

PROSPECTUS

THIS PROSPECTUS IS DATED 17 JUNE 2019



UWC BERHAD

(Company No. 1274239-A)
(Incorporated in Malaysia under the Companies Act 2016)

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

- (I) PUBLIC ISSUE OF 70,000,000 NEW ORDINARY SHARES IN UWC ("ISSUE SHARES") IN THE FOLLOWING MANNER:
- 20,000,000 ISSUE SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 3,000,000 ISSUE SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES WHO HAVE CONTRIBUTED TO THE SUCCESS OF UWC AND ITS SUBSIDIARIES;
 - 47,000,000 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY; AND
- (II) OFFER FOR SALE OF 33,015,000 EXISTING ORDINARY SHARES IN UWC ("OFFER SHARES") BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM0.82 PER ISSUE SHARE/OFFER SHARE, PAYABLE IN FULL UPON APPLICATION.

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

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR ORDINARY SHARES BEING OFFERED FOR INVESTMENT.

THE SC 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.

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 123.

UWC BERHAD

(Company No. 1274239-A)
(Incorporated in Malaysia under the Companies Act 2016)

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Principal Adviser, Underwriter and Placement Agent

 **HongLeong Investment Bank**

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Corporate Finance Adviser

WYNCORP
CORPORATE FINANCE ADVISOR

WYNCORP ADVISORY SDN BHD
(Company No. 632322-H)

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

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offerors 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.

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

STATEMENTS OF DISCLAIMER

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

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

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

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

Our Shares are classified as Shariah-compliant by the SAC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.

You should note that any agreement by our Underwriter to underwrite our Shares is not to be taken as an indication of the merits of our Shares being offered.

Our Shares being offered in our IPO are offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoters, Offerors, Principal Adviser, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Offerors, Principal Adviser, Underwriter and Placement Agent, or any of their respective directors or any other persons involved in our IPO.

This Prospectus has been prepared and published in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia. Our Company, Directors, Promoters, Offerors, Principal Adviser, Underwriter and Placement Agent have not authorised and take no responsibility for the distribution of this Prospectus outside Malaysia. No action has been taken to permit a public offering of our Shares in any jurisdiction other than Malaysia based on this Prospectus. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase any of our Shares being offered in our IPO in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain jurisdictions may be restricted by law. Prospective investors who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not 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 to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in this Prospectus and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

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

It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which our IPO or you are or might be subjected. Neither we nor our Principal Adviser, Underwriter and Placement Agent nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

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

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

If you are in any doubt about the validity or integrity of an electronic Prospectus, you should immediately request from us or our Issuing House, a paper/printed copy of this Prospectus. If there are any discrepancies between the contents of the electronic Prospectus and the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which are identical to the copy of this Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**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. Accordingly, we and our Principal Adviser are not responsible for any availability of, or the contents or any data, information, file 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 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, file or other material provided by such parties; and
- (iii) any data, information, file 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 obligations for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file 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 the electronic Prospectus, to the extent of the contents of the electronic Prospectus on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions are not responsible for the integrity of the contents of the electronic Prospectus which has been obtained from the web server of the Internet Participating Financial Institutions and subsequently communicated or disseminated in any manner to you or other parties;
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the electronic Prospectus, the accuracy and reliability of the electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium; and
- (iii) the Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damages or costs, that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial 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.

INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

| Event | Tentative date |
|--|--------------------------|
| Issuance of Prospectus/Opening of application for our IPO Shares | 10.00 a.m., 17 June 2019 |
| Closing of application for our IPO Shares | 5.00 p.m., 28 June 2019 |
| Balloting of application for our IPO Shares | 2 July 2019 |
| Allotment of our IPO Shares to successful applicants | 8 July 2019 |
| Listing | 10 July 2019 |

If there is any change to the timetable, we will advertise the notice of such change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia.

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PRESENTATION OF INFORMATION

All references to “our Company” or “UWC” in this Prospectus are to UWC Berhad. All references to “our Group” or “UWC Group” in this Prospectus are to our Company and our subsidiaries, taken as a whole. All references to “we”, “us”, “our” or “ourselves” are to our Company, and where the context requires, our Company and our subsidiaries. Unless the context otherwise requires, references to “management” are to our Directors and key senior management as at the date of this Prospectus. Statements as to our beliefs, expectations, estimates and opinions are those of our management.

The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousandth or 1 decimal place. Any discrepancies in the tables between the amounts listed and the totals in this Prospectus are due to rounding. Certain acronyms, technical terms and other abbreviations used are defined in “Definitions” and “Glossary of Technical Terms” sections of this Prospectus.

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. References to persons shall include companies and corporations.

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

All reference to dates and times are references to dates and times in Malaysia unless otherwise stated. All references to the “LPD” in this Prospectus are to 21 May 2019, which is the latest practicable date prior to the registration of this Prospectus with the SC.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the market and industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each case, the source is stated in this Prospectus. Where there is no source stated, it can be assumed that the information originates from us or is extracted from the IMR Report prepared by Protégé Associates Sdn Bhd, the executive summary of which is included in Section 8 of this Prospectus. We have appointed Protégé Associates Sdn Bhd to provide an independent market and industry review. In compiling its data for the review, Protégé Associates Sdn Bhd had relied on its research methodology, industry sources, published materials, its own private databases and direct contacts within the industry.

We believe that the information on the industry as contained in this Prospectus and other statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the market and industry in which we operate. Third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. No assurance can be given that the estimated figures will be achieved, and you should not place undue reliance on the third party projections cited in this Prospectus.

The information on our website or any website, directly or indirectly, linked to our website does not form part of this Prospectus. If there is any discrepancy between the contents of such website relating to our Group and this Prospectus, the information contained in this Prospectus shall prevail.

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, prospects, plans and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and do not guarantee future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast”, “project” or similar expressions and include all statements that are not historical facts.

Forward-looking statements include, without limitation, statements relating to:

- (i) our future overall business development and operations plans;
- (ii) our future earnings, cash flow and liquidity;
- (iii) potential growth opportunities;
- (iv) our business strategies, trends and competitive position; and
- (v) the general industry environment, including the demand and supply of our products.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, including, without limitations, those discussed in Section 9 of this Prospectus on “Risk Factors” and Section 11.3 of this Prospectus on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

Save as required under 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), we will not have any obligation or provide any undertaking to release publicly any updates or revision to any forward-looking statement contained in this Prospectus to reflect any changes in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DEFINITIONS

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

| | |
|--------------------------------------|--|
| Acquisition of UWC Holdings | : Acquisition by UWC of the entire equity interest in UWC Holdings comprising 1,070,720 ordinary shares for a purchase consideration of RM34,885,000, satisfied via the issuance of 174,425,000 new Shares at an issue price of RM0.20 per Share, which was completed on 4 June 2018 |
| Acquisition of UWC Industrial | : Acquisition by UWC of the entire equity interest in UWC Industrial comprising 2,000,000 ordinary shares for a purchase consideration of RM24,475,000, satisfied via the issuance of 122,375,000 new Shares at an issue price of RM0.20 per Share, which was completed on 4 June 2018 |
| Acquisitions | : Collectively, Acquisition of UWC Holdings and Acquisition of UWC Industrial |
| Act | : Companies Act 2016 |
| ADA | : Authorised Depository Agent, a person appointed by Bursa Depository under the Rules of Bursa Depository |
| Admission | : Admission of our Shares to the Official List |
| Agilent | : Agilent Technologies Singapore (International) Pte Ltd (200923087N) |
| Application | : Application for our IPO Shares by way of the Application Form, Electronic Share Application or Internet Share Application |
| Application Form | : Application form for the application of our IPO Shares |
| ATM | : Automated teller machine |
| Atnesis | : Atnesis Sdn Bhd (formerly known as UWC Electric (M) Sdn Bhd) (620681-V) |
| Board | : Board of Directors of our Company |
| Bursa Depository | : Bursa Malaysia Depository Sdn Bhd (165570-W) |
| Bursa Securities | : Bursa Malaysia Securities Berhad (635998-W) |
| CCC | : Certificate of completion and compliance |
| CDS | : Central Depository System |
| CDS Account | : An account established with Bursa Depository by a Depositor for the recording of securities and for dealings in such securities by the Depositor |
| CEO | : Chief executive officer |
| CMSA | : Capital Markets and Services Act 2007 |
| COO | : Chief operating officer |
| Constitution | : Constitution of our Company |

DEFINITIONS (CONT'D)

| | |
|--|--|
| Customer A | : A Malaysian-based indirect subsidiary of an established global multinational semiconductor chip maker, which is listed on the Nasdaq Global Select Market in the USA |
| Depositor | : A holder of a CDS Account |
| Director | : A member of our Board |
| Dividend-in-Specie | : Distribution of all the 500,000 ordinary shares in UVC Technology held by UWC Holdings to its shareholders, namely Dato' Ng Chai Eng and Lau Chee Kheong by way of dividend-in-specie, which was completed on 16 March 2018. Goh Eng Kiat and Ho Chiew Year, who were both shareholders of UWC Holdings, had novated their entitlements to the dividend-in-specie to Dato' Ng Chai Eng and Lau Chee Kheong proportionately |
| Eastern Boutique Hotel | : Eastern Boutique Hotel Sdn Bhd (832053-T) |
| EBITDA | : Earnings before interest, taxation, depreciation and amortisation |
| Electronic Share Application | : Application for our IPO Shares made available to the Malaysian Public under the Public Issue through a Participating Financial Institution's ATM |
| Eligible Persons | : Collectively, eligible directors and employees of our Group who have contributed to the success of our Group, and have been allocated with the Issue Shares in the manner as set out in Section 4.1.1(ii) of this Prospectus |
| EPS | : Earnings per Share |
| Executive Directors | : Collectively, Dato' Ng Chai Eng and Lau Chee Kheong |
| Financial Years/Period Under Review | : Collectively, the FYE 2016, FYE 2017, FYE 2018 and FPE 2019 |
| FPE | : 6-month financial period ended 31 January |
| FYE | : Financial year ended/ending 31 July, as the case may be |
| GP | : Gross profit |
| HLIB | : Hong Leong Investment Bank Berhad (10209-W) |
| IMR Report | : Independent Market Research Report prepared by Protégé Associates Sdn Bhd, the executive summary of which is set out in Section 8 of this Prospectus |
| Internet Participating Financial Institutions | : Participating financial institutions for the Internet Share Application, which is set out in Section 14.6 of this Prospectus |
| Internet Share Application | : Application for our IPO Shares through an Internet Participating Financial Institution |
| IPO | : Initial public offering comprising the Public Issue and Offer for Sale, collectively |
| IPO Price | : Issue/offer price of RM0.82 per IPO Share pursuant to our IPO |

DEFINITIONS (CONT'D)

| | |
|---|--|
| IPO Shares | : Collectively, the Issue Shares and Offer Shares |
| ISO | : International Organization for Standardization |
| Issue Shares | : 70,000,000 new Shares to be issued by our Company pursuant to the Public Issue |
| Issuing House | : Tricor Investor & Issuing House Services Sdn Bhd (11324-H) |
| Key Senior Management | : Key senior management of our Group, namely Ng Hui Hooi, Ng Sze Yen, Tan Kean Hean, Chong Yee Beng, Khor Kean Seng and Ng Chin Liang |
| Listing | : Listing of and quotation for the entire enlarged issued share capital of UWC on the Main Market of Bursa Securities |
| Listing Requirements | : Main Market Listing Requirements of Bursa Securities |
| LMW | : Licensed Manufacturing Warehouse |
| LPD | : 21 May 2019, being the latest practicable date prior to the registration of this Prospectus with the SC |
| 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 |
| MCTEC Resources | : MCTEC Resources Sdn Bhd (866175-U) |
| MIDA | : Malaysian Investment Development Authority |
| MITI | : Ministry of International Trade and Industry |
| MNC | : Multinational corporation |
| MyIPO | : Intellectual Property Corporation of Malaysia |
| NA | : Net assets |
| NBV | : Net book value |
| Offer for Sale | : Offer for sale of 33,015,000 Offer Shares by our Offerors by way of private placement to selected investors, who meet the requirements of Schedule 6 or Schedule 7 of the CMSA if such offer is made prior to the issuance of the Prospectus, at the IPO Price |
| Offer Shares | : 33,015,000 existing Shares to be offered pursuant to the Offer for Sale |
| Offerors | : Collectively, Dato' Ng Chai Eng and Lau Chee Kheong |
| Official List | : A list specifying all securities listed on the Main Market of Bursa Securities |
| Participating Financial Institutions | : Participating financial institutions for the Electronic Share Application, which are set out in Section 14.5 of this Prospectus |
| PAT | : Profit after taxation |

DEFINITIONS (CONT'D)

| | | |
|-------------------------------|---|---|
| PBT | : | Profit before taxation |
| Pink Form Allocations | : | Allocation of 3,000,000 Issue Shares to the Eligible Persons |
| Placement Agent | : | HLIB |
| Plexus | : | Plexus Manufacturing Sdn Bhd (399136-M) |
| Plot 319 | : | A single-storey factory building bearing postal address of PMT 744, Jalan Cassia Selatan 5/1, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang |
| Plot 319A | : | A 2-storey office building annexed with a single-storey factory building bearing postal address of PMT 745, Jalan Cassia Selatan 5/1, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang |
| Principal Adviser | : | HLIB |
| Promoters | : | Collectively, UWC Capital, Dato' Ng Chai Eng and Lau Chee Kheong |
| Prospectus | : | This prospectus dated 17 June 2019 in relation to our IPO |
| Public Issue | : | Public issue of 70,000,000 Issue Shares at the IPO Price subject to the terms and conditions of this Prospectus |
| SAC | : | Shariah Advisory Council of the SC |
| SC | : | Securities Commission Malaysia |
| Share Registrar | : | Tricor Investor & Issuing House Services Sdn Bhd (11324-H) |
| Share Transfer | : | Transfer by Dato' Ng Chai Eng, Lau Chee Kheong, Tan Kean Hean and Ng Sze Yen of a total of 192,789,000 Shares to UWC Capital for a total nominal consideration of RM37,200, satisfied via the issuance of 192,785 new ordinary shares in UWC Capital and the balance in cash, pursuant to an internal restructuring which was completed on 5 October 2018 |
| SICDA | : | Securities Industry (Central Depositories) Act 1991 |
| sq ft | : | square feet |
| Teradyne | : | Teradyne (Asia) Pte Ltd (200311819K) |
| Underwriter | : | HLIB |
| Underwriting Agreement | : | Underwriting agreement dated 27 May 2019 entered into between our Company and our Underwriter for the underwriting of 23,000,000 Issue Shares pursuant to our IPO |
| USA | : | United States of America |
| UVC Technology | : | UVC Technology Sdn Bhd (381889-V) |
| UWC or Company | : | UWC Berhad (1274239-A) |

DEFINITIONS (CONT'D)

| | | |
|-----------------------------|---|--|
| UWC Capital | : | UWC Capital Sdn Bhd (1274455-H) |
| UWC Group or Group | : | Collectively, UWC and our subsidiaries |
| UWC Shares or Shares | : | Ordinary shares in our Company |
| UWHM | : | UWHM Sdn Bhd (formerly known as UWC Healthcare MFG (M) Sdn Bhd) (961995-K) |

CURRENCIES

| | | |
|-------------------|---|--|
| RM and sen | : | Ringgit Malaysia and sen respectively, the lawful currency of Malaysia |
| USD | : | United States Dollar, the lawful currency of the USA |

OUR SUBSIDIARIES

| | | |
|-----------------------|---|-----------------------------------|
| UWC Automation | : | UWC Automation Sdn Bhd (521963-M) |
| UWC Holdings | : | UWC Holdings Sdn Bhd (203074-U) |
| UWC Industrial | : | UWC Industrial Sdn Bhd (693235-T) |

GLOSSARY OF TECHNICAL TERMS

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

| | |
|-------------------------|---|
| CAD | : Computer-aided design |
| Chassis | : A type of sub-assembled part fit onto a testing equipment to conduct functional testing |
| CNC | : Computer numerical control, which refers to the technology whereby a computer converts a design produced by a CAD software into numbers. The numbers can be considered as coordinates of a graph where they control the movement of the cutting machine. As such, the computer is able to control where the cutting machine cuts and shapes the material according to the required design |
| Cobot | : Collaborative robot, a robot intended to physically interact with human in a shared workplace |
| Cold plate | : A type of sub-assembled part fit onto a testing equipment to conduct functional testing |
| Manipulator | : A type of motorised handling equipment used for the manipulation and docking of test devices onto a testing equipment |
| Milling | : A process where excessive materials from a workpiece are milled away using a rotary cutter or similar rotating cutting tool |
| Piece-part | : A single produced component or part as is without assembly |
| Stamping | : A process where sheet metal is transformed into desired shapes through the pressing of dies onto the flat sheet metal |
| Sub-assembly | : A process where parts of a finished product are assembled separately but designed to fit onto other units, often forming parts of a larger assembled product |
| Turning | : A process to remove unwanted materials or reduce the diameter of a workpiece using a moving cutting tool |
| Wire cut machine | : A type of machine that is used to cut wires of various types and sizes |

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

| Name/(Designation) | Address | Nationality |
|--|---|-------------|
| Dato' Wan Hashim Bin Wan Jusoh (Independent Non-Executive Chairman) | 18, Jalan Setiawangsa 3 Taman Setiawangsa 54200 Kuala Lumpur | Malaysian |
| Dato' Ng Chai Eng (Executive Director/Group CEO) | 35, Jalan Bayan Mutiara 3 Sungai Nibong 11900 Bayan Lepas Pulau Pinang | Malaysian |
| Lau Chee Kheong (Executive Director/Group COO) | 1A-39-01, The Jazz Jalan Seri Tanjung Pinang 1 10470 Tanjung Tokong Pulau Pinang | Malaysian |
| F'ng Meow Cheng (Independent Non-Executive Director) | 7, Lorong Bukit Kecil 14 Taman Bukit Kecil 14000 Bukit Mertajam Pulau Pinang | Malaysian |
| Lio Chee Yeong (Independent Non-Executive Director) | 5-X, Jalan Delima 11700 Island Glades Pulau Pinang | Malaysian |

AUDIT COMMITTEE

| Name | Designation | Directorship |
|--------------------------------|-------------|------------------------------------|
| F'ng Meow Cheng | Chairman | Independent Non-Executive Director |
| Dato' Wan Hashim Bin Wan Jusoh | Member | Independent Non-Executive Chairman |
| Lio Chee Yeong | Member | Independent Non-Executive Director |

REMUNERATION COMMITTEE

| Name | Designation | Directorship |
|--------------------------------|-------------|------------------------------------|
| Lio Chee Yeong | Chairman | Independent Non-Executive Director |
| Dato' Wan Hashim Bin Wan Jusoh | Member | Independent Non-Executive Chairman |
| F'ng Meow Cheng | Member | Independent Non-Executive Director |

NOMINATION COMMITTEE

| Name | Designation | Directorship |
|--------------------------------|-------------|------------------------------------|
| Lio Chee Yeong | Chairman | Independent Non-Executive Director |
| Dato' Wan Hashim Bin Wan Jusoh | Member | Independent Non-Executive Chairman |
| F'ng Meow Cheng | Member | Independent Non-Executive Director |

RISK MANAGEMENT COMMITTEE

| Name | Designation | Directorship |
|--------------------------------|-------------|------------------------------------|
| F'ng Meow Cheng | Chairman | Independent Non-Executive Director |
| Dato' Wan Hashim Bin Wan Jusoh | Member | Independent Non-Executive Chairman |
| Lio Chee Yeong | Member | Independent Non-Executive Director |

1. CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARY** : Ooi Yoong Yoong
39, Salween Road
10050 Georgetown, Pulau Pinang
- Telephone no. : (604) 210 9828
Facsimile no. : (604) 210 9827
Professional qualification : Chartered Secretary, Associate of Malaysian Institute of Chartered Secretaries and Administrators (“**MAICSA**”) (MAICSA membership no. MAICSA 7020753)
- REGISTERED OFFICE** : 39, Salween Road
10050 Georgetown, Pulau Pinang
- Telephone no. : (604) 210 9828
Facsimile no. : (604) 210 9827
- HEAD OFFICE** : PMT 744-745, Jalan Cassia Selatan 5/1
Taman Perindustrian Batu Kawan
14110 Bandar Cassia
Pulau Pinang
- Telephone no. : (604) 555 6937
Facsimile no. : (604) 589 9509
Website : www.uwcbberhad.com.my
E-mail : uwc@uwcbberhad.com.my
- PRINCIPAL ADVISER,
UNDERWRITER AND
PLACEMENT AGENT** : Hong Leong Investment Bank Berhad
Level 28, Menara Hong Leong
No. 6, Jalan Damanlela, Bukit Damansara
50490 Kuala Lumpur
- Telephone no. : (603) 2083 1800
Facsimile no. : (603) 2083 1761
- CORPORATE FINANCE
ADVISER** : WYNCORP Advisory Sdn Bhd
Suite 50-6-8, Level 6
Wisma UOA Damansara
50, Jalan Dungun, Damansara Heights
50490 Kuala Lumpur
- Telephone no. : (603) 2096 2286/2289
Facsimile no. : (603) 2011 2821
Director : Moh Jiun Haur
Professional qualification :
 - Chartered Accountant, Malaysian Institute of Accountants (“**MIA**”) (Membership no. 33355)
 - Fellow member of the Association of Chartered Certified Accountants (Membership no. 1200346)
 - Capital Market Services Representative (CMSRL/B3116/2012)

Please refer to Section 10.3 of this Prospectus for the salient terms of engagement and scope of work of our Corporate Finance Adviser

1. CORPORATE DIRECTORY (CONT'D)

- SOLICITORS FOR OUR IPO** : Wong Beh & Toh
 1st Floor, Nos. 173 & 174
 Jalan Kelab Cinta Sayang
 Taman Ria Jaya
 08000 Sungai Petani, Kedah
- Telephone no. : (604) 442 9081
 Facsimile no. : (604) 442 9084
- AUDITORS AND REPORTING ACCOUNTANTS** : BDO PLT (LLP0018825-LCA & AF 0206)
 Chartered Accountants
 51-21-F, Menara BHL
 Jalan Sultan Ahmad Shah
 10050 Pulau Pinang
- Telephone no. : (604) 227 6888
 Facsimile no. : (604) 229 8118
 Partner : Koay Theam Hock
 Professional : Chartered Accountant, MIA (Membership no. 6420)
 qualification
- ISSUING HOUSE AND SHARE REGISTRAR** : Tricor Investor & Issuing House Services Sdn Bhd
 Unit 32-01, Level 32, Tower A
 Vertical Business Suite, Avenue 3
 Bangsar South
 8, Jalan Kerinchi
 59200 Kuala Lumpur
- Telephone no. : (603) 2783 9299
 Facsimile no. : (603) 2783 9222
- INDEPENDENT MARKET RESEARCHER** : Protégé Associates Sdn Bhd
 Suite C-06-06 Plaza Mont' Kiara
 2, Jalan Kiara, Mont' Kiara
 50480 Kuala Lumpur
- Telephone no. : (603) 6201 9301
 Facsimile no. : (603) 6201 7302
 Director : Tan Chin How
 Professional qualification : • Master of Business Administration from Charles Sturt University
 • Bachelor of Science in Computing from the University of Portsmouth
- Please refer to Section 8 of this Prospectus for the profile of the firm and signing partner
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC

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

| | | |
|--|---|---------------|
| Number of new Shares to be issued under the Public Issue | : | 70,000,000 |
| Number of existing Shares to be offered under the Offer for Sale | : | 33,015,000 |
| Enlarged number of Shares upon Listing | : | 366,800,002 |
| IPO Price | : | RM0.82 |
| Market capitalisation upon Listing (based on the IPO Price and enlarged number of Shares upon Listing) | : | RM300,776,002 |

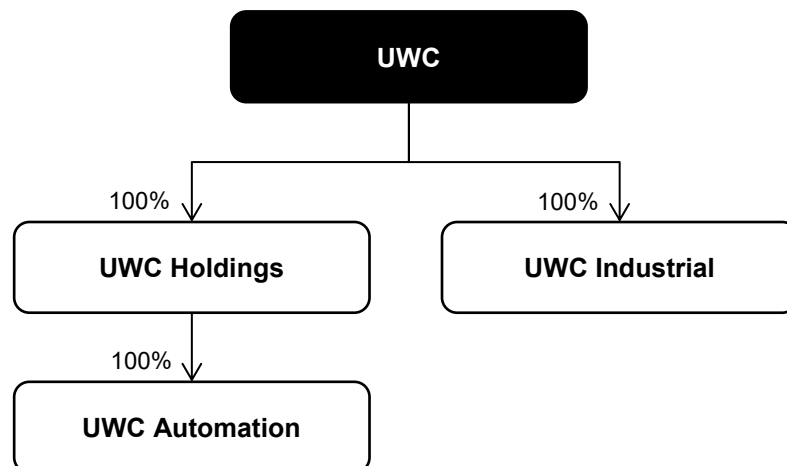
Please refer to Section 4 of this Prospectus for further details of our IPO.

The entire shareholdings in our Company held by our Promoters after our IPO are subject to moratorium for 6 months from the date of our Listing. Further details of the moratorium on our Shares are set out in Section 3.2 of this Prospectus.

2.2 OUR BUSINESS

We were incorporated in Malaysia under the Act on 29 March 2018 as a private limited company under the name of UWC Sdn Bhd. On 4 June 2018, we completed the Acquisitions which resulted in UWC Holdings and UWC Industrial becoming our wholly-owned subsidiaries. Subsequently, on 17 October 2018, we were converted into a public limited company and assumed our present name.

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

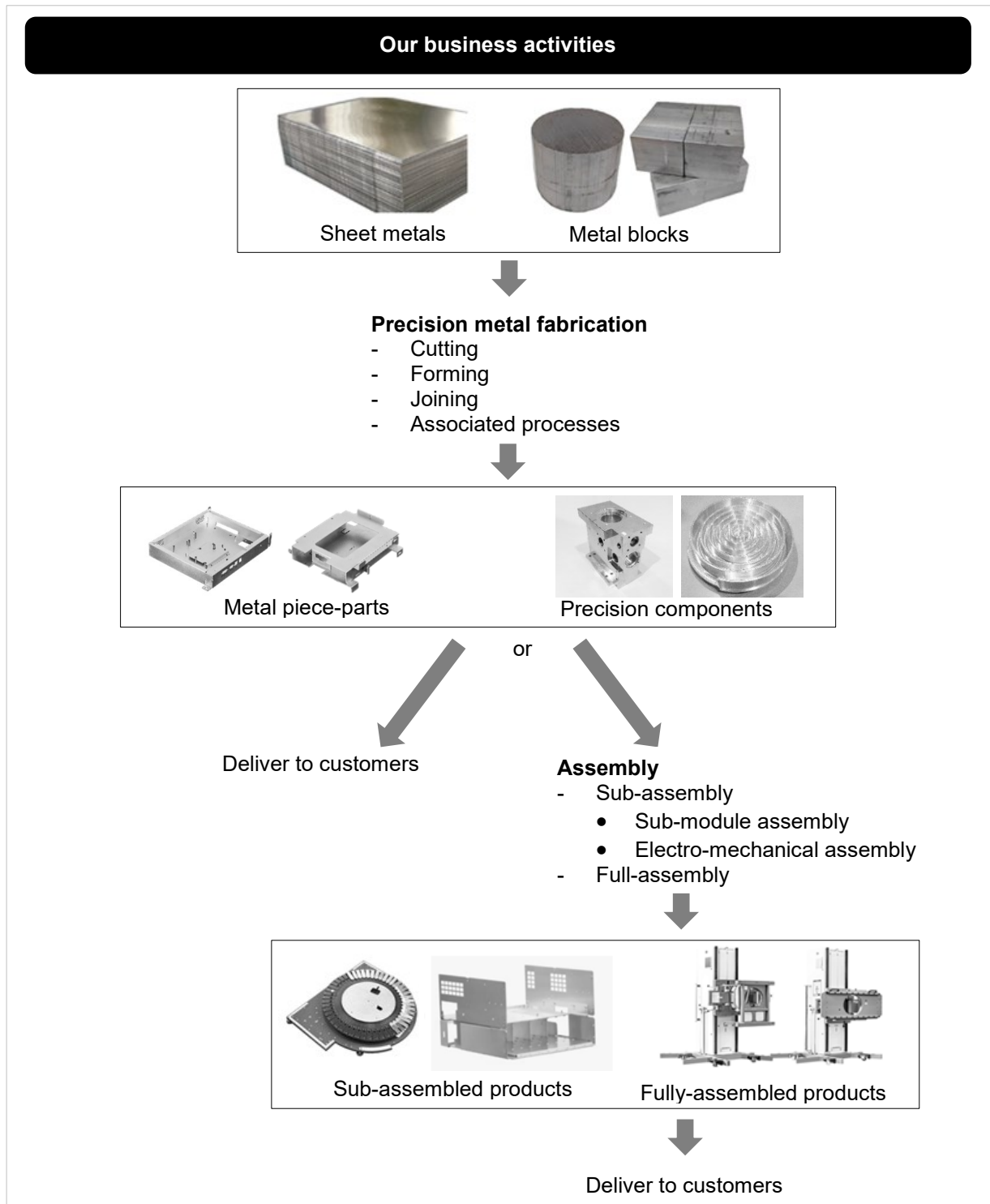


The principal activities of our Company and our subsidiaries are as follows:

| Company | Principal activities |
|----------------|--|
| UWC | Investment holding |
| UWC Holdings | Provision of precision sheet metal fabrication and value-added assembly services |
| UWC Industrial | Provision of precision sheet metal fabrication and value-added assembly services |
| UWC Automation | Provision of precision machined components |

2. PROSPECTUS SUMMARY (CONT'D)

UWC Holdings caters primarily to the local market, while UWC Industrial caters to the foreign markets as well as customers in Malaysia with a LMW status or are located within the designated free trade zones in Malaysia.



2. PROSPECTUS SUMMARY (CONT'D)

As an integrated engineering supporting services provider, we provide fabrication services involving various processes of working with metal such as cutting, forming, joining and other associated processes to produce intermediate metal products, ranging from metal piece-parts to precision machined components. These intermediate metal products are then used to produce various finished products by our customers in a diverse range of industries such as, among others, semiconductor, life science and medical technology, and heavy equipment.

We also provide value-added assembly services, where we either sub-assemble metal piece-parts into machine structures, metal enclosures and metal chassis or provide full-assembly services by assembling the intermediate metal products produced by us into finished products according to the designs and specifications provided by our customers. During the assembly process, we assist our customers to procure the required raw materials and components to be assembled together into their products as well as conduct testing to ensure that the products assembled operate as intended.

In addition to metal fabrication and assembly services, we also collaborate with our customers in the initial designs and development of their products to achieve cost reduction and improve production cycle time. We also provide inventory management in which we plan our production schedule and maintain the minimum inventory level specified by our customers based on their forecast demand for our fabricated metal parts and components to ensure stock availability at all times.

For the Financial Years/Period Under Review, most of our revenue was derived from our major customers who are in the semiconductor and life science and medical technology industries. Please refer to Section 7.20 of this Prospectus for further details of our major customers.

We market our products and services in both the local and foreign markets, where the majority of our customers are MNCs with operations based in Malaysia as well as foreign countries. For the Financial Years/Period Under Review, local market contributed approximately 55.3%, 47.8%, 58.6% and 50.9% to our revenue, while foreign markets contributed approximately 44.7%, 52.2%, 41.4% and 49.1% to our revenue. Majority of our foreign sales are derived from customers based in Singapore.

Please refer to Sections 6 and 7 of this Prospectus for further details of our history and business.

2.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

(i) Integrated engineering supporting services

We provide engineering supporting services and other value-added services, which include design and development, sheet metal fabrication, precision engineering as well as assembly services such as sub-module, electro-mechanical and full assembly. Our ability to provide integrated engineering supporting services has enabled us to participate in design and development activities through our involvement in our customers' new production introduction activities, to serve our customers better and to have complete control over the entire manufacturing and assembly process. All these factors have enabled us to maintain our business relationship with our customers.

(ii) Continuous investment in advanced machinery and equipment

Our continuous capital expenditure in new and advanced machinery and equipment allows us to increase our production efficiency through higher precision fabrication at a faster speed and better quality control. We are also able to support precision machining and surface treatments, from ultra-small to large precision machining components, as well as one-stop finishing solutions for our customers, all of which helps our customers to reduce the number of suppliers to whom they outsource.

2. PROSPECTUS SUMMARY (CONT'D)

(iii) Proven track record and relationship with customers

We believe that our consistent quality products and services, our close collaboration with our customers on their product design and development, our efforts in safeguarding the confidentiality of the information relating to our customers' products, and our continued expansion of our service capabilities to meet our customers' requirements have enabled us to gain our customers' trust and a long-term business relationship with them. For the FPE 2019, we have business relationship with 4 of our top 5 customers for more than 8 years as at the LPD.

Please refer to Section 7.3 of this Prospectus for further details of our competitive strengths.

2.4 FUTURE PLANS AND BUSINESS STRATEGIES

Our future plans and business strategies are as follows:

(i) Expansion of our production capacity and improvement in our production efficiency

As part of our business growth strategy, we will leverage on our close working relationship with our customers to continue participating in their product design and development activities. Through these engagements with our customers, we gain early visibility into their requirements for their new product development and roadmap for production ramp. This, in turn, allows us to plan our resource allocation early and assess the necessity to expand our production capabilities and capacity, and improve our manufacturing efficiency.

We believe that our commitment to continuously support our customers will strengthen our position in our customers' supply chains and enhance our competitive edge. In this connection, we plan to allocate part of our proceeds from the Public Issue to purchase new CNC machines progressively over the next 3 years.

(ii) Expansion of our service offerings

We intend to expand our in-house capabilities, in particular, to set up a plating line so as to provide a more comprehensive range of services. Plating is another form of surface treatment which is usually performed after our fabrication processes to protect the surfaces of metal workpieces against corrosion. An in-house plating line would enable us to bundle a wider range of service offerings, maintain quality over surface treatment processes, and shorten our delivery lead time, which would give us an added advantage over our competitors.

(iii) Automating our production processes

We regularly review our production processes and explore ways to improve our production efficiency in order to meet dynamic customer requirements. To that end, we intend to automate some of the repetitive and laborious tasks in our production processes to help us improve speed, increase productivity, improve quality and reduce errors or wastage.

We also plan to implement a material handling system, which includes an automated material storage and retrieval system to manage the movement of our raw materials and work-in-progress materials on our production floor. This saves the time required for workers to manually retrieve or store materials, improves productivity and workers' safety, and reduces labour cost.

Please refer to Section 7.14 of this Prospectus for further details of our future plans and business strategies.

2. PROSPECTUS SUMMARY (CONT'D)

2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in the Prospectus, certain risks and investment considerations that may affect our future financial performance.

The following is a summary of the key risks relating to our business and operations that we are currently facing or that may develop in the future:

(i) We are dependent on our continuing ability to identify and deploy the latest technology

The demand for our services, in particular, the life science and medical technology, and semiconductor industries is characterised by technological changes and advancement in industry standards. Our customers are continuously improving their products in order to keep up with technological demands of the market, and in turn, would require us to enhance our capabilities in order to meet their new product requirements. Our continued success and ability to satisfy the requirements of our customers, therefore, depends largely on our ability to offer product and service capabilities that meet the changing market requirements, including conformity with the applicable industry standards. To do this, we are required to constantly anticipate technological changes, and invest in new technologies and upgrade our machinery and equipment in a timely manner as part of our business operations.

(ii) Absence of long-term contracts with our customers

Due to the nature of the life science and medical technology, and semiconductor industries, which are subject to technological changes and rapid advancement in industry standards, and therefore, frequent product design or specification changes, our customers typically do not enter into long-term purchase commitments with us, but would instead provide us with short-term rolling forecast of their potential orders which ranges from 6 to 12 months. Our sales are secured by way of purchase orders from our customers from time to time, which may vary from their forecasted volume.

(iii) We are dependent on our major customers

For the Financial Years/Period Under Review, our top 2 major customers, namely Customer A and Agilent contributed approximately 41.2%, 53.7%, 57.5% and 49.6% respectively to our revenue. As such, we are dependent on them for revenue.

Revenue contribution from Customer A increased significantly from approximately RM11.6 million for the FYE 2016 to approximately RM43.1 million for the FYE 2018. However, for the FPE 2019, we recorded lower sales of approximately RM11.5 million to Customer A, compared to approximately RM24.5 million for the FPE 2018.

Revenue contribution from Agilent also increased significantly from approximately RM19.8 million for the FYE 2016 to approximately RM35.5 million for the FYE 2018. For the FPE 2019, we recorded a slight decline in our sales to Agilent to approximately RM17.8 million from approximately RM18.7 million for the FPE 2018. In addition, we also derived a higher GP margin from Customer A as compared to our other customers during the Financial Years/Period Under Review. This is mainly due to the complexity of the products which we fabricated for Customer A, in terms of technical and production requirements, and shorter lead time for delivery. Our GP margin improved from 27.1% for the FYE 2017 to 31.4% for the FYE 2018, mainly attributed to higher sales contribution from Customer A. However, our GP margin decreased from 31.5% for the FPE 2018 to 30.4% for the FPE 2019 mainly attributed to lower sales to Customer A.

Please refer to Sections 7.20 and 9.1.3 of this Prospectus for further information in relation to our dependence on the above customers.

2. PROSPECTUS SUMMARY (CONT'D)

Although we have business relationships with these customers for more than 8 years as at the LPD, there is no assurance that we will be able to retain these customers or maintain or increase our current level of business activities with them. Any cancellation or delay in orders from these major customers, or termination of relationship with them may have an adverse impact on our business operations and financial performance if we are unable to secure other customers who can contribute such similar proportions of revenue contributed by these major customers in a timely manner.

(iv) We are dependent on the performance of the end-user markets of our major customers

Our business is dependent on the performance of the end-user markets of our major customers. The outlook of these end-user markets may be affected by business and industry risks such as the political and economic stability of the country, shortage of labour supply as well as fluctuations in the labour and raw material costs. A decline in the performance of these end-user markets may have an adverse impact on our business operations and financial performance.

Please refer to Section 9 of this Prospectus for further details of these risk factors.

2.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as follows:

| Name | Designation |
|-------------------------------------|--|
| <u>Directors</u> | |
| Dato' Wan Hashim Bin Wan Jusoh | Independent Non-Executive Chairman |
| Dato' Ng Chai Eng | Executive Director/Group CEO |
| Lau Chee Kheong | Executive Director/Group COO |
| F'ng Meow Cheng | Independent Non-Executive Director |
| Lio Chee Yeong | Independent Non-Executive Director |
| <u>Key Senior Management</u> | |
| Ng Hui Hooi | Financial Controller |
| Ng Sze Yen | Head of Operations |
| Tan Kean Hean | Head of Machining Division |
| Chong Yee Beng | Senior Manager of Engineering Division |
| Khor Kean Seng | Senior Manager of Industrial Engineering and Production Division |
| Ng Chin Liang | Head of Corporate Affairs and Communications |

Please refer to Section 5 of this Prospectus for further details of our Directors and Key Senior Management.

2.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

2. PROSPECTUS SUMMARY (CONT'D)

| Name and nationality/ country of incorporation | As at the LPD | | | | After our IPO | | | |
|--|------------------|------|----------------------------|------|------------------|------|----------------------------|------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| UWC Capital/ Malaysia | 192,789,000 | 65.0 | - | - | 192,789,000 | 52.6 | - | - |
| Dato' Ng Chai Eng/ Malaysian | 49,745,346 | 16.8 | ⁽³⁾ 192,789,000 | 65.0 | 33,237,846 | 9.1 | ⁽⁴⁾ 192,849,000 | 52.6 |
| Lau Chee Kheong/ Malaysian | 49,745,346 | 16.8 | ⁽³⁾ 192,789,000 | 65.0 | 33,237,846 | 9.1 | ⁽³⁾ 192,789,000 | 52.6 |

Notes:

- (1) Based on the total number of 296,800,002 Shares as at the LPD.
- (2) Based on the enlarged total number of 366,800,002 Shares after our IPO.
- (3) Deemed interest by virtue of his shareholding in UWC Capital pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of his shareholding in UWC Capital and the Shares held by his son, Ng Chin Liang assuming full subscription of the Issue Shares reserved for our Key Senior Management under the Pink Form Allocations pursuant to Section 8 of the Act.

Please refer to Section 5 of this Prospectus for further details of our Promoters and substantial shareholders.

2.8 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting to RM57.4 million in the following manner:

| Details | RM'000 | % | Estimated time frame for use of proceeds from the date of our Listing |
|--|---------------|--------------|--|
| Purchase of new machinery and equipment | | | |
| - CNC machines | 27,416 | 47.8 | Within 36 months |
| - Industrial robotic arms and material handling system | 4,700 | 8.2 | Within 36 months |
| Repayment of bank borrowings | 18,000 | 31.3 | Within 12 months |
| Working capital | 2,868 | 5.0 | Within 12 months |
| Estimated listing expenses | 4,416 | 7.7 | Within 2 months |
| Total | 57,400 | 100.0 | |

There is no minimum subscription to be raised from our IPO. The Offer for Sale will raise gross proceeds of approximately RM27.1 million which will accrue entirely to our Offerors.

Please refer to Section 4.4 of this Prospectus for further details of the use of proceeds arising from the Public Issue.

2. PROSPECTUS SUMMARY (CONT'D)

2.9 FINANCIAL HIGHLIGHTS

The table below sets out financial highlights based on our audited combined and consolidated financial statements for the Financial Years/Period Under Review.

| | <-----Audited-----> | | | Unaudited | Audited |
|--|---------------------|--------------------|--------------------|--------------------|--------------------|
| | FYE 2016 RM'000 | FYE 2017 RM'000 | FYE 2018 RM'000 | FPE 2018 RM'000 | FPE 2019 RM'000 |
| Revenue | 76,311 | 92,158 | 136,495 | 67,806 | 59,138 |
| Cost of sales | (54,869) | (67,225) | (93,616) | (46,429) | (41,176) |
| GP | 21,442 | 24,933 | 42,879 | 21,377 | 17,962 |
| PBT | 23,599 | 18,335 | 37,327 | 15,902 | 20,789 |
| Taxation | (4,208) | (3,472) | (6,103) | (3,627) | (3,449) |
| PAT attributable to owners of the parent | 19,391 | 14,863 | 31,224 | 12,275 | 17,340 |
| GP margin ⁽¹⁾ (%) | 28.1 | 27.1 | 31.4 | 31.5 | 30.4 |
| EBITDA ⁽²⁾ | 27,375 | 23,134 | 45,391 | 19,337 | 25,722 |
| EBITDA margin ⁽³⁾ (%) | 35.9 | 25.1 | 33.3 | 28.5 | 43.5 |
| PBT margin ⁽⁴⁾ (%) | 30.9 | 19.9 | 27.3 | 23.5 | 35.2 |
| PAT margin ⁽⁵⁾ (%) | 25.4 | 16.1 | 22.9 | 18.1 | 29.3 |
| Basic and diluted EPS ⁽⁶⁾ (sen) | 5.3 | 4.1 | 8.5 | 3.3 | 4.7 |
| Number of Shares in issue after our IPO ('000) | 366,800 | 366,800 | 366,800 | 366,800 | 366,800 |
| Adjusted PBT ⁽⁷⁾ | 12,694 | 15,076 | 29,316 | 14,811 | 10,182 |
| Adjusted PAT attributable to owners of the parent ⁽⁷⁾ | 8,486 | 11,604 | 23,213 | 11,184 | 6,733 |
| Adjusted PBT margin ⁽⁸⁾ (%) | 16.6 | 16.4 | 21.5 | 21.8 | 17.2 |
| Adjusted PAT margin ⁽⁹⁾ (%) | 11.1 | 12.6 | 17.0 | 16.5 | 11.4 |
| Adjusted basic and diluted EPS ⁽¹⁰⁾ (sen) | 2.3 | 3.2 | 6.3 | 3.0 | 1.8 |
| NA | 62,755 | 74,431 | 84,173 | 86,724 | 101,513 |
| NA per Share ⁽⁶⁾ (sen) | 17.1 | 20.3 | 22.9 | 23.6 | 27.7 |
| Trade receivables turnover period (days) | 82 | 84 | 88 | 51 | 84 |
| Trade payables turnover period (days) | 53 | 67 | 66 | 60 | 62 |
| Inventories turnover period (days) | 79 | 110 | 120 | 95 | 174 |
| Current ratio (times) | 2.0 | 1.7 | 1.7 | 1.9 | 2.1 |
| Gearing ratio (times) | 0.2 | 0.3 | 0.6 | 0.3 | 0.5 |

Notes:

(1) Computed as GP divided by revenue.

2. PROSPECTUS SUMMARY (CONT'D)

(2) Computed as follows:

| | <-----Audited-----> | | | Unaudited | Audited |
|------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| | FYE 2016 RM'000 | FYE 2017 RM'000 | FYE 2018 RM'000 | FPE 2018 RM'000 | FPE 2019 RM'000 |
| PAT | 19,391 | 14,863 | 31,224 | 12,275 | 17,340 |
| Add: Taxation | 4,208 | 3,472 | 6,103 | 3,627 | 3,449 |
| Finance costs | 378 | 820 | 1,761 | 650 | 1,233 |
| Depreciation | 4,850 | 5,441 | 7,743 | 3,509 | 4,459 |
| Less: Interest income | (264) | (274) | (253) | (131) | (169) |
| Amortisation of grants | (1,188) | (1,188) | (1,187) | (593) | (590) |
| EBITDA | 27,375 | 23,134 | 45,391 | 19,337 | 25,722 |

(3) Computed as EBITDA divided by revenue.

(4) Computed as PBT divided by revenue.

(5) Computed as PAT divided by revenue.

(6) Computed as PAT or NA divided by the enlarged total number of 366,800,002 Shares after our IPO.

(7) Adjusted to exclude other income and dividend income for the Financial Years/Period Under Review.

(8) Computed as adjusted PBT divided by revenue.

(9) Computed as adjusted PAT divided by revenue.

(10) Computed as adjusted PAT divided by the enlarged total number of 366,800,002 Shares after our IPO.

The financial highlights presented above should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" as set out in Section 11.3 of this Prospectus and the Accountants' Report, together with its related notes, as set out in Section 12 of this Prospectus.

2.10 DIVIDEND POLICY

Our ability to pay dividends is dependent upon various factors including but not limited to our financial performance, cash flow requirements and capital expenditure plans. Our Board intends to recommend and distribute a dividend of at least 20% of our annual audited consolidated PAT attributable to our shareholders. Any dividend declared will be at the discretion of our Board and any final dividends declared will be subject to the approval of our shareholders at our annual general meeting.

You should take note that this dividend policy merely describes our current intention and shall not constitute legally binding statements in respect of our future dividends that are subject to our Board's discretion.

3. APPROVALS AND CONDITIONS

3.1 APPROVALS AND CONDITIONS

3.1.1 SC

The SC has, via its letter dated 12 December 2018, approved the relief sought from complying with a requirement of the Prospectus Guidelines issued by the SC as follows:

| Relief sought | Condition imposed | Status of compliance |
|--|-------------------|--|
| <p><u>Paragraph 5.10, Division 1 of Part II of the Prospectus Guidelines</u></p> <p>Relief was sought from the SC to redact the name of a major customer of the UWC Group, and to disclose such customer as “Customer A” and describe “Customer A” as a Malaysian-based indirect subsidiary of an established global multinational semiconductor chip maker, which is listed on the Nasdaq Global Select Market in the USA</p> | - | A description of the business activities and products of “Customer A” and its holding company is provided in Section 7.20 of this Prospectus in place of the redaction |

The SC has, via its letter dated 10 April 2019, approved our IPO and Listing under Section 214(1) of the CMA and under the equity requirement for public listed companies in relation to the resultant equity structure of our Company pursuant to our Listing, subject to the following condition:

| Condition imposed | Status of compliance |
|--|----------------------|
| HLIB and UWC to fully comply with the requirements of the SC’s Equity Guidelines and Prospectus Guidelines pertaining to the implementation of our Listing | To be complied |

The SC has, via the same letter dated 10 April 2019, noted that the effects of our Listing on the equity structure of our Company as follows:

| Category of shareholders | As at 19 November 2018 | | After our IPO | |
|---|------------------------|--------------|----------------------------|--------------|
| | No. of Shares | % | No. of Shares | % |
| Bumiputera | | | | |
| - Malaysian Public via balloting | - | - | 10,000,000 | 2.7 |
| - Bumiputera investors to be approved by the MITI | - | - | 47,000,000 | 12.8 |
| Total Bumiputera | - | - | 57,000,000 | 15.5 |
| Non-Bumiputera | 296,800,002 | 100.0 | ⁽¹⁾ 309,800,002 | 84.5 |
| Total Malaysian | 296,800,002 | 100.0 | 366,800,002 | 100.0 |
| Foreigner | - | - | - | - |
| Total | 296,800,002 | 100.0 | 366,800,002 | 100.0 |

Note:

- (1) Assuming all the Eligible Persons that are allocated with the Issue Shares are non-Bumiputera.

3. APPROVALS AND CONDITIONS (CONT'D)

3.1.2 Bursa Securities

Bursa Securities has, via its letter dated 8 May 2019, resolved to approve the Admission and our Listing, subject to the following conditions:

| Condition imposed | Status of compliance |
|--|----------------------|
| Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements | To be complied |
| Furnish Bursa Securities on the first day of listing a copy of the schedule of distribution showing compliance to the public share spread requirements based on the entire issued share capital of UWC | To be complied |

3.1.3 MITI

MITI has, via its letter dated 3 April 2019, stated that it has taken note and has no objection to our Listing.

3.1.4 SAC

The SAC has, via its letter dated 29 April 2019, classified our Shares as Shariah-compliant securities based on our latest audited financial information for the FYE 2018.

3.2 MORATORIUM ON OUR SHARES

In accordance with the Equity Guidelines issued by the SC, our Promoters will not be allowed to, and have undertaken not to, sell, transfer or assign their entire aggregate shareholdings of 259,264,692 Shares, which represents approximately 70.7% of the enlarged total number of Shares as at the date of our Listing, for a period of 6 months from the date of our Listing.

In this respect, our Shares that are subject to moratorium for 6 months from the date of our Listing are set out below:

| Name | No. of Shares to be held under moratorium | (1)% |
|-------------------|---|-------------|
| UWC Capital | 192,789,000 | 52.6 |
| Dato' Ng Chai Eng | 33,237,846 | 9.1 |
| Lau Chee Kheong | 33,237,846 | 9.1 |
| Total | 259,264,692 | 70.7 |

Note:

(1) Based on our enlarged total number of 366,800,002 Shares after our IPO.

In addition, the shareholders of UWC Capital, namely Dato' Ng Chai Eng, Lau Chee Kheong, Tan Kean Hean and Ng Sze Yen will also not be allowed to, and have undertaken not to, sell, transfer or assign their entire shareholdings in UWC Capital for a period of 6 months from the date of our Listing.

The moratorium, which has been fully accepted by our Promoters, is specifically endorsed on the share certificates representing the shareholdings of our Promoters which are under moratorium to ensure that our Share Registrar does not register any transfer that is not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our Share Registrar's instructions in the prescribed forms, ensure that the trading of these Shares is not permitted during the moratorium period.

4. DETAILS OF OUR IPO

4.1 PARTICULARS OF OUR IPO

4.1.1 Public Issue

Our Public Issue of 70,000,000 Issue Shares, representing approximately 19.1% of our enlarged number of issued Shares, at the IPO Price is subject to the terms and conditions of this Prospectus and shall be allocated in the following manner:

(i) Malaysian Public

20,000,000 Issue Shares, representing approximately 5.5% of our enlarged number of issued Shares, will be made available for application by the Malaysian Public by way of balloting, of which 50.0% will be set aside for Bumiputera investors.

(ii) Eligible Persons

3,000,000 Issue Shares (being Pink Form Allocations), representing approximately 0.8% of our enlarged number of issued Shares, will be reserved for application by the Eligible Persons as follows:

| Eligible Persons | Number of Eligible Persons | Aggregate number of Pink Form Allocations |
|---------------------------------|----------------------------|---|
| Eligible directors of our Group | 3 | 1,800,000 |
| Eligible employees | 88 | 1,200,000 |
| Total | 91 | 3,000,000 |

The allocation to our eligible directors is based on, among others, their respective roles, responsibilities and anticipated contributions to our Group. The number of Issue Shares to be allocated to our eligible directors is as follows:

| Eligible directors | Designation | No. of Pink Form Allocations |
|--------------------------------|------------------------------------|------------------------------|
| Dato' Wan Hashim Bin Wan Jusoh | Independent Non-Executive Chairman | 600,000 |
| F'ng Meow Cheng | Independent Non-Executive Director | 600,000 |
| Lio Chee Yeong | Independent Non-Executive Director | 600,000 |
| Total | | 1,800,000 |

The criteria of allocation to our eligible employees who have contributed to the success of our Group (as approved by our Board) are based on, among others, the following factors:

- (a) the eligible employee must be a full time and confirmed employee of our Group and on our Group's payroll; and
- (b) the number of Issue Shares allocated to the eligible employees is based on their seniority, job grade, length of service, past performance and contributions made to our Group.

4. DETAILS OF OUR IPO (CONT'D)

The number of Issue Shares to be allocated to our Key Senior Management is as follows:

| Key Senior Management | Designation | No. of Pink Form Allocations |
|-----------------------|--|------------------------------|
| Ng Hui Hooi | Financial Controller | 60,000 |
| Ng Sze Yen | Head of Operations | 100,000 |
| Tan Kean Hean | Head of Machining Division | 60,000 |
| Chong Yee Beng | Senior Manager of Engineering Division | 100,000 |
| Khor Kean Seng | Senior Manager of Industrial Engineering and Production Division | 60,000 |
| Ng Chin Liang | Head of Corporate Affairs and Communications | 60,000 |
| Total | | 440,000 |

(iii) Private placement

47,000,000 Issue Shares, representing approximately 12.8% of our enlarged number of issued Shares, will be made available by way of private placement to identified Bumiputera investors approved by the MITI.

4.1.2 Offer for Sale

Our Offerors will offer 33,015,000 Offer Shares, representing approximately 11.1% of our existing total number of Shares as at the LPD and 9.0% of our enlarged number of issued Shares, at the IPO Price by way of private placement to selected investors, who meet the requirements of Schedule 6 or Schedule 7 of the CMSA if such offer is made prior to the issuance of the Prospectus.

Details of our Offerors are as follows:

| Name/Address | Nature of relationship | Shareholdings as at the LPD | | Offer for Sale | | | Shareholdings immediately after our IPO | |
|--|---|-----------------------------|-------------|-------------------|-------------|------------|---|-------------|
| | | No. of Shares | (1)% | No. of Shares | (1)% | (2)% | No. of Shares | (2)% |
| Dato' Ng Chai Eng 35, Jalan Bayan Mutiara 3, Sungai Nibong, 11900 Bayan Lepas, Pulau Pinang | Promoter, substantial shareholder and Executive Director/ Group CEO | 49,745,346 | 16.8 | 16,507,500 | 5.6 | 4.5 | 33,237,846 | 9.1 |
| Lau Chee Kheong 1A-39-01, The Jazz, Jalan Seri Tanjung Pinang 1, 10470 Tanjung Tokong, Pulau Pinang | Promoter, substantial shareholder and Executive Director/ Group COO | 49,745,346 | 16.8 | 16,507,500 | 5.6 | 4.5 | 33,237,846 | 9.1 |
| Total | | 99,490,692 | 33.5 | 33,015,000 | 11.1 | 9.0 | 66,475,692 | 18.1 |

4. DETAILS OF OUR IPO (CONT'D)

Notes:

- (1) Based on the total number of 296,800,002 Shares as at the LPD.
- (2) Based on the enlarged total number of 366,800,002 Shares after our IPO.

Based on the IPO Price, the Offer for Sale will raise gross proceeds of approximately RM27.1 million, which will accrue entirely to our Offerors. Our Offerors will bear all the expenses relating to the Offer for Sale. The Offer Shares are not underwritten but will be made available by way of private placement to selected investors.

4.1.3 Underwriting and allocation of the IPO Shares

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

| | Issue Shares | | Offer Shares | | Total IPO Shares | |
|---|-------------------|-------------|-------------------|------------|--------------------|-------------|
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (1)% |
| Malaysian Public (via balloting) | | | | | | |
| • Bumiputera | 10,000,000 | 2.7 | - | - | 10,000,000 | 2.7 |
| • Non-Bumiputera | 10,000,000 | 2.7 | - | - | 10,000,000 | 2.7 |
| Eligible Persons | 3,000,000 | 0.8 | - | - | 3,000,000 | 0.8 |
| Private placement | | | | | | |
| • Selected investors | - | - | 33,015,000 | 9.0 | 33,015,000 | 9.0 |
| • Bumiputera investors approved by the MITI | 47,000,000 | 12.8 | - | - | 47,000,000 | 12.8 |
| Total | 70,000,000 | 19.1 | 33,015,000 | 9.0 | 103,015,000 | 28.1 |

Note:

- (1) Based on the enlarged total number of 366,800,002 Shares after our IPO.

The 20,000,000 Issue Shares made available for application by the Malaysian Public and the 3,000,000 Issue Shares reserved for application by Eligible Persons are fully underwritten.

The private placement of 47,000,000 Issue Shares to identified Bumiputera investors approved by the MITI as well as the private placement of 33,015,000 Offer Shares to selected investors are not underwritten. Irrevocable undertakings have been or will be obtained from the investors to subscribe for our IPO Shares made available under the private placement.

Our IPO is subject to the public spread requirements as stipulated under the Listing Requirements.

The number of IPO Shares will not increase via any over-allotment or “greenshoe” option.

4. DETAILS OF OUR IPO (CONT'D)

4.1.4 Clawback and reallocation

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

- (i) If the Issue Shares allocated to the Malaysian Public are not fully subscribed, the Issue Shares will first be made available for subscription by the Eligible Persons, and thereafter be offered to the identified Bumiputera investors approved by the MITI and selected investors under the private placement. Thereafter, any remaining Issue Shares will be subscribed by our Underwriter based on the terms of the Underwriting Agreement;
- (ii) If the Issue Shares allocated to the Eligible Persons are not fully subscribed, the Issue Shares will be re-allocated to the other Eligible Persons who have applied for excess Issue Shares ("**Excess Issue Shares**"), if any, in addition to their pre-determined allocation. Such Excess Issue Shares will be allocated to these other Eligible Persons on a fair and equitable basis in the following priority:
 - (a) firstly, allocation on a proportionate basis to the Eligible Persons who have applied for Excess Issue Shares based on the number of Excess Issue Shares 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 Issue Shares on top of their pre-determined allocation in such manner as it deems fit and expedient in the best interest of our Company. Our Board also reserves the right to accept any Excess Issue Shares application, in full or in part, without assigning any reason.

In the event of undersubscription by the Eligible Persons (after re-allocation of the Excess Issue Shares to the other Eligible Persons), such Issue Shares will first be made available for subscription by the Malaysian Public, and thereafter be offered to the selected investors under the private placement. Thereafter, any remaining Issue Shares will be subscribed by our Underwriter based on the terms of the Underwriting Agreement;

- (iii) If the Issue Shares allocated to identified Bumiputera investors approved by the MITI under the private placement are not fully subscribed, such Issue Shares will first be made available for subscription by the selected investors under the private placement, and thereafter be offered to the Malaysian Public followed by the Eligible Persons; and
- (iv) If the Offer Shares allocated to selected investors under the private placement are not fully subscribed, such Offer Shares will first be made available for subscription by the Bumiputera investors approved by the MITI under the private placement, and thereafter be offered to the Malaysian Public followed by the Eligible Persons. The Offerors will retain the Offer Shares which are not subscribed after the aforementioned reallocation.

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.

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

4. DETAILS OF OUR IPO (CONT'D)

4.1.5 Share capital

| | No. of Shares | RM |
|--|--------------------|---------------------|
| Issued share capital as at the LPD | 296,800,002 | 59,360,002 |
| New Shares to be issued under the Public Issue | 70,000,000 | 57,400,000 |
| Enlarged issued share capital upon Listing | 366,800,002 | 116,760,002 |
| Existing Shares to be offered under the Offer for Sale | 33,015,000 | 27,072,300 |
| IPO Price per IPO Share | | 0.82 |
| Market capitalisation upon Listing (based on the IPO Price and enlarged number of issued Shares after our IPO) | | 300,776,002 |
| Pro forma NA per Share (based on the pro forma consolidated statement of financial position as at 31 January 2019) | | ⁽¹⁾ 0.42 |

Note:

- (1) Computed based the pro forma NA after our IPO and adjusting for the use of proceeds from our Public Issue, and the enlarged total number of 366,800,002 Shares after our IPO.

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

4.1.6 Classes of shares and ranking

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

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

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

Each shareholder shall be entitled to be present and to vote at our general meeting in person or by proxy or by attorney or by other duly authorised representative. Each shareholder shall be entitled to appoint more than one proxy to attend and vote at our general meeting provided the shareholder specifies the proportion of their shareholdings to be represented by each proxy. At any general meeting convened by us, a resolution put to the vote of the meeting shall be decided by way of a poll. On a poll, every shareholder present in person or by proxy or by attorney or by other duly authorised representative shall have one vote for every Share held or represented.

4. DETAILS OF OUR IPO (CONT'D)

4.1.7 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 1,000 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 1,000 public shareholders holding not less than 100 Shares each is in place and at least 25% of our enlarged number of issued Shares are held by public shareholders.

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.

4.2 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors, Promoters, Offerors, Principal Adviser, Underwriter and Placement Agent have determined and agreed to the IPO Price of RM0.82 per IPO Share, based on the following factors:

- (i) our Group's adjusted EPS of approximately 6.3 sen based on our adjusted PAT of approximately RM23.2 million for the FYE 2018 (after excluding other income and dividend income of approximately RM7.9 million and RM0.2 million respectively) and our enlarged total number of 366,800,002 Shares after our IPO, which translate into a net price-to-earnings multiple of approximately 13.0 times;
- (ii) our pro forma consolidated NA per Share of RM0.42 as at 31 January 2019 based on our enlarged total number of 366,800,002 Shares after our IPO and subsequent to the use of proceeds from our Public Issue;
- (iii) our competitive strengths as set out in Section 7.3 of this Prospectus; and
- (iv) our future plans and business strategies as set out in Section 7.14 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. You should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to carefully consider the risk factors as set out in Section 9 of this Prospectus.

4.3 DILUTION

Dilution is the amount by which the IPO Price exceeds our pro forma consolidated NA per Share after our IPO. Our audited consolidated NA per Share as at 31 January 2019 was RM0.34 per Share, based on our existing total number of 296,800,002 Shares prior to our Listing.

After taking into account our enlarged number of issued Shares from the issuance of 70,000,000 Issue Shares and after adjusting for the use of the proceeds from our IPO, our pro forma consolidated NA per Share as at 31 January 2019 would be RM0.42 per Share. This represents an immediate increase in pro forma consolidated NA per Share of RM0.08 or 23.5% to our existing shareholders and an immediate dilution in pro forma consolidated NA per Share of RM0.40 or 48.8% from the IPO Price to our new investors.

4. DETAILS OF OUR IPO (CONT'D)

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

| | RM |
|--|-------|
| IPO Price | 0.82 |
| Audited consolidated NA per Share as at 31 January 2019 | 0.34 |
| Pro forma consolidated NA per Share as at 31 January 2019 after the Public Issue and the use of proceeds | 0.42 |
| Increase in pro forma consolidated NA per Share to existing shareholders | 0.08 |
| Dilution in pro forma consolidated NA per Share to new investors | 0.40 |
| Dilution in pro forma consolidated NA per Share to new investors as a percentage of the IPO Price | 48.8% |

Save as disclosed below, there has been no acquisition of any of our Shares by our Directors, Promoters, substantial shareholders or Key Senior Management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares since our incorporation up to the LPD:

| | No. of Shares before our IPO | No. of Issue Shares | No. of Shares after our IPO | Total consideration (RM) | Average cost per Share (RM) |
|--|---------------------------------------|---------------------------|--------------------------------------|--------------------------------|--------------------------------------|
| <u>Promoters/Substantial Shareholders/Directors</u> | | | | | |
| UWC Capital | 192,789,000 | - | 192,789,000 | 37,200 | * |
| Dato' Ng Chai Eng | 49,745,346 | - | 49,745,346 | 9,949,069 | 0.20 |
| Lau Chee Kheong | 49,745,346 | - | 49,745,346 | 9,949,069 | 0.20 |
| <u>Key Senior Management</u> | | | | | |
| Ng Sze Yen ⁽²⁾ | 539,700 | ⁽¹⁾ 100,000 | 639,700 | 189,940 | 0.30 |
| Tan Kean Hean ⁽³⁾ | 3,491,895 | ⁽¹⁾ 60,000 | 3,551,895 | 747,579 | 0.21 |

Notes:

* Negligible.

(1) Assuming all the Pink Form Allocations are fully subscribed.

(2) 100,000 Issue Shares will be reserved for application by Ng Sze Yen under the Pink Form Allocations. As at the LPD, Ng Sze Yen holds 539,700 Shares, representing 0.2% of the total number of 296,800,002 Shares in issue. Assuming Ng Sze Yen does not subscribe for her Pink Form Allocations, her shareholdings in our Company will be immediately diluted from 0.2% to 0.1% after our IPO.

(3) 60,000 Issue Shares will be reserved for application by Tan Kean Hean under the Pink Form Allocations. As at the LPD, Tan Kean Hean holds 3,491,895 Shares, representing 1.2% of the total number of 296,800,002 Shares in issue. Assuming Tan Kean Hean does not subscribe for his Pink Form Allocations, his shareholdings in our Company will be immediately diluted from 1.2% to 1.0% after our IPO.

4. DETAILS OF OUR IPO (CONT'D)

4.4 USE OF PROCEEDS

We expect to use the gross proceeds from the Public Issue amounting to RM57.4 million in the following manner:

| Details | RM'000 | % | Estimated time frame for use of proceeds from the date of our Listing |
|--|---------------|--------------|---|
| Purchase of new machinery and equipment | | | |
| - CNC machines | 27,416 | 47.8 | Within 36 months |
| - Industrial robotic arms and material handling system | 4,700 | 8.2 | Within 36 months |
| Repayment of bank borrowings | 18,000 | 31.3 | Within 12 months |
| Working capital | 2,868 | 5.0 | Within 12 months |
| Estimated listing expenses | 4,416 | 7.7 | Within 2 months |
| Total | 57,400 | 100.0 | |

Further details of the proposed use of the gross proceeds from the Public Issue are as follows:

4.4.1 Purchase of new machinery and equipment

We have earmarked RM32.1 million of our gross proceeds from the Public Issue for the purchase of new machinery and equipment to support our production activities. Details of these machinery and equipment are as follows:

(a) CNC machines

| Details | No. of units | Estimated cost (RM'000) |
|--|--------------|-------------------------|
| <u>To support our sheet metal fabrication activities</u> | | |
| - CNC bending machines (for bending sheet metal) | 8 | 9,649 |
| - CNC laser and turret punching combination machine (for cutting sheet metal via a combination of laser cutting and turret punching processes) | 1 | 6,000 |
| | 9 | 15,649 |
| <u>To support our machining activities</u> | | |
| - CNC turning machines (for rotating a metal workpiece on its axis in order to perform turning process) | 9 | 4,290 |
| - CNC milling machines (for removing excess materials from a metal workpiece by using a rotating cutting tool) | 11 | 7,477 |
| | 20 | 11,767 |
| Total | 29 | 27,416 |

4. DETAILS OF OUR IPO (CONT'D)

We plan to purchase the above CNC machines after taking into consideration of the following:

- (i) for the FYE 2018, the utilisation rates of our CNC bending, CNC turning and CNC milling machines were estimated at 95.3%, 85.1% and 85.1% respectively and were higher than our other CNC machines, as illustrated in Section 7.18 of this Prospectus. We intend to purchase the above CNC machines over a period of 36 months to support our expansion of production capacity in anticipation of increasing demand from our customers in the semiconductor and life science and medical technology industries; and
- (ii) we plan to enhance our manufacturing capability and production efficiency in our cutting process by purchasing an additional CNC laser and turret punching combination machine, which will increase our fabrication speed and improve our consistency and quality control in a single setting or machine, as compared to carrying out the process using the CNC laser cutting and CNC turret punching machines separately.

We plan our production resources through discussion with our customers on their delivery forecasts, and our participation in their product design and development activities, which gives us an insight into their planned product launches, production ramp and delivery schedules.

As at the LPD, we have 166 units of CNC machines. The additional CNC machines to be purchased are expected to increase the estimated maximum annual capacity of our CNC machines by approximately 18.6% as follows:

| | As at the LPD | | Estimated increase in production capacity | |
|--|---------------|--|---|--|
| | No. of units | Estimated maximum annual capacity (hour) | No. of units | Estimated maximum annual capacity (hour) |
| CNC bending machines | 22 | 77,000 | 30 | 105,000 |
| CNC turning machines | 12 | 33,306 | 21 | 58,286 |
| CNC milling machines | 111 | 308,068 | 122 | 338,597 |
| CNC laser and turret punching combination machines | 2 | 11,085 | 3 | 16,628 |
| Other CNC machines | 19 | 50,589 | 19 | 50,589 |
| Total | 166 | 480,048 | 195 | 569,100 |

(b) Industrial robotic arms and material handling system

| Details | No. of units | Estimated cost (RM'000) |
|--------------------------|--------------|-------------------------|
| Industrial robotic arms | 18 | 3,400 |
| Material handling system | 1 | 1,300 |
| Total | 19 | 4,700 |

Apart from enhancing our production capacity, we also intend to improve our production efficiency by automating part of our manufacturing processes. To achieve this, we have earmarked RM4.7 million of our gross proceeds from the Public Issue for the purchase of new industrial robotic arms and material handling system over the next 3 years.

4. DETAILS OF OUR IPO (CONT'D)

Industrial robotic arms are used to perform repetitive task according to programmed instructions. As at the LPD, we have 9 units of industrial robotic arms which have been programmed to be used in our welding equipment to perform repetitive task such as spot welding. Moving forward, we intend to purchase additional robotic arms to be used in our CNC machines. In addition, as part of our research and development efforts, our engineering team is currently studying on automating our work-in-progress material handling process on our production floor with the objective of improving our production efficiency by reducing our manpower in moving our production parts manually.

The purchase of industrial robotic arms and material handling system is expected to lower our dependency on human labour mainly in terms of our welding, machining and material handling processes, which would in turn lower our overall production costs. We expect to enjoy a minimum cost savings of approximately RM0.9 million per annum from the reduced number of workers required to perform the abovementioned processes as these workers can be reallocated to other production departments, without the need to hire additional workers, to fulfil our operational requirements as we expand our business operations and production capacity.

In the event that the actual cost of the machinery and equipment is higher than budgeted, the deficit will be funded out of the portion allocated for working capital and vice versa. If the working capital is insufficient, any additional funding required will be met through internally generated funds and/or external borrowings.

4.4.2 Repayment of bank borrowings

We have earmarked RM18.0 million of our gross proceeds from the Public Issue to partially repay our bank borrowings as follows:

| Banking facility | Purpose | Interest rate/ Maturity date | Outstanding amount as at the LPD (RM'000) | Proposed repayment (RM'000) |
|--|---|---|--|--|
| Public Bank Berhad (Term loan) | Purchase of Plot 319A | Base Lending Rate - 2.20%/ 1 April 2036 | 7,058 | 5,000 |
| Public Bank Berhad (Term loan) | Construction cost of the buildings on Plot 319A | Base Lending Rate - 2.20%/ 1 April 2038 | 10,100 | 7,000 |
| Hong Leong Bank Berhad (Term loan) | Purchase of Plot 319 | 1.10% + Effective Cost of Funds/ 1 April 2026 | 3,113 | 2,000 |
| Hong Leong Bank Berhad (Term loan) | Construction cost of the building on Plot 319 | 1.10% + Effective Cost of Funds/ 16 March 2038 | 4,918 | 4,000 |
| Total | | | 25,189 | 18,000 |

4. DETAILS OF OUR IPO (CONT'D)

Based on the above, the expected annual interest savings is approximately RM0.8 million based on the prevailing interest rates of 4.52% per annum and 4.85% per annum for the banking facility from Public Bank Berhad and Hong Leong Bank Berhad respectively. However, the actual interest savings may vary depending on the then applicable interest rate.

4.4.3 Working capital

We have earmarked RM2.9 million of our gross proceeds from the Public Issue for the purchase of raw materials which are required for our production such as sheet metals, metal blocks as well as parts and components. Material costs accounted for approximately 53.0%, 49.0%, 53.8% and 47.9% of our cost of sales for the Financial Years/Period Under Review and are expected to increase in tandem with the growth of our business.

4.4.4 Estimated listing expenses

RM4.4 million of the gross proceeds from the Public Issue is intended to be used for our listing expenses as follows:

| Details | RM'000 |
|--|--------------|
| Professional fees | 2,218 |
| Fees to authorities | 298 |
| Underwriting commission, placement fees and brokerage fees | 1,600 |
| Printing and advertising | 100 |
| Miscellaneous expenses and contingencies ⁽¹⁾ | 200 |
| Total | 4,416 |

Note:

- (1) This includes any other incidental charges 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.

If the actual listing expenses are higher than anticipated, the deficit will be funded from proceeds allocated for working capital and vice versa.

Pending the eventual use of the gross proceeds from the Public Issue for the above intended purposes, the funds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments.

We will not receive any proceeds from the Offer for Sale. The Offer for Sale will raise gross proceeds of approximately RM27.1 million which will accrue entirely to our Offerors. Our Offerors will be bearing their own placement fee in respect of our IPO.

4.5 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.5.1 Brokerage fee

We will pay brokerage fees to be incurred for the issue of 20,000,000 Issue Shares made available for application by the Malaysian Public at a rate of 1.0% on the IPO Price in respect of all successful applications which bear the stamp of either HLIB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

4. DETAILS OF OUR IPO (CONT'D)

4.5.2 Underwriting commission

HLIB, as our Underwriter, has agreed to underwrite up to 23,000,000 Issue Shares made available for application by the Malaysian Public and the Eligible Persons. As stipulated in the Underwriting Agreement, we will pay our Underwriter an underwriting commission of 2.0% of the total value of the underwritten Issue Shares at the IPO Price.

4.5.3 Placement fee

HLIB, as our Placement Agent, has agreed to place out 80,015,000 IPO Shares comprising 47,000,000 Issue Shares and 33,015,000 Offer Shares to identified Bumiputera investors approved by the MITI and selected investors respectively. We will pay our Placement Agent a placement fee of up to 2.0% of the value of 47,000,000 Issue Shares at the IPO Price placed out by our Placement Agent.

The placement fee for the 33,015,000 Offer Shares placed out to selected investors will be fully borne by our Offerors.

4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement are as follows:

4.6.1 Conditions precedent for underwriting

- (i) The obligations of our Underwriter under the Underwriting Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:
 - (a) the approvals of Bursa Securities and the SC 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 our IPO Shares having been approved by the shareholders of our Company;
 - (c) the lodging with the Companies Commission Malaysia of a copy of the Prospectus for lodgement in accordance with the requirements of Section 234 of the CMSA;
 - (d) the registration with the SC of the Prospectus and the submission to the SC 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) the Prospectus being issued not later than 17 June 2019 or such later date as may be agreed between our Underwriter and our Company in writing;
 - (g) the execution of the placement agreement and the placement agreement not having been terminated or rescinded pursuant to the provisions thereof;

4. DETAILS OF OUR IPO (CONT'D)

- (h) our IPO and the offering and subscription of our IPO Shares in accordance with the provisions hereof 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;
- (i) there not being, in the opinion of our Underwriter, on or prior to the last day and time for the acceptance of and payment for the Public Issue in accordance with the Prospectus and the Application Form ("**Closing Date**"), any material adverse effect in the condition (financial, business, operations or otherwise) of our Group from that set out in the Prospectus which is material in the context of our IPO;
- (j) the delivery to our Underwriter on the Closing Date and date of delivery of the Applications Forms together with the remittance of subscription monies payable on the application of the unsubscribed Shares by our 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:
 - (i) 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);
 - (ii) since the date of the Underwriting Agreement, there has been no change or development that may have a material adverse effect; and
 - (iii) 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.

4.6.2 Termination by our Underwriter upon the occurrence of adverse changes and consequence thereof

- (i) Notwithstanding anything contained in the Underwriting Agreement, our Underwriter, may by notice in writing to our Company given at any time before the date of Listing, terminate, cancel and withdraw its agreement, subject to clawback and reallocation, to subscribe and/or procure the subscription for the underwritten Issue Shares not taken up or duly applied for on the Closing Date ("**Underwriting Commitment**") if in the opinion of our Underwriter:
 - (a) there is any breach by our Company of any of 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 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 Underwriter;
 - (b) our Company withholds any material information from our Underwriter, which, in the opinion of our Underwriter, is likely to have a material adverse effect;

4. DETAILS OF OUR IPO (CONT'D)

- (c) there shall have occurred, happened or come into effect any event or series of events beyond the control of our Underwriter by reason of Force Majeure 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 its 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:

- (i) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;
 - (ii) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power; or
 - (iii) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other acts of God;
- (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 Company 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 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:
- (i) on or after the date of the Underwriting Agreement; and
 - (ii) prior to the date of Listing,
- lower than 80%, of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 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 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 the Listing 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;

4. DETAILS OF OUR IPO (CONT'D)

- (h) any part of the placement or our IPO is stopped by our Company or the regulatory authorities for any reason whatsoever;
- (i) the Listing does not take place on or before 10 July 2019 or within 5 Market Days after the settlement date, whichever is earlier, or such other extended date as may be agreed by our Underwriter;
- (j) the placement agreement shall have been terminated or rescinded in accordance with the terms thereof or any of the conditions precedent set forth in the placement agreement not having been satisfied in full or to the extent not satisfied as such, waived by the placement agent therein in accordance with its terms;
- (k) approval for our IPO is withdrawn, modified and/or subject to terms and conditions which is, in the opinion of our Underwriter, not acceptable to our Underwriter; or
- (l) the Closing Date does not take place on or before 28 June 2019 or any later date as may be agreed by our Underwriter.

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

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

The shareholdings of our Promoters and substantial shareholders in our Company as at the LPD and after our IPO are as follows:

| Name and nationality/ country of incorporation | As at the LPD | | | | After our IPO | | | |
|--|------------------|------|----------------------------|------|------------------|------|----------------------------|------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| UWC Capital (Malaysia) | 192,789,000 | 65.0 | - | - | 192,789,000 | 52.6 | - | - |
| Dato' Ng Chai Eng (Malaysian) | 49,745,346 | 16.8 | ⁽³⁾ 192,789,000 | 65.0 | 33,237,846 | 9.1 | ⁽⁴⁾ 192,849,000 | 52.6 |
| Lau Chee Kheong (Malaysian) | 49,745,346 | 16.8 | ⁽³⁾ 192,789,000 | 65.0 | 33,237,846 | 9.1 | ⁽³⁾ 192,789,000 | 52.6 |

Notes:

- (1) Based on the total number of 296,800,002 Shares as at the LPD.
- (2) Based on the enlarged total number of 366,800,002 Shares after our IPO.
- (3) Deemed interest by virtue of his shareholding in UWC Capital pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of his shareholding in UWC Capital and the Shares held by his son, Ng Chin Liang assuming full subscription of the Issue Shares reserved for our Key Senior Management under the Pink Form Allocations pursuant to Section 8 of the Act.

Save for our above Promoters and substantial shareholders, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, our Promoters and substantial shareholders have the same voting rights as the other shareholders of our Company and there is no arrangement between UWC and its shareholders with any third parties, the operation of which may, at a subsequent date, result in the change in control of UWC.

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

5.1.2 Profiles of Promoters and substantial shareholders

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

UWC Capital

UWC Capital, which is our Promoter and substantial shareholder, was incorporated in Malaysia under the Act on 30 March 2018 as a private limited company. UWC Capital is an investment holding company. As at the LPD, the issued share capital of UWC Capital is RM28,922 comprising 192,789 ordinary shares.

As at the LPD, the directors of UWC Capital are Dato' Ng Chai Eng and Lau Chee Kheong. The shareholders of UWC Capital and their respective shareholdings in UWC Capital as at the LPD are as follows:

| | Direct | | Indirect | |
|-------------------|---------------|------|---------------|---|
| | No. of shares | % | No. of shares | % |
| Dato' Ng Chai Eng | 92,650 | 48.1 | - | - |
| Lau Chee Kheong | 92,650 | 48.1 | - | - |
| Tan Kean Hean | 6,486 | 3.4 | - | - |
| Ng Sze Yen | 1,003 | 0.4 | - | - |

Dato' Ng Chai Eng and Lau Chee Kheong

The profiles of Dato' Ng Chai Eng and Lau Chee Kheong, who are our Promoters, substantial shareholders and Executive Directors, are set out in Section 5.2.2 of this Prospectus.

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

5.1.3 Changes in our Promoters' and substantial shareholders' shareholdings

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

| Name | As at 29 March 2018 (date of incorporation) | | | After the Acquisitions | | | |
|-------------------|---|------|---------------|------------------------|------|---------------|------|
| | Direct | | Indirect | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | No. of Shares | (1)% | No. of Shares | (1)% |
| UWC Capital | - | - | - | - | - | - | - |
| Dato' Ng Chai Eng | 1 | 50.0 | - | 142,395,346 | 48.0 | - | - |
| Lau Chee Kheong | 1 | 50.0 | - | 142,395,346 | 48.0 | - | - |

| Name | After the Share Transfer | | | After our IPO | | | |
|-------------------|--------------------------|------|----------------|---------------|------|----------------|------|
| | Direct | | Indirect | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | No. of Shares | (2)% | No. of Shares | (2)% |
| UWC Capital | 192,789,000 | 65.0 | - | 192,789,000 | 52.6 | - | - |
| Dato' Ng Chai Eng | 49,745,346 | 16.8 | (3)192,789,000 | 33,237,846 | 9.1 | (4)192,849,000 | 52.6 |
| Lau Chee Kheong | 49,745,346 | 16.8 | (3)192,789,000 | 33,237,846 | 9.1 | (3)192,789,000 | 52.6 |

Notes:

- (1) Based on the total number of 296,800,002 Shares after the Acquisitions.
- (2) Based on the enlarged total number of 366,800,002 Shares after our IPO.
- (3) Deemed interest by virtue of his shareholding in UWC Capital pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of his shareholding in UWC Capital and the Shares held by his son, Ng Chin Liang assuming full subscription of the Issue Shares reserved for our Key Senior Management under the Pink Form Allocations pursuant to Section 8 of the Act.

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

5.1.4 Remuneration and benefits of our Promoters and substantial shareholders

Save for the issuance of our Shares as consideration for the Acquisitions, the dividends paid by UWC Holdings and UWC Industrial, and the aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities to our Group, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

5.2 DIRECTORS

5.2.1 Directors' shareholdings

The shareholdings of our Directors as at the LPD and after our IPO, assuming full subscription of the Issue Shares reserved for our Directors under the Pink Form Allocations, are as follows:

| Name/(Designation) | Nationality | As at the LPD | | | | After our IPO | | | |
|--|-------------|---------------|------|----------------|------|---------------|------|----------------|------|
| | | Direct | | Indirect | | Direct | | Indirect | |
| | | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| Dato' Wan Hashim Bin Wan Jusoh (Independent Non-Executive Chairman) | Malaysian | - | - | - | - | 600,000 | 0.2 | - | - |
| Dato' Ng Chai Eng (Executive Director/Group CEO) | Malaysian | 49,745,346 | 16.8 | (3)192,789,000 | 65.0 | 33,237,846 | 9.1 | (4)192,849,000 | 52.6 |
| Lau Chee Kheong (Executive Director/Group COO) | Malaysian | 49,745,346 | 16.8 | (3)192,789,000 | 65.0 | 33,237,846 | 9.1 | (3)192,789,000 | 52.6 |
| F'ng Meow Cheng (Independent Non-Executive Director) | Malaysian | - | - | - | - | 600,000 | 0.2 | - | - |
| Lio Chee Yeong (Independent Non-Executive Director) | Malaysian | - | - | - | - | 600,000 | 0.2 | - | - |

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

Notes:

- (1) Based on the total number of 296,800,002 Shares as at the LPD.
- (2) Based on the enlarged total number of 366,800,002 Shares after our IPO.
- (3) Deemed interest by virtue of his shareholding in UWC Capital pursuant to Section 8 of the Act.
- (4) Deemed interest by virtue of his shareholding in UWC Capital and the Shares held by his son, Ng Chin Liang assuming full subscription of the Issue Shares reserved for our Key Senior Management under the Pink Form Allocations pursuant to Section 8 of the Act.

Subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus, our Directors may subscribe for additional Excess Issue Shares under those allocated for other Eligible Persons as well as the Issue Shares under the Public Issue.

5.2.2 Profiles of our Directors

The profiles of our Directors are as follows:

Dato' Wan Hashim Bin Wan Jusoh

Independent Non-Executive Chairman

Dato' Wan Hashim Bin Wan Jusoh, a Malaysian aged 61, is our Independent Non-Executive Chairman. He was appointed to our Board on 7 November 2018. He is also a member of our Audit, Remuneration, Nomination and Risk Management Committees.

He graduated from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) with a degree in Bachelor of Science in Resource Economics in 1981. He began his career with MIDA in 1981 as Assistant Director where he acted as the secretary to the National Committee on Investment of MIDA. Throughout his 36-year career with MIDA, he served in various divisions within MIDA where he was mainly responsible for the promotion and coordination of foreign and domestic investments. He was also assigned abroad to MIDA offices in Los Angeles, Boston and New York to promote Malaysia as an investment destination. In 2008, he returned to Malaysia and served as Director of Foreign Investment Promotion, America Zone.

In 2011, he was appointed as Senior Director for the Non-Resource Industry of MIDA to oversee the information and communications technology and electrical industries, electronic industry, transport industry, machinery and equipment supporting as well as textiles and non-metallic mineral industries. Subsequently, he was promoted to Executive Director for the Manufacturing Development (Non-Resource) of MIDA in 2012 and Senior Executive Director for the Strategic Planning and Investment Ecosystem of MIDA in 2014.

He retired from MIDA in 2017.

As at the LPD, Dato' Wan Hashim also sits on the boards of Integrated Logistics Berhad and AYS Ventures Berhad, both listed on the Main Market of Bursa Securities, as an Independent Non-Executive Director, a position he has held since October 2017 and December 2017 respectively.

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

Dato' Ng Chai Eng

Executive Director/Group CEO

Dato' Ng Chai Eng, a Malaysian aged 55, is our Executive Director and Group CEO. He is our co-founder and was appointed to our Board on 29 March 2018. He is responsible for the overall management and business operations of our Group as well as the strategic planning, formulation and implementation of our Group's strategies.

He completed his secondary education at Sekolah Menengah Kebangsaan St. Mark in Butterworth, Penang in 1981. He holds a Certificate in Administrative Management and a Certificate in Production and Quality Control Management from the Centre for Business Studies, London, where he completed his courses in 1990. He was appointed as a committee member of the management council of Penang Skills Development Centre in 2017 and a member of Machinery and Equipment Investment Advisory Panel of MIDA in 2018.

He began his career in 1982 with Mattel (Malaysia) Sdn Bhd, a company involved in the manufacturing of games and games sets, as an apprentice electrician in the company's maintenance department. He left the company in 1983 to further his studies and subsequently obtained his certification as an electrician after completing the Malaysian Skills Certificate Level 1 (formerly known as Sijil Kecekapan Ketukangan Peringkat Asas) and Level 2 (formerly known as Sijil Kecekapan Ketukangan Peringkat Pertengahan) in 1983 and 1985 respectively. In 1985, he joined Leader Electrical Appliances Manufacturing Sdn Bhd (now known as GUH Electrical Appliances Sdn Bhd), a company involved in the manufacturing of lighting and fan products, as Senior Technician. He was subsequently promoted to Plant Manager in February 1990 before he left the company in September 1990 to start the business operations of UWC Holdings which he co-founded in August 1990.

As at the LPD, Dato' Ng also sits on the board of several private limited companies as disclosed in Section 5.2.4 of this Prospectus.

Lau Chee Kheong

Executive Director/Group COO

Lau Chee Kheong, a Malaysian aged 56, is our Executive Director and Group COO. He is our co-founder and was appointed to our Board on 29 March 2018. He is responsible for the entire manufacturing operations of our Group.

In 1979, Mr Lau completed his secondary education at Sekolah Menengah Jenis Kebangsaan Hua Lian in Taiping, Perak. In 1980, he was hired by Tekskill Component Sdn Bhd, a company involved in the manufacturing of automotive components, as Technical Supervisor in the manufacturing department, where he was involved in quality control activities and staff training. He subsequently left the company in 1984 and joined Toriki Metal Engineering Sdn Bhd, a company involved in the manufacturing of safety boxes and security products as Production Supervisor where he oversaw the company's production activities.

He then left the company in 1986 and joined Leader Electrical Appliances Manufacturing Sdn Bhd (now known as GUH Electrical Appliances Sdn Bhd), a company involved in the manufacturing of lighting and fan products, in the same year as Assistant Factory Manager, where he was responsible for the planning, coordination and control of the manufacturing processes. He subsequently left the company in March 1991 to focus on UWC Holdings which he had co-founded with Dato' Ng Chai Eng in August 1990.

As at the LPD, Mr Lau also sits on the boards of several private limited companies as disclosed in Section 5.2.4 of this Prospectus.

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

F'ng Meow Cheng

Independent Non-Executive Director

F'ng Meow Cheng, a Malaysian aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 7 November 2018. She is also the Chairman of our Audit and Risk Management Committees and a member of our Nomination and Remuneration Committees.

Ms F'ng graduated from the University of Southwestern Louisiana, the USA with a Bachelor of Science in Business Administration in 1991 and Australian Institute of Business with a Master of Management in 2016. She has been a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants since 1997 and 1998 respectively.

She began her career in 1991 with Sony Electronics (M) Sdn Bhd, a company involved in the manufacturing of consumer electronic products, as System Planner, where she was assisting in organisational corporate planning as well as drafting of standard operating procedures in compliance with International Standards of Quality. Subsequently, she left the company to join Russ Ooi & Associates (a member firm of RSM International then) in 1992 as Junior Auditor. She left the audit firm in 1996 as Assistant Manager and joined another audit firm, H. B. Ooi & Co as Manager in 1997, where she was mainly involved in audit, taxation and consultancy services. She left the audit firm in February 1998 and joined another audit firm, K. B. Tan & Co as Manager in March 1998, where she was also mainly involved in audit, taxation and consultancy services. She then left the main office in Klang, Selangor and took on the responsibility to set up and run a new branch office in Bukit Mertajam, Penang in 1998. In 2002, the name of K. B. Tan & Co was changed to MC F'ng & Associates and she became a sole practitioner at the accounting firm providing auditing, taxation and consulting services. Ms F'ng holds audit and tax licences.

As at the LPD, Ms F'ng also sits on the boards of several private limited companies as disclosed in Section 5.2.4 of this Prospectus.

Lio Chee Yeong

Independent Non-Executive Director

Lio Chee Yeong, a Malaysian aged 48, is our Independent Non-Executive Director. He was appointed to our Board on 7 November 2018. He is also the Chairman of our Remuneration and Nomination Committees and a member of our Audit and Risk Management Committees.

He graduated in 1995 with a degree in Bachelor of Laws from the University of London and subsequently qualified as a Barrister-at-Law of the Middle Temple, London in 1996, having trained at the Honourable Society of the Middle Temple. He has been a registered mediator of the Malaysian Mediation Centre of the Bar Council of Malaysia since 2006 and a member of the Malaysian Institute of Arbitrators since 2013. He is also a Notary Public appointed by the Attorney General's Chamber of Malaysia in 2014.

In 2012, he was appointed as Honorary Consul of Denmark in the states of Penang, Perlis, Kedah and Perak by the Queen Margrethe II of Denmark, where he acts as the representative of the government of Denmark to assist Danish nationals in the aforementioned states in respect of consular matters such as, among others, issuing emergency passport and driving licence, certification of documents as true copies and providing assistance on emergency matters.

Mr Lio began his career as an Advocate and Solicitor at Messrs Chew, Tan & Lim in 1997, where he was mainly involved in banking litigation. He left the legal firm in April 1999 to set up his legal firm, Messrs Lio Chee Yeong & Co, which subsequently ceased operations in June 1999 and co-founded Messrs Lio, Soon & Poh to provide commercial and corporate legal services. The firm subsequently changed its name to Messrs Lio & Partners in 2001.

As at the LPD, Mr Lio also sits on the boards of several private limited companies as disclosed in Section 5.2.4 of this Prospectus.

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

5.2.3 Remuneration and material benefits-in-kind of our Directors

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 2018 and FYE 2019 are as follows:

FYE 2018

| Director | Salaries (RM'000) | Fees (RM'000) | Benefits- in-kind (RM'000) | ⁽¹⁾ Other emoluments (RM'000) | Total (RM'000) |
|-------------------|----------------------|-------------------|----------------------------------|--|-------------------|
| Dato' Ng Chai Eng | 480 | ⁽²⁾ 24 | 28 | 58 | 590 |
| Lau Chee Kheong | 480 | ⁽²⁾ 24 | 28 | 58 | 590 |

Proposed for FYE 2019

| Director | Salaries (RM'000) | Fees (RM'000) | Benefits- in-kind (RM'000) | ⁽¹⁾ Other emoluments (RM'000) | Total (RM'000) |
|-----------------------------------|----------------------|-------------------|----------------------------------|--|-------------------|
| Dato' Ng Chai Eng | 768 | ⁽²⁾ 6 | 5 | 192 | 971 |
| Lau Chee Kheong | 768 | ⁽²⁾ 6 | 5 | 192 | 971 |
| Dato' Wan Hashim Bin Wan Jusoh | - | ⁽³⁾ 54 | - | 4 | 58 |
| F'ng Meow Cheng | - | ⁽³⁾ 27 | - | 2 | 29 |
| Lio Chee Yeong | - | ⁽³⁾ 27 | - | 2 | 29 |

Notes:

- (1) These comprise contribution to Employees Provident Fund and Social Security Organisation, and allowances.
- (2) Being director's fees drawn in UWC Automation up to October 2018.
- (3) Being director's fees from the date they were appointed to our Board.

The remuneration for each of our Directors is subject to review and recommendation by our Remuneration Committee and approval by our Board. The fees and benefits payable to our Directors shall be further approved by our shareholders pursuant to an ordinary resolution passed at a general meeting.

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

5.2.4 Principal directorships in other corporations and principal business activities performed outside our Group

Save as disclosed below, none of our Directors have any principal directorships in other corporations for the past 5 years up to the LPD or any principal business activities performed outside our Group as at the LPD:

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|-------------------|--|---|-------------|--|
| Dato' Ng Chai Eng | <u>Present involvement</u> | | | |
| | <ul style="list-style-type: none"> Actimed Healthcare Sdn Bhd | Trading in healthcare products | Director | Shareholder with approximately 19.7% equity interest |
| | <ul style="list-style-type: none"> Adcord Concept Sdn Bhd | Investment holding (investment in property) | Director | Shareholder with 70.0% equity interest |
| | <ul style="list-style-type: none"> Atnesis | Manufacturing of access control electromagnetic locks and supply of all kinds of power generation from renewable energy resources | Director | Shareholder with 25.5% equity interest |
| | <ul style="list-style-type: none"> Dale Innovation Sdn Bhd | Investment holding (investment in property) | Director | Shareholder with 35.0% equity interest |
| | <ul style="list-style-type: none"> Eastern Boutique Hotel | Hotel management services | Director | Shareholder with 50.0% equity interest |
| | <ul style="list-style-type: none"> Evo Medik Sdn Bhd (formerly known as UWC Medicare Sdn Bhd) | Dealers in all kinds of medical equipment | Director | Shareholder with 75% indirect equity interest by virtue of his shareholding in UMedic Healthcare Sdn Bhd (formerly known as UWC Healthcare Sdn Bhd) pursuant to Section 8 of the Act |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|------|---|--|-------------|--|
| | <ul style="list-style-type: none"> IR Industrial Resources Sdn Bhd | Fabrication of precision plastic parts and components | Director | Shareholder with approximately 33.3% equity interest |
| | <ul style="list-style-type: none"> KW Innovation Sdn Bhd | Investment holding (investment in property) | Director | Shareholder with 50.0% equity interest |
| | <ul style="list-style-type: none"> Life Auto Sdn Bhd | Car dealer | Director | Shareholder with 50.0% equity interest |
| | <ul style="list-style-type: none"> Lockset Sdn Bhd | Air conditioning and electronic and electric engineering services, and property investment | Director | Shareholder with 25.5% equity interest |
| | <ul style="list-style-type: none"> Medik Healthcare Sdn Bhd (formerly known as UWC Medik Healthcare Sdn Bhd) | Trading and distributing all kinds of medical equipment, accessories and related pharmaceutical products | Director | Shareholder with 50% indirect equity interest by virtue of his shareholding in UMedic Healthcare Sdn Bhd (formerly known as UWC Healthcare Sdn Bhd) pursuant to Section 8 of the Act |
| | <ul style="list-style-type: none"> Meditech Scientific Sdn Bhd | Maintenance and servicing of scientific equipment | Director | Shareholder with 30.0% equity interest |
| | <ul style="list-style-type: none"> PCG Management Sdn Bhd | Investment holding (Investment in a company which is principally involved in property investment) | Director | Shareholder with 30.0% equity interest |
| | <ul style="list-style-type: none"> Surfplate Technology Sdn Bhd | Investment holding (investment in property) | Director | Shareholder with 50.0% equity interest |
| | <ul style="list-style-type: none"> Swiss Confiserie Land Sdn Bhd | Property investment | Director | Shareholder with 30.0% equity interest |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|------|--|---|-------------|---|
| | <ul style="list-style-type: none"> Terminal Hotel Management Sdn Bhd | Dormant (yet to commence intended business of hotel operation and management) | Director | Shareholder with 67.0% equity interest |
| | <ul style="list-style-type: none"> Thean Hwa Resources (M) Sdn Bhd | Manufacturing and trading in wire harness machinery and parts | Director | Shareholder with 25.5% equity interest |
| | <ul style="list-style-type: none"> U Medihealth Sdn Bhd (formerly known as UWC Medihealth Sdn Bhd) | Supplying medical equipment and supplies to hospitals and others | Director | Shareholder with 21.0% equity interest |
| | <ul style="list-style-type: none"> UMedic Healthcare Sdn Bhd (formerly known as UWC Healthcare Sdn Bhd) | Dealers in all kinds of healthcare products and equipment | Director | Shareholder with 30.0% equity interest |
| | <ul style="list-style-type: none"> United Wellcare Sdn Bhd | Investment holding (investment in property) | Director | Shareholder with 51.0% equity interest |
| | <ul style="list-style-type: none"> UVC Technology | Investment holding (investment in property) | Director | Shareholder with 50.0% equity interest |
| | <ul style="list-style-type: none"> UWC Capital | Investment holding | Director | Shareholder with approximately 48.1% equity interest |
| | <ul style="list-style-type: none"> UWC Vietnam Co. Ltd | Manufacturing of ropes used in the fishing industry | - | Shareholder with 26.0% equity interest |
| | <ul style="list-style-type: none"> UWHC Sdn Bhd | Manufacture of medical and dental instrument and supplies | Director | Shareholder with 20.0% equity interest |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|------|--|---|--|---|
| | <ul style="list-style-type: none"> • UWHM | Manufacturing and distributing all kinds of medical products | Director | Shareholder with 24.0% equity interest |
| | <ul style="list-style-type: none"> • Vest Leaders Sdn Bhd | Investment holding (investment in property) | - | Shareholder with 25.0% equity interest |
| | <ul style="list-style-type: none"> • Veto Aset Sdn Bhd | Investment holding (investment in property) | - | Shareholder with 20.0% equity interest |
| | <ul style="list-style-type: none"> • Wein Management Sdn Bhd | Operation of restaurant business | Director | Shareholder with 50.0% equity interest |
| | <p><u>Past directorship</u></p> <ul style="list-style-type: none"> • Alliance Events & Exhibitions Services Sdn Bhd | Events and exhibitions services, event planning, event support services and organising, show promotion and public relations | Director (ceased directorship on 14 August 2017) | - |
| | <ul style="list-style-type: none"> • Alliance Media Sdn Bhd | Dormant | Director (ceased directorship on 28 December 2016) | Shareholder with 50.0% equity interest |
| | <ul style="list-style-type: none"> • Amaethon Technology Sdn Bhd | Manufacturing of wire harness | Director (ceased directorship on 2 December 2013) | - |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|------|--|--|---|---|
| | <ul style="list-style-type: none"> • Empire Castle Sdn Bhd | <p>Manufacturer, assembler, installer, seller, sub-contractor, exporter in all kinds of engineering works and machinery for all kinds of industry, business in all kinds of plastic packaging bags and related products for household and industrial usage in Malaysia and elsewhere</p> | <p>Director (ceased directorship on 25 January 2018)</p> | - |
| | <ul style="list-style-type: none"> • Golden Virtue Sdn Bhd | <p>Property development</p> | <p>Director (ceased directorship on 15 December 2017)</p> | <p>Shareholder with approximately 28.7% equity interest</p> |
| | <ul style="list-style-type: none"> • Micro Circuit Solution Sdn Bhd | <p>Designing, manufacturing and sales of electronic products</p> | <p>Director (ceased directorship on 29 August 2017)</p> | - |
| | <ul style="list-style-type: none"> • MCTEC Resources | <p>Manufacture of machinery parts</p> | <p>Director (ceased directorship on 30 May 2017)</p> | - |
| | <ul style="list-style-type: none"> • OST Integration Sdn Bhd | <p>Investment holding (investment in property)</p> | <p>Director (ceased directorship on 12 April 2019)</p> | - |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|-----------------|--|---|-------------|---|
| Lau Chee Kheong | <ul style="list-style-type: none"> • <u>Present involvement</u> | | | |
| | <ul style="list-style-type: none"> • Actimed Healthcare Sdn Bhd | Trading in healthcare products | - | Shareholder with approximately 19.7% equity interest |
| | <ul style="list-style-type: none"> • Atnesis | Manufacturing of access control electromagnetic locks and supply of all kinds of power generation from renewable energy resources | Director | Shareholder with 25.5% equity interest |
| | <ul style="list-style-type: none"> • Dale Innovation Sdn Bhd | Investment holding (investment in property) | Director | Shareholder with 30.0% equity interest |
| | <ul style="list-style-type: none"> • KW Innovation Sdn Bhd | Investment holding (investment in property) | Director | Shareholder with 50.0% equity interest |
| | <ul style="list-style-type: none"> • Lockset Sdn Bhd | Air conditioning and electronic and electric engineering services, and property investment | Director | Shareholder with 25.5% equity interest |
| | <ul style="list-style-type: none"> • Meditech Scientific Sdn Bhd | Maintenance and servicing of scientific equipment | Director | Shareholder with 30.0% equity interest |
| | <ul style="list-style-type: none"> • PCG Management Sdn Bhd | Investment holding (Investment in a company which is principally involved in property investment) | Director | Shareholder with 30.0% equity interest |
| | <ul style="list-style-type: none"> • Surfplate Technology Sdn Bhd | Investment holding (investment in property) | Director | Shareholder with 50.0% equity interest |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|------|--|--|-------------|---|
| | <ul style="list-style-type: none"> • Thean Hwa Resources (M) Sdn Bhd | Manufacturing and trading in wire harness machinery and parts | Director | Shareholder with 25.5% equity interest |
| | <ul style="list-style-type: none"> • U Medihealth Sdn Bhd (formerly known as UWC Medihealth Sdn Bhd) | Supplying medical equipment and supplies to hospitals and others | Director | Shareholder with 21.0% equity interest |
| | <ul style="list-style-type: none"> • UMedic Healthcare Sdn Bhd (formerly known as UWC Healthcare Sdn Bhd) | Dealers in all kinds of healthcare products and equipment | Director | Shareholder with 30.0% equity interest |
| | <ul style="list-style-type: none"> • UVC Technology | Investment holding (investment in property) | Director | Shareholder with 50.0% equity interest |
| | <ul style="list-style-type: none"> • UWC Capital | Investment holding | Director | Shareholder with approximately 48.1% equity interest |
| | <ul style="list-style-type: none"> • UWC Vietnam Co. Ltd | Manufacturing of ropes used in the fishing industry | - | Shareholder with 25.0% equity interest |
| | <ul style="list-style-type: none"> • UWHC Sdn Bhd | Manufacture of medical and dental instrument and supplies | Director | Shareholder with 20.0% equity interest |
| | <ul style="list-style-type: none"> • UWHM | Manufacturing and distributing all kinds of medical products | Director | Shareholder with 24.0% equity interest |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|--------------------------------|---|---|---|---|
| | <u>Past directorship</u> <ul style="list-style-type: none"> • Micro Circuit Solution Sdn Bhd • Eastern Boutique Hotel • MCTEC Resources • OST Integration Sdn Bhd | Designing, manufacturing and sales of electronic products Hotel management services Manufacture of machinery parts Investment holding (investment in property) | Director (ceased directorship on 29 August 2017) Director (ceased directorship on 5 June 2018) Director (ceased directorship on 30 May 2017) Director (ceased directorship on 12 April 2019) | - - - - |
| Dato' Wan Hashim Bin Wan Jusoh | <u>Present involvement</u> <ul style="list-style-type: none"> • AYS Ventures Berhad | Trading and manufacturing of steel related products | Independent non-executive director | - |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|-----------------|---|--|--|---|
| | <ul style="list-style-type: none"> Integrated Logistics Berhad | Warehousing, transportation and distribution, solar energy and related value added services | Independent non-executive director | - |
| F'ng Meow Cheng | <u>Present involvement</u> <ul style="list-style-type: none"> MC F'ng & Associates Astaman Development Sdn Bhd CBL Global Sdn Bhd KS Wan Properties Sdn Bhd Lebar Mekar Development Sdn Bhd MC F'ng Consultancy Sdn Bhd Muncul Megah Development Sdn Bhd | <ul style="list-style-type: none"> Auditing, taxation and consulting services Property development Investment holding (investment in property) Investment holding (investment in property) Investment holding (investment in a company which is principally involved in property development) Provision of tax compliance and consultation, financial and management services Investment holding (investment in property) | <ul style="list-style-type: none"> - Director Director Director - Director Director | <ul style="list-style-type: none"> Sole practitioner - Shareholder with 50.0% equity interest Shareholder with approximately 99.9% equity interest Shareholder with 5.0% equity interest Shareholder with approximately 99.9% equity interest Shareholder with approximately 99.9% equity interest |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|----------------|--|--|---|--|
| | <u>Past directorship</u> <ul style="list-style-type: none"> • Mcmillan Andrew Mathew Sdn Bhd | Provision of consultancy, taxation and accounting services | Director (ceased directorship on 1 August 2016) | - |
| Lio Chee Yeong | <u>Present involvement</u> <ul style="list-style-type: none"> • Messrs Lio & Partners • Couzi Couji Properties Sdn Bhd • Hemat Tuah Sdn Bhd • I Revenue Builders Sdn Bhd • Limbongan Batu Maung Sdn Bhd • Polygold Avenue Sdn Bhd • Utopia Span Sdn Bhd | Provision of legal services Dormant (yet to commence intended business of property investment) Export and import of a variety of goods without any particular specialisation Property investment Boat repairers, constructing and sale of boats Investment holding (investment in property) Investment holding and property investment | - Director - - Director Director Director | Partner Shareholder with 50.0% equity interest Shareholder with 10% equity interest Shareholder with 20.0% equity interest Shareholder with 50.0% indirect equity interest by virtue of his shareholding in Utopia Span Sdn Bhd pursuant to Section 8 of the Act Shareholder with 20.0% equity interest Shareholder with 50.0% equity interest |

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

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|------|--|---|---|--|
| | <p><u>Past directorship</u></p> <ul style="list-style-type: none"> <li data-bbox="440 1402 464 1693">• ADF Capital Berhad <li data-bbox="687 1402 711 1693">• Boxcity (M) Sdn Bhd <li data-bbox="839 1357 863 1693">• Nova Treasure Sdn Bhd <li data-bbox="1062 1379 1086 1693">• Super E-Mart Sdn Bhd | <p>Investment holding (investment in subsidiaries involved in building automation, control solutions as well as heating, ventilation and air conditioning systems)</p> <p>Dormant (yet to commence intended business of printing)</p> <p>Wholesale of a variety of goods without any particular specialisation not elsewhere classified</p> <p>Cakes and pastries</p> | <p>Independent Non-Executive Director (ceased directorship on 5 July 2018)</p> <p>Director (ceased directorship on 8 May 2018)</p> <p>Director (Nova Treasure Sdn Bhd was dissolved on 11 August 2017)</p> <p>Director (ceased directorship on 30 January 2017)</p> | <p>-</p> <p>-</p> <p>-</p> <p>Shareholder with approximately 20.0% equity interest</p> |

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

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. Further, the involvement of our Executive Directors in other businesses or corporations does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management. Our Executive Directors are of the view that although they are involved in other businesses as set out above, they are able to devote sufficient time and attention to the affairs of our Group to carry out their respective duties.

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

5.3 BOARD PRACTICES**5.3.1 Responsibilities of our Board**

Our Board has adopted a charter which sets out, among others, the following principal responsibilities of our Board for the effective discharge of its functions:

- (i) to review and adopt strategic plans for our Group including setting performance objectives and approving operating budgets for our Group and to ensure that the strategies promote sustainability within the aspects of environment, social and economy and necessary resources are in place for us to meet our objectives. Our Board is also responsible for monitoring the implementation of strategic plans by management personnel;
- (ii) to oversee the conduct of our business, including monitoring the performance of the management to determine whether our business is being properly managed;
- (iii) to identify principal risks faced by our Group and to ensure the implementation of appropriate internal controls and risk management framework to mitigate such risks;
- (iv) to develop and implement corporate disclosure policies (including an investor relations programme or shareholder communications policy) for our Group;
- (v) to maintain and keep under review the whistle-blowing mechanism of our Group, as well as an effective and efficient set of investigation procedures, which aims to provide protection and confidentiality;
- (vi) to oversee succession planning, including to appoint, assess, train and fix the compensation of, and where appropriate to replace, our Executive Directors and Key Senior Management; and
- (vii) to review the adequacy and the integrity of our internal control systems and information systems, ensuring there is a sound framework of reporting internal controls and regulatory compliance.

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

5.3.2 Term of office of our Board

Details of the term of office of our Board are as follows:

| Name | Designation | Date of appointment | Date of expiration of the current term of office | No. of years in office up to the LPD |
|--------------------------------|------------------------------------|---------------------|---|--------------------------------------|
| Dato' Wan Hashim Bin Wan Jusoh | Independent Non-Executive Chairman | 7 November 2018 | At our third annual general meeting to be held in 2021 | Less than a year |
| Dato' Ng Chai Eng | Executive Director/Group CEO | 29 March 2018 | At our second annual general meeting to be held in 2020 | 1 year |
| Lau Chee Kheong | Executive Director/Group COO | 29 March 2018 | At our second annual general meeting to be held in 2020 | 1 year |
| F'ng Meow Cheng | Independent Non-Executive Director | 7 November 2018 | At our third annual general meeting to be held in 2021 | Less than a year |
| Lio Chee Yeong | Independent Non-Executive Director | 7 November 2018 | At our fourth annual general meeting to be held in 2022 | Less than a year |

Pursuant to Clause 165 of our Constitution, at the first annual general meeting of our Company, all our Directors shall retire from office, and at the annual general meeting in every subsequent year, 1/3 of our Directors, or if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office once every 3 years but shall be eligible for re-election. A retiring director shall be eligible for re-election and shall retain office until the close of the meeting at which he retires.

5.3.3 Audit Committee

Our Audit Committee assists our Board in its oversight responsibilities with regard to our financial reporting process, internal controls, risk management and governance.

The key duties and responsibilities of our Audit Committee are as follows:

- (i) recommend the external auditors for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding appointment or re-appointment of external auditors;
- (ii) review and discuss with the external auditors, audit plan, its scope and nature before the audit commences and report the same to our Board;
- (iii) review internal audit findings and the management's responses or action plans, including the status of the previous audit recommendations;
- (iv) review with the external auditors, their audit report and evaluation of accounting policies and systems of internal controls and risk management and report the same to our Board;
- (v) assess the suitability and independence of external auditors, including to obtain confirmation from external auditors that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;

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

- (vi) review quarterly reports on consolidated financial results and annual financial statements prior to reporting to our Board;
- (vii) review and report to our Board on the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (viii) review and report to our Board on the internal audit plan and the results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
- (ix) ensure the internal audit function is independent of the work it audits and to require the head of internal audits to report directly to the Audit Committee;
- (x) review the adequacy and effectiveness of risk management and internal control systems deployed by our Key Senior Management to address those risks and recommend corrective measures undertaken to remedy failures and/or weaknesses;
- (xi) review any related party transactions, including recurrent 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 integrity and report the same to our Board; and
- (xii) consider and examine such other matters as defined by our Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

The Audit Committee may seek advice from independent parties and other professionals in discharging their duties.

As at the LPD, our Audit Committee comprises:

| Name | Position | Directorship |
|--------------------------------|----------|------------------------------------|
| F'ng Meow Cheng | Chairman | Independent Non-Executive Director |
| Dato' Wan Hashim Bin Wan Jusoh | Member | Independent Non-Executive Chairman |
| Lio Chee Yeong | Member | Independent Non-Executive Director |

5.3.4 Remuneration Committee

Our Remuneration Committee assists our Board on matters relating to the compensation, bonuses, incentives and remuneration for our Directors and Key Senior Management.

The key duties and responsibilities of our Remuneration Committee are as follows:

- (i) assist our Board to establish a formal and transparent framework for developing the policy on remuneration packages of our Directors and Key Senior Management;
- (ii) review and recommend to our Board on the remuneration of our Executive Directors and Key Senior Management including, where appropriate, bonuses, incentive, benefits-in-kind (and where appropriate, severance payments) based on merit, individual performance, qualification and competence having regard to our operating results; and
- (iii) review and assess the adequacy and relevance of its key duties and responsibilities annually and recommend any changes it considers necessary to our Board.

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

In considering any remuneration package and structure, our Remuneration Committee will take into consideration levels of remuneration that are aligned with our Group's business strategy and long-term objectives and level of responsibilities to be undertaken.

As at the LPD, our Remuneration Committee comprises:

| Name | Position | Directorship |
|--------------------------------|----------|------------------------------------|
| Lio Chee Yeong | Chairman | Independent Non-Executive Director |
| Dato' Wan Hashim Bin Wan Jusoh | Member | Independent Non-Executive Chairman |
| F'ng Meow Cheng | Member | Independent Non-Executive Director |

5.3.5 Nomination Committee

Our Nomination Committee assists our Board in its oversight responsibilities with regard to the effectiveness of our Board and its committee, and the contributions and performance of individual Director.

The key duties and responsibilities of our Nomination Committee are as follows:

- (i) review succession plans for our Board and Key Senior Management with a view to maintaining an appropriate balance of skills, experience, tenure and diversity on our Board;
- (ii) assess and recommend to our Board, candidates to be appointed to our Board based on recruitment criteria approved by our Board; and
- (iii) ensure that new appointees to our Board undergo Mandatory Accreditation Programme as prescribed by Bursa Securities and an induction programme to facilitate their understanding of our operations, products and services.

As at the LPD, our Nomination Committee comprises:

| Name | Position | Directorship |
|--------------------------------|----------|------------------------------------|
| Lio Chee Yeong | Chairman | Independent Non-Executive Director |
| Dato' Wan Hashim Bin Wan Jusoh | Member | Independent Non-Executive Chairman |
| F'ng Meow Cheng | Member | Independent Non-Executive Director |

5.3.6 Risk Management Committee

Our Risk Management Committee assists our Board in fulfilling its oversight responsibilities with regard to the risk appetite of our Group as well as the risk management and compliance framework and the governance structure that supports it.

The key duties and responsibilities of our Risk Management Committee are as follows:

- (i) review and recommend risk management framework, strategies, policies and risk tolerance/appetite for the Audit Committee for recommendation to the Board for approval;
- (ii) review the adequacy of our Group's risk management framework and assess the resources and knowledge of our Key Senior Management and employees involved in the risk management process;
- (iii) ensure adequate infrastructure, resources and systems are in place for an effective risk management framework;

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

- (iv) review and further monitor principal risks that may affect our Group directly or indirectly that, if deemed necessary, recommend additional course of action to mitigate such risks;
- (v) communicate and monitor our risk assessment results to our Board;
- (vi) review the risk management reports on risk exposure, risk portfolio composition and activities;
- (vii) discuss the problems and reservations arising from their reviews and any matter the external auditors and internal auditors may wish to discuss; and
- (viii) monitor key business risks to safeguard shareholders' investments and our Group's assets.

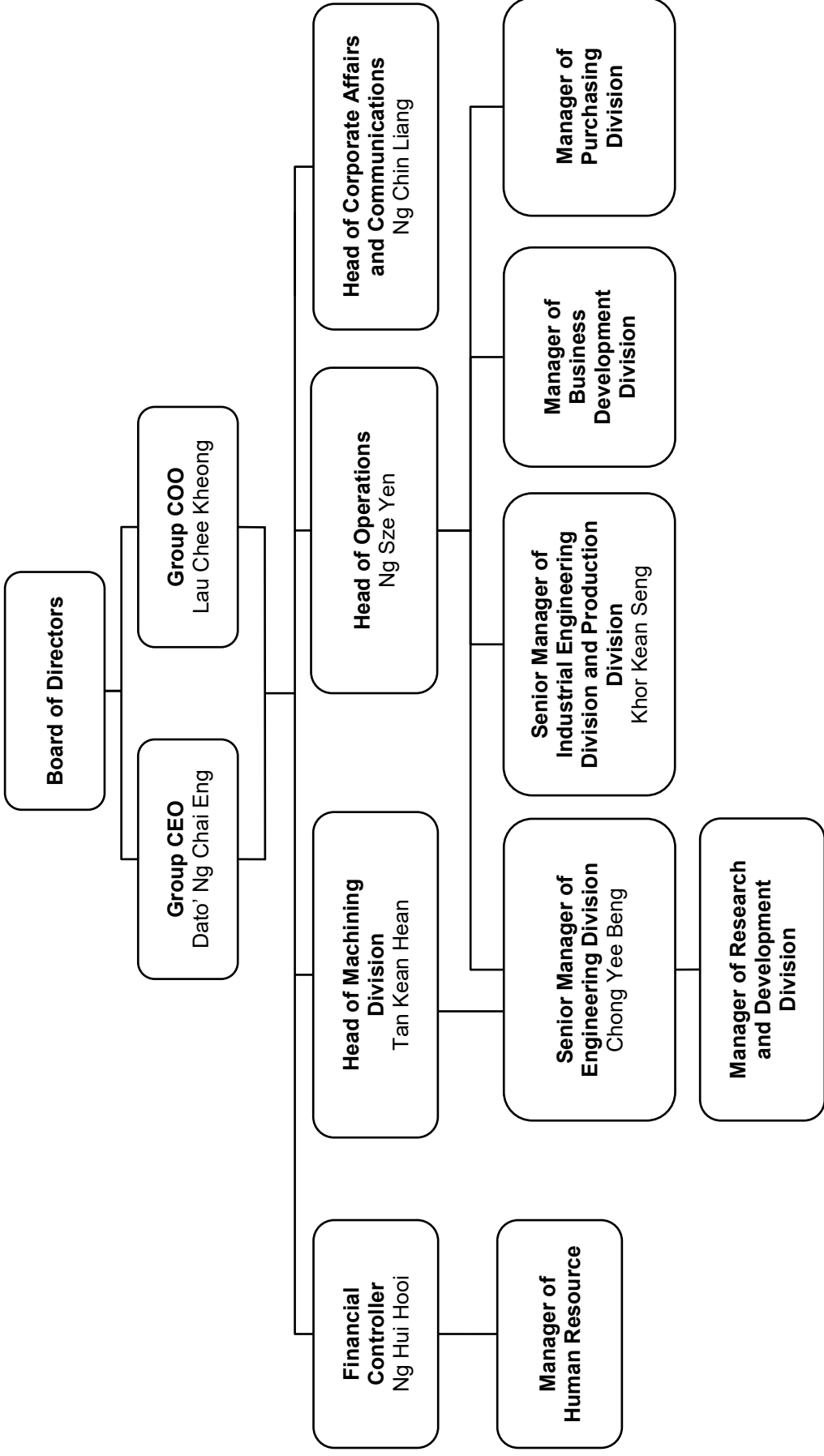
As at the LPD, our Risk Management Committee comprises:

| Name | Position | Directorship |
|--------------------------------|-----------------|------------------------------------|
| F'ng Meow Cheng | Chairman | Independent Non-Executive Director |
| Dato' Wan Hashim Bin Wan Jusoh | Member | Independent Non-Executive Chairman |
| Lio Chee Yeong | Member | Independent Non-Executive Director |

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

5.4 KEY SENIOR MANAGEMENT

5.4.1 MANAGEMENT REPORTING STRUCTURE



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

5.4.2 Key Senior Management's shareholdings

The shareholdings of our Key Senior Management as at the LPD and after our IPO, assuming full subscription of the Issue Shares reserved for our Key Senior Management under the Pink Form Allocations, are as follows:

| Name / (Designation) | Nationality | As at the LPD | | | | After our IPO | | | |
|--|-------------|---------------|------|---------------|------|---------------|------|---------------|------|
| | | Direct | | Indirect | | Direct | | Indirect | |
| | | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| Ng Hui Hooi (Financial Controller) | Malaysian | - | - | - | - | 60,000 | * | - | - |
| Ng Ze Yen (Head of Operations) | Malaysian | 539,700 | 0.2 | - | - | 639,700 | 0.2 | - | - |
| Tan Kean Hean (Head of Machining Division) | Malaysian | 3,491,895 | 1.2 | - | - | 3,551,895 | 1.0 | - | - |
| Chong Yee Beng (Senior Manager of Engineering Division) | Malaysian | - | - | - | - | 100,000 | * | - | - |
| Khor Kean Seng (Senior Manager of Industrial Engineering and Production Division) | Malaysian | - | - | - | - | 60,000 | * | - | - |
| Ng Chin Liang (Head of Corporate Affairs and Communications) | Malaysian | - | - | - | - | 60,000 | * | - | - |

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

Notes:

* Negligible.

(1) Based on the total number of 296,800,002 Shares as at the LPD.

(2) Based on the enlarged total number of 366,800,002 Shares after our IPO.

Subject to the clawback and reallocation provisions as set out in Section 4.1.4 of this Prospectus, our Key Senior Management may subscribe for additional Excess Issue Shares under those allocated for other Eligible Persons as well as the Issue Shares under the Public Issue.

5.4.3 Profiles of our Key Senior Management

The profiles of our Key Senior Management are as follows:

Ng Hui Hooi

Financial Controller

Ng Hui Hooi, a Malaysian aged 42, is our Financial Controller. She is responsible for our Group's accounting and finance functions.

She graduated from Deakin University in Australia in 2000 with a degree in Bachelor of Commerce, majoring in Accountancy and obtained her Certified Practising Accountant (CPA), Australia from CPA Australia in 2003. She has been a member of the Malaysian Institute of Accountants since 2004.

She began her career as Junior Auditor in an audit firm, Wong Liu & Partners in 2000. She left the firm in May 2004 as Senior Auditor to join Sin Tiong Lee Food Industry Sdn Bhd, a company involved in the distribution of food products, as Accountant, where she oversaw the company's accounting and tax matters.

Thereafter, she left the company in June 2004 and joined Wangsaga Industries Sdn Bhd, a subsidiary of Tek Seng Holdings Berhad which is involved in manufacturing polyvinyl chloride products, as Accounts Manager, where her responsibilities included preparation of financial statements, quarterly and annual reports of its holding company and management reporting. She left the company in 2007 and to join Texchem Resources Berhad, a company involved in, among others, industrial, polymer engineering, food and restaurant businesses, as Assistant Finance Manager. In 2008, she joined UWC Holdings as Finance Manager, where her responsibilities included overseeing the accounting and financial matters such as treasury functions, credit control, budgeting and taxation. She was promoted to her current position in May 2018.

Ng Sze Yen

Head of Operations

Ng Sze Yen, a Malaysian aged 36, is our Head of Operations. She is responsible for our Group's overall supply chain functions which include business development, engineering, purchasing and production planning activities.

She graduated from Universiti Tun Hussein Onn Malaysia in July 2007 with a degree in Bachelor of Mechanical Engineering. Having previously worked at UWC Holdings as trainee operator and assistant trainee engineer, she joined UWC Holdings as Project Engineer upon completing her studies in December 2006. Her responsibilities included supervising and coordinating with a cross-functional team from the product development and procurement departments, as well as project planning, coordination and implementation.

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

She was subsequently promoted to Senior Engineer and Assistant Business Development Manager in 2009 and 2010 respectively, where her responsibilities were extended to include developing and implementing business development strategies of our Group. She was promoted to Business Development Manager in 2011 and to her current position in 2018.

Tan Kean Hean

Head of Machining Division

Tan Kean Hean, a Malaysian aged 54, is our Head of Machining Division. He oversees our Group's precision machining activities such as product development and production.

He received an Apprentice Certificate for General Machinist from Lembaga Latihan Perindustrian dan Persijilan Ketukangan Kebangsaan Kementerian Buruh Malaysia in 1986 and began his career as Technical Apprentice with Loh Kim Teow Engineering Sdn Bhd, a company involved in the provision of metal products and engineering services.

He left the company in 1991 as Technical Supervisor and joined George Cohen (Malaysia) Sdn Bhd, an industrial and machinery company, as Sales and Application Engineer in 1992, where he was responsible for product training and after-sales services. In 1997, he left the company to set up Numeric Precision Engineering Sdn Bhd, a company involved in the manufacturing of machined parts. He subsequently sold his shares in the company and resigned as a Director in November 2000 to focus on UWC Automation which he joined in October 2000 as a Director.

Chong Yee Beng

Senior Manager of Engineering Division

Chong Yee Beng, a Malaysian aged 50, is our Senior Manager of Engineering Division. He is responsible for our Group's overall engineering and research and development activities including product design and development, new product introduction and product testing.

He graduated from Universiti Teknologi Malaysia in 1993 with a Bachelor of Mechanical Engineering. He began his career with Antah Schindler Sdn Bhd, an authorised distributor and service provider of elevators and escalators, in 1993 as Technical Engineer, where he was involved in the development of products according to technical data and specifications. He was later promoted to Senior Purchasing Engineer in 1995 where his responsibilities included the preparation of product specifications and performance requirements as well as managing suppliers and subcontractors. He left Antah Schindler Sdn Bhd in 2002 and joined Advance Engineering Manufacturer Sdn Bhd, a company that is involved in the manufacturing of elevator parts and components, as Production Manager, where he oversaw the overall production activities of the company such as planning and organising production schedules and assessing resource requirements. In 2003, he left the company and joined UWC Holdings as Engineering Manager, where he was responsible for managing the overall engineering activities. He was promoted to his current position in 2018.

Khor Kean Seng

Senior Manager of Industrial Engineering and Production Division

Khor Kean Seng, a Malaysian aged 49, is our Senior Manager of Industrial Engineering and Production Division. He is responsible for our Group's manufacturing activities including automation, sheet metal fabrication, assembly and welding.

He obtained his Diploma in Electrical Engineering from Institut Teknologi Butterworth in 1992 and joined Penang Seagate Industries (M) Sdn Bhd, a company involved in the manufacturing of computer storage devices as Engineer in the Test Engineering Department. He then left the company in March 1993 and joined UWC Holdings as Supervisor, where he was responsible for supervising and scheduling the company's production activities. He was promoted to Section Head of Production in November 1993 and thereafter to Factory Manager in charge of production activities in 2010. He was promoted to his current position in 2018.

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

Ng Chin Liang

Head of Corporate Affairs and Communications

Ng Chin Liang, a Malaysian aged 26, is our Head of Corporate Affairs and Communications. He is responsible for developing and maintaining effective communication with internal and external stakeholders of our Group. He is also our main liaison with government agencies such as MIDA.

He graduated from the University of Exeter, United Kingdom with a Bachelor of Arts with Honours in Accounting and Finance in 2014. In 2015, he obtained a Master of Science in Accounting and Finance under scholarship from the same university. He has been a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants since 2017.

He began his career with Deloitte PLT as Audit Associate in 2015. He left the accounting firm in 2016 and joined UWC Holdings as Assistant Finance Manager, assisting in cost controls and monitoring supplier payments, as well as liaising with government officials in respect of tax incentives and government grants. He was promoted to his current position in 2018.

5.4.4 Involvement of our Key Senior Management in other principal business activities

Save as disclosed below, none of our Key Senior Management has any principal directorships in other corporations for the past 5 years up to the LPD or any principal business activities performed outside our Group as at the LPD:

| Name | Company | Principal business activities | Designation | Involvement in principal business activities other than as a director |
|---------------|---|---|----------------------------------|---|
| Ng Sze Yen | <u>Present involvement</u> <ul style="list-style-type: none"> UWC Capital | Investment holding | - | Shareholder with approximately 0.5% equity interest |
| Tan Kean Hean | <u>Present involvement</u> <ul style="list-style-type: none"> UWC Capital | Investment holding | - | Shareholder with approximately 3.4% equity interest |
| Ng Chin Liang | <u>Present involvement</u> <ul style="list-style-type: none"> Eastern Boutique Hotel Ion Manufacturing Sdn Bhd Wein Management Sdn Bhd | Hotel management services Manufacturing of plastic and non-metallic products Operation of restaurant business | Director Director Director | - Shareholder with 50.0% equity interest - |

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

The involvement of Ng Chin Liang in those business activities outside our Group:

- (i) does not give rise to any conflict of interest situation with our business; and
- (ii) does not preclude him from allocating or committing his time and effort to our Group as he is not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which he serves. Such businesses do not require his involvement on a daily basis as these businesses are managed by their respective management.

5.4.5 Remuneration and material benefits-in-kind of our Key Senior Management

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Key Senior Management for services rendered in all capacities to our Group for the FYE 2018 and FYE 2019 are as follows:

| Key Senior Management | Remuneration Band (RM) | |
|-----------------------|------------------------|-----------------------|
| | FYE 2018 | Proposed for FYE 2019 |
| Ng Hui Hooi | 200,001 - 250,000 | 200,001 - 250,000 |
| Ng Sze Yen | 200,001 - 250,000 | 200,001 - 250,000 |
| Tan Kean Hean | 150,001 - 200,000 | 250,001 - 300,000 |
| Chong Yee Beng | 200,001 - 250,000 | 200,001 - 250,000 |
| Khor Kean Seng | 150,001 - 200,000 | 150,001 - 200,000 |
| Ng Chin Liang | 50,001 - 100,000 | 100,001 - 150,000 |

5.5 FAMILY RELATIONSHIPS AND ASSOCIATIONS BETWEEN OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there is no other family relationship and/or association between any of our Directors, Promoters, substantial shareholders and Key Senior Management as at the LPD:

- (i) Dato' Ng Chai Eng, who is our Promoter, substantial shareholder and Executive Director/Group CEO, is the father of Ng Chin Liang and uncle of Ng Sze Yen;
- (ii) Ng Chin Liang, who is our Head of Corporate Affairs and Communications, is the son of Dato' Ng Chai Eng; and
- (iii) Ng Sze Yen, who is our Head of Operations, is the niece of Dato' Ng Chai Eng.

5.6 DECLARATIONS BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Each of our Promoters, Directors and Key Senior Management has confirmed that, as at the LPD, he or she is not and has not been involved in any of the following, whether in or outside Malaysia:

- (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 such person was a partner or any corporation of which such person was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

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

- (iv) in the last 10 years, any judgement was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice that relates to the capital market;
- (vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;
- (vii) the subject of any current investigation or disciplinary proceeding, or in the last 10 years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) any unsatisfied judgment against such person.

5.7 SERVICE CONTRACTS

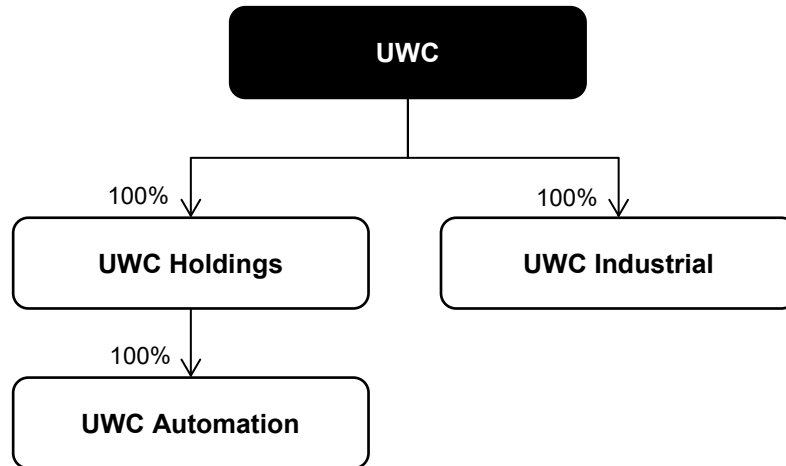
As at the LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or any of our Key Senior Management with our Group.

6. INFORMATION ON OUR GROUP

6.1 OUR GROUP

We were incorporated in Malaysia under the Act on 29 March 2018 as a private limited company under the name of UWC Sdn Bhd. On 4 June 2018, we completed the Acquisitions which resulted in UWC Holdings and UWC Industrial becoming our wholly-owned subsidiaries. Subsequently, on 17 October 2018, we were converted into a public limited company and assumed our present name.

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



We are an investment holding company. The principal activities of our Company and our subsidiaries are as follows:

| Company | Principal activities |
|----------------|--|
| UWC | Investment holding |
| UWC Holdings | Provision of precision sheet metal fabrication and value-added assembly services |
| UWC Industrial | Provision of precision sheet metal fabrication and value-added assembly services |
| UWC Automation | Provision of precision machined components |

UWC Holdings caters primarily to the local market, while UWC Industrial caters to the foreign markets as well as customers in Malaysia with a LMW status or are located within the designated free trade zones in Malaysia.

Please refer to Section 6.4 of this Prospectus for further information on our subsidiaries.

6.1.1 Acquisitions

(i) Acquisition of UWC Holdings

On 1 June 2018, we entered into a share sale agreement with Dato' Ng Chai Eng, Lau Chee Kheong, Ho Chiew Yean, Ng Sze Yen and Tan Kean Hean to acquire the entire equity interest in UWC Holdings comprising 1,070,720 ordinary shares for a purchase consideration of RM34,885,000. The purchase consideration was satisfied via the issuance of 174,425,000 new Shares at an issue price of RM0.20 per Share to the vendors as follows:

6. INFORMATION ON OUR GROUP (CONT'D)

| Vendor | No. of shares acquired | % of share capital | Purchase consideration (RM) | No. of new Shares issued |
|-------------------|------------------------|--------------------|-----------------------------|--------------------------|
| Dato' Ng Chai Eng | 498,500 | 46.6 | 16,241,569 | 81,207,845 |
| Lau Chee Kheong | 498,500 | 46.6 | 16,241,569 | 81,207,845 |
| Tan Kean Hean | 61,250 | 5.7 | 1,995,579 | 9,977,895 |
| Ng Sze Yen | 9,470 | 0.9 | 308,540 | 1,542,700 |
| Ho Chiew Yearn | 3,000 | 0.3 | 97,743 | 488,715 |
| Total | 1,070,720 | 100.0 | 34,885,000 | 174,425,000 |

The Acquisition of UWC Holdings was completed on 4 June 2018.

The purchase consideration of RM34,885,000 was arrived at on a willing-buyer willing-seller basis after taking into consideration the adjusted consolidated NA of UWC Holdings as at 31 July 2017 of RM34,884,835 as follows:

| | RM |
|---|-------------------|
| Audited NA of UWC Holdings excluding the carrying amount of the investment by UWC Holdings in UWC Automation as at 31 July 2017 | 35,724,077 |
| Add: UWC Holdings' share of the audited NA of UWC Automation as at 31 July 2017 ⁽¹⁾ | 7,496,726 |
| Add: Acquisition of the remaining equity interest in UWC Automation not already owned by UWC Holdings after 31 July 2017 ⁽²⁾ | 2,164,032 |
| Less: Dividend-in-Specie | (500,000) |
| Less: Payment of dividend by UWC Holdings after 31 July 2017 | (10,000,000) |
| Adjusted consolidated NA of UWC Holdings as at 31 July 2017 | 34,884,835 |

Notes:

- (1) As at 31 July 2017, UWC Automation was a 77.6% subsidiary of UWC Holdings. The audited NA of UWC Automation as at 31 July 2017 was RM9,660,730.
- (2) On 28 March 2018, UWC Holdings entered into a share sale agreement with Tan Kean Hean and Ng Sze Yen to acquire the remaining 134,400 ordinary shares in UWC Automation, representing 22.4% equity interest in UWC Automation not already held by UWC Holdings for a purchase consideration of RM2,164,032. The purchase consideration of RM2,164,032 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited NA of UWC Automation as at 31 July 2017 of RM9,660,730.

The acquisition was completed on 18 April 2018 and the purchase consideration was satisfied by the issuance of 70,720 new ordinary shares in UWC Holdings at an issue price of RM30.60 per share.

(ii) Acquisition of UWC Industrial

On 1 June 2018, we entered into a conditional share sale agreement with Dato' Ng Chai Eng and Lau Chee Kheong to acquire the entire equity interest in UWC Industrial comprising 2,000,000 ordinary shares for a purchase consideration of RM24,475,000. The purchase consideration was satisfied via the issuance of 122,375,000 new Shares at an issue price of RM0.20 per Share to the vendors as follows:

6. INFORMATION ON OUR GROUP (CONT'D)

| Vendor | No. of shares acquired | % of share capital | Purchase consideration (RM) | No. of new Shares issued |
|-------------------|------------------------|--------------------|-----------------------------|--------------------------|
| Dato' Ng Chai Eng | 1,000,000 | 50.0 | 12,237,500 | 61,187,500 |
| Lau Chee Kheong | 1,000,000 | 50.0 | 12,237,500 | 61,187,500 |
| Total | 2,000,000 | 100.0 | 24,475,000 | 122,375,000 |

The Acquisition of UWC Industrial was completed on 4 June 2018.

The purchase consideration of RM24,475,000 was arrived at on a willing-buyer willing-seller basis after taking into consideration the adjusted NA of UWC Industrial as at 31 July 2017 of RM24,474,929 as follows:

| | RM |
|--|-------------------|
| Audited NA as at 31 July 2017 | 29,474,929 |
| Less: Payment of dividend by UWC Industrial after 31 July 2017 | (5,000,000) |
| Adjusted NA as at 31 July 2017 | 24,474,929 |

6.1.2 Share Transfer

On 5 October 2018, our shareholders, namely Dato' Ng Chai Eng, Lau Chee Kheong, Tan Kean Hean and Ng Sze Yen, completed an internal restructuring involving the Share Transfer as follows:

| | Before the Share Transfer | | After the Share Transfer | | | |
|-------------------|---------------------------|--------------|--------------------------|--------------|--------------------------------|--------------|
| | No. of Shares held | % | No. of Shares held | % | No. of UWC Capital shares held | % |
| Dato' Ng Chai Eng | 142,395,346 | 48.0 | 49,745,346 | 16.7 | 92,650 | 48.1 |
| Lau Chee Kheong | 142,395,346 | 48.0 | 49,745,346 | 16.7 | 92,650 | 48.1 |
| Tan Kean Hean | 9,977,895 | 3.3 | 3,491,895 | 1.2 | 6,486 | 3.3 |
| Ng Sze Yen | 1,542,700 | 0.5 | 539,700 | 0.2 | 1,003 | 0.5 |
| Ho Chiew Year | 488,715 | 0.2 | 488,715 | 0.2 | - | - |
| UWC Capital | - | - | 192,789,000 | 65.0 | - | - |
| Total | 296,800,002 | 100.0 | 296,800,002 | 100.0 | 192,789 | 100.0 |

The total consideration for the Share Transfer was RM37,200, of which RM28,917.75 was satisfied via the issuance of 192,785 new ordinary shares in UWC Capital at an issue price of RM0.15 each and the balance of RM8,282.25 in cash as follows:

| | No. of shares in UWC Capital issued | Shares consideration (RM) | Cash consideration (RM) | Total consideration (RM) |
|-------------------|-------------------------------------|---------------------------|-------------------------|--------------------------|
| Dato' Ng Chai Eng | 92,649 | 13,897.35 | 4,102.65 | 18,000.00 |
| Lau Chee Kheong | 92,649 | 13,897.35 | 4,102.65 | 18,000.00 |
| Tan Kean Hean | 6,485 | 972.75 | 27.25 | 1,000.00 |
| Ng Sze Yen | 1,002 | 150.30 | 49.70 | 200.00 |
| Total | 192,785 | 28,917.75 | 8,282.25 | 37,200.00 |

The Share Transfer was undertaken to ensure that our Promoters maintain more than 50.0% shareholdings in UWC upon Listing, as well as to retain certain Key Senior Management who are also the shareholders of our Company before the IPO, namely Ng Sze Yen and Tan Kean Hean.

6. INFORMATION ON OUR GROUP (CONT'D)

6.2 HISTORY OF OUR GROUP

Our history dates back to August 1990 when Dato' Ng Chai Eng and Lau Chee Kheong incorporated UWC Holdings under the name of Unique Wire Cut Sdn Bhd. We commenced operations as a trading company in the same year from a rented shop lot in Sungai Puyu, Penang supplying wire cut machines to customers from various industries.

In 1992, we ventured into the mould making business where we fabricated and sold moulds to our customers. As our customers then were mostly metal fabrication companies, we saw opportunities in the metal fabrication business, and decided to diversify our business to provide metal stamping services in the same year.

In 1994, we further expanded our services to include metal cutting services, which was complementary to our metal stamping services. We purchased a CNC turret punching machine and started providing metal cutting services and producing metal piece-parts for our customers according to their designs and specifications.

In 1997, in line with our business expansion and to cater for increased demand from our customers, we set up our first manufacturing plant in Bukit Minyak, Penang, comprising a 2-storey office building and a detached factory on a parcel of land measuring approximately 130,685 sq ft. In the same year, we expanded our service offerings further to include sub-assembly of metal piece-parts into frames and enclosures, such as machine structures, machine frames and metal enclosures, as a value-added service to support our customers' assembly requirements. Our customer base then was mostly manufacturing companies from the elevator industry.

As part of our strategy to gradually transform into an integrated engineering supporting services provider, we incorporated UWC Automation in 2000 to venture into the manufacturing of precision machined components with production tolerance of between 20 and 50 micrometers. This new capability in precision machining had enabled us to offer a wider range of services, such as fabrication of precision machined parts, components and accessories, and serve a more diversified market segment, such as the semiconductor industry.

In 2005, in response to the growing demand from our customers in the semiconductor sector, UWC Industrial was incorporated to focus on providing precision sheet metal fabrication and sub-assembly services to our customers in this sector. As our business includes products and solutions that are customised, we often work closely with our customers from the product conceptualisation stage, which has enabled us to gain a better understanding of the stringent requirements of our customers and enhanced our technical capabilities. Over time, as our customers develop more technologically advanced products, they increasingly require more sophisticated manufacturing solutions from service providers like us. In this respect, in order to remain competitive, we continuously invest in advanced machinery and equipment to enable us to better serve our customers' requirements.

In 2006, we expanded our customer base by venturing into the life science and medical technology industry, where we provided metal fabrication and sub-assembly services for life science products such as incubators, sterilisation tanks and laboratory equipment.

In 2007, to accommodate our business growth, we set up our second manufacturing plant in Bukit Minyak, Penang comprising a 3-storey office building and a detached factory building on a parcel of land measuring approximately 66,316 sq ft.

6. INFORMATION ON OUR GROUP (CONT'D)

Leveraging on our competencies in design and development, sheet metal fabrication, precision machining and sub-assembly, we extended our value propositions to offer a more comprehensive range of services for our customers' manufacturing needs. In 2010, we secured our first order to provide full-assembly services to produce surface mount technology (SMT) reflow oven for an MNC in the semiconductor industry, where we provided a range of services involving fabrication of metal parts, turnkey management, assembly, testing and integration, and delivery services. The successful delivery of the order paved the way for more orders for full-assembly services in the years that followed from customers in the life science and medical technology industry.

In 2014, we ventured into the heavy equipment industry and secured our first order from an MNC industrial machinery manufacturer, namely Bromma (Malaysia) Sdn Bhd to fabricate large metal piece-parts for container spreaders, which are used for lifting containers at ports or container terminals.

As part of our initiative to encourage human capital development, we set up UWC Scholarship Fund in 2017 to provide eligible students pursuing diploma courses in the engineering fields at Penang Skills Development Centre with scholarship of up to RM100,000 per year until March 2023. The scholarship programme serves to ensure an adequate supply of well-trained engineers in the future. We have since sponsored 15 students up to the LPD amounting to a total of RM143,120. We believe that our initiatives in offering scholarships will provide us with the necessary talent pool that we require moving forward.

In 2018, we relocated our operations from our 2 plants in Bukit Minyak, Penang to our new manufacturing plant located in Batu Kawan, Penang consisting of a 2-storey office building and a detached factory with a total built-up area of approximately 255,364 sq ft. The new manufacturing plant provides us with a larger floor space to accommodate more machinery and equipment as well as additional assembly lines to meet our customers' growing demands. In September 2018, we collaborated with Seberang Perai Polytechnic to establish UWC Edu Center to share our expertise in welding processes to polytechnic students, where we conduct welding training classes on a bi-weekly basis, and provide internship opportunities for polytechnic students to undergo industrial training in real working environment.

Over the years, we have grown from a trading company supplying wire cut machines to an organisation which provides an integrated range of services from fabrication processes and precision machining to shape sheet metals into desired components (such as cutting, forming and joining), finishing processes to protect against corrosion or any damage to the surface (such as abrasive blasting, painting and silkscreen), to final steps such as assembly and testing before shipping to our customers in the semiconductor, life science and medical technology, and heavy equipment industries, among others. We have also received awards over the years in recognition of our services.

6. INFORMATION ON OUR GROUP (CONT'D)

6.3 KEY MILESTONES AND AWARDS

6.3.1 Key milestones

Since the commencement of our business, we have achieved the following key milestones:

| Year | Key milestones |
|------|--|
| 1990 | Incorporated UWC Holdings and commenced operations as a trading company |
| 1992 | Ventured into the mould making business and started providing metal stamping services |
| 1994 | Expanded our services to include metal cutting |
| 1997 | Set up our first manufacturing plant in Bukit Minyak, Penang Ventured into the provision of sub-assembly services to our customers |
| 2000 | Incorporated UWC Automation and commenced business in the manufacturing of precision machined components |
| 2005 | Incorporated UWC Industrial to provide metal fabrication and value-added assembly services to the semiconductor industry |
| 2006 | Ventured into the life science and medical technology industry |
| 2007 | Set up our second manufacturing plant in Bukit Minyak, Penang |
| 2010 | Completed our first order for the provision of full-assembly services to an MNC in the semiconductor industry |
| 2014 | Ventured into the heavy equipment industry and secured our first order from Bromma (Malaysia) Sdn Bhd |
| 2017 | Set up UWC Scholarship Fund |
| 2018 | Relocated all our operations to our new manufacturing plant in Batu Kawan, Penang Set up UWC Edu Center at Seberang Perai Polytechnic |

6. INFORMATION ON OUR GROUP (CONT'D)

6.3.2 Key awards

As a testimony to the quality of our services and capabilities, we have received the following awards:

| Year | Key awards |
|------|--|
| 2007 | Received the Top 50 Enterprise Awards Malaysia under the category of Golden Award from Malaysia Entrepreneurs' Development Association |
| 2008 | Received best on-time supplier recognition award from Harmer & Simmons Ltd |
| 2012 | Received supplier recognition award from Teradyne |
| 2014 | Received supplier recognition award from Agilent |
| 2015 | Received Sin Chew Business Excellence Award 2015 under the category of Product and Service Excellence |
| 2016 | Received Golden Eagle Award under the Excellent Eagles category from Nanyang Business Daily |
| 2017 | Received recognition for outstanding commitment and support of new product introduction from Teradyne |
| 2018 | Received strategic partner award from Manpower Department, Ministry of Human Resources Malaysia |

6.4 INFORMATION ON OUR SUBSIDIARIES

As at the LPD, the details of our subsidiaries are as follows:

| Name and registration no. | Date and place of incorporation | Principal place of business | Issued share capital (RM) | Effective equity interest (%) | Principal activities |
|--|---------------------------------|-----------------------------|---------------------------|-------------------------------|--|
| UWC Holdings (203074-U) | 22 August 1990/ Malaysia | Malaysia | 3,164,032 | 100.0 | Provision of precision sheet metal fabrication and value-added assembly services |
| UWC Industrial (693235-T) | 31 May 2005/ Malaysia | Malaysia | 2,000,000 | 100.0 | Provision of precision sheet metal fabrication and value-added assembly services |
| <u>Subsidiary of UWC Holdings</u> | | | | | |
| UWC Automation (521963-M) | 28 July 2000/ Malaysia | Malaysia | 600,000 | 100.0 | Provision of precision machined components |

As at the LPD, we do not have any joint venture or associated company.

6. INFORMATION ON OUR GROUP (CONT'D)

6.5 MATERIAL INVESTMENTS AND DIVESTITURES

Save as disclosed below, we do not have any other material investments and divestitures for the Financial Years/Period Under Review and up to the LPD:

| | FYE 2016 (RM'000) | FYE 2017 (RM'000) | FYE 2018 (RM'000) | FPE 2019 (RM'000) | 1 February 2019 up to the LPD (RM'000) |
|---|-----------------------|----------------------|----------------------|-----------------------|---|
| <u>Investments cost</u> | | | | | |
| Short term funds ⁽¹⁾ | 23,250 | 4,601 | - | - | - |
| Leasehold land and building | ⁽²⁾ 15,096 | - | - | - | - |
| Capital work-in-progress ⁽³⁾ | 8,669 | 11,540 | 6,196 | 6,113 | 1,366 |
| Plant, machinery and equipment ⁽⁴⁾ | 4,112 | 10,091 | 19,160 | 3,493 | 197 |
| Total | 51,127 | 26,232 | 25,356 | 9,606 | 1,563 |
| <u>Divestitures proceeds</u> | | | | | |
| Short term funds ⁽¹⁾ | 15,157 | 11,290 | 1,405 | - | - |
| Leasehold land and building | - | - | - | ⁽⁵⁾ 13,000 | - |
| Total | 15,157 | 11,290 | 1,405 | 13,000 | - |

Notes:

- (1) Short term funds comprise investments in short-term money market instruments.
- (2) Represents the purchase of Plot 319 and Plot 319A from Penang Development Corporation by UWC Holdings and UWC Industrial respectively. Further details of Plot 319 and Plot 319A are set out in Section 7.17.1 of this Prospectus.
- (3) Capital work-in-progress represents machinery under installation and factory building under construction.
- (4) Plant, machinery and equipment comprise mainly various machinery and equipment which were used for our day-to-day business operations.
- (5) Being proceeds from the disposal of our manufacturing plant in Bukit Minyak, Penang to Empire Castle Sdn Bhd, a person connected to one of our Executive Directors and major shareholders.

The material investments above were mainly financed via a combination of internally generated funds and bank borrowings.

7. BUSINESS OVERVIEW

7.1 PRINCIPAL ACTIVITIES

We are an integrated engineering supporting services provider, principally involved in the provision of precision sheet metal fabrication and value-added assembly services, and the fabrication of precision machined components.

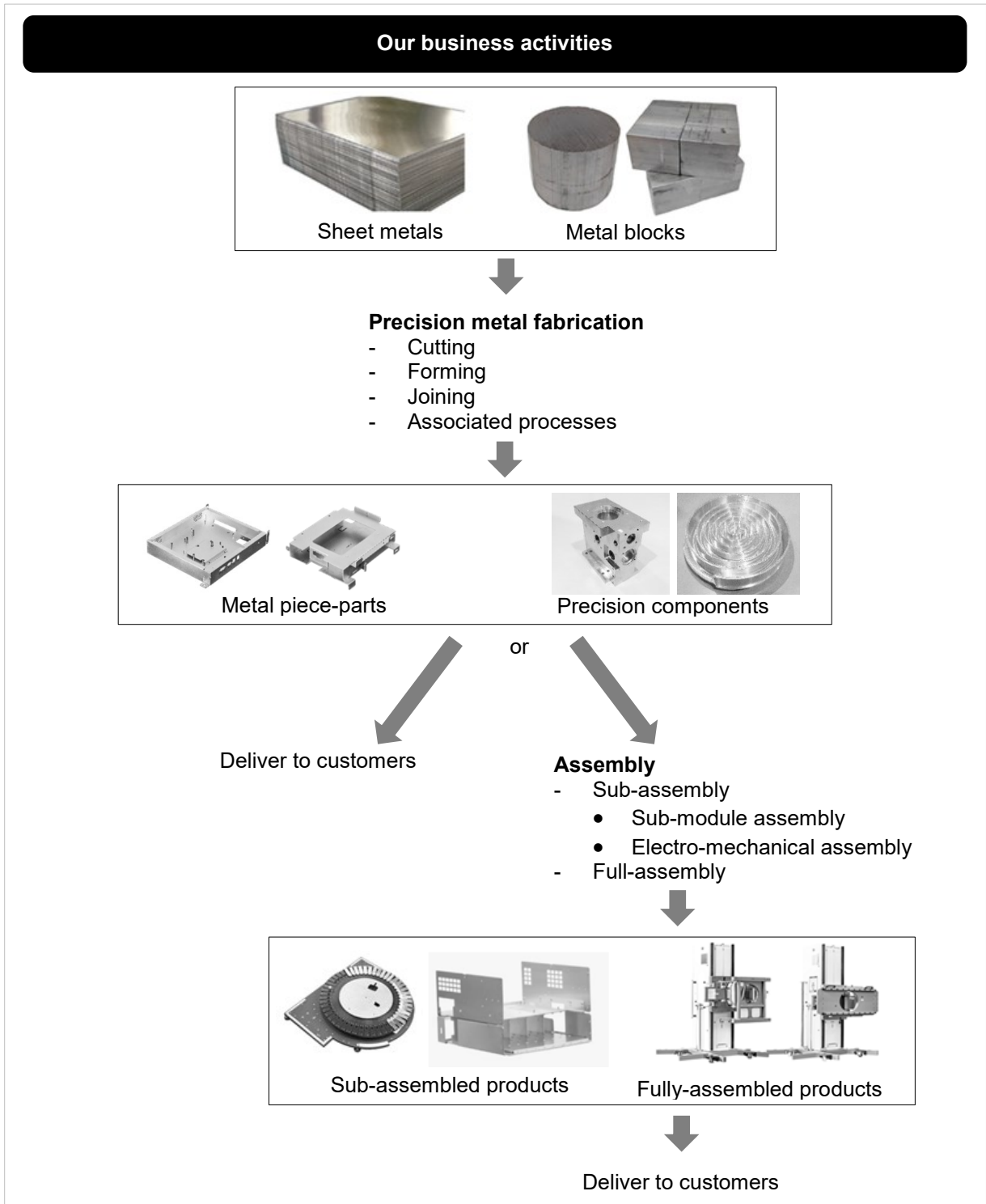
We provide fabrication services involving various processes of working with metal such as cutting, forming, joining and other associated processes to produce intermediate metal products, ranging from metal piece-parts to precision machined components. These intermediate metal products, which we fabricated according to our customers' designs and specifications, are then used to produce various finished products by our customers in a diverse range of industries such as, among others, semiconductor, life science and medical technology, and heavy equipment.

We also provide value-added assembly services, where we either sub-assemble metal piece-parts into machine structures, metal enclosures and metal chassis, or fully assemble the intermediate metal products produced by us into finished products according to the designs and specifications provided by our customers. During the assembly process, we assist our customers to procure the required raw materials and components to be assembled together into their products as well as conduct testing to ensure that the products assembled operate as intended.

In addition to metal fabrication and assembly services, we also collaborate with our customers in the initial designs and development of their products to achieve cost reduction and improve production cycle time. We also provide inventory management in which we plan our production schedule and maintain the minimum inventory level specified by our customers based on their forecast demand for our fabricated metal parts and components to ensure stock availability at all times.

Most of our revenue was derived from our major customers who are in the semiconductor and life science and medical technology industries, with our top 2 major customers, namely Customer A and Agilent contributing approximately 41.2%, 53.7%, 57.5% and 49.6% to our revenue respectively for the Financial Years/Period Under Review. In addition, we also derived a higher GP margin from Customer A as compared to our other customers during the Financial Years/Period Under Review. This is mainly due to the complexity of the products which we fabricated for Customer A, in terms of technical and production requirements, and shorter lead time for delivery. Please refer to Section 7.20 of this Prospectus for further details of our major customers.

7. BUSINESS OVERVIEW (CONT'D)



7. BUSINESS OVERVIEW (CONT'D)

7.1.1 Sheet metal fabrication

Sheet metal fabrication refers to fabrication activities where sheet metal is processed into intermediate metal products such as metal piece-parts according to our customers' designs and specifications.

Our metal fabrication activities involve four main types of processes, namely cutting, forming, joining and other associated processes. In general, most metal workpieces that we produce undergo more than one of these processes. These processes require the use of various machinery and equipment to achieve a high degree of precision according to our customers' specifications.

The details of these processes as well as fabrication methods which are commonly used in our operations are as follows:

(i) Cutting

Cutting is a process where sheet metal or metal block is cut according to the product designs and specifications by removing excess materials with the use of machinery and cutting tools.

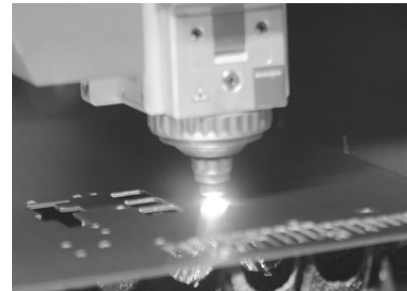
Fabrication method

Fiber laser cutting

A fast and precise non-contact thermal cutting process where laser beam is used to cut a sheet metal into the required shape.



Fiber laser cutting machine



Fiber laser cutting process

Turret punching

A sheet metal fabrication process that is carried out by CNC punch presses machines with a multi-tool turret design. By using a combination of single hits and overlapping geometries, complex sheet metal component shapes can be produced, including 3-dimensional forms.



CNC turret punching machine



Turret punching process

7. BUSINESS OVERVIEW (CONT'D)

Fabrication method

Laser and turret punching combination

A combination of laser cutting and turret punching in a single CNC machine which enables sheet metal to be cut in both laser cutting and turret punching methods in a single setting.



CNC laser and turret punching combination machine

Milling

A process where a metal block is shaped into desired shapes by using rotating cutting tool and where excess material of the metal block is removed by rotating its cutting tools cylindrically.



CNC milling machine



Milling process

Turning

A process where a secured metal bar is rotated at high speed, before the cutting tool is fed into the rotating metal bar to shape and cut away excess material. The turning process is performed to create cylindrical or rotational metal parts.



CNC turning machine



Turning process

7. BUSINESS OVERVIEW (CONT'D)

(ii) Forming

The forming process uses mechanical forces generated from the machines in order to manipulate the shape of a sheet metal.

Fabrication method

Press brake bending

A press brake bending machine is a pressing tool for bending sheet and plate materials. It forms pre-determined bends by clamping the workpiece between a matching punch and die.



CNC press brake bending machine



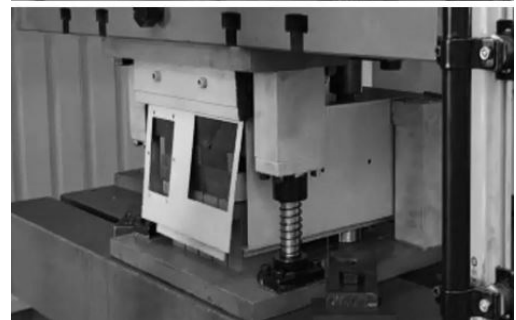
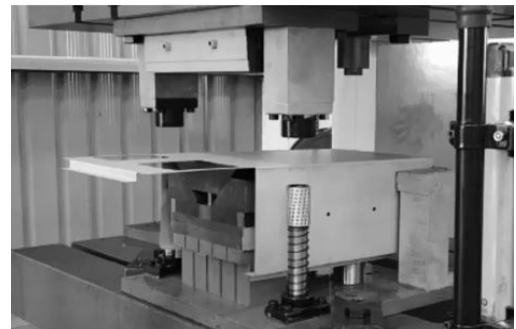
Press brake bending process

Stamping

A process of shaping a sheet metal into desired shapes through pressing of die onto the sheet metal.



Stamping machine



Stamping process

7. BUSINESS OVERVIEW (CONT'D)

(iii) Joining

The joining process refers to the joining of metal workpieces which are usually carried out with heat treatment.

Fabrication method

Brazing

A type of joining process where two or more metal workpieces are joined together with the use of metal fillers that are melted to hold the metal workpieces together.



Welding

A type of joining process where two or more metal workpieces are joined together. Unlike the brazing method, the welding method involves heating and melting the metal workpieces directly and adding fillers to form a joint.



(iv) Associated processes

Associated processes refer to processes that are performed prior to or after the core processes, i.e. forming, cutting and joining.



Fabrication method

Abrasive blasting

A type of surface treatment method where abrasive media such as sand or ceramic beads are blasted under high pressure to remove surface contaminants, roughen smooth surfaces or smoothen rough surfaces.

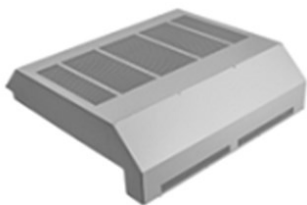


7. BUSINESS OVERVIEW (CONT'D)

| Fabrication method | |
|---|--|
| <p><u>Silkscreen</u> A type of stencilling technique for surface printing where ink is transferred to metal workpieces.</p> |  |
| <p><u>Painting</u> Sheet metal workpieces are often painted with wet or powder paint to protect their surfaces.</p> |  |

Some of the metal piece-parts that we fabricate for our customers in the semiconductor, life science and medical technology, and heavy equipment industries are as follows:

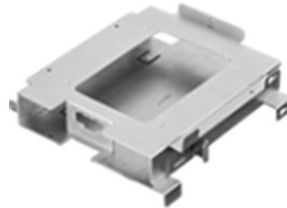
(i) Semiconductor industry



Tester enclosure



Instrument enclosure



Assembly holder



Module chassis

(ii) Life science and medical technology industry



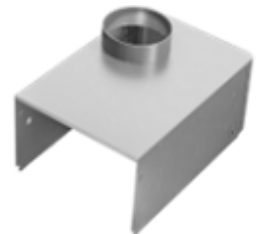
Instrument base panel



Chemical analysis instrument cover



Instrument enclosure



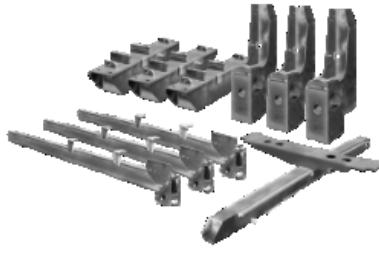
Instrument chimney enclosure

7. BUSINESS OVERVIEW (CONT'D)

(iii) Heavy equipment industry



Spreader lift frame



Spreader components



Spreader tension rod

7.1.2 Assembly

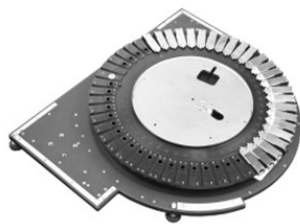
We provide both full and partial assembly of the metal piece-parts fabricated by us as follows:

(i) Sub-module assembly

Sub-module assembly refers to the assembly of intermediate metal products into sub-assembled metal products, such as machine structures, machine frames, metal enclosures and metal chassis. These modules that are sub-assembled by us require further processing and final assembly by our customers or their outsourced service providers into finished products. Examples of sub-module assembly are as follows:



Instrument card cages and chassis



Instrument carousel



Diffusion pump

(ii) Electro-mechanical assembly

Electro-mechanical assembly refers to the assembly of intermediate metal products into sub-assembled metal structures with accompanying electrical components and wiring to move or control the mechanical parts in the metal structure. Examples of electro-mechanical assembly are as follows:

7. BUSINESS OVERVIEW (CONT'D)



Tester and instrument racks



Cooling system module



Signal module tester

(iii) Full-assembly

Full-assembly refers to the complete assembly of a product, ranging from sourcing of raw materials and parts to precision sheet metal fabrication and full-assembly into finished products. Examples of full-assembly are as follows:



Manipulators

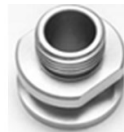
7.1.3 Machining

Besides sheet metal fabrication, we also provide precision machining services to fabricate precision machined components according to the designs and specifications provided by our customers. These are products that are produced with CNC machining processes such as milling, turning and turn-milling, where excess materials are removed while maintaining tight tolerance finishes which are as low as 3 micrometers.

Some of the precision turning parts that we fabricate for our customers are as follows:



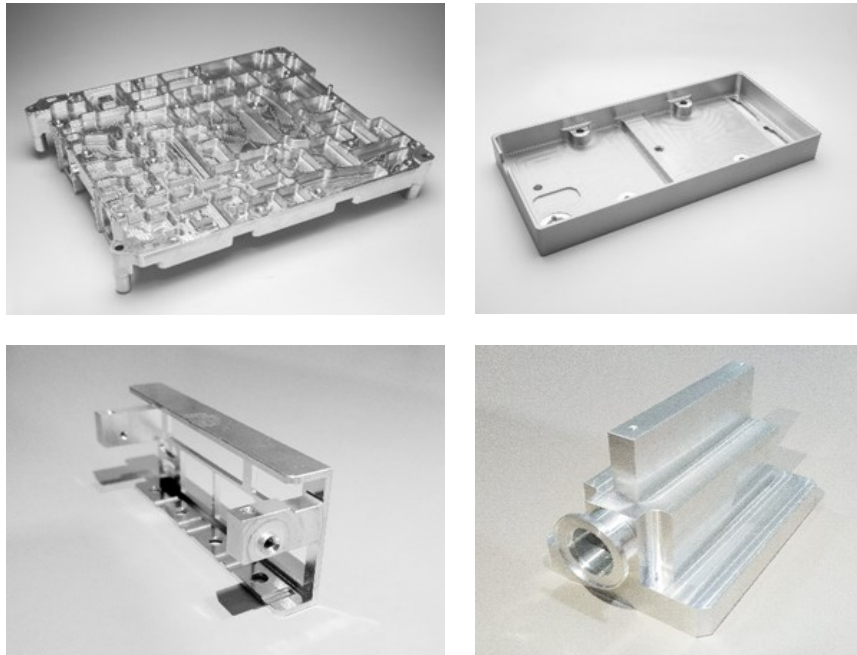
Precision turning parts



Precision turn-milling parts

7. BUSINESS OVERVIEW (CONT'D)

We also fabricate small high-precision milling parts that are mostly used in the semiconductor industry as follows:



Precision milling parts

7.2 PRINCIPAL MARKETS

The breakdown of our revenue by business segments for the Financial Years/Period Under Review is as follows:

| Business segment | FYE 2016 | | FYE 2017 | | FYE 2018 | | FPE 2018 | | FPE 2019 | |
|--------------------------------------|---------------|--------------|---------------|--------------|----------------|--------------|---------------|--------------|---------------|--------------|
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Sheet metal fabrication and assembly | 67,288 | 88.2 | 78,212 | 84.9 | 119,769 | 87.7 | 59,573 | 87.9 | 49,988 | 84.5 |
| Machining | 9,023 | 11.8 | 13,946 | 15.1 | 16,726 | 12.3 | 8,233 | 12.1 | 9,150 | 15.5 |
| Total | 76,311 | 100.0 | 92,158 | 100.0 | 136,495 | 100.0 | 67,806 | 100.0 | 59,138 | 100.0 |

7. BUSINESS OVERVIEW (CONT'D)

The breakdown of our sales revenue by geographical locations for the Financial Years/Period Under Review is as follows:

| Geographical location | FYE 2016 | | FYE 2017 | | FYE 2018 | | FPE 2018 | | FPE 2019 | |
|-----------------------|---------------|--------------|---------------|--------------|----------------|--------------|---------------|--------------|---------------|--------------|
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Malaysia | 42,168 | 55.3 | 44,031 | 47.8 | 80,032 | 58.6 | 38,473 | 56.7 | 30,104 | 50.9 |
| Foreign | | | | | | | | | | |
| Singapore | 23,814 | 31.2 | 36,973 | 40.1 | 45,361 | 33.2 | 24,001 | 35.4 | 23,954 | 40.5 |
| USA | 3,864 | 5.0 | 5,356 | 5.8 | 3,765 | 2.8 | 1,831 | 2.7 | 1,460 | 2.5 |
| China | 3,287 | 4.3 | 1,987 | 2.2 | 2,267 | 1.7 | 1,206 | 1.8 | 1,650 | 2.8 |
| France | 983 | 1.3 | 2,051 | 2.2 | 3,210 | 2.3 | 1,924 | 2.8 | 1,198 | 2.0 |
| United Kingdom | 1,683 | 2.2 | 863 | 0.9 | 378 | 0.3 | 95 | 0.2 | 1 | * |
| Others ⁽¹⁾ | 512 | 0.7 | 897 | 1.0 | 1,482 | 1.1 | 276 | 0.4 | 771 | 1.3 |
| | 34,143 | 44.7 | 48,127 | 52.2 | 56,463 | 41.4 | 29,333 | 43.3 | 29,034 | 49.1 |
| Total | 76,311 | 100.0 | 92,158 | 100.0 | 136,495 | 100.0 | 67,806 | 100.0 | 59,138 | 100.0 |

Notes:

* Negligible.

(1) Others include Australia, Costa Rica, Denmark, Germany, Hong Kong, India, Japan, Mexico, Netherlands, Philippines, Poland, Spain, Sweden, Thailand and Vietnam.

7.3 COMPETITIVE STRENGTHS

7.3.1 Integrated engineering supporting services

We provide engineering supporting services and other value-added services, which include design and development, sheet metal fabrication, precision engineering as well as assembly services such as sub-module, electro-mechanical and full assembly.

Our ability to provide integrated engineering supporting services has enabled us:

- (i) to participate in design and development activities through our involvement in our customers' new production introduction activities where we assist our customers by providing inputs on design, engineering and manufacturability aspects of a new product;
- (ii) to serve our customers better by helping them to reduce the number of suppliers to whom they outsource for their manufacturing needs; and
- (iii) to have complete control over the entire manufacturing and assembly process which, in turn, allows us to readily trace the source of any problem or issue by tracking our entire process flow. The ability to quickly detect the root cause and diagnose the problem throughout the supply chain is critical for most of our MNC customers.

In addition, as most of our manufacturing processes are carried out in-house, we are able to have a better control over the quality of our products, costs of production and delivery lead time. All the above factors have enabled us to maintain our business relationship with our customers.

7. BUSINESS OVERVIEW (CONT'D)

7.3.2 Continuous investment in advanced machinery and equipment

We strive to continuously expand our range of products and services to support our customers from various industries through continuous investment in advanced machinery and equipment, and we plan such investment based on new product requirements of our customers. Our ability to continuously keep up-to-date with market demands has enabled us to capture new markets as well as to meet our customers' demand for more sophisticated requirements in their products.

Our continuous capital expenditure in new and advanced machinery and equipment allows us to increase our production efficiency through higher precision fabrication at a faster speed and better quality control. We are also able to support precision machining and surface treatments, from ultra-small to large precision machining components, as well as one-stop finishing solutions for our customers, all of which helps our customers to reduce the number of suppliers to whom they outsource.

For the Financial Years/Period Under Review, we have invested RM4.1 million, RM10.1 million, RM19.2 million and RM3.5 million respectively in various machinery and equipment to support our production activities. Our investment in machinery and equipment has become one of the main considerations by our potential customers in selecting their engineering supporting service provider as it is an indication of our ability to complete and deliver an order within the time frame specified by our customers. Potential customers are able to gauge the capability and capacity of an engineering supporting service provider to undertake an order by analysing the type of machinery and equipment it has.

7.3.3 Proven track record and relationship with customers

We have proven track records and relationships with our customers who are mostly large MNCs. Orders from these customers often involve the exchange of confidential information, such as product technologies, designs and specifications. Trust and integrity of the service providers are, therefore, among the major deciding factors for MNCs in selecting their suppliers, and any leakage or unauthorised use of our customers' confidential information could lead to loss of business from these customers. Other key factors include product and service quality, prompt delivery and product and service capabilities of the service providers, among others.

We believe that our consistent quality products and services, our close collaboration with our customers on their product design and development, our efforts in safeguarding the confidentiality of the information relating to our customers' products, and our continued expansion of our service capabilities to meet our customers' requirements have enabled us to gain our customers' trust and a long-term business relationship with them. For the FPE 2019, we have business relationship with 4 of our top 5 customers for more than 8 years as at the LPD.

7.4 SEASONALITY

Our business is not affected by any seasonal or cyclical trend.

7. BUSINESS OVERVIEW (CONT'D)

7.5 SOURCES AND AVAILABILITY OF RAW MATERIALS

The breakdown of the raw materials that we purchased during the Financial Years/Period Under Review is as follows:

| Materials | FYE 2016 | | FYE 2017 | | FYE 2018 | | FPE 2018 | | FPE 2019 | |
|---|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Precision parts and components ⁽¹⁾ | 6,676 | 28.0 | 13,226 | 32.0 | 21,355 | 34.9 | 9,765 | 33.3 | 8,155 | 29.3 |
| Steel | 4,788 | 20.1 | 6,336 | 15.3 | 6,912 | 11.3 | 2,989 | 10.2 | 6,897 | 24.8 |
| Industrial hardware | 2,665 | 11.2 | 6,074 | 14.7 | 9,460 | 15.4 | 4,121 | 14.0 | 4,725 | 17.0 |
| Aluminium | 2,155 | 9.1 | 4,673 | 11.3 | 7,280 | 11.9 | 3,452 | 11.8 | 2,923 | 10.5 |
| Electrical parts ⁽²⁾ | 1,634 | 6.9 | 1,778 | 4.4 | 2,994 | 4.9 | 1,526 | 5.2 | 498 | 1.8 |
| Fasteners | 1,154 | 4.8 | 1,623 | 3.9 | 2,923 | 4.7 | 1,421 | 4.8 | 923 | 3.3 |
| Consumables ⁽³⁾ | 1,135 | 4.7 | 1,456 | 3.5 | 1,448 | 2.4 | 1,089 | 3.7 | 688 | 2.5 |
| Non-metal components ⁽²⁾ | 941 | 4.0 | 1,320 | 3.2 | 2,255 | 3.7 | 1,374 | 4.7 | 143 | 0.5 |
| Packaging materials | 807 | 3.4 | 1,620 | 3.9 | 2,350 | 3.8 | 1,130 | 3.9 | 1,081 | 3.9 |
| Paint and chemicals | 685 | 2.9 | 1,182 | 2.9 | 1,815 | 3.0 | 907 | 3.0 | 728 | 2.7 |
| Others ⁽⁴⁾ | 1,166 | 4.9 | 2,015 | 4.9 | 2,492 | 4.0 | 1,571 | 5.4 | 1,031 | 3.7 |
| Total purchases | 23,806 | 100.0 | 41,303 | 100.0 | 61,284 | 100.0 | 29,345 | 100.0 | 27,792 | 100.0 |

Notes:

- (1) These are fabricated metal parts and components which require lower level of precision. We outsource the fabrication of these products to third party fabricators.
- (2) We procure the electrical parts and non-metal components on behalf of our customers as part of our assembly services. These parts and components are assembled together with the intermediate metal products produced by us into sub-assembled or fully-assembled products for our customers.
- (3) Consumables comprise, among others, gas, welding wires, tooling and industrial adhesives.
- (4) Others comprise brass, copper, stainless steel and titanium.

The raw materials we use in our business operations are sourced from local and foreign suppliers. For the Financial Years/Period Under Review and up to the LPD, we have not experienced any difficulty in sourcing our raw materials as they are readily available from the local and foreign markets.

The prices of our raw materials are subject to, among others, market supply and demand conditions as well as governmental regulations. Nonetheless, we have not experienced any major fluctuations in prices of our raw materials that have materially affected our financial performance for the Financial Years/Period Under Review and up to the LPD.

7.6 MARKETING ACTIVITIES

As at the LPD, our sales and marketing division comprises 33 full-time employees, led by our Head of Operations, Ng Sze Yen.

7. BUSINESS OVERVIEW (CONT'D)

Over the past 20 years as a service provider in the engineering supporting industry, we have built a network of customers and business partners, some of which are MNCs with a global supply chain, and worked with customers who are based locally and overseas. Our sales and marketing team maintains close ties with our major customers by making periodic visits to their offices and working closely with them to ensure customer satisfaction and drive repeat business. We also submit requests for product and service qualifications, and visits potential customers to promote our service capabilities.

Through our business network, we receive referrals from both our customers and business partners. We also receive referrals from government-related organisation, such as MIDA as and when the latter receives enquiries about service providers in the engineering supporting industry in Malaysia.

Moving forward, we will continue to leverage on our track record in delivering quality products, and our relationships with our customers and government-related organisation to procure new business opportunities.



7.7 MATERIAL DEPENDENCY CONTRACTS

As at the LPD, we do not have any contracts, including commercial or financial contracts, on which we are materially dependent for our business or profitability.


7. BUSINESS OVERVIEW (CONT'D)

7.8 INTELLECTUAL PROPERTY RIGHTS

As at the LPD, save for the trademark registration and application below, we do not have any other intellectual property rights:

| Trademark | Issuing authority | Registered owner | Filing no. | Filing date/ Expiry date | Class | Status |
|--|-------------------|-----------------------------|------------|-------------------------------------|-------------------|------------|
|  | MyIPO | UWC Holdings ⁽¹⁾ | 2017069448 | 5 October 2017/ 5 October 2027 | 10 ⁽²⁾ | Registered |
|  | MyIPO | UWC Holdings ⁽¹⁾ | 2013061938 | 8 November 2013/ 8 November 2023 | 10 ⁽²⁾ | Registered |

7. BUSINESS OVERVIEW (CONT'D)

| Trademark | Issuing authority | Registered owner | Filing no. | Filing date/ Expiry date | Class | Status |
|---|-------------------|------------------|------------|-------------------------------------|-------------------|----------------------------|
|  | MyIPO | UWC Holdings | 2018014484 | 22 November 2018/ Not applicable | 40 ⁽³⁾ | Under formality validation |

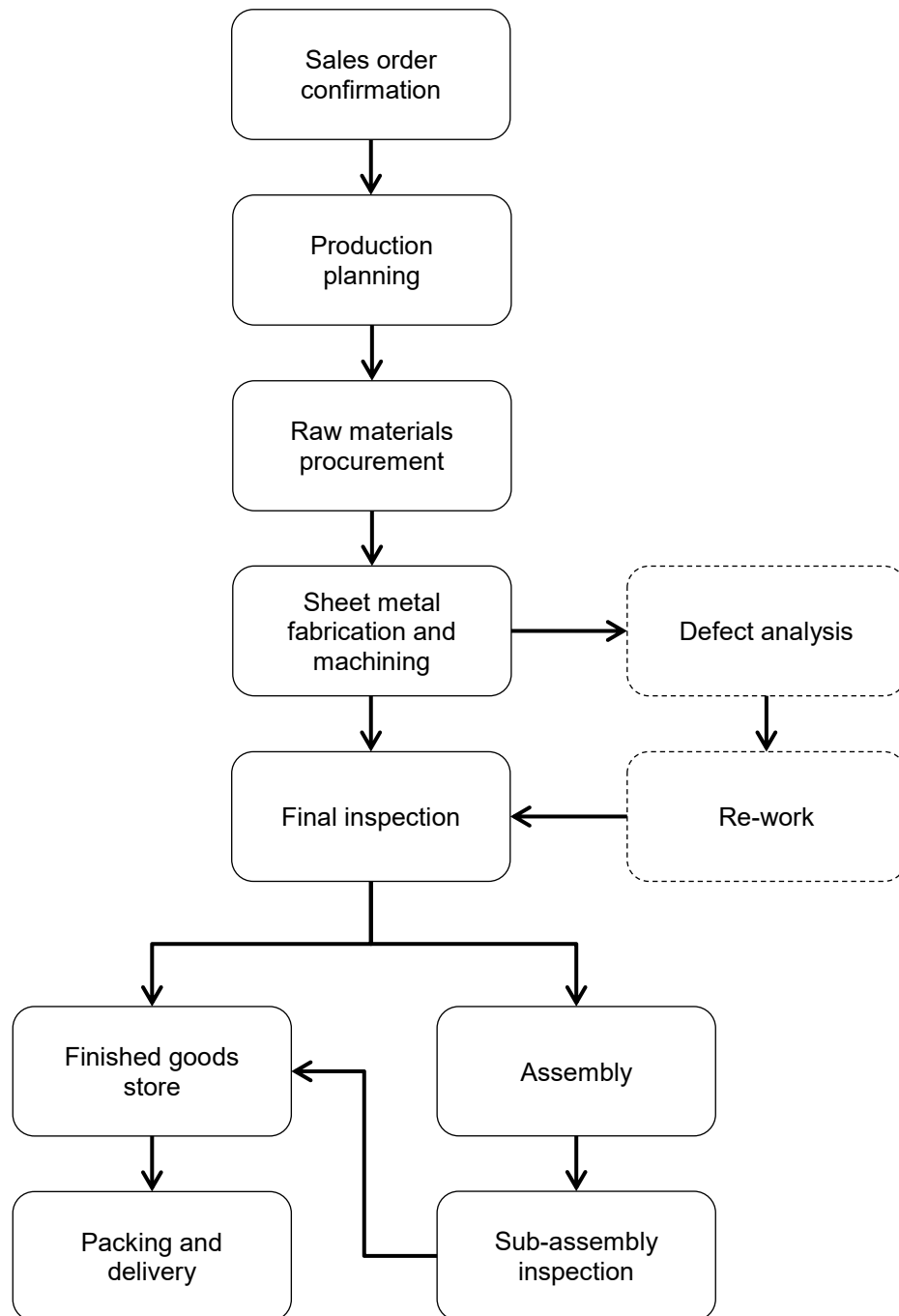
Notes:

- (1) UWHM has assigned all property, right, title and interest of this trademark to UWC Holdings via a deed of assignment dated 15 March 2018. MyIPO has issued an official recordal notification of change of ownership of this trademark to UWC Holdings with effect from 15 March 2018.
- (2) Medical apparatus for use in respiration; respiratory gas blending apparatus for medical use; medical devices for assisting respiration; medical devices for implantology; special furniture for medical use; furniture especially made for medical purposes and for medical use; ambulance stretchers; tables (furniture), made of medical purposes; chair lift transporters for transporting patients; instruments for patient rehabilitation; apparatus for the therapeutic treatment of patients; armchairs especially made for medical purposes; dental chairs; beds for use in medical diagnosis; medical mattresses; cushions for medical purposes; test equipment made for medical use; apparatus for use in dental laboratories; disposable laboratory apparatus for medical use; scientific apparatus for laboratory purposes (medical diagnosis); machines for use in biological reactions in laboratories (medical); medical therapy apparatus and instruments; apparatus for medical diagnosis; diagnostic instruments for medical uses; diagnostic ultrasound instruments for medical use; apparatus for medical use; articles for medical use; apparatus for sale in kit form for medical diagnostic purposes; appliances for physical exercise (adapted for medical use); exercise simulating apparatus for medical purposes; humidifiers for use in medical treatment; humidifying machines for medical use; disposable plastic containers especially made for syringes; medical apparatus incorporating lasers; medical gloves; medical hand tools; portable instruments for medical use in monitoring oxygen levels in gaseous mixtures; suction bottles for medical use; casting splints and inflatable appliances (splints) for medical use in holding the limbs; all included in Class 10.
- (3) Provision of precision sheet metal fabrication and value-added assembly services; all included in Class 40.

7. BUSINESS OVERVIEW (CONT'D)

7.9 PRODUCTION OR BUSINESS PROCESSES

The diagram below depicts our main business processes:



7.9.1 Production planning

Our production process begins with the production planning activities once a sales order is confirmed. During this stage, matters relating to the sales order such as the timeline, resources required and raw materials are taken into consideration and finalised.

7. BUSINESS OVERVIEW (CONT'D)

7.9.2 Raw materials procurement

After the production planning stage, the purchasing department will plan and procure the necessary raw materials and parts, such as aluminium, cold-rolled steel, fasteners and others from our approved suppliers.

Once the required raw materials are received, they are subjected to an internal quality control process to determine the quality of the raw materials purchased using specialised testing equipment. Raw materials that fail to meet our requirements are rejected and returned to suppliers, while approved raw materials are sent to the manufacturing area where the factory workers will process the raw materials in-house according to the orders from our customers.

7.9.3 Sheet metal fabrication and machining

The metal fabrication and machining stage consists of a combination of cutting, forming, joining and/or other finishing or associated processes to produce metal piece-parts based on the specifications and drawings agreed with our customers. The metal fabrication and machining processes, as well as their techniques and methods, are set out in Section 7.1 of this Prospectus.

At each of our sheet metal fabrication and machining processes, the workpieces are inspected by our in-process quality assurance personnel before proceeding to the next process station for further metal fabrication and machining work. These workpieces are then checked based on, among others, their measurements and cosmetic appearance. Workpieces that fail to meet the required specifications are sent for re-work.

7.9.4 Final inspection

Workpieces that have completed all the metal fabrication processes are then tested by the outgoing process quality control team. These workpieces are inspected based on the quality of the finishing, the specifications and measurements according to the specification and drawings provided by our customers. These outgoing inspections are conducted with the use of calibrated test and measurement equipment.

After inspection, the workpieces will be sorted accordingly, with finished workpieces being stored at the finished goods store, while workpieces which require further assembly are stored at the assembly work-in-progress area. Workpieces that fail the inspection process are re-worked before being inspected again. If the defect on the workpieces cannot be rectified, the workpieces will be scrapped.

7.9.5 Finished goods store

Completed workpieces that have been inspected are kept at the finished goods store before being sent for packaging and delivery.

7.9.6 Assembly

Depending on the orders from our customers, some workpieces are sent to the assembly sections where they are assembled with other workpieces that are either fabricated by us or purchased on behalf of our customers.

Our technicians will check the incoming workpieces against job orders and the list of parts required for the orders. Depending on the type of assembly services required, our technicians will assemble the metal piece-parts to form intermediate products, or in some cases, fully-assembled or finished products. Assembled products are tested by our quality assurance personnel to ensure functionality and quality of work. Assembled products that pass the inspection tests are then sent to the finished goods store, while assembled products that are not approved by our quality assurance personnel will be sent back to the assembly sections for re-work.

7. BUSINESS OVERVIEW (CONT'D)

7.9.7 Packaging and delivery

Finished goods are then packaged and prepared for delivery. For our overseas customers, these goods are delivered by our appointed forwarders.

7.10 INTERRUPTIONS TO OUR BUSINESS FOR THE PAST 12 MONTHS

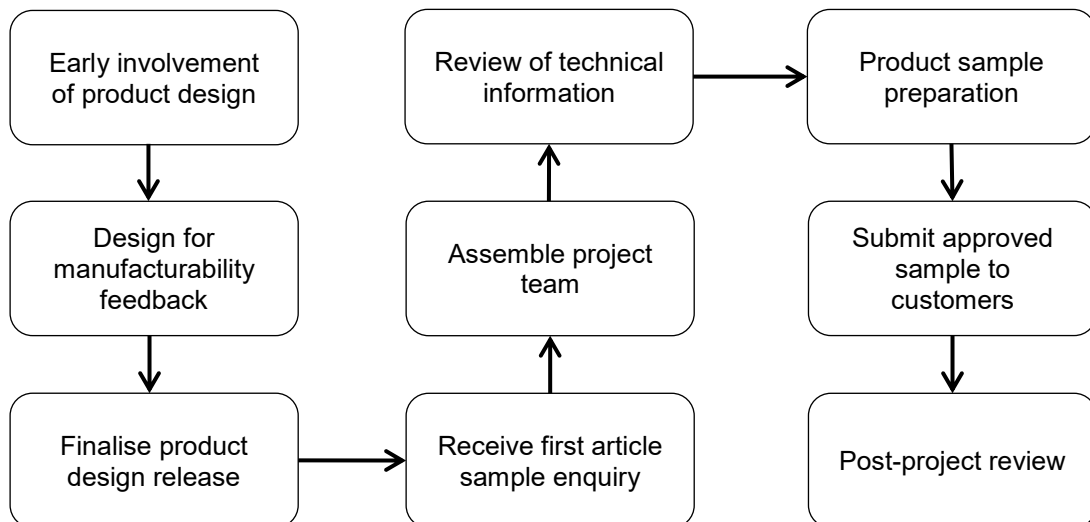
We have not experienced any interruptions which have a significant effect on our business operations in the past 12 months.

7.11 RESEARCH AND DEVELOPMENT

Our research and development activities are undertaken by our engineering team, which is involved in research and development activities with our customers as well as internal research and development efforts.

7.11.1 Research and development activities with our customers

Our engineering team is actively involved in our customers' new product development initiatives, where engineers from both parties collaborate to research, develop and refine a product's design, and set out the required product specifications and optimum manufacturing processes before commencement of production. As different customers have different requirements, the nature of our research and development activities differs from one project to another. The flow chart below shows the typical processes involved in our research and development activities:



(i) Early involvement of product design

Our engineering team will participate in the early stages of our customer's product development, where our customer's research and development team will share their preliminary product design with our engineering team for our review and feedback on design for manufacturability.

(ii) Design for manufacturability feedback

Our engineering team will provide the design for manufacturability and value engineering feedback to our customer's research and development team based on, among others, our manufacturing capability and capacity as well as the process cost structures involved.

7. BUSINESS OVERVIEW (CONT'D)

(iii) Finalise product design release

Based on the feedback received, our customer's research and development team will refine their product designs. There may be several rounds of design review and modifications before our customer will release the finalised product design for prototype build.

(iv) Receive first article sample enquiry

The new product introduction process begins when we receive a first article sample enquiry from our customer. First article sample refers to the prototype produced according to the technical information of the product specified by our customer.

(v) Assemble project team

The first article sample enquiry will be forwarded to our engineering division, which will assemble a cross-functional project team that consists of, among others, marketing, manufacturing as well as engineering personnel. The role of the team is to review the project based on the provided technical information in order to assess its manufacturability.

(vi) Review of technical information

The technical information review covers quality requirements, manufacturing processes involved, resource requirements, inspection and test activities required as well as the criteria for product acceptance. After completing the review, our project team will prepare a project schedule which covers engineering activities, material preparation, manufacturing activities, product inspection and customer inspection, packaging and delivery.

(vii) Product sample preparation

Once the proposed project schedule is agreed with our customer, our project team will proceed to prepare a product sample according to project schedule. The preparation of the product sample will also include the overall development plan of the product, raw material list, process flow as well as the product quality plan. A product quality plan is a set of procedures that is used as a guide in various stages of the development and manufacturing process.

A prototype is then produced based on the documentation and steps of the technical information. It will then be inspected and tested by the quality control team according to the product quality plan prior to shipment to our customer. Following this, a first article inspection report will be issued by the quality control team detailing the results of the tests. If the prototype fails to meet the specifications and requirements of our customer, we will amend the development plan before producing another prototype to be tested.

(viii) Submit approved prototype to the customer

Prototypes approved from the previous stage are then submitted to our customer for approval together with test reports that are generated during the preparation stage. Once the customer's approval is obtained, we will work on production scheduling and raw material procurement to prepare for mass manufacturing.

(ix) Post-project review

After the completion of a project, our project team will conduct an internal post-project review for future improvement purposes. The team will assess the setbacks encountered during the project and recommend corrective actions as well as areas for improvement.

7. BUSINESS OVERVIEW (CONT'D)

7.11.2 Internal research and development efforts

In 2018, we began researching into the use of robotic equipment and automation system in our manufacturing processes as part of our initiative to improve our production efficiency and process automation. This research involves the study of programming both the software and robotic equipment and automation system to be integrated into our manufacturing processes.

Our engineering team is currently researching on the use of the following robotic equipment and automation system:

(i) Industrial robotic arms

We research into the use of industrial robotic arms to improve our welding process. Industrial robotic arms are integrated to our welding equipment to perform simple welding tasks according to its programmed instructions while being guided by a welder. As at the LPD, we have successfully integrated 9 industrial robotic arms into our welding machines. Such integration has resulted in an increase of our production capacity (measured in terms of maximum annual capacity) from 2,217 hours to 3,326 hours per welding machine.

Besides welding machines, we are also researching the use of industrial robotic arms to operate our CNC machines by performing repetitive tasks according to our programmed instructions.

(ii) Cobot

We are currently researching the use of cobot to perform material handling, such as dispensing workpieces to machine operators and responding to the latter's signal or requests for workpieces.

(iii) Material handling system

We are currently conducting a study on automating our work-in-progress material handling process on our production floor with the objective of improving our production efficiency while reducing the number of our workers used to move our production parts. This involves the design of a system where automated equipment is used to transfer work-in-progress parts around our manufacturing processes using a conveyor belt.

7.12 TECHNOLOGY USED OR TO BE USED

7.12.1 CNC machines

We use CNC machines for our cutting, turret punching, bending, milling and turning processes. These CNC machines are controlled through programmed commands encoded in a software programme, based on drawings produced from CAD software. The use of CNC machines allows for high-precision profile machining or shaping, enabling us to refine our product finishing through cutting/shaping of complex geometries and patterns without deformation.

7.12.2 Computer software

Our engineering team uses a number of CAD software such as Creo Elements, Solid Edge, SolidWorks and GstarCAD to facilitate our design activities such as designing detailed parts and helping our engineers to conduct assembly studies to visualise the complete product in 3-dimensional images and to design components according to customers' requirements.

7. BUSINESS OVERVIEW (CONT'D)

We also use computer-aided manufacturing software such as Mastercam and Hypermill to program our milling processes according to product designs. In addition, analysis and quality control software such as Minitab and Solidworks Inspection are also used by our engineers as tools to analyse design specifications as part of our quality control measures.

7.12.3 Robotic equipment

We aim to incorporate the use of robotic equipment in our production processes as part of our effort to increase production efficiency. Presently, we have integrated robotic equipment such as industrial robotic arms into our welding machines. Moving forward, we will be working and testing on using industrial robotic arms in different areas of our fabrication processes.

Our engineering team is also researching on the use of cobots to perform material handling, such as dispensing workpieces to machine operators and responding to the latter's signal or requests for workpieces.

7.13 QUALITY CONTROL PROCEDURES

We place significant emphasis on the quality of our products and services, with our production activities adhering to stringent international quality standards. As at the LPD, we have the following quality accreditations:

(i) ISO 9001:2015 (Quality management systems)

Our quality management system for the manufacturing of sheet metal fabrication, precision engineering parts, mechanical and electrical assembly of automated parts has been accredited with ISO 9001:2015 (first awarded as ISO 9001:2000 in 1999).

The processes and procedures of such quality management system are summarised as follows:

(a) Product realisation

Product realisation refers to the processes involved to produce our products from concept to manufacturing to delivery of our products. Under this stage, quality objectives of these processes are established and documented. In addition, the resources and facilities required in producing a particular product for our customers, such as raw materials, machinery, equipment and workers are also documented at this stage.

(b) Measurements, analysis and improvements

Throughout our production process, our quality control team conducts checks to ensure that the requirements and specifications of our products are met. These include conducting incoming quality control checks on raw materials procured to determine its quality before being used for production, performing quality control checks at each stage of production and checking the measurements, finishing and specifications of completed workpieces for conformance with our customers' requirements.

We also conduct routine internal review to further improve our production processes.

7. BUSINESS OVERVIEW (CONT'D)

(c) Management responsibilities

Our management plays an important role in the quality management system where it:

- (aa) communicates the importance of meeting requirements set by our customers as well as regulatory and legal bodies;
- (bb) ensures quality objectives are established and communicated to all our employees; and
- (cc) ensures the availability of necessary resources as well as conduct management review.

(d) Resource management

As part of our quality management system, we plan resources that are required to ensure the smooth operation of our business. This includes new investment in machinery and equipment, and hiring of new workers to meet our production requirement. We monitor our resource management regularly in order to improve our effectiveness.

(ii) ISO 13485:2016 (Medical devices – Quality management systems)

We received the ISO 13485:2016 certification (first awarded as ISO 13485:2003 in 2011) for our business processes in the life science and medical technology industry. Based on ISO 9001:2015 framework, ISO 13485:2016 further require companies to put in place risk management policies as well as maintain effective processes related to the design, manufacture and distribution of medical related devices.

(iii) ISO 14001:2015 (Environmental management system)

Our environmental management system was accredited with ISO 14001:2015 certification in 2018, demonstrating our ability in managing our environmental responsibilities in a systematic manner.

7.14 FUTURE PLANS AND BUSINESS STRATEGIES

7.14.1 Expansion of our production capacity and improvement in our production efficiency

As part of our business growth strategy, we will leverage on our close working relationship with our customers to continue participating in their product design and development activities. Through these engagements with our customers, we gain early visibility into their requirements for their new product development and roadmap for production ramp. This, in turn, allows us to plan our resource allocation early and assess the necessity to:

- (i) expand our production capabilities and capacity, which may require us to invest in new or additional machinery and equipment to cater for new production processes or increase in production volume; or
- (ii) improve our manufacturing efficiency in order to support rapid product turnaround time for our customers, or drive cost reduction in our production processes, which may require us to replace our older manufacturing equipment with new machinery having current technology.

7. BUSINESS OVERVIEW (CONT'D)

We believe that our commitment to continuously support our customers will strengthen our position in our customers' supply chains and enhance our competitive edge. In this connection, we plan to allocate part of our proceeds from the Public Issue to purchase 29 new CNC machines progressively over the next 3 years, details of which are set out in Section 4.4.1 of this Prospectus. These new CNC machines are expected to increase our maximum production capacity by approximately 18.6% from 480,048 hours per annum as at the LPD to 569,100 hours per annum.

7.14.2 Expansion of our service offerings

Currently, our in-house surface treatment services include, among others, abrasive blasting and painting. These are finishing processes to protect metal workpieces against corrosion or surface damage. We currently outsource our plating surface treatment process to our approved service providers.

Moving forward, we intend to expand our in-house capabilities, in particular, to set up a plating line so as to provide a more comprehensive range of services. Plating is another form of surface treatment which is usually performed after our fabrication processes to protect the surfaces of metal workpieces against corrosion. An in-house plating line would enable us to bundle a wider range of service offerings, maintain quality over surface treatment processes, and shorten our delivery lead time, which would give us an added advantage over our competitors.

We estimate the cost to set up the plating line to be RM3.0 million, which shall be funded via a combination of internally generated funds and bank borrowings, and anticipate to commence our plating surface treatment services by 2021.

7.14.3 Automating our production processes

We regularly review our production processes and explore ways to improve our production efficiency in order to meet dynamic customer requirements. To that end, we intend to automate some of the repetitive and laborious tasks in our production processes to help us improve speed, increase productivity, improve quality and reduce errors or wastage. At this initial stage of automating our processes, we have identified the adoption of industrial robotic arm, which will be integrated with our welding equipment to perform spot welding. Automating the spot welding process is expected to help reduce workpiece deformation, ensure consistency in welding quality and achieve higher production rates. We have also identified the automation of more complex activities in our production process such as laser cutting, bending, painting and assembly processes within the next 3 years to further reduce our manpower requirement and lower our overall cost of production.

Other than the above, we also plan to implement a material handling system, which includes an automated material storage and retrieval system to manage the movement of our raw materials and work-in-progress materials on our production floor. The automation system will be programmed to retrieve materials from the storage area and loaded onto the production line, and store the work-in-progress materials at designated location. This saves the time required for workers to manually retrieve or store materials, improves productivity and workers' safety, and reduces labour cost.

We have earmarked part of our proceeds from the Public Issue to purchase industrial robotic arms and material handling system over the next 3 years, details of which are set out in Section 4.4.1 of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

7.15 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any other material contract, which is not in the ordinary course of our business during the Financial Years/Period Under Review up to the date of this Prospectus:

- (i) Share sale agreement dated 28 March 2018 entered into among UWC Holdings, Tan Kean Hean and Ng Sze Yen for the acquisition by UWC Holdings of the remaining 134,400 ordinary shares in UWC Automation, representing 22.4% equity interest in UWC Automation not already held by UWC Holdings for a purchase consideration of RM2,164,032, satisfied via the issuance of 70,720 new ordinary shares in UWC Holdings at an issue price of RM30.60 per share. The acquisition was completed on 18 April 2018;
- (ii) Share sale agreement dated 1 June 2018 entered into among UWC, Dato' Ng Chai Eng, Lau Chee Kheong, Ho Chiew Yean, Tan Kean Hean and Ng Sze Yen for the Acquisition of UWC Holdings. The acquisition was completed on 4 June 2018. Further details of the Acquisition of UWC Holdings are set out in Section 6.1.1(i) of this Prospectus;
- (iii) Share sale agreement dated 1 June 2018 entered into among UWC, Dato' Ng Chai Eng and Lau Chee Kheong for the Acquisition of UWC Industrial. The acquisition was completed on 4 June 2018. Further details of the Acquisition of UWC Industrial are set out in Section 6.1.1(ii) of this Prospectus;
- (iv) Sale and purchase agreement dated 1 June 2018 and supplemental agreement dated 15 November 2018 entered into between UWC Holdings and Empire Castle Sdn Bhd for the disposal by UWC Holdings of a piece of leasehold land held under HSD 46355, PT 316, Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang together with the buildings erected thereon for a cash consideration of RM13,000,000. The disposal was completed on 16 November 2018;
- (v) Placement agreement dated 8 May 2019 entered into between our Company, our Offerors and our Placement Agent for the placement of 47,000,000 Issue Shares and 33,015,000 Offer Shares pursuant to our IPO. Further details of the placement agreement are set out in Section 4.5.3 of this Prospectus; and
- (vi) Underwriting Agreement. Further details of the Underwriting Agreement are set out in Sections 4.5.2 and 4.6 of this Prospectus.

7. BUSINESS OVERVIEW (CONT'D)

7.16 MAJOR LICENCES AND PERMITS

As at the LPD, we hold the following licences and permits for our business operations:

| Company | Authority | Description of licence/permit | Licence no. | Effective date/ Expiry date | Major conditions imposed | Status of compliance |
|--------------|-----------------------------------|--|-------------|--|---|--|
| UWC Holdings | Majlis Perbandaran Seberang Perai | Business licence for the manufacturing of metal products and medical devices located at Plot 319 | 61313852613 | 20 December 2017/ 31 December 2019 and shall be renewed annually | - | Not applicable |
| UWC Holdings | MITI and MIDA | Manufacturing licence for elevators and parts thereof, escalator parts and precision machined parts, and fabricated metal products | A021299 | 23 March 2018/ Valid until and unless revoked or surrendered | (a) MITI and MIDA must be notified of any sale of shares in UWC Holdings. (b) UWC Holdings must train Malaysian citizens to ensure that the transfer of technology and expertise can be channelled to all levels of employment. (c) UWC Holdings must comply with the condition of the Capital Investment Per Employee (CIPE) ratio of at least RM140,000 by 2020. (d) Total number of full-time workforce of UWC Holdings must consist of at least 80% Malaysians. Employment of foreign citizens including workers employed through outsourcing is subject to the prevailing policy. | Complied Complied Noted Noted |

7. BUSINESS OVERVIEW (CONT'D)

| Company | Authority | Description of licence/permit | Licence no. | Effective date/ Expiry date | Major conditions imposed | Status of compliance |
|----------------|-----------------------------------|---|-------------|--|--|--|
| UWC Automation | Majlis Perbandaran Seberang Perai | Business licence for the manufacturing of metal products located at Plot 319A | 61313852596 | 20 December 2017/ 31 December 2019 and shall be renewed annually | - | Not applicable |
| UWC Automation | MITI and MIDA | Manufacturing licence for precision machined parts, and jigs and fixtures | A021394 | 23 March 2018/valid until and unless revoked or surrendered | (a) MITI and MIDA must be notified of any sale of shares in UWC Automation. (b) UWC Automation must train Malaysian citizens to ensure that the transfer of technology and expertise can be channeled to all levels of employment. (c) UWC Automation must comply with the condition of the Capital Investment Per Employee (CIPE) ratio of at least RM140,000 by 2020. (d) Total number of full-time workforce of UWC Automation must consist of at least 80% Malaysians by 2020. Employment of foreign citizens including workers employed through outsourcing is subject to the prevailing policy. | Complied Complied Noted Noted |

7. BUSINESS OVERVIEW (CONT'D)

| Company | Authority | Description of licence/permit | Licence no. | Effective date/ Expiry date | Major conditions imposed | Status of compliance |
|----------------|------------------------------------|---|---|--------------------------------------|--|----------------------|
| UWC Automation | Royal Malaysian Customs Department | Warehouse licence and warehouse manufacturing licence for machining parts | P78G62015000 00019 and P78G62015000 00019A | 1 December 2017/ 30 November 2019 | <p>(a) No dutiable goods other than raw materials/components and machinery used directly in manufacturing and manufactured goods which have been approved by the State Director of Customs may be stored in the LMW.</p> <p>(b) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs.</p> <p>(c) At least 80% finished products (by value) are to be exported, and not more than 20% of the finished products can be sold in the local market.</p> <p>(d) Disposal of waste including manufacturing waste is subject to the written approval of the State Director of Customs.</p> <p>(e) Licensee shall notify the Officer of Customs in writing within 14 days if:</p> <ul style="list-style-type: none"> • there is a change in the Board of Directors of UWC Automation; • UWC Automation has been wound up; | Complied |
| | | | | | | Noted |
| | | | | | | Complied |
| | | | | | | Complied |
| | | | | | | Noted |

7. BUSINESS OVERVIEW (CONT'D)

| Company | Authority | Description of licence/permit | Licence no. | Effective date/ Expiry date | Major conditions imposed | Status of compliance |
|----------------|-----------------------------------|--|-------------|--|---|--|
| UWC Industrial | Majlis Perbandaran Seberang Perai | Business licence for the manufacturing of metal components located at Plot 319A | 61313852587 | 20 December 2017/ 31 December 2019 and shall be renewed annually | <ul style="list-style-type: none"> an application for winding-up of UWC Automation is made; receiver or liquidator is appointed; and UWC Automation is subjected to civil claims, bankruptcy, closure or other similar matters. | Not applicable |
| UWC Industrial | MITI and MIDA | Manufacturing licence for precision machined parts and fabricated metal products | A021298 | 23 March 2018/valid until and unless revoked or surrendered | <p>(a) MITI and MIDA must be notified of any sale of shares in UWC Industrial.</p> <p>(b) UWC Industrial must train Malaysian citizens to ensure that the transfer of technology and expertise can be channelled to all levels of employment.</p> <p>(c) UWC Industrial must comply with the condition of the Capital Investment Per Employee (CIPE) ratio of at least RM140,000.</p> | Complied Complied Complied |

7. BUSINESS OVERVIEW (CONT'D)

| Company | Authority | Description of licence/permit | Licence no. | Effective date/ Expiry date | Major conditions imposed | Status of compliance |
|----------------|------------------------------------|--|---|-------------------------------------|---|--|
| UWC Industrial | Royal Malaysian Customs Department | Warehouse licence and warehouse manufacturing licence for several items ⁽¹⁾ | P78G62012000 00002 and P78G62012000 00002A | 1 January 2018/ 31 December 2019 | <p>(d) Total number of full-time workforce of UWC Industrial must consist of at least 80% Malaysians by 2020. Employment of foreign citizens including workers employed through outsourcing is subject to the prevailing policy.</p> <p>(a) No dutiable goods other than raw materials/components and machinery used directly in manufacturing and manufactured goods which have been approved by the State Director of Customs may be stored in the LMW.</p> <p>(b) Changes to the structure of buildings and equipment in the licensed premises are not permitted except with the written approval of the State Director of Customs.</p> <p>(c) At least 80% finished products (by value) are to be exported, and not more than 20% of the finished products can be sold in the local market.</p> <p>(d) Disposal of waste including manufacturing waste is subject to the written approval of the State Director of Customs.</p> | Noted Complied Noted Complied Complied |

7. BUSINESS OVERVIEW (CONT'D)

| Company | Authority | Description of licence/permit | Licence no. | Effective date/ Expiry date | Major conditions imposed | Status of compliance |
|---------|-----------|-------------------------------|-------------|--------------------------------|---|----------------------|
| | | | | | <p>(e) Licensee shall notify the Officer of Customs in writing within 14 days if:</p> <ul style="list-style-type: none"> • there is a change in the Board of Directors of UWC Industrial; • UWC Industrial has been wound up; • an application for winding-up of UWC Industrial is made; • receiver or liquidator is appointed; and • UWC Industrial is subjected to civil claims, bankruptcy, closure or other similar matters. | Noted |

Note:

- (1) Comprises testing instruments, part and accessories for testing machines, steel fabricated products/sheet metal parts, reflow oven/dryer machines, information technology rack (equipment for electrical and electronics industry), tester platform, network power system, laboratory equipment parts, medical sterilizing case, electronic measurement components, life science components, chemical analysis components, rack, workstation, cabinet, trolley, jig and fixture, ergo cart, diffusion pump, automated drive test system parts and temperature control parts.

7. BUSINESS OVERVIEW (CONT'D)

7.17 MATERIAL PROPERTIES, PLANT AND EQUIPMENT

7.17.1 Material properties owned by our Group

As at the LPD, the details of the material properties owned by our Group are as follows:

| Registered owner | Title/Postal Address | Description/ Existing use | Category of land use/ Tenure | Land area/ gross floor area (approximate) | Encumbrances | Date of issuance of CCC | Audited NBV as at 31 January 2019 (RM'000) |
|------------------|---|--|---|--|---|--------------------------------|--|
| UWC Holdings | <p>Title: HSD 47599, PT 5905, Mukim 13, Daerah Seberang Perai Selatan, Negeri Pulau Pinang (Plot 319)</p> <p>Postal Address: PMT 744, Jalan Cassia Selatan 5/1, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang</p> | <p>Description: A single-storey detached factory building</p> <p>Existing use: Manufacturing plant and warehouse</p> | <p>Category of land use: Industrial</p> <p>Tenure: 60 years leasehold expiring on 22 July 2075 (remaining tenure of 57 years)</p> | <p>Land area: 177,163 sq ft</p> <p>Gross floor area: 100,132 sq ft</p> | <p>Charged to Hong Leong Bank Berhad on 18 July 2016</p> <p>Private caveat by Hong Leong Bank Berhad on 31 March 2016</p> | 19 October 2017 ⁽¹⁾ | 14,566 |

7. BUSINESS OVERVIEW (CONT'D)

| Registered owner | Title/Postal Address | Description/ Existing use | Category of land use/Tenure | Land area/ gross floor area (approximate) | Encumbrances | Date of issuance of CCC | Audited NBV as at 31 January 2019 (RM'000) |
|-------------------|--|---|--|--|--|-----------------------------------|---|
| UWC Industrial | <p>Title: HSD 47990, PT 5919, Mukim 13, Daerah Seberang Perai Selatan, Negeri Pulau Pinang (Plot 319A)</p> <p>Postal Address: PMT 745, Jalan Cassia Selatan 5/1, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Pulau Pinang</p> | <p>Description: A 2-storey office building annexed with a single-storey detached factory building</p> <p>Existing use: Head office, manufacturing plant and warehouse</p> | <p>Category of land use: Industrial</p> <p>Tenure: 60 years leasehold expiring on 6 December 2075 (remaining tenure of 57 years)</p> | <p>Land area: 326,028 sq ft</p> <p>Gross floor area: 155,232 sq ft</p> | Charged to Public Bank Berhad on 25 August 2016 | 19 October 2017 ⁽¹⁾ | 25,855 |

Note:

(1) On 24 September 2018, we received a letter from Majlis Perbandaran Seberang Perai informing that the building plan for our proposed extensions to the above buildings have been approved on 13 August 2018. Construction work on the extensions involving 2 single-storey factory buildings and a canteen (collectively, the "Extensions") has been completed in March 2019. We expect the 2 single-storey factory buildings to commence operations by the end of June 2019 while the canteen is expected commence operations by the third quarter of 2019.

One of the factory buildings with a gross floor area of approximately 11,939 sq ft is constructed on Plot 319, while the other factory building and the canteen with a gross floor area of approximately 42,991 sq ft and 7,909 sq ft respectively are constructed on Plot 319A. The Extensions are intended to increase our production floor space to accommodate more machinery and equipment in the future as well as to provide a canteen for our employees.

7. BUSINESS OVERVIEW (CONT'D)

We will obtain clearance for fire safety inspection from Jabatan Bomba dan Penyelamat Malaysia Negeri Pulau Pinang and thereafter a CCC for the Extensions will be issued by a qualified engineer, which shall then be certified by Majlis Perbandaran Seberang Perai. We are also required to obtain the approvals from Majlis Perbandaran Seberang Perai for the operation of a canteen, and the Royal Malaysian Customs Department for the changes to the structure of buildings in the licensed premise due to the Extensions.

We expect to obtain the CCC for the Extensions, as well as the approval from the Royal Malaysian Customs Department for the changes to the building structure, by the end of June 2019 at a minimal fee. We expect to obtain the licence to operate the canteen from Majlis Perbandaran Seberang Perai by the third quarter of 2019 at a minimal fee.

Any delay in obtaining the required clearance and/or approvals as set out above will not have a material impact on our future plans and business operations as our production activities will not be interrupted.

As at the LPD, there is no breach of any regulatory requirements or any environmental issue which may materially affect our operations and utilisation of the above properties.

7.17.2 Material properties rented by our Group

As at the LPD, there are no material properties rented by our Group.

7. BUSINESS OVERVIEW (CONT'D)

7.17.3 Material machinery and equipment

A summary of the material machinery and equipment used and owned by us as at the LPD is set out below:

| Machinery and equipment | Description | Average age of machinery (years) | No. of units as at the LPD | Audited NBV as at 31 January 2019 (RM'000) |
|--------------------------|---|----------------------------------|----------------------------|--|
| CNC machines | CNC is a tool that operates based on pre-programmed sequences that instruct a machine to carry out tasks. CNC can be incorporated in various metal fabrication machines to automate the fabrication processes. We own CNC machines that are used for our cutting processes such as turret punching, bending, milling, and turning | 5 | 166 | ⁽¹⁾ 34,256 |
| Welding machines | A type of welding equipment used to join metal pieces together with the use of electrode | 6 | 124 | ⁽²⁾ 700 |
| Robotic welding machines | An automated welding system with an industrial robotic arm to perform welding process | 6 | 9 | 803 |
| Total | | | | 35,759 |

Notes:

- (1) 20 units have been fully depreciated.
(2) 15 units have been fully depreciated.

7.18 PRODUCTION CAPACITY AND OUTPUT

We use a variety of machinery and equipment to produce metal piece-parts and precision machined components according to the designs and specifications required by our customers. Depending on the complexity and type of products required by our customers, the production time as well as the types of machinery and equipment used would vary from one order to another.

7. BUSINESS OVERVIEW (CONT'D)

We have estimated our annual production capacity and the utilisation rate for the FYE 2018 based on the production running time of our material machinery and equipment as follows:

| Machinery and equipment | No. of units as at 31 July 2018 | ⁽²⁾Estimated maximum annual capacity (hour) | Actual production running time per annum (hour) | Estimated utilisation rate (%) |
|--|--|---|--|---|
| CNC machines | | | | |
| - CNC laser cutting machines | 8 | 22,170 | 17,069 | 77.0 |
| - CNC laser and turret punching combination machines | 2 | 11,085 | 8,639 | 77.9 |
| - CNC turret punching machines | 6 | 13,302 | 7,168 | 53.9 |
| - CNC bending machines | 22 | 79,989 | 76,261 | 95.3 |
| - CNC milling machines | 111 | 307,609 | 261,886 | 85.1 |
| - CNC turning machines | 12 | 33,255 | 28,312 | 85.1 |
| - CNC turning and milling combination machines | 5 | 13,856 | 11,797 | 85.1 |
| - Others ⁽¹⁾ | 3 | 8,868 | 5,419 | 61.1 |
| | 169 | 490,134 | 416,551 | 85.0 |
| Welding machines | 124 | 274,908 | 142,199 | 51.7 |
| Robotic welding machines | 8 | 26,604 | 22,648 | 85.1 |

Notes:

- (1) Comprise 1 CNC oxy-cutting machine, 1 CNC plasma cutting machine and 1 CNC hydraulic rolling machine.
- (2) Our estimated maximum annual production capacity is calculated based on the number of machinery and equipment available, maximum production running time of each of our machinery and equipment and 26 working days per month. The maximum production running time is measured based on either 1 or 2 shifts a day depending on the type of machinery and equipment, 7.5 hours per shift and an overtime of 2 hours a day.

7.19 EMPLOYEES

The number of permanent employees in our Group as at 31 July 2018 and the LPD is as follows:

| Category | No. of employees | | | | | |
|--------------------------------|---------------------------|----------------|--------------|----------------------|----------------|--------------|
| | As at 31 July 2018 | | | As at the LPD | | |
| | Local | Foreign | Total | Local | Foreign | Total |
| Managerial and professional | 136 | - | 136 | 166 | - | 166 |
| Technical and supervisory | 313 | 15 | 328 | 270 | 20 | 290 |
| Clerical and related functions | 60 | - | 60 | 39 | - | 39 |
| Factory workers | 24 | - | 24 | 16 | - | 16 |
| General workers | 6 | - | 6 | 5 | - | 5 |
| Total | 539 | 15 | 554 | 496 | 20 | 516 |

7. BUSINESS OVERVIEW (CONT'D)

The number of contractual employees in our Group as at 31 July 2018 and the LPD, all of whom are foreigners, is as follows:

| Category | No. of employees | |
|--------------------------------|--------------------|---------------|
| | As at 31 July 2018 | As at the LPD |
| Managerial and professional | - | - |
| Technical and supervisory | 5 | 11 |
| Clerical and related functions | 3 | 12 |
| Factory workers | 181 | 155 |
| General workers | 6 | 6 |
| Total | 195 | 184 |

As at the LPD, none of our employees are member of any union nor have there been any major industrial disputes in the past. All our foreign employees working in Malaysia have valid working permits and we have not been and are not in breach of any immigration laws.

7.20 MAJOR CUSTOMERS

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

FPE 2019

| Customer | Industry | Revenue contribution (RM'000) | % of total revenue | Length of business relationship as at the LPD (years) |
|----------------------------|-------------------------------------|-------------------------------|--------------------|---|
| Agilent | Life science and medical technology | 17,845 | 30.2 | 8 |
| Customer A ⁽¹⁾ | Semiconductor | 11,458 | 19.4 | 13 |
| Bromma (Malaysia) Sdn Bhd | Heavy equipment | 6,645 | 11.2 | 5 |
| Plexus ⁽²⁾ | Semiconductor | 4,837 | 8.2 | 14 |
| Teradyne ⁽²⁾⁽³⁾ | Semiconductor | 3,307 | 5.6 | 9 |
| Total | | 44,092 | 74.6 | |

FYE 2018

| Customer | Industry | Revenue contribution (RM'000) | % of total revenue | Length of business relationship as at the LPD (years) |
|----------------------------|-------------------------------------|-------------------------------|--------------------|---|
| Customer A ⁽¹⁾ | Semiconductor | 43,053 | 31.5 | 13 |
| Agilent | Life science and medical technology | 35,495 | 26.0 | 8 |
| Plexus ⁽²⁾ | Semiconductor | 14,369 | 10.6 | 14 |
| Bromma (Malaysia) Sdn Bhd | Heavy equipment | 10,506 | 7.7 | 5 |
| Teradyne ⁽²⁾⁽³⁾ | Semiconductor | 6,270 | 4.6 | 9 |
| Total | | 109,693 | 80.4 | |

7. BUSINESS OVERVIEW (CONT'D)

FYE 2017

| Customer | Industry | Revenue contribution (RM'000) | % of total revenue | Length of business relationship as at the LPD (years) |
|-----------------------------|-------------------------------------|-------------------------------|--------------------|---|
| Agilent | Life science and medical technology | 28,273 | 30.7 | 8 |
| Customer A ⁽¹⁾ | Semiconductor | 21,166 | 23.0 | 13 |
| Bromma (Malaysia) Sdn Bhd | Heavy equipment | 9,992 | 10.8 | 5 |
| Teradyne | Semiconductor | 4,258 | 4.6 | 9 |
| Teledyne e2v Semiconductors | Semiconductor | 2,051 | 2.2 | 5 |
| SAS | | | | |
| Total | | 65,739 | 71.3 | |

FYE 2016

| Customer | Industry | Revenue contribution (RM'000) | % of total revenue | Length of business relationship as at the LPD (years) |
|---|-------------------------------------|-------------------------------|--------------------|---|
| Agilent | Life science and medical technology | 19,830 | 26.0 | 8 |
| Customer A ⁽¹⁾ | Semiconductor | 11,625 | 15.2 | 13 |
| Bromma (Malaysia) Sdn Bhd | Heavy equipment | 11,279 | 14.8 | 5 |
| M S Elevators Sdn Bhd ⁽⁴⁾ | Vertical transportation | 7,130 | 9.3 | 24 |
| SAM Meerkat (M) Sdn Bhd ⁽³⁾⁽⁴⁾ | Semiconductor | 5,026 | 6.6 | 7 |
| Total | | 54,890 | 71.9 | |

Notes:

- (1) Customer A is principally involved in the manufacturing and distribution of information technology products such as motherboards, processors, ethernet products, chipsets and software. It is a Malaysian-based indirect subsidiary of an established global multinational semiconductor chip maker, which is listed on the Nasdaq Global Select Market in the USA.

For the Financial Years/Period Under Review, we sold chassis and cold plates to Customer A. These were used by Customer A in its testing equipment to conduct functional testing on the chipsets manufactured by Customer A.

For the Financial Years/Period Under Review, we were able to command better GP margins from our sales to Customer A mainly due to the complexity of the products which we fabricated for Customer A, in terms of technical and production requirements, and shorter lead time for delivery. As at the LPD, we do not have any long-term contract with Customer A and our credit term to Customer A is 90 days, which is within the normal credit terms granted to all of our customers.

7. BUSINESS OVERVIEW (CONT'D)

Customer A maintains a policy of strict confidentiality of information on its suppliers. As a supplier to Customer A, we are expected to adhere to its confidentiality policy which does not allow suppliers to use Customer A's name without its prior written consent. As Customer A has informed us in writing that it is not in favour of its group of companies to be named in this Prospectus, we have not disclosed the name of Customer A.

None of our Directors, Promoters and substantial shareholders has any interest in, or undue influence over, Customer A.

- (2) Plexus is a contract manufacturer to Teradyne for a project to fabricate memory chip testing equipment. Plexus was authorised by Teradyne to purchase components such as metal structures, card cages, board casings and others for the said project from our Group, which is a qualified supplier to Teradyne.
- (3) Sam Meerkat (M) Sdn Bhd is a contract manufacturer to Teradyne for a project to fabricate hard disk drive testing equipment. Sam Meerkat (M) Sdn Bhd was authorised by Teradyne to purchase metal structures from our Group for the said project.
- (4) M S Elevators Sdn Bhd and SAM Meerkat (M) Sdn Bhd are still customers of the UWC Group for the FYE 2017 and FYE 2018. Revenue from M S Elevators Sdn Bhd and SAM Meerkat (M) Sdn Bhd made up less than 5% of our revenue for the FYE 2017 and FYE 2018.

We are dependent on two of our major customers, namely Customer A and Agilent, which contributed a total of approximately 41.2%, 53.7%, 57.5% and 49.6% to our revenue for the Financial Years/Period Under Review respectively. Please refer to Note (1) above for further information on Customer A. Agilent is an indirect subsidiary of Agilent Technologies, Inc, which is a global leader in life sciences, diagnostics and applied chemical markets, providing application-focused solutions that include instruments, software, services and consumables for the entire laboratory workflow and is listed on the New York Stock Exchange.

Revenue contribution from Customer A increased significantly from approximately RM11.6 million for the FYE 2016 to approximately RM43.1 million for the FYE 2018 mainly due to increase in orders for chassis and cold plates, in line with the growth of the semiconductor industry and growing demand for electronic products. However, for the FPE 2019, we recorded lower sales of approximately RM11.5 million to Customer A, compared to approximately RM24.5 million for the FPE 2018, mainly due to Customer A undertaking modification and upgrading works on the chassis and cold plates during the current financial period.

On the other hand, revenue contribution from Agilent also increased significantly from RM19.8 million for the FYE 2016 to RM35.5 million for the FYE 2018 in line with the growing need for healthcare and medical products. We received higher recurring orders for diffusion pump and various metal piece-parts for laboratory and analysis equipment. We also began the production and sub-assembly of new components for chemical analysis instruments for Agilent. For the FPE 2019, we recorded a slight decline in our sales to Agilent to approximately RM17.8 million from approximately RM18.7 million for the FPE 2018.

Our customers typically do not enter into long-term contracts with us and the majority of our sales are based on purchase orders received from time to time. Therefore, our future performance, to a certain extent, depends on our ability to secure repeat orders from our customers. Nonetheless, we have been working with Customer A and Agilent for more than 8 years as at the LPD. We began serving both Customer A and Agilent following a stringent qualification process, and we believe that our capabilities, track record with our customers and our long-term business relationship of more than 8 years with the said customers will provide us with the basis for continuing business with both Customer A and Agilent.

7. BUSINESS OVERVIEW (CONT'D)

Please refer to Sections 9.1.2 and 9.1.3 of this Prospectus for further information on the risk factors relating to the absence of long-term contracts with our customers and the dependency on our major customers respectively.

7.21 MAJOR SUPPLIERS

Our top 5 major suppliers for each of the Financial Years/Period Under Review are as follows:

FPE 2019

| Supplier | Type of products and services | Purchase value (RM'000) | % of total purchases | Length of business relationship as at the LPD (years) |
|---|--------------------------------|-------------------------|----------------------|---|
| JFE Shoji Trade (Malaysia) Sdn Bhd | Steel plates | 1,538 | 5.5 | 4 |
| voestalpine Steel & Service Center GmbH | Steel plates | 1,536 | 5.5 | 4 |
| AMS Light Metal Sdn Bhd | Aluminium | 1,350 | 4.9 | 1 |
| Premier Precision Technology Sdn Bhd | Precision parts and components | 1,244 | 4.5 | 9 |
| Tibnor AB | Steel plates | 903 | 3.2 | 5 |
| Total | | 6,571 | 23.6 | |

FYE 2018

| Supplier | Type of products and services | Purchase value (RM'000) | % of total purchases | Length of business relationship as at the LPD (years) |
|---|--------------------------------|-------------------------|----------------------|---|
| Premier Precision Technology Sdn Bhd | Precision parts and components | 4,655 | 7.6 | 9 |
| Win Stars Solutions | Precision parts and components | 2,613 | 4.3 | 8 |
| Richard Slocum | Industrial hardware | 2,326 | 3.8 | 6 |
| BEYE Aluminium Trading Sdn Bhd | Aluminium | 2,173 | 3.5 | 12 |
| Sintech Electronic Wireharness & Cable Assembly | Electrical parts | 2,085 | 3.4 | 8 |
| Total | | 13,852 | 22.6 | |

7. BUSINESS OVERVIEW (CONT'D)

FYE 2017

| Supplier | Type of products and services | Purchase value (RM'000) | % of total purchases | Length of business relationship as at the LPD (years) |
|--------------------------------|--------------------------------|-------------------------|----------------------|---|
| AEM Singapore Pte Ltd | Precision parts and components | 2,939 | 7.1 | 6 |
| Duyck Machine, Inc | Precision parts and components | 2,265 | 5.5 | 3 |
| MCTEC Resources ⁽¹⁾ | Precision parts and components | 1,736 | 4.2 | 9 |
| BEYE Aluminium Trading Sdn Bhd | Aluminium | 1,657 | 4.0 | 12 |
| Richard Slocum | Industrial hardware | 1,496 | 3.6 | 6 |
| Total | | 10,093 | 24.4 | |

FYE 2016

| Supplier | Type of products and services | Purchase value (RM'000) | % of total purchases | Length of business relationship as at the LPD (years) |
|----------------------------------|--------------------------------|-------------------------|----------------------|---|
| MCTEC Resources ⁽¹⁾ | Precision parts and components | 1,930 | 8.1 | 9 |
| Brugg Wire Rope (Suzhou) Co, Ltd | Steel wire ropes | 1,101 | 4.6 | 4 |
| AEM Singapore Pte Ltd | Precision parts and components | 896 | 3.8 | 6 |
| Garmco (S) Pte Ltd | Aluminium | 863 | 3.6 | 10 |
| JFE Shoji Steel Malaysia Sdn Bhd | Steel plates | 746 | 3.1 | 3 |
| Total | | 5,536 | 23.2 | |

Note:

- (1) MCTEC Resources is a company in which our Executive Directors were also directors and substantial shareholders. The company was previously involved in the manufacturing of machinery parts. Our Executive Directors had resigned as directors and disposed of their shareholdings in MCTEC Resources on 30 May 2017.

We are not dependent on any of our major suppliers. Our suppliers are selected based on the quality of their products and services, which are subjected to our pre-qualification process to determine their ability to meet the requirements of our customers. We have maintained good working relationships with our major suppliers and have not experienced any material dispute with our major suppliers or disruption in supplies so far.

7. BUSINESS OVERVIEW (CONT'D)

7.22 EXCHANGE CONTROLS

We do not have any foreign subsidiaries which require repatriation of capital and the remittance of profits by or to our Company.