocks or completion of the assigned design process. Oppstar Group is involved in the provision of IC design services comprising turnkey design services (i.e. IP design turnkey and full IC design turnkey) and specific design services.

Evolution of process node technology

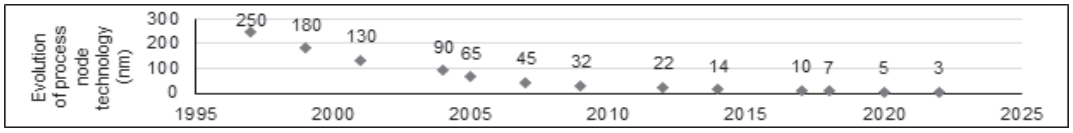
IC design is increasingly complex and expensive following the evolution of process node technology. Process node technology refers to a specific semiconductor manufacturing process, characterised by the size of transistors within an IC.

7. INDUSTRY OVERVIEW *(CONT'D)*

Since the invention of transistors in the 1940s, the evolution of process node technology into smaller process node has allowed production of improved generation of ICs with increased transistor density (i.e. increased transistor counts on the same area of an IC), faster processing speed and lower power consumption, fulfilling the increasing demand for lighter and more sophisticated electronic devices.

At present, the most advanced process node technology that is currently in production is in the order of three (3) nanometres ("nm"). The advent of process node technology has led to increasing miniaturisation of transistors and scale of integration in an IC, which has increased significantly from below 100 transistors in an IC to trillions of transistors in an IC today. This has also led to an increasing level of complexity in IC design. As such, IC design houses with capabilities for advanced process node technology is a demonstration of its advanced in-house design capabilities and expertise. Oppstar Group is generally involved in the provision of IC design services for IC with process node technology ranging from 20 nm to 5nm. In 2022, Oppstar Group had also secured projects using 3nm process node technology.

Evolution of process node technology



Source: SMITH ZANDER

Global chip supply

A global chip shortage began in late 2020 where the demand for ICs surpassed its supply. The global chip shortage was driven by a combination of events including increase in cost and global supply chain disruption mainly caused by the COVID-19 pandemic which led to temporary shutdown of factories in the semiconductor value chain, as well as the USA-China trade war. The global chip shortage was further exacerbated by a surge in demand for ICs, mainly contributed by a shift towards remote working, virtual learning, home entertainment, online gaming and e-commerce during the pandemic, which increased the demand for ICs powering computers, laptops, cloud computing and equipment for communications; as well as a faster-than-expected recovery in the demand for automobiles following the lifting of lockdowns in various countries globally.

These events collectively resulted in a chip shortage globally whereby there was a shortfall in production capacity against the surge in demand for ICs, causing supply chain disruptions in many of its end-user applications such as consumer electronics and automotive.

However, starting from the second half of 2022, chip shortage has turned into oversupply in some semiconductor segments and this is expected to persist in 2023. For instance, there has been rising concern on oversupply in memory chips in view of reducing demand for consumer electronics such as personal computers and smartphones due to pressure on consumer disposable income resulting from among others, rising inflation, taxes and interest rates, as well as normalisation of demand for consumer electronics after the spike during COVID-19 pandemic. Further, there has also been an oversupply of semiconductors for the data centre industry. Nevertheless, chip shortage in the automotive industry is expected to persist in 2023. In view of a lower demand for memory chips, WSTS expects global semiconductor sales to decrease by 4.06% from USD580.13 billion (RM2.55 trillion) in 2022 to USD556.57 billion (RM2.45 trillion) in 2023.

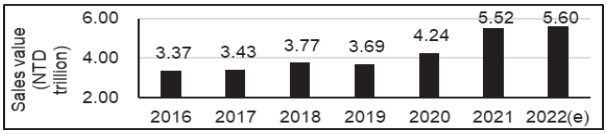
Nevertheless, as capacity of IC design services is not restrained by the semiconductor production capacity, and as the demand for IC design services remain strong driven by key demand drivers illustrated in **Chapter 2 The Global IC Design Industry – Industry Performance, Size and Growth** of this IMR Report, the IC design industry is not materially impacted by the global chip supply condition.

Industry Performance, Size and Growth

The global IC design industry is represented by global IC design sales. Global IC design sales increased from NTD3.37 trillion (RM433.39 billion) in 2016 to an estimated NTD5.60 trillion (RM827.13 billion) in 2022, at a CAGR of 8.83%.

In line with the decline in global semiconductor sales in 2019, global IC design sales decreased by 2.12% from NTD3.77 trillion (RM504.64 billion)[13] in 2018 to NTD3.69 trillion (RM494.79 billion) [14] in 2019. Nevertheless, driven by continuous technological advancements which leads to increased usage of ICs, as well as increased demand for semiconductors, global IC design sales recovered by 14.91% from NTD3.69 trillion

IC design sales (Global), 2016-2022(e)



Note:

- (e) – Estimate.

Sources: TSIA, SMITH ZANDER analysis

[13] Exchange rate from NTD to RM in 2018 was converted based on average annual exchange rates in 2018 extracted from published information from Bank Negara Malaysia at NTD100 = RM13.3856.

[14] Exchange rate from NTD to RM in 2019 was converted based on average annual exchange rates in 2019 extracted from published information from Bank Negara Malaysia at NTD100 = RM13.4090.

(RM494.79 billion) in 2019 to NTD4.24 trillion (RM605.07 billion)[15] in 2020. Despite an anticipated decline in global semiconductor sales in 2023, the global IC design industry is expected to continue to grow driven by the demand for advanced chips used in high performance computing and artificial intelligence ("AI") devices which are less susceptible to rising inflation and external uncertainties. As such, SMITH ZANDER forecasts global IC design sales to increase by 2.50% from NTD5.60 trillion (RM827.13 billion) in 2022 to NTD5.74 trillion (RM847.81 billion)[16] in 2023.

The growth in the global IC design industry is driven by the following key drivers:

- **Continuous technological advancements leading to innovation in end-user products drive the demand for ICs, which in turn drive the sales of IC design services**

  IC is the foundation of many technologies today that enrich lives of consumers and enable businesses to operate more efficiently. A major driving factor of the growth in the global demand for ICs is rapid technological advancements, which continue to promote new product innovation in the market as industry players need to ensure their products remain competitive. These technological advancements include:

  - **Mobile and wireless devices:** One of the most prevalent trends in the end-user industry of ICs, namely the E&E industry, is the rise of mobile and portable engineering designs which promote convenience. Industry players are constantly developing newer E&E products and semiconductor components to meet market requirements for smaller and more lightweight, yet more powerful products. Today's mobile and wireless devices have powerful computing capabilities, efficient mobile connectivity and strong power management features. These devices form an integral part of the society today, and consumers and businesses have become increasingly dependent on mobile and wireless devices. As ICs are technology enablers for mobile and wireless devices, the constant product advancements of these devices have created demand for more powerful ICs.

  - **Fifth-generation ("5G") wireless networks:** The advancement of 5G wireless technology for digital cellular networks offers unprecedented network speed, latency, reliability and capacity. The advancement of wireless technology opens up vast opportunities not only to enhance capabilities of existing applications such as mobile devices, it also enables new areas of application in Internet of Things ("IoT"), automotive and industrial automation which were formerly subject to limitations or were not possible to operate under previous generations of wireless network. As such, the incorporation of 5G wireless technology into applications such as mobile devices, IoT, automotive and industrial automation may drive the demand for higher performance or advanced ICs to be used in these 5G-enabled applications which may in turn drive the sales of IC design services.

  - **AI:** AI is typically defined as the ability of a machine to perform cognitive functions such as perceiving, reasoning and learning. Many AI applications including virtual assistant and facial recognition programmes have already gained a wide following in today's society. These applications rely on hardware (e.g. ICs) for logic and memory functions. This will present growth opportunities for IC design houses.

  Consumers are highly receptive to new product innovation and this has resulted in relatively short product lifecycles for most end-user products as new and enhanced versions of products are constantly introduced to the market. Moving forward, it is expected that the introduction of new end-user products integrated with the lifestyle of today's society will continue to increase. The continuous technological advancements leading to product innovation will drive the sales of IC design services.

- **Increase in IC design service outsourcing creates growth opportunities for IC design houses**

  Following the evolution of process node technology, IC design has become increasingly complex and expensive. In order to reduce IC design operational costs and to focus on the companies' core business, many semiconductor companies such as IDMs, fabless companies and fab-lite companies outsource all (e.g. full IC design basis) or parts (e.g. specific design or functional block basis) of their IC design processes to IC design houses. By outsourcing, these semiconductor companies will be able to increase the productivity of their business without having the need to increase the size of their team. For example, given a differential in wage patterns of developed countries and developing countries, the scope of IC design works can often be achieved at lower cost in developing countries compared to developed countries, allowing semiconductor companies to tap into a larger pool of design engineering expertise at comparatively lower labour cost. Further, when the scope of IC design work is outsourced, the semiconductor companies may not be required to hire and maintain a large pool of skilled design engineers in-house, which enables the semiconductor companies to be more flexible in responding to evolving market trends and demand, allowing the semiconductor companies to remain competitive in the industry.

  In light of this, IC design houses have emerged in various countries, including Malaysia, to cater to the growing need of the semiconductor companies. This outsourcing trend has, and is expected to continue to, create growth opportunities for IC design houses.

[15] Exchange rate from NTD to RM in 2020 was converted based on average annual exchange rates in 2020 extracted from published information from Bank Negara Malaysia at NTD100 = RM14.2705.

[16] Exchange rate from NTD to RM in 2023 was converted based on average annual exchange rates in 2022 extracted from published information from Bank Negara Malaysia at NTD100 = RM14.7702.

In Malaysia, as having a pool of skilled talent is imperative for the growth of the E&E industry including the IC design industry, the Government of Malaysia will be implementing several initiatives through the 12th Malaysia Plan to develop talent in the E&E industry, which is in line with the National Fourth Industrial Revolution ("4IR") Policy. These initiatives include setting up industry-led 4IR skills development centres as well as providing incentives to the industry for reskilling and upskilling employees in 4IR areas. Further, employee reskilling and upskilling in the design field will also be carried out to accelerate the growth of high-end manufacturing industries. These initiatives are expected to improve the skills and expertise of the IC design workforce, which could in turn attract local and foreign semiconductor companies to outsource their IC design processes to IC design houses based in Malaysia, hence driving the growth of the IC design industry.

Additionally, the Government of Malaysia also intends to enhance research and development as well as design and development ("D&D") activities through promoting knowledge-intensive design programmes for the E&E subsector, encouraging industry players to undertake D&D activities, particularly in IC, IC packaging, embedded systems as well as test and engineering design services, and providing incentives to encourage more investment in D&D activities. This is to realise the importance of innovation and design activities which will in turn spur the growth of the E&E subsector.

- **Growth in the semiconductor industry drives the sales of IC design services**

  As a supporting industry to the semiconductor industry, the demand for IC design services is driven by the growth in the semiconductor industry. Semiconductors are integral components in many products including mobile devices, computers and computer peripherals, consumer electronics, industrial equipment, telecommunications equipment, automotive components and medical equipment to perform certain functions such as data transmission, processing and storage, wireless connectivity, operations control, sensing and power management.

  In 2019, global semiconductor sales decreased by 12.05% from USD468.78 billion (RM1.89 trillion) in 2018 to USD412.31 billion (RM1.71 trillion) in 2019, mainly due to uncertainties resulting from the escalation of the USA-China trade war. Nevertheless, driven by continuous technological advancements which led to increased usage of semiconductors in various end-user applications, global semiconductor sales recovered at a CAGR of 12.06% from USD412.31 billion (RM1.71 trillion) in 2019 to an estimated USD580.13 billion (RM2.55 trillion) in 2022. In Malaysia, the production of semiconductor related ICs and other semiconductor components registered a CAGR of 14.60% from 90.92 billion units in 2019 to 119.41 billion units in 2021, which signifies growing demand for semiconductors. SMITH ZANDER estimates the production of semiconductor related ICs and other semiconductor components to have grown by 16.25% from 119.41 billion units in 2021 to 138.82 billion units in 2022.

  The growth in semiconductor sales will also be driven by increasing usage of ICs in various end-user applications as contributed by technological advancement such as the prevalence of mobile and wireless devices, 5G wireless networks and AI as detailed in **Chapter 2 The Global IC Design Industry – Continuous technological advancements leading to innovation in end-user products drive the demand for ICs, which in turn drive the sales of IC design services** of this IMR Report. The continuing growth in the semiconductor industry is thus expected to continue to drive the sales of IC design services.

Key Industry Risks and Challenges

- **The growth of IC design houses is reliant on sufficient suitable skilled personnel**

  The IC design industry is constantly faced with rapid technological developments and thus, one (1) of the key supplies of the industry is the talent involved in the design and engineering of ICs. In order for IC design houses to remain competitive in the industry, these personnel must be equipped with the relevant expertise and experience.

  IC design houses have to continuously invest their time and financial resources in their design engineering workforce by providing (i) a conducive working environment including, among others, competitive remuneration packages, sufficient training as well as a clear and transparent career development path; and (ii) strong and efficient support systems to facilitate design engineering processes, to retain and attract competent design engineering workforce.

  As technical skills and engineering capabilities will have an impact on the types and performance of ICs designed, it is necessary to hire personnel with the required expertise and capabilities for the IC design houses to remain competitive in the industry. In the event where an IC design house is unable to hire and/or retain personnel with the required expertise and capabilities, it may create a material adverse impact on the operations of the IC design house and affect its capacity to secure new projects, which may negatively impact its ability to maintain and/or improve its overall financial performance.

- **Adverse economic and political conditions may adversely impact sales of the semiconductor industry, including sales of IC design services**

  The performance of the semiconductor industry, including the IC design industry is, to a certain extent, dependent on the state of the economy and political conditions. A growing economy will contribute to increasing disposable income and purchasing power of consumers, as well as spending budgets of businesses, which will spur demand for IC products. Conversely, a decline in the economy may decrease purchasing power and expenditure, and

cause a reduction in the demand for IC products, which may negatively impact the overall financial performance of industry players, including IC design houses in the semiconductor industry.

Over the years, the semiconductor industry has experienced significant and sometimes prolonged periods of economic downturns. Any systemic economic or financial crisis, such as the Asian financial crisis in 1997, the dot-com bubble burst in 2000 and the global financial crisis in 2008/2009, could create significant volatility and uncertainty within the semiconductor industry, which may negatively impact the financial performance of IC design houses. Further, any prolonged impact from the COVID-19 pandemic may also lead to unfavourable impact to the global economy and business operations for various end-user industries of ICs, which may negatively impact the demand for ICs, and subsequently the sales of IC design services.

In terms of political conditions, China conducted military drills and intends to conduct regular patrols around Taiwan in retaliation for Nancy Pelosi's visit to Taiwan in August 2022. The military exercises led to a few shipping disruptions, however, traffic at the ports in Taiwan and China was not affected. Additionally, China has suspended the exports and imports of certain goods to/from Taiwan but semiconductors are excluded from the suspension which may be due to China's reliance on Taiwan's semiconductor industry. However, if the conflict between China and Taiwan escalates and a military invasion in Taiwan is to occur, the supply of semiconductors from Taiwan may be affected and lead to supply chain disruption to the semiconductor supply chain globally, including other industries that depend on the semiconductors made in Taiwan.

Further, in August 2022, a Creating Helpful Incentives to Produce Semiconductors and Science Act ("CHIPS and Science Act") was signed into law by President Joe Biden, with the intention of strengthening USA's semiconductor production. The CHIPS and Science Act provides USD52.70 billion for American semiconductor research, development, manufacturing and workforce development, including USD39.00 billion in manufacturing incentives. However, the CHIPS and Science Act prohibits funding recipients from expanding semiconductor manufacturing in China and other countries of concern. As such, the CHIPS and Science Act is seen to be introduced with the intention to subdue the semiconductor industry in China. In addition, in October 2022, the USA imposed a set of export controls on China to restrict China's ability to access advanced computing chips, develop and maintain supercomputers, and manufacture advanced semiconductors.

While the operations and provision of IC design services may be temporarily disrupted due to disruption in the global supply chain caused by geopolitical reasons, as IC design industry players generally serve the global semiconductor industry, the demand for IC design services will be sustained by the overall demand and advancement of semiconductor products.

3 COMPETITIVE LANDSCAPE OF THE IC DESIGN INDUSTRY

Overview

The IC design industry has a global network model in which the competitiveness of the industry players can be narrowed down to their geographical locations resulting from factors such as regional market conditions, technological knowledge and geopolitical relations. These factors influence the nature of business relationships among industry players globally.

IC design industry players in their respective countries comprise local and foreign companies. Foreign industry players consist of regional and/or multinational companies that set up locally established entities to support their sales and marketing activities as well as the provision of IC design services to customers in the countries where the local entities are established.

There are also foreign industry players who deliver the required services to customers in countries where the foreign industry player does not have locally established entities/ local presence by deploying IC designers from their base country.

Further, IC design industry players often provide their IC design services to customers from countries which have similar language and cultural backgrounds, for more effective communication and coordination, which will help better understand and cater to the customers' IC design needs and specifications.

As the IC design industry is a technically skilled industry requiring specific engineering capabilities such as electronics and/or software engineering expertise, the industry is moderately competitive. Many IC design industry players have presence in countries with large semiconductor industries such as the USA, South Korea, Taiwan, China and Japan.

Local Industry Players in Malaysia

IC design industry players who perform full IC design process are known as turnkey solution providers. Some IC design industry players offer IC design services on functional block basis or on a specific design process basis. For example, some IC design industry players may only provide front-end IC design or back-end IC design.

As Oppstar Group offers IC design services comprising front-end design, back-end design and turnkey solutions, the basis for selection of the selected industry players in the IC design industry in Malaysia is companies who are involved in the provision of IC design services with turnkey capability and may serve customers in countries/ region that Oppstar Group serves (e.g. Malaysia, USA, Singapore and/or East Asia region).

7. INDUSTRY OVERVIEW *(CONT'D)*

As the IC design industry in Malaysia is relatively niche, the list of selected local industry players in the IC design industry in Malaysia that fulfil the abovementioned basis of selection is as follows:

Company Name	Principal Activities	Principal Market	Latest Available Financial Year	Revenue (RM million)	Gross Profit/ (Loss) (RM million)	Gross Profit/ (Loss) Margin (%)	Profit/ (Loss) After Tax (RM million)	Profit/ (Loss) After Tax Margin (%)
UST Global (Malaysia) Sdn Bhd (part of UST group of companies)	Provision of information technology consulting services.	Not available	31 March 2022	140.42(1)	-(7)	-	15.36	10.94
Oppstar Group	Provision of IC design services and other related services.	Malaysia, China, Japan, Singapore and USA	31 March 2022	50.56(2)	30.14	59.60	16.63	32.89
Key ASIC Berhad	Provision of turnkey application-specific integrated circuit ("ASIC") design services, data processing, data management, disk-based back-up solutions, telecommunications, office automation, network infrastructure and intelligent storage network support.	Taiwan, Malaysia and China	31 May 2022	13.59(3)	2.87	21.12	(8.64)	(63.58)
Infinecs Systems Sdn Bhd	Provision of engineering design services, information service activities, research and development on engineering services and information communication technology and human resource consultancy services.	Not available	31 December 2021	10.83(1)	3.67	33.89	1.54	14.22
Symmid Corporation Sdn Bhd	Provision of fabless IC design and IC design training/ consultancy.	Not available	31 December 2019	9.78(4)	(1.91)(8)	(19.53)	(5.01)	(51.23)
Aricent Technologies Malaysia Sdn Bhd (part of Capgemini group of companies)	Develop, design, test, sell, support of computer software including but not limited to providing equipment and services in connection with information communication technology.	Not available	31 December 2021	9.60(1)	0.78	8.13	(0.06)	(0.63)
IC Microsystems Sdn Bhd	Provision of IC design and product development and distribution of EDA tools.	Not available	31 December 2021	1.79(5)	(1.46)(9)	(81.56)	(1.65)	(92.18)
SkyeChip Sdn Bhd	Provision of semiconductor IP and IC and software design and development, IC manufacturing and engineering consultation, training and services.	Not available	Financial period 23 April 2019 to 31 March 2020	-(6)	-(6)	-	(0.21)	-

Notes:

(1) Company may be involved in other businesses besides the provision of IC design services and as such, revenue is presented on a total revenue basis and may include revenue from other business segments. Segmental revenue for the provision of IC design services is not available.

(2) Revenue comprises the revenue derived from the provision of IC design services and other related services.

(3) Company may be involved in other businesses besides the provision of IC design services and as such, revenue is presented on a group basis and may include revenue from other business segments. Segmental revenue for the provision of IC design services is not available.
(4) Revenue comprises the revenue derived from the provision of IC design services and product development to customers. Segmental revenue for the provision of IC design services is not available.
(5) Revenue represents the revenue derived from the provision of design solutions (i.e. which may include design solutions other than IC design services) and other solutions.
(6) SkyeChip Sdn Bhd was incorporated on 23 April 2019 and has not commenced operations as of 31 March 2020. As such, there was no revenue and gross profit for the financial period from 23 April 2019 to 31 March 2020.
(7) Gross profit for UST Global (Malaysia) Sdn Bhd is not available in its financial statement.
(8) Gross profit for Symmid Corporation Sdn Bhd is not available in its financial statement. Thus, the gross profit is computed whereby gross profit = revenue - staff costs and allowances - professional fees - product costs.
(9) Gross profit for IC Microsystems Sdn Bhd is not available in its financial statement. Thus, the gross profit is computed whereby gross profit = revenue - design solution cost, materials and consumables used - staff costs.

- *As there is no centralised record of IC design industry players tracked by any government agencies in Malaysia or other countries as there are no specific licenses and/or permits required to design ICs, the selected industry players included in the table were identified by SMITH ZANDER based on sources available, such as the internet, published documents, industry reports and/or interviews. Further, as there may be companies that have no online and/or published media presence, or are operating with minimal public advertisement, SMITH ZANDER is unable to state conclusively that the list of industry players is exhaustive.*

Sources: Oppstar Group, various companies' websites, Companies Commission of Malaysia, SMITH ZANDER

Based on publicly available information, among the local industry players listed above, companies providing both IC design services and post-silicon validation services include UST Global (Malaysia) Sdn Bhd (part of UST group of companies), Oppstar Group, Aricent Technologies Malaysia Sdn Bhd (part of Capgemini group of companies) and Infinecs Systems Sdn Bhd.

Global Industry Players

As Oppstar Group offers IC design services to customers locally in Malaysia as well as overseas, particularly in the USA, Singapore and the East Asia region ("Oppstar's overseas market regions"), Oppstar Group also competes with industry players globally who provide IC design services with complete turnkey capability, targeting customers from similar markets as Oppstar Group. As the IC design industry is global in nature with a variety of business models, sizes and market presence, a general illustration and examples of Oppstar's foreign competitors are as follows:

(i) Companies who are large multinational companies that have subsidiaries focusing on offering IC design services which may serve customers on a worldwide or regional basis. These subsidiaries may/ may not have physical presence in Malaysia and/or Oppstar's overseas market regions.

Examples of such industry players include Sankalp Semiconductor Private Limited (part of HCL Technologies group of companies) *(India)* and Wipro VLSI Design Services LLC (part of Wipro group of companies) *(USA)*.

(ii) Companies who are headquartered in countries from Oppstar's overseas market regions and may serve customers on a worldwide or regional basis.

Examples of such industry players include, ASIC North Inc *(USA)*, Bay Area Chip Design, LLC *(USA)*, Socionext Inc. *(Japan)*, VeriSilicon Microelectronics (Shanghai) Co., Ltd *(China)*, Shanghai Peilun Semiconductor Co., Ltd *(China)* and Moore Elite Integrated Circuit Industry Development (Hefei) Co., Ltd *(China)*.

(iii) Companies who are headquartered in countries that Oppstar Group does not serve (e.g. Australia, India and Taiwan) and may/may not have established branch offices in Malaysia and/or Oppstar's overseas market regions, and may serve customers on a worldwide or regional basis.

Examples of such industry players include Alchip Technologies, Limited *(Taiwan)*, BlackPepper Technologies Pvt Ltd *(India)*, Faraday Technology Corporation *(Taiwan),* Global Unichip Corporation *(Taiwan),* GreenIPCore, PlusQO Corporation Pvt. Ltd. *(India)*, Progate Group Corporation *(Taiwan)*, RADLogic Pty Ltd *(Australia)* and Tessolve Semiconductor Pvt. Ltd. *(India).*

Based on publicly available information, among the global industry players listed above, companies providing both IC design services and post-silicon validation services include Sankalp Semiconductor Private Limited (part of HCL Technologies group of companies), Wipro VLSI Design Services LLC (part of Wipro group of companies), BlackPepper Technologies Pvt Ltd, Global Unichip Corporation. GreenIPCore, PlusQO Corporation Pvt. Ltd. and Tessolve Semiconductor Pvt. Ltd.

Further information on abovementioned global industry players is shown in the list at page 10 of this IMR Report, based on publicly available information. However, the list excludes global industry players where their financial information and principal market are not publicly available.

7. INDUSTRY OVERVIEW *(CONT'D)*

Company Name	Principal Market	Latest Available Financial Year	Revenue[(1)] (million)	Gross Profit/ (Loss) (million)	Gross Profit/ (Loss) Margin (%)	Profit/ (Loss) After Tax (million)	Profit/ (Loss) After Tax Margin (%)
Socionext Inc.	Japan, America, Asia and Europe	31 March 2022	JPY117,009.00/ RM3,931.62[17]	JPY67,258.00/ RM2,259.94	57.48	JPY7,480.00/ RM251.34	6.39
Global Unichip Corporation	China, USA, Taiwan, Japan, Korea and Europe	31 December 2021	NTD15,107.92/ RM2,241.67[18]	NTD5,229.95/ RM776.00	34.62	NTD1,460.15/ RM216.65	9.66
Alchip Technologies, Limited	China, USA, Japan, Europe and Taiwan	31 December 2021	NTD10,428.28/ RM1,547.32	NTD3,562.57/ RM528.60	34.16	NTD1,489.72/ RM221.04	14.29
VeriSilicon Microelectronics (Shanghai) Co., Ltd	China, USA, Europe, Japan, Hong Kong and Taiwan	31 December 2021	CNY2,139.31/ RM1,374.93[19]	CNY857.06/ RM550.83	40.06	CNY13.29/ RM8.54	0.62
Faraday Technology Corporation	China, Taiwan, Japan and USA	31 December 2021	NTD8,085.20/ RM1,199.66	NTD4,089.93/ RM606.85	50.59	NTD1,155.93/ RM171.51	14.30
Sankalp Semiconductor Private Limited (part of HCL Technologies group of companies)	Not available	31 March 2022	INR2,061.68[(2)]/ RM115.41[20]	-[(3)]	-	INR258.92/ RM14.49	12.56
Wipro VLSI Design Services LLC (part of Wipro group of companies)	Not available	31 March 2022	USD26.24/ RM115.47	USD17.75[(4)]/ RM78.11	67.64	USD4.01/ RM17.65	15.28
Progate Group Corporation	Taiwan, Asia and Europe	31 December 2021	NTD560.26/ RM83.13	NTD173.58/ RM25.76	30.98	NTD58.15/ RM8.63	10.38

Notes:

(1) Company may be involved in other businesses and/or the provision of other IC related services besides the provision of IC design services and as such, revenue is presented on a total revenue basis and may include revenue from other business segments and/or provision of other IC related services.
(2) Revenue for Sankalp Semiconductor Private Limited is not publicly available, thus the revenue is represented by turnover.
(3) Gross profit is not publicly available.
(4) Gross profit for Wipro VLSI Design Services LLC is not available in its financial statement. Thus, the gross profit is computed whereby gross profit = revenue – sub-contractors expenses– software expenses – legal and professional fees.

Sources: Various companies' websites, Shanghai Stock Exchange, Tokyo Stock Exchange, SMITH ZANDER

Industry/Market Share

In 2021, the global IC design industry size, represented by global IC design sales, was recorded at NTD5.52 trillion (RM819.04 billion). For the financial year end 31 March 2022, Oppstar Group's revenue derived from the provision of IC design services was recorded at RM50.47 million and thereby, Oppstar Group captured a global market share of 0.0062%.

[17] Exchange rate from JPY to RM in 2022 was converted based on average annual exchange rates in 2022 extracted from published information from Bank Negara Malaysia at JPY100 = RM3.3601.
[18] Exchange rate from NTD to RM in 2021 was converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at NTD100 = RM14.8377.
[19] Exchange rate from CNY to RM in 2021 was converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at CNY1 = RM0.6427.
[20] Exchange rate from INR to RM in 2022 was converted based on average annual exchange rates from in 2022 extracted from published information from Bank Negara Malaysia at INR100 = RM5.5977.

8. RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE INVESTING IN OUR COMPANY.

8.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

8.1.1 We are dependent on certain major customers

We are dependent on Xiamen KirinCore by virtue of its revenue contribution for the Financial Years Under Review and Financial Periods Under Review.

Xiamen KirinCore was one of our Group's top five (5) major customers for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023. Revenue from Xiamen KirinCore accounted for approximately 15.57%, 70.73%, 68.43% and 62.67% of our Group's total revenue for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023 respectively.

Xiamen KirinCore is principally involved in the provision of IC design, software development, data processing and storage services as well as the manufacturing of communication system equipment and other electronic equipment. Xiamen KirinCore develops, produces and sells meteorological products utilising long range wireless communication technology.

Xiamen KirinCore also provides services to a subsidiary company owned by the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC, where our Group was engaged by Xiamen KirinCore for the provision of turnkey design services. Xiamen KirinCore had informed our Group that we were the only service provider for their IC turnkey design projects.

Xiamen KirinCore has been our Group's customer since April 2019 when we provided consultancy services to them. We had completed seven (7) contracts with Xiamen KirinCore for the provision of consultancy services as well as turnkey design services. As at the LPD, we have three (3) on-going contracts with Xiamen KirinCore for the provision of turnkey design services (i.e. full IC design turnkey). Please refer to Section 6.21 of this Prospectus for the salient terms of these contracts.

In addition, our Group is also dependent on the following major customers by virtue of their revenue contributions for the Financial Years Under Review and Financial Periods Under Review:

(i) Customer A group of companies was one of our Group's top five (5) major customers for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023. Revenue from Customer A group of companies accounted for approximately 38.59%, 11.06%, 11.04% and 12.33% of our Group's total revenue for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023 respectively.

Customer A group of companies are principally involved in designing, manufacturing and marketing microcontrollers, related mixed-signal and memory products and application development systems for high-volume embedded control applications.

We have been providing IC design services to Customer A group of companies since 2017. We have a non-exclusive agreement with Customer A group of companies which sets out the general terms and conditions for the provision of IC design work such as payment term, confidentiality, intellectual property and materials, indemnity and termination. The said non-exclusive agreement will remain in effect until it is terminated. The engagement between Customer A group of companies and our Group is carried out via purchase orders (which specify technical requirements, pricing and delivery terms) on an as needed basis.

8. RISK FACTORS *(CONT'D)*

(ii) Customer B was one of our Group's top five (5) major customers for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023. Revenue from Customer B accounted for approximately 37.19%, 5.89%, 9.51% and 7.17%of our total revenue for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023 respectively.

Customer B is principally involved in producing FPGAs and complex programmable logic devices as well as manufacturing and distributing electronic components.

We have been providing IC design services to Customer B since 2019. Since then, we have completed 12 contracts with Customer B.

All these three (3) major customers collectively contributed approximately 91.35%, 87.68%, 88.98% and 82.17% of our total revenue for FYE 2020, FYE 2021 and FYE 2022 as well as FPE 2023 respectively. Furthermore, in the event there is any failure or delay in delivering the deliverables, we are subject to the risk of termination and/or penalty based on the terms and conditions of the contracts. Please refer to Section 6.21 of this Prospectus for further details on the termination clause of the respective contracts. During the Financial Years Under Review and up to the LPD, we have not experienced any delay, suspension or termination of the purchase orders and/or contracts by our customers.

Our ability to continuously secure purchase orders and/or contracts from our major customers is dependent on several factors including, amongst others, our ability to provide IC design services that meet the respective customers' specifications and requirements, changes to business fundamentals of the customers, competitive pricing of our services as well as timely delivery. Nevertheless, there is no assurance that they will continue to be our customers.

In the event we lose Customer A group of companies, Customer B or Xiamen KirinCore as our customers, this would adversely affect our financial performance and operating results. There can be no assurance that we will continue to secure new purchase orders and/or contracts from these customers in the future. Furthermore, if they terminate our business relationship prematurely, there is no assurance that we will be able to secure new customers to replace these customers in a timely manner and the failure to do so would adversely affect our financial performance, operating results and prospects.

8.1.2 Our profitability margin depends on the type of IC design services provided

Our Group provides IC design services, namely specific design services and turnkey design services. The GP margins for our business depend on the complexity of the projects that our Group is able to secure and deliver. Generally, turnkey design service projects are usually of higher margins than specific design service projects as the turnkey design service projects are generally more complex in nature and our Group is able to utilise its resources more efficiently.

In addition, given the prevailing competitive market environment as well as the availability and capabilities of our design engineering workforce, there can be no assurance that GP margins for our new purchase orders and/or contracts in the future can be sustained at our historical GP margins (FYE 2020: 19.72%, FYE 2021: 40.39%, FYE 2022: 59.60% and FPE 2023: 58.95%). If there is any decline in our future GP margin, our future profitability and financial performance may be adversely affected.

There is no assurance that the new purchase orders and/or contracts secured would be on favourable commercial terms and conversely, this may adversely impact our financial performance.

8. RISK FACTORS *(CONT'D)*

8.1.3 We may not be able to execute some of our future plans and business strategies which may adversely affect our business prospects and growth

Our future plans and business strategies are focused on building on our key strengths and capitalising on our core business in IC design. The future growth of our business is dependent on our ability to implement and carry out our future plans and business strategies which include attracting suitable talents and intensifying R&D activities. Please refer to Section 6.7 of this Prospectus for further details on our future plans and business strategies.

The execution of our future plans and business strategies is subject to additional expenditures including staff costs, R&D expenses, sales and marketing expenses and other working capital requirements. Furthermore, the implementation and commercial viability of our future plans and business strategies may be influenced by factors beyond our control, such as new and unforeseen technologies used or introduced, changes in general market conditions, economic climate and political environment in Malaysia as well as regionally in Asia.

Hence, there can be no assurance that the effort and expenditure spent on the implementation of our future plans and business strategies will yield expected results in growing our business in terms of financial performance and market presence. We are not able to guarantee that we will be successful in executing our future plans and business strategies, nor can we assure that we will be able to anticipate all the business, operational and industry risks arising from our future plans and business strategies. Such failure may lead to an adverse effect on our business operations and financial performance. In addition, should we not be able to obtain a sufficient amount of turnkey design projects vis-à-vis the number of new design engineers to be hired, there can be no assurance that our GP margins in the future can be sustained at our historical GP margins (FYE 2020: 19.72%, FYE 2021: 40.39%, FYE 2022: 59.60% and FPE 2023: 58.95%). If there is a decline in our future GP margins, our future profitability and financial performance may be adversely affected.

8.1.4 We are dependent on our ability to retain and attract skilled engineers

As the technical skills and engineering capabilities of our design engineering workforce will have an impact on the types and performance of IC design, it is necessary to hire personnel with the required expertise and capabilities in order to remain competitive in the industry. As such, we are dependent on the ability to retain and attract skilled engineers with a high level of competency in IC design.

We recognise the importance of retaining a sufficient number of skilled engineers in order to secure more projects including full IC design turnkey projects which may involve between 80 to 120 engineers, based on a single project.

Our ability to retain and also to attract competent and skilled engineers is crucial for our continued success, future business growth and expansion. The turnover rate of our Group for the FYE 2022 is approximately 24.63%. Subsequent to FYE 2022 and up to the LPD, there were six (6) employees who left our Group (including a retiree, who left as her service contract with our Group had ended).

The loss of any of our skilled engineers and our inability to find suitable replacements in a timely manner may cause disruptions to our business operations, which may, in turn, affect our financial performance. In the event we are unable to hire and/or retain the skilled engineers with the required expertise and capabilities, it may create a material adverse impact on our operations and affect our capacity to secure new orders/contracts, which may negatively impact our ability to maintain and/or improve our overall financial performance.

8. RISK FACTORS *(CONT'D)*

Furthermore, the retention or hiring of skilled engineers may be subject to factors such as remuneration packages and continuous training and development programmes. Should there be a general rapid market rise in remuneration packages, it may have a negative short-term impact on our GP margin and thus affect our financial performance.

Although we have not previously experienced any major disruptions to our business operations due to a shortage of skilled engineers, there is no assurance that we will be able to recruit, develop and retain an adequate number of skilled engineers.

8.1.5 We do not have long-term contracts and our financial performance is dependent on our ability to continually secure new purchase orders and/or contracts to ensure the continuity of our order book

Our sales are primarily secured via purchase orders and/or contracts. Our contracts, if any, are generally for a period of up to two (2) years. However, our customers normally engage our IC design services by way of purchase orders. As such, our financial performance depends on our ability to secure new purchase orders and/or contracts to sustain our order book. If we are unable to do so, our order book may decline and this would adversely affect our sustainability and future business performance.

Generally, we are engaged by our customers to provide IC design services and our engagement, on a purchase order or contract basis, is completed upon tape-out or when the agreed service is fulfilled. We do not have any long-term contracts with our customers which could guarantee our future financial performance. We have entered into master service agreements with Customer A group of companies which will remain in effect until it is terminated, Customer D for a duration of two (2) years from 1 December 2015 and automatically renewed until it is terminated and Customer E group of companies for a duration of four (4) years from 4 June 2019 to 3 June 2023, the terms of which are generally broad in nature, whereby our customers will issue purchase orders on a project-to-project basis and on an as-needed basis.

As such, there is no assurance that we are able to continuously secure purchase orders and/or contracts from new and existing customers and conversely, this may adversely impact our financial performance.

Our order book is also subject to the risk of termination or suspension of purchase orders and/or contracts, and variations that may reduce the scope of work of our projects. During the Financial Years Under Review, FPE 2023 and up to the LPD, we have not experienced any material delay, suspension or termination of purchase orders and/or contracts by our customers. Although we have an order book of RM34.29 million as at the LPD, there is no assurance that our current order book can be sustained in the future nor can we provide any assurance that the implementation of the projects, that are currently in our order book, not be delayed, suspended or cancelled. Such delay, suspension or cancellation may lead to an adverse effect on our business operations and financial performance.

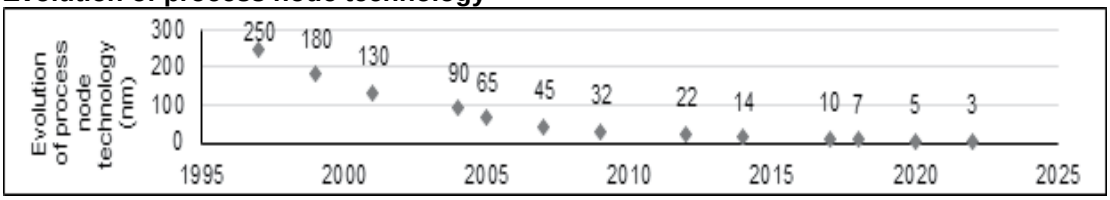
8.1.6 We face changes and uncertainties in the semiconductor industry

Our Group together with our customers operate within the semiconductor industry where this industry is inextricably linked to the continuing evolution in technology and shortening of the product development cycle. As such, it is crucial for our Group to keep abreast with the latest technology and industry demands to provide our IC design services that meet the needs of our customers in a timely and effective manner.

8. RISK FACTORS *(CONT'D)*

The diagram below describes the evolution of process node technology from 1995 to 2022.

Evolution of process node technology



Source: Smith Zander

Historically, we have demonstrated our ability to keep up with the latest technology and industry demands by delivering design projects using 14nm process node technology in 2015, 10nm process node technology in 2016, 7nm process node technology in 2018 and 5nm process node technology in 2021. Furthermore, in 2022, we had also secured projects using 3nm process node technology.

As an IC design house, we are also required to keep abreast with the tools, techniques and technologies for a developing new generation of devices in order to be able to provide IC design services that meet our customers' needs and performance objectives. Our continued success and ability to grow are subject to the risk of future disruptive technologies that may unexpectedly displace the current technology in key verticals such as automotive, 5G communications, AI and IoT. We are exposed to the risk of our existing customers switching to other competitors if we are unable to keep up with the change in the latest technology and industry demands. This may adversely affect the competitiveness and financial performance of our business.

As our Group is operating in a fast-changing industry, there is no assurance that our Group would be able to respond favourably to any new technological advancements.

8.1.7 We are dependent on our Executive Directors and Key Senior Management for the continued success and growth of our business

The continuing success of our Group is dependent, to a significant extent, on the efforts, commitment and abilities of our Executive Directors and Key Senior Management who play a significant role in the day-to-day operations as well as the implementation of our business strategies.

Our Executive Directors, namely Ng Meng Thai, Cheah Hun Wah and Tan Chun Chiat, have been instrumental in the growth of the Group. They have been actively involved in our Group's operations and are directly responsible for the strategic direction, leadership, business planning and development of the Group. Our Executive Directors are assisted by our Key Senior Management, who possess the relevant knowledge in their respective fields of work to ensure the smooth operations of our business. Together with our Executive Directors, they play a critical role in our Group's success as well as in formulating and implementing our business strategies to drive the future growth of our Group.

The loss of any of our Executive Directors and/or Key Senior Management, without any suitable and prompt replacement, may adversely impact our Group's business operations and financial performance.

For the Financial Years Under Review and Financial Periods Under Review, we have not experienced any loss of our Executive Directors and/or Key Senior Management, which impacted our business operations and financial performance. Nonetheless, there is no assurance that we will be successful in retaining our Executive Directors and/or Key Senior Management or ensuring a smooth succession should any changes occur.

8. RISK FACTORS *(CONT'D)*

8.1.8 We are exposed to risk arising from foreign exchange rate fluctuation

Over the years, we expanded our overseas presence, especially in East Asia. From FYE 2020 to FYE 2022, our revenue from the overseas market grew from approximately RM8.94 million in FYE 2020 to approximately RM42.91 million in FYE 2022. For FPE 2023, our revenue from the overseas market was approximately RM22.02 million.

As such, we are exposed to foreign currency exchange risk as a significant proportion of our revenue is denominated in foreign currencies, especially RMB, YEN, SGD and USD. Any changes in the exchange rate between RM and the abovementioned foreign currencies would have an impact on our financial performance. For FYEs 2020, 2021 and 2022 as well as FPE 2023, approximately 56.02%, 86.18%, 84.87% and 76.41% of our total revenue were denominated in the abovementioned foreign currencies respectively.

The impact of foreign exchange fluctuations on our financial performance during the Financial Years Under Review and Financial Periods Under Review is as follows:

	Audited			Unaudited	Audited
	FYE 2020	**FYE 2021**	**FYE 2022**	**FPE 2022**	**FPE 2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Realised gain on foreign exchange	-	-	168	218	-
Unrealised gain on foreign exchange	-	-	-	-	57
Realised loss on foreign exchange	(74)	(39)	-	-	(77)
Unrealised loss on foreign exchange	*	(9)	(10)	(93)	-
Net (loss)/gain on foreign exchange	**(74)**	**(48)**	**158**	**125**	**(20)**
PBT	1,474	9,994	23,120	13,185	13,760
Net (loss)/gain on foreign exchange as a percentage of PBT (%)	(5.02)	(0.48)	0.68	0.95	(0.15)

Note:

* Less than RM1,000.

With our Group's expansion plan and our policy of not hedging the foreign exchange exposure, we may be subject to increased currency fluctuations risk.

8.1.9 We may not be able to protect our IP rights or may inadvertently infringe on the IP rights of others

As at the LPD, we have submitted five (5) patent applications covering our design and expect to file a trademark, industrial design and/or patent applications seeking to protect our newly developed IPs. We cannot guarantee that these registrations will be granted with respect to any of our applications. There is also a risk that we could, by omission, fail to renew a trademark, industrial design and/or patent on a timely basis or that our competitors will challenge, invalidate or circumvent any existing or future trademarks, industrial design and/or patents issued to us.

8. RISK FACTORS *(CONT'D)*

In our design and development process and the marketing of our IPs, we could inadvertently infringe upon the IP rights of others, including our competitors. Any such infringement could result in disputes, financial penalties and/or litigation costs. We may also be exposed to other risks such as adverse reputation and/or prevented from using the IPs which could lead to an adverse impact on our business, financial conditions, operations and future prospects. Moreover, in some of the countries in which we have a presence or in which we provide our services, IP rights and enforcement may not be sufficiently stringent to protect our IPs.

8.1.10 We are reliant on IT and network infrastructure

To deliver our IC design projects, we will utilise EDA tools that are subscribed by us or our customers, depending on the arrangement with our customers. We have, in the past, only utilised EDA tools that are provided by our customers. Prior to the outbreak of COVID-19, we predominantly carry out our services at our customers' premises. However, since then, our Group had made necessary arrangements with our customers, to work from home (remotely) or through the setup of ODCs, in order to minimise disruptions. Our business activities are reliant on a stable, secure and robust IT and network infrastructure.

As such, any disruption of IT and network infrastructure may impact our ability to perform work in a timely manner and hence we may not be able to deliver our services to our customers based on the project schedules. While we have not experienced any major disruption in IT and network infrastructure in the past, there is no assurance that any disruption to our IT and network infrastructure will not affect our ability to perform the projects and deliver them to our customers in a timely manner, which in turn, may adversely affect our business and financial performance.

8.1.11 We are exposed to credit risks

We grant our customers credit periods of between 30 to 90 days. As such, we are exposed to credit risks arising from our Group's trade receivables which may arise from factors beyond our Group's control.

If there is an occurrence of circumstances that affect our customers' ability or willingness to pay us, we may experience payment delays or default in payments. Accordingly, we will have to make allowance for doubtful debts or may be required to write-off uncollectable trade receivables as bad debts, which may adversely affect our financial performance.

For the Financial Years Under Review and Financial Periods Under Review, there were no allowances for doubtful debts and bad debts written off which had a material adverse impact on our financial performance. However, we may be required to provide an allowance for doubtful debts or write-off bad debts in the future, if the need arises.

8.1.12 Our business may be affected by the COVID-19 pandemic or any other contagious or virulent disease

Prior to the outbreak of COVID-19, we predominantly carry out our services at our customers' premises. As a means to contain the spread of the virus, travel restrictions were first enforced in China in January 2020. During then, we had several on-going projects overseas. Due to travel restrictions, our engineers were also unable to be present at our overseas customers' premises to provide our services. In addition, during the first phase of MCO imposed by the Malaysian Government in March 2020 with the closure of the operations of businesses, our customers in Malaysia were unable to operate, and as a result, our engineers were unable to perform the work required by our local customers.

As such, in order to minimise disruptions, our Group had made necessary arrangements with our customers such as remote working from home. Despite this, certain aspects of our work were still restricted as on-site operations were unable to be carried out. This had caused slight delays to our project delivery schedules. Please refer to Section 6.19 of this Prospectus for further details on the impact of the COVID-19 pandemic on our Group.

Any prolonged disruption to our business operations pursuant to the imposition of various measures and restrictions by the Malaysian Government may have an adverse impact on our project deliverables which may negatively impact our financial performance.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We are subject to risks resulting from the consolidation of businesses within the semiconductor industry

The global semiconductor industry is concentrated, with a relatively small number of IDMs, fabless companies and fab-lite companies having a sizeable market share. This market position could become even more acute in the future if further industry consolidation takes place.

The semiconductor industry has experienced consolidation which has resulted in several semiconductor companies becoming much larger in terms of revenue, product offerings and scale. This may result in the newly merged entities being able to strengthen their in-house IC design capabilities which could reduce their engagements with external IC design houses.

In addition, any consolidation in the semiconductor industry may impact the business processes of the affected companies as the newly merged entity may take a different approach in their supplier selection process.

As a result, this may affect our position as a supplier to our customers. As our Group's ability to increase sales will depend largely on our ability to secure purchase orders and/or contracts from our customers, we face additional risks of losing sales opportunities should business conditions change in the event of industry consolidations.

8.2.2 We face competition from other existing and new industry players

We face competition from other existing and new IC design houses which are capable of offering similar services especially IC design houses from Taiwan, China and India.

In addition, any consolidation of IC design houses from Taiwan, China and India will result in increased competition as there will be more IC design houses that are able to undertake projects with similar scale to those our Group embarks on.

Our success depends on our ability to generate and nurture customer loyalty mainly by consistently offering quality services with a reliable project delivery timeline. There is no assurance that any changes in the competitive environment would not have any adverse impact on our business and financial performance.

8. RISK FACTORS *(CONT'D)*

8.2.3 We are exposed to economic, political and regulatory risks in Malaysia as well as in the countries in which we operate in

Our business is subject to risks associated with conducting business in Malaysia and internationally as we provide our services both locally and overseas. For instance, in 2019, the global semiconductor industry faced uncertainties resulting from the escalation of the USA-China trade war. As such, we are susceptible to changes in economic, political and regulatory conditions as well as operational risks in the countries that we are operating or having business dealings.

Our subsidiary, Oppstar Shanghai, is located in Shanghai, China and our customers in China contributed approximately 52.76%, 76.63%, 77.94% and 71.87% of our total revenue for FYEs 2020, 2021 and 2022 as well as FPE 2023 respectively. We are subject to the China government's policies, legal system, taxation system (including withholding tax), monetary policy (including exchange controls and repatriation of profits), licensing and other requirements, laws and regulations governing our business operations in China. Failure to comply with any of the relevant laws, regulations and other requirements of operating a business in China may cause the China authorities to take action against us or we may be subject to fines and/or penalties, all of which could adversely affect our business operations and financial performance. There is also a risk that any changes in law, policies and regulations in China may adversely affect our business operations and financial performance.

As part of our expansion plans, we intend to set up offices in India, Singapore and Taiwan. Our business operations in those countries will be subject to the local laws and regulations in those countries. In addition, as we continue to expand our business overseas, our business and financial conditions could be affected by a variety of other factors, amongst others:

(i) additional taxation requirements or additional licences, permits or requirements imposed on foreign-owned corporations that may increase the cost of our subsidiaries' operations overseas;

(ii) changes in foreign trade laws and investment laws that may affect our operations;

(iii) changes in import and/or export duties and/or trade tariffs;

(iv) political and economic instability, including global and regional macroeconomic disruptions, natural calamities, epidemics or other such risks; and

(v) risks with respect to social and political crises resulting from terrorism and war.

The above factors, which are beyond the control of our Group, will also have a direct impact on the demand for our services which may affect our business and financial performance. While we practise prudent financial management, there can be no assurance that any changes in economic, political and/or regulatory conditions will not materially affect our business and financial performance.

8.3 RISKS RELATING TO OUR SHARES AND OUR LISTING

8.3.1 No prior market for our Shares

Prior to our Listing, there has been no prior public market for our Shares. Hence, we cannot assure you that upon our Listing, an active market for our Shares will develop, or if developed, such a market can be sustained.

8. RISK FACTORS *(CONT'D)*

Further, as we are seeking a listing on the ACE Market, investment in our Shares may be of higher investment risk as compared to companies listed on the Main Market of Bursa Securities. Hence, there is no assurance that there will be a liquid market for our Shares traded on the ACE Market. Please refer to the cautionary statement disclosed in the cover page of this Prospectus.

Notwithstanding that the IPO Price was determined after taking into consideration of various factors such as our financial and operating history and our business strategies, we cannot assure you that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and that the market price of our Shares will not decline below the IPO Price.

8.3.2 The trading price and trading volume of our Shares may be volatile

Economic, political conditions and growth potential of the various sectors of the economy as well as external factors such as the performance of regional and global stock exchanges and the inflow or outflow of foreign funds contribute to the volatility of trading price and volumes of our Shares on Bursa Securities. The market price of our Shares may fluctuate significantly and rapidly due to, amongst others, the following factors, some of which are beyond our control:

(i) general operational and business risks of our Group;

(ii) variations in our financial results and operations;

(iii) failure of our Executive Directors and Key Senior Management in implementing business and growth strategies;

(iv) additions or departures of our key management personnel;

(v) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(vi) changes in market valuations of listed shares in general or share prices of companies with similar businesses to our Group;

(vii) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events and factors;

(viii) fluctuations in stock market prices and volumes;

(ix) changes in government policy, legislation or regulation; and/or

(x) involvement in claims, litigation, arbitration or other forms of dispute resolution.

Accordingly, there can be no assurance that the market price of our Shares will not be subject to volatility or trade at prices below the IPO Price.

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8. RISK FACTORS *(CONT'D)*

8.3.3 The interest of our Promoters who control our Company may not be aligned with the interest of our shareholders

Our Promoters will collectively hold an aggregate 368,214,600 Shares, representing approximately 57.89% of our enlarged number of issued Shares upon our Listing. As a result, they will be able to effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends as well as having substantial voting control over our Group. As such, our Promoters will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they and persons connected with them are required to abstain from voting either by law, relevant guidelines or regulations. Therefore, there may be a risk of non-alignment of interests by our Promoters with those of our other shareholders.

8.3.4 Possible sale of a substantial number of Shares in the public market following our IPO could adversely affect the price of our Shares

Upon the completion of our IPO and Listing, our Promoters will collectively hold an aggregate 368,214,600 Shares, representing approximately 57.89% of our enlarged number of issued Shares.

It is possible that our Promoters may dispose of some or all of their Shares after their respective moratorium period, pursuant to their own investment objectives. If our Promoters sell, or are perceived as intending to sell, a substantial amount of our Shares, the market price for our shares could be adversely affected.

8.3.5 There may be a delay in or termination of our Listing

Our Listing could be delayed or terminated due to the possible occurrences of certain events, which include the following:

(i) our Sole Underwriter exercises its rights under the Underwriting Agreement or our Sole Placement Agent exercises its rights under the placement agreement to discharge itself from its obligations thereunder;

(ii) we are unable to meet the public shareholding spread requirement under the Listing Requirements of having at least 25.00% of our enlarged number of issued Shares, for which our Listing is sought, being in the hands of at least 200 public shareholders holding not less than 100 Shares each at the point of our Listing; and/or

(iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment or transfer of our IPO Shares:

(a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications for our IPO Shares shall be deemed to have been withdrawn and cancelled and we shall repay all monies paid without interest in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to repay such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(b) our Listing is aborted, other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, investors will not receive any of our IPO Shares, and we shall repay all monies paid without interest in respect of the applications for our IPO Shares within 14 days.

8. RISK FACTORS *(CONT'D)*

Where subsequent to the issuance and allotment of our IPO Shares:

1. the SC issues a stop order pursuant to Section 245(1) of the CMSA, the issue of our IPO Shares shall be deemed to be void and we shall repay without interest all monies received from the applicants and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to repay such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

2. our Listing is aborted, other than pursuant to a stop order by the SC pursuant to Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either (a) consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or (b) a solvency statement from our Directors.

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9. RELATED PARTY TRANSACTIONS

9.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

9.1.1. Material related party transactions

Save for the Acquisitions as disclosed in Section 5.1.1 of this Prospectus, there are no other material related party transactions entered or to be entered into by our Group for the Financial Years Under Review and FPE 2023 as well as for the period from 1 October 2022 up to the LPD.

Our Directors also confirm that there are no other material related party transactions that have been effected after the LPD or entered by our Group but not yet effected up to the date of this Prospectus.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

9.1.2. Related party transactions entered into that are unusual in their nature or condition

Our Group has not entered into any transactions that are unusual in their nature or condition, involving goods, services, tangible or intangible assets, with a related party for the Financial Years Under Review and FPE 2023 as well as for the period from 1 October 2022 up to the LPD.

9.1.3. Loans made to or for the benefit of a related party

Our Group has not granted any loan to or for the benefit of a related party that is material to our Group for the Financial Years Under Review and FPE 2023 as well as for the period from 1 October 2022 up to the LPD.

9.1.4 Financial assistance provided for the benefit of a related party

Our Group has not provided any financial assistance for the benefit of a related party for the Financial Years Under Review and FPE 2023 as well as for the period from 1 October 2022 up to the LPD.

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9. RELATED PARTY TRANSACTIONS *(CONT'D)*

9.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

9.2.1 Audit and Risk Management Committee's review

Our Audit and Risk Management Committee reviews related party transactions and conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management's integrity.

Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflict of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company, on an arm's length basis and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties, and are not detrimental to our minority shareholders. Amongst others, the related parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations and/or votings on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for further action.

9.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. As disclosed in this Prospectus, some of our Directors and/or major shareholders are also directors and/or shareholders of the related parties of our Group, and with respect to these related party transactions, may individually and in aggregate have conflict of interest. It is the policy of our Group that all related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company, on an arm's length basis and are based on normal commercial terms which are not more favourable to the related party than those generally available to third parties, and are not detrimental to our minority shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situation and this framework will comply with the Listing Requirements and adhere to the best extent possible with the guiding principles set out in the Malaysian Code on Corporate Governance. The procedures which may form part of this framework include the requirement of our Directors to declare any direct or indirect interest that they may have in any business arrangement, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction. All existing or potential related party transactions would also be required to be disclosed by the interested party for management reporting. Our management will then propose the transactions to our Audit and Risk Management Committee for evaluation and assessment which would in turn, make the appropriate recommendations to our Board.

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10. CONFLICT OF INTEREST

10.1 INTEREST IN BUSINESSES AND CORPORATIONS WHICH CARRY ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

As at the LPD, none of our Directors and substantial shareholders have any interest, direct or indirect, in other businesses or corporations which are:

(i) carrying on a similar trade as that of our Group; or

(ii) customers or suppliers of our Group.

10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

10.2.1 Affin Hwang Investment Bank

Affin Hwang IB confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Principal Adviser, Sponsor, Sole Placement Agent and Sole Underwriter for our IPO.

10.2.2 BDO PLT

BDO PLT confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Auditors and Reporting Accountants for our IPO.

10.2.3 Wong Beh & Toh

Wong Beh & Toh confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Solicitors for our IPO.

10.2.4 Smith Zander

Smith Zander confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Independent Market Researcher for our IPO.

10.2.5 Securities Services (Holdings) Sdn Bhd

Securities Services (Holdings) Sdn Bhd confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Share Registrar for our IPO.

10.2.6 Malaysian Issuing House Sdn Bhd

Malaysian Issuing House Sdn Bhd confirms that there is no situation of conflict of interest that exists or is likely to exist in its capacity as the Issuing House for our IPO.

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