

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF LIFE WATER BERHAD (“LIFE WATER” OR “COMPANY”) DATED 22 OCTOBER 2024 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice).*

### **Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

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

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, MIDF Investment or the Issuing House. Alternatively, the applicant may obtain a paper/printed copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the application forms are not available in electronic format.

### **Jurisdictional Disclaimer**

The IPO and the distribution of the Electronic Prospectus are subject to Malaysian law. Bursa Securities, MIDF Investment and the Company take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the IPO Shares outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any IPO Shares, to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective investors who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

### **Close of Application**

Applications will be accepted from **10.00 a.m.** on **22 October 2024** and will close at **5.00 p.m.** on **30 October 2024**. In the event there is any change to the timetable, the Company will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper within Malaysia and make an announcement of such changes on the Website accordingly.

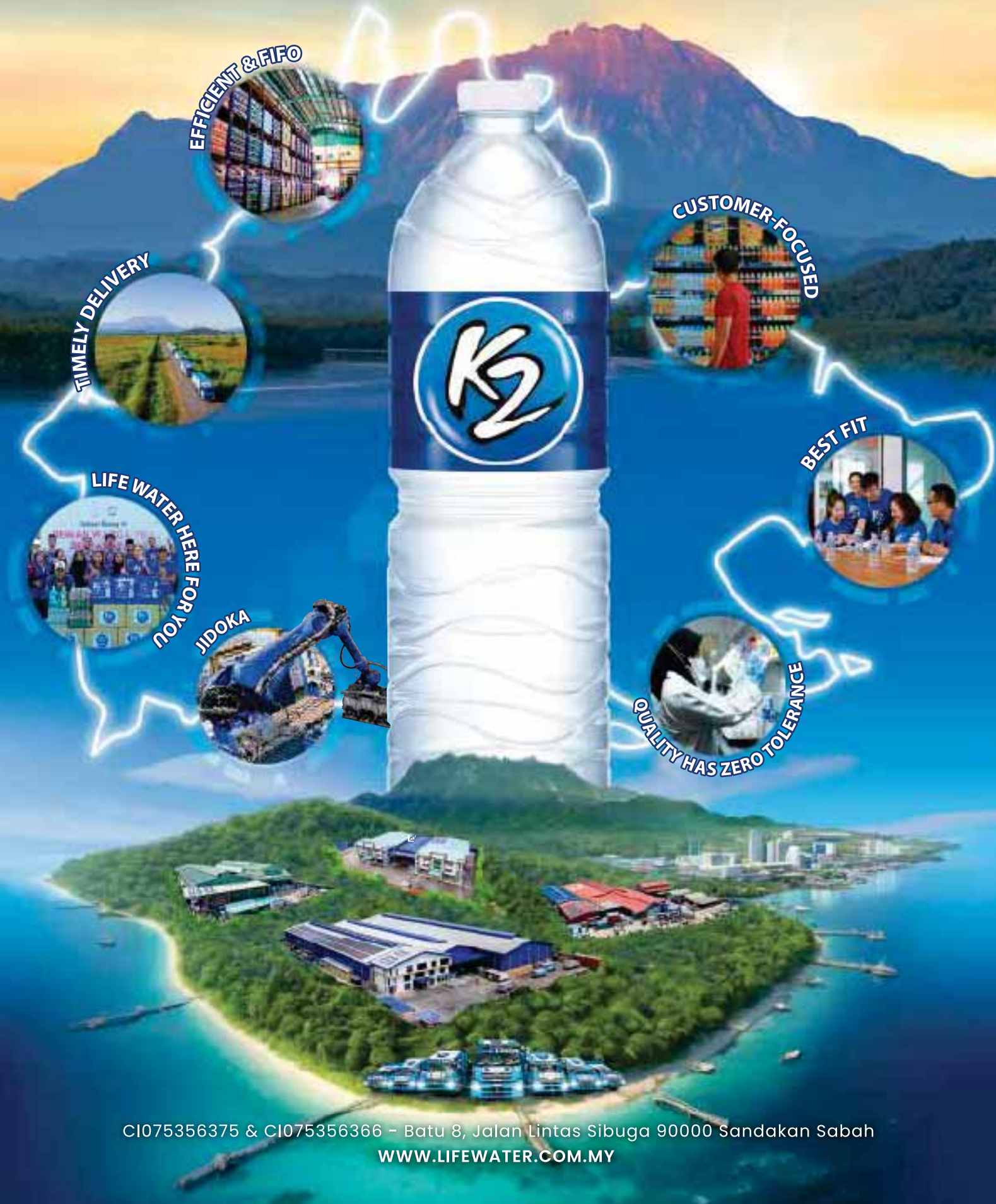
The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

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

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

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

# MAKING QUALITY BEVERAGES AFFORDABLE FOR EVERYONE



# PROSPECTUS



## LIFE WATER BERHAD

(Registration No. 202301002484 (1496403-W))  
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") OF 125,953,000 ORDINARY SHARES IN LIFE WATER BERHAD ("LIFE WATER" OR "COMPANY") ("SHARES") AT AN IPO PRICE OF RM0.65 PER SHARE, PAYABLE IN FULL UPON APPLICATION COMPRISING:

- (I) PUBLIC ISSUE OF 97,563,000 NEW SHARES IN THE FOLLOWING MANNER:
- (A) 23,660,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
  - (B) 14,195,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF LIFE WATER AND ITS SUBSIDIARIES;
  - (C) 560,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
  - (D) 59,148,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY, MALAYSIA;

AND

- (II) OFFER FOR SALE OF 28,390,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS.

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AS SET OUT IN THIS PROSPECTUS, IN CONJUNCTION WITH THE LISTING OF LIFE WATER ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Principal Adviser, Underwriter and Placement Agent



MIDF AMANAH INVESTMENT BANK BERHAD  
(Registration No. 197501002077 (23878-X))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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 OF OUR IPO AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF OUR SHARES BEING OFFERED FOR INVESTMENT.

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

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 195.



All defined terms used in this Prospectus are defined under “Presentation of Financial and Other Information” and “Definitions” commencing on pages viii and x of this Prospectus respectively.

### **RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. 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 the Prospectus false or misleading.

MIDF Investment, 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 of Bursa Securities for our Listing. 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, have 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 our Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning 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.

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

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

Our Shares being offered in our IPO are offered solely based on the contents of this Prospectus. Our Company, Promoters, Selling Shareholders, Directors, Principal Adviser, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

It shall be your sole responsibility, if you are or may be subject to the laws of any countries or jurisdictions other than Malaysia, to consult your legal and/or professional advisers as to whether your application for our IPO would result in the contravention of any laws of such countries or jurisdictions. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any such country or jurisdiction.

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

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

### **ELECTRONIC PROSPECTUS**

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

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

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus.

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

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

- (i) the Internet Participating Financial Institutions or Participating Securities Firms are liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institutions or Participating Securities Firms which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions or Participating Securities Firms shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions or Participating Securities Firms and thereafter 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 an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium; and
- (iii) the Internet Participating Financial Institutions or Participating Securities Firms shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions or Participating Securities Firms, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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**INDICATIVE TIMETABLE**

The following events are intended to take place on the following indicative times and/or dates:

<b><u>Events</u></b>	<b><u>Tentative date</u></b>
Issuance of Prospectus / Opening of application for our IPO Shares	10.00 a.m., 22 October 2024
Closing of application for our IPO Shares	5.00 p.m., 30 October 2024
Balloting of application for our IPO Shares	4 November 2024
Allotment / transfer of our IPO Shares to successful applicants	11 November 2024
Listing on the Main Market of Bursa Securities	13 November 2024

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

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**PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

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All references to “**our Company**” or “**Life Water**” in this Prospectus are to Life Water Berhad. All references to “**our Group**” are to our Company and our subsidiaries taken as a whole. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company or our Group or any member of our Group, as the context requires.

Unless the context otherwise requires, references to “**Management**” are to our Directors and our Key Senior Management/ Key Technical Personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. 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, unless otherwise specified.

In this Prospectus, references to the “**Government**” are to the Government of Malaysia; and references to “**RM**” and “**sen**” are to the lawful currency of Malaysia. 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 hundredth or 2 decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

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

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

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or is exposed to. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the Industry Overview prepared by Vital Factor, an independent business and market research consulting company. We have appointed Vital Factor to provide an independent market and industry review. In compiling their data for the review, Vital Factor had relied on research methodology, industry sources, published materials, their own private databases and direct contacts within the industry. We believe that the information on the industry and the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

All information stated in this Prospectus are as at the LPD unless otherwise specified.

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**FORWARD-LOOKING STATEMENTS**

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This Prospectus includes 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 Management for future operations are forward-looking statements. Some of these statements can be identified by words that have a bias towards or are forward-looking such as “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “estimate”, “aim”, “plan”, “forecast”, “project” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other important factors beyond our Group’s control that could cause our actual results, performances or achievements to be materially different from future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand of our services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our future financial position, earnings, cash flows and liquidity; and
- (v) our ability to pay future dividends.

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

- (i) COVID-19 and possible similar future outbreak;
- (ii) the economic, political and investment environment in Malaysia; and
- (iii) government policy, legislation or regulation.

Such forward-looking statements are based on numerous assumptions regarding our Group’s present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performances or achievements to differ materially include, but are not limited to those discussed in Section 9 – Risk Factors and Section 12.3 – Management’s Discussion and Analysis of Financial Condition and Results of Operations of this Prospectus. We cannot assure you that the forward- looking statements in this Prospectus will be realised.

These forward-looking statements are based on information available to us as at the LPD and are made available only as at the LPD. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of the Issue Shares / transfer of the Offer Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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**DEFINITIONS**

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

**COMPANIES WITHIN OUR GROUP**

<b>Cyplast Industries</b>	: Cyplast Industries Sdn Bhd (Registration No. 202201008736 (1454433-D))
<b>Green Borneo Industries</b>	: Green Borneo Industries Sdn Bhd (Registration No. 201001016886 (900589-H))
<b>K2 Water</b>	: K2 Water Sdn Bhd (Registration No. 201401042504 (1118672-P))
<b>Life Water or Company</b>	: Life Water Berhad (Registration No. 202301002484 (1496403-W))
<b>Life Water Group or Group</b>	: Life Water Berhad and its Subsidiaries, collectively
<b>Life Water Industries</b>	: Life Water Industries Sdn Bhd (Registration No. 199701014984 (430481-P))
<b>Life Water Marketing</b>	: Life Water Marketing Sdn Bhd (Registration No. 200701027403 (785425-P))
<b>Syarikat Maju Sasa</b>	: Syarikat Maju Sasa Sdn Bhd (Registration No. 200701027401 (785423-D))
<b>Syarikat Rasa Kool</b>	: Syarikat Rasa Kool Sdn Bhd (Registration No. 200701027404 (785426-M))
<b>Subsidiaries</b>	: Life Water Industries, Green Borneo Industries, Life Water Marketing, Syarikat Maju Sasa, Syarikat Rasa Kool, K2 Water, and Cyplast Industries, collectively

**GENERAL**

<b>Acquisitions</b>	: Collectively, Life Water Industries Acquisition, Green Borneo Industries Acquisition, Life Water Marketing Acquisition, Syarikat Maju Sasa Acquisition, Syarikat Rasa Kool Acquisition, K2 Water Acquisition and Cyplast Industries Acquisition
<b>Act</b>	: Companies Act 2016
<b>AGM</b>	: Annual General Meeting
<b>Applicants</b>	: Applicants for the subscription of our IPO Shares by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application
<b>Applications</b>	: The applications for the Issue Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
<b>Application Form</b>	: The printed application form for the application of the Issue Shares accompanying this Prospectus
<b>ATM</b>	: Automated Teller Machine

**DEFINITIONS (CONT'D)**

<b>Auditors or Reporting Accountants or BDO</b>	:	BDO PLT (Registration No. 201906000013 (LLP0018825-LCA) & AF 0206)
<b>Board</b>	:	Board of Directors of our Company
<b>Bumiputera</b>	:	In the context of: <ul style="list-style-type: none"> <li>(i) individuals - Malays and the aborigines and the natives of Sabah and Sarawak as specified in the Federal Constitution of Malaysia;</li> <li>(ii) companies - companies which fulfil, among others, the following criteria or such other criteria as may be imposed by MITI: <ul style="list-style-type: none"> <li>(a) registered under the Act as a private company;</li> <li>(b) its shareholders are 100% Bumiputera; and</li> <li>(c) its board of directors (including its staff) are at least 51% Bumiputera</li> </ul> </li> <li>(iii) cooperatives - cooperatives whose shareholders or cooperative members are at least 95% Bumiputera or such other criteria as may be imposed by the MITI</li> </ul>
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
<b>CAGR</b>	:	Compound annual growth rate
<b>CCC</b>	:	Certificate of completion and compliance
<b>CDS</b>	:	Central Depository System
<b>CDS Accounts</b>	:	Accounts established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
<b>CL</b>	:	Country Lease
<b>CMSA</b>	:	Capital Markets and Services Act 2007
<b>Constitution</b>	:	The constitution of our Company
<b>COVID-19</b>	:	Novel coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019
<b>CSR</b>	:	Corporate Social Responsibilities
<b>Cyplast Industries Acquisition</b>	:	The acquisition of the entire issued share capital of Cyplast Industries by our Company from the Vendors pursuant to the Cyplast Industries SSA, as further described in Section 6.3 of this Prospectus

**DEFINITIONS (CONT'D)**

<b>Cyplast Industries SSA</b>	: Conditional share sale agreement dated 26 November 2023 entered into between our Company and the Vendors for the Cyplast Industries Acquisition
<b>Depositor</b>	: A holder of a CDS Account
<b>Directors</b>	: Directors of our Company and within the meaning given in Section 2 of the CMSA
<b>EBIT</b>	: Earnings before interest and taxation
<b>EBITDA</b>	: Earnings before interest, taxation, depreciation and amortisation
<b>EIS</b>	: Employment Insurance System
<b>Electronic Prospectus</b>	: A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
<b>Electronic Share Application</b>	: An application for the Issue Shares through Participating Financial Institutions' ATM
<b>Eligible Persons</b>	: Eligible Directors, employees and persons who have contributed to the success of our Group, as further detailed in Section 4.3.1(ii) of this Prospectus
<b>EPF</b>	: Employees' Provident Fund
<b>EPS</b>	: Earnings per Share
<b>Equity Guidelines</b>	: Equity Guidelines issued by the SC
<b>ESG</b>	: Environmental, social and governance
<b>Financial Years Under Review</b>	: Collectively, FYE 2021, FYE 2022, FYE 2023 and FYE 2024
<b>FYE</b>	: Financial year ended / ending 30 June, as the case may be
<b>g</b>	: gram
<b>GMP</b>	: Good Manufacturing Practice
<b>GP</b>	: Gross profit
<b>Green Borneo Industries Acquisition</b>	: The acquisition of the entire issued share capital of Green Borneo Industries by our Company from the Vendors pursuant to the Green Borneo Industries SSA, as further described in Section 6.3 of this Prospectus
<b>Green Borneo Industries SSA</b>	: Conditional share sale agreement dated 26 November 2023 entered into between our Company and the Vendors for the Green Borneo Industries Acquisition
<b>HACCP</b>	: Hazard analysis and critical control points
<b>ICA</b>	: Industrial Co-ordination Act 1975



**DEFINITIONS (CONT'D)**

<b>IFRS</b>	: International Financial Reporting Standards as issued by the International Accounting Standards Board
<b>Internet Participating Financial Institutions or Participating Securities Firms</b>	: Participating financial institutions or participating securities firms for the Internet Share Application, as listed in Section 15 of this Prospectus
<b>Internet Share Application</b>	: Application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institutions or Participating Securities Firms
<b>IPO</b>	: Collectively, Offer for Sale and Public Issue
<b>IPO Price</b>	: The issue price of RM0.65 per IPO Share pursuant to the IPO
<b>IPO Shares</b>	: Collectively, the Issue Shares and Offer Shares
<b>ISO</b>	: International Organisation for Standardisation
<b>Issue Shares</b>	: New Shares to be issued by our Company under the Public Issue
<b>Issuing House</b>	: Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
<b>JAKIM</b>	: Department of Islamic Development Malaysia
<b>K2 Water Acquisition</b>	: The acquisition of the entire issued share capital of K2 Water by our Company from the Vendors pursuant to the K2 Water SSA, as further described in Section 6.3 of this Prospectus
<b>K2 Water SSA</b>	: Conditional share sale agreement dated 26 November 2023 entered into between our Company and the Vendors for the K2 Water Acquisition
<b>Key Senior Management</b>	: Key senior management personnel of our Group comprising Liaw Hen Kong, Chin Lee Ling, Christina Yap Chui Fui, Chin Lee Yung @ Rina Chin and Chin Chun Ming
<b>Key Technical Personnel</b>	: Key technical personnel of our Group comprising Liaw Hen Kong and Chin Chun Ming
<b>kg</b>	: Kilogram
<b>KKIP</b>	: Kota Kinabalu Industrial Park
<b>Life Water Industries Acquisition</b>	: The acquisition of the entire issued share capital of Life Water Industries by our Company from the Vendors pursuant to the Life Water Industries SSA, as further described in Section 6.3 of this Prospectus
<b>Life Water Industries SSA</b>	: Conditional share sale agreement dated 26 November 2023 entered into between our Company and the Vendors for the Life Water Industries Acquisition
<b>Life Water Marketing Acquisition</b>	: The acquisition of the entire issued share capital of Life Water Marketing by our Company from the Vendors pursuant to the Life Water Marketing SSA, as further described in Section 6.3 of this Prospectus

**DEFINITIONS (CONT'D)**

<b>Life Water Marketing SSA</b>	: Conditional share sale agreement dated 26 November 2023 entered into between our Company and the Vendors for the Life Water Marketing Acquisition
<b>Listing</b>	: The admission of our Company to the Official List and the listing of and quotation for our entire enlarged Shares on the Main Market of Bursa Securities
<b>Listing Requirements</b>	: Main Market Listing Requirements of Bursa Securities
<b>Listing Scheme</b>	: Comprising the Acquisitions, Public Issue, Offer for Sale, Share Transfer and Listing, collectively
<b>LPD</b>	: 23 September 2024, being the latest practicable date prior to the issuance of this Prospectus
<b>MAICSA</b>	: Malaysian Institute of Chartered Secretaries and Administrators
<b>Malaysian Public</b>	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
<b>Market Days</b>	: Any days between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
<b>MCCG</b>	: Malaysian Code on Corporate Governance which came into effect on 28 April 2021
<b>MCO</b>	: The nationwide Movement Control Order imposed by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19
<b>MDTCL</b>	: Ministry of Domestic Trade and Costs of Living
<b>MeSTI</b>	: Makanan Selamat Tanggungjawab Industri
<b>MFRS</b>	: Malaysian Financial Reporting Standards
<b>MIA</b>	: Malaysian Institute of Accountants
<b>MIDA</b>	: Malaysian Investment Development Authority
<b>MIDF Berhad</b>	: Malaysian Industrial Development Finance Berhad (Registration No. 196001000082 (3755-M))
<b>MIDF Investment or Principal Adviser or Placement Agent or Underwriter</b>	: MIDF Amanah Investment Bank Berhad (Registration No. 197501002077 (23878-X))
<b>MITI</b>	: Ministry of Investment, Trade and Industry of Malaysia
<b>ml</b>	: millilitre
<b>mm</b>	: millimetre
<b>MOF</b>	: Ministry of Finance Malaysia
<b>MOH</b>	: Ministry of Health Malaysia

**DEFINITIONS (CONT'D)**

<b>Moratorium Period</b>	: Period of 6 months from the date of our Listing
<b>Moratorium Providers</b>	: Collectively, Scarecrow Holding, Liaw Hen Kong, Tan Hwong Kuen and Lim Young Piau, being shareholders of our Company whose securities are subject to moratorium under the Equity Guidelines
<b>MyIPO</b>	: Intellectual Property Corporation of Malaysia
<b>N/A</b>	: Not applicable
<b>NA</b>	: Net assets
<b>NBV</b>	: Net book value
<b>nm</b>	: Nanometre
<b>NRP</b>	: National Recovery Plan
<b>OC</b>	: Occupation Certificate
<b>Offer for Sale</b>	: Offer for sale by the Selling Shareholders of 28,390,000 Offer Shares at our IPO Price, representing 6.00% of our entire enlarged Shares by way of private placement to selected investors
<b>Offer Shares</b>	: Existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale
<b>Official List</b>	: A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
<b>Participating Financial Institutions</b>	: Participating financial institutions for the Electronic Share Application, as listed in Section 15 of this Prospectus
<b>Participating Securities Firms</b>	: Participating securities firms for the Internet Share Application, as listed in Section 15 of this Prospectus
<b>PAT</b>	: Profit after taxation
<b>PBT</b>	: Profit before taxation
<b>PE Multiple</b>	: Price earnings multiple
<b>Pink Form Allocation</b>	: The allocation of 14,195,000 Issue Shares to the Eligible Persons pursuant to the Public Issue
<b>Prescribed Securities</b>	: Securities of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the SICDA and the Rules
<b>Promoters</b>	: Collectively, Liaw Hen Kong, Chin Lee Ling, Tan Hwong Kuen and Lim Young Piau
<b>Prospectus</b>	: This Prospectus dated 22 October 2024 in relation to our IPO
<b>Prospectus Guidelines</b>	: Prospectus Guidelines issued by the SC

**DEFINITIONS (CONT'D)**

<b>Public Issue</b>	: The public issue of 97,563,000 Issue Shares at our IPO Price, representing 20.62% of our entire enlarged Shares in the following manner:
	(i) 23,660,000 Issue Shares made available for application by the Malaysian Public;
	(ii) 14,195,000 Issue Shares made available for application by the Eligible Persons;
	(iii) 560,000 Issue Shares made available by way of private placement to selected investors; and
	(iv) 59,148,000 Issue Shares made available by way of private placement to identified Bumiputera investors approved by the MITI
<b>QA</b>	: Quality assurance
<b>Record of Depositors</b>	: A record of securities holders established by Bursa Depository under the Rules
<b>RM and sen</b>	: Ringgit Malaysia and sen respectively
<b>RPT</b>	: Related party transaction
<b>Rules</b>	: The rules of Bursa Depository, as may be amended from time to time
<b>SAC</b>	: Shariah Advisory Council of the SC
<b>SC</b>	: Securities Commission Malaysia
<b>Scarecrow Holding</b>	: Scarecrow Holding Sdn Bhd (Registration No. 202301048276 (1542190-A))
<b>Scarecrow Holding Shares</b>	: Ordinary shares in Scarecrow Holding
<b>Scheduled Wastes Regulations</b>	: Environmental Quality (Scheduled Wastes) Regulations 2005
<b>Selling Shareholders</b>	: Collectively, Liaw Hen Kong, Chin Lee Ling, Tan Hwong Kuen, and Lim Young Piau
<b>Shares</b>	: Ordinary shares in Life Water
<b>Share Transfer</b>	: Transfer of a total of 173,613,300 Shares held by Liaw Hen Kong and Chin Lee Ling to Scarecrow Holding during the prescription period (one day after the launching date of this Prospectus up to a period of 30 days)
<b>SICDA</b>	: Securities Industry (Central Depositories) Act 1991
<b>SOCISO</b>	: Social Security Organisation, also known as PERKESO (Pertubuhan Keselamatan Sosial)
<b>SOP</b>	: Standard operating procedure
<b>SPA</b>	: Sale and purchase agreement

**DEFINITIONS (CONT'D)**

<b>sq ft</b>	:	Square feet
<b>sq m</b>	:	Square metres
<b>SSM</b>	:	Companies Commission of Malaysia
<b>Syarikat Maju Sasa Acquisition</b>	:	The acquisition of the entire issued share capital of Syarikat Maju Sasa by our Company from the Vendors pursuant to the Syarikat Maju Sasa SSA, as further described in Section 6.3 of this Prospectus
<b>Syarikat Maju Sasa SSA</b>	:	Conditional share sale agreement dated 26 November 2023 entered into between our Company and the Vendors for the Syarikat Maju Sasa Acquisition
<b>Syarikat Rasa Kool Acquisition</b>	:	The acquisition of the entire issued share capital of Syarikat Rasa Kool by our Company from the Vendors pursuant to the Syarikat Rasa Kool SSA, as further described in Section 6.3 of this Prospectus
<b>Syarikat Rasa Kool SSA</b>	:	Conditional share sale agreement dated 26 November 2023 entered into between our Company and the Vendors for the Syarikat Rasa Kool Acquisition
<b>Underwriting Agreement</b>	:	Underwriting agreement dated 1 October 2024 entered into between our Company and MIDF Investment pursuant to our IPO
<b>USD</b>	:	United States Dollar
<b>Vendors</b>	:	Collectively, Liaw Hen Kong, Chin Lee Ling, Tan Hwong Kuen and Lim Young Piau
<b>Vital Factor or IMR</b>	:	Vital Factor Consulting Sdn Bhd (Registration No. 199301012059 (266797-T)), the independent business and market research consulting company

**EXISTING OPERATIONAL FACILITIES WITHIN OUR GROUP**

<b>Keningau Plant</b>	:	One detached single storey factory with mezzanine floor and office (plus warehouse) and one detached single storey warehouse with 2-storey office owned by Life Water Industries bearing postal address of Lot 4 & 5, Borneo Commercial Centre, Jalan Masak, 89000, Keningau, Sabah.  As at the LPD, this premises is not yet operational but proposed to be used as sales office, warehouse and manufacturing of drinking water by December 2024.
<b>KK IZ2 DC</b>	:	One single storey warehouse building owned by Green Borneo Industries bearing postal address of Lot 49, Jalan 1H, KKIP Selatan, Industrial Zone 2, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah.  As at the LPD, we have rented out the property to Leasing Logistics (E.M.) Sdn Bhd to be used as warehouse pursuant to a tenancy agreement dated 17 July 2023 between Green Borneo Industries and Leasing Logistics (E.M.) Sdn Bhd. Leasing Logistics (E.M.) Sdn Bhd subsequently sublet approximately 8,000 sq. ft. to our Group for warehouse storage.

**DEFINITIONS (CONT'D)**

- KK IZ4 Plant** : One single storey factory building (with 2-storey office) plus one single storey warehouse building (with 2-storey office) owned by Green Borneo Industries bearing postal address of Lot 9, Jalan 1F, KKIP Selatan, Industrial Zone 4, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah.
- As at the LPD, this premises is used as sales office, warehouse and manufacturing of drinking water.
- KK IZ8 Plant 1** : One single storey factory building (with 3-storey office), one single storey factory building and one single storey cladding warehouse owned by Life Water Industries bearing postal address of Lot 805, Jalan 7, KKIP Timur, Industrial Zone 8, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah.
- As at the LPD, this premises is used as office, warehouse, manufacturing of drinking water, PET preforms and bottle caps.
- Lahad Datu DC 1** : One semi-detached single-storey warehouse building with mezzanine floor owned by Life Water Industries bearing postal address of MDLD 3399, Lot 41, Kimbell Light Industrial Estate, Batu 2.5, Jalan Dam, Lahad Datu, Sabah.
- As at the LPD, this premises is used as sales office and warehouse.
- Lahad Datu DC 2** : One single storey semi-detached light industrial building with mezzanine floor owned by Life Water Industries bearing postal address of MDLD 3381, Lot 23, Kimbell Light Industrial Estate, Batu 2.5, Jalan Dam, Lahad Datu, Sabah.
- As at the LPD, this premises is used as warehouse.
- Sandakan Sibuga DC 1** : One open sided single storey warehouse building owned by Life Water Industries bearing postal address of CL075323901, Batu 8, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.
- As at the LPD, this premises is used as warehouse.
- Sandakan Sibuga Plant 1** : One single storey factory building (with 2-storey office) and one single storey warehouse building owned by Life Water Industries bearing postal address of CL075356375 and CL075356366, Batu 8, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.
- As at the LPD, this premises is used as head office, warehouse and manufacturing of drinking water and carbonated drinks.



**DEFINITIONS (CONT'D)****PROPOSED OPERATIONAL FACILITIES WITHIN OUR GROUP**

- KK IZ8 Plant 2** : A vacant land measuring 8.16 acres to be purchased by Life Water Industries known as Lot 815, Jalan 7, KKIP Timur, Industrial Zone 8, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah.
- As at the LPD, this premises is not in use yet but proposed to be used for the manufacturing of drinking water.
- Sandakan Sibuga DC 2** : One single-storey laboratory owned by Life Water Industries bearing postal address of CL075323894, Batu 8, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.
- As at the LPD, this premises is not in use yet but proposed to be used as distribution centre.
- Sandakan Sibuga Plant 2** : A vacant land measuring 5.82 acres owned by Life Water Industries bearing postal address of CL075099464, Batu 4, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.
- As at the LPD, this premises is not yet in use but proposed to be used for the manufacturing of drinking water.
- Tawau DC** : A single-storey office and open shed building located at CL105244442, Kinabutan, Off KM 8, Jalan Apas, 91000 Tawau, Sabah.
- As at the LPD, this premises is not in use yet but proposed to be used as distribution centre.

**INVESTMENT PROPERTIES WITHIN OUR GROUP**

- Lot 50 KKIP** : One single storey warehouse building owned by Green Borneo Industries bearing postal address of Lot 50, Jalan 1H, KKIP Selatan, Industrial Zone 2, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah.
- As at the LPD, we have rented out the property to Leasing Logistics (E.M.) Sdn Bhd to be used as warehouse pursuant to a tenancy agreement dated 17 July 2023 between Green Borneo Industries and Leasing Logistics (E.M.) Sdn Bhd.

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**GLOSSARY OF TECHNICAL TERMS**


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Technical terms used in this Prospectus shall have the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

- 2more Fun Truck** : A beverage truck used as for marketing purposes and designed to be interactive where children can interact with the truck for free 2more carbonated drinks.
- Activated carbon** : It is a type of charcoal and may be made from wood, coconut shell, coal and other carbon-based materials. It is commonly used in filtered water to remove natural organic compound, volatile organic chemicals, odour and taste.
- Blow moulding** : A manufacturing process commonly used to produce plastic bottles. It involves the use of an injection moulded preform which is pre-heated then stretched and blown into its final shape by a stretch-blow moulding machine.
- Brand equity** : The commercial value of a brand which commonly considers brand awareness, loyalty and association.
- Bottled water** : Treated water whose source are taken directly from municipal potable water or underground water. They are also packed commonly in single use PET bottles as well as other forms of packaging.
- Carbonated drinks** : A type of beverage that have dissolved carbon dioxide and usually contain added sugar, preservative, colouring and flavouring. They are commonly packed in single use bottles or cans to maintain the pressure required to maintain the dissolved carbon dioxide in the water prior to opening of the bottle or can.
- Carbonated drinks manufacturing line** : In the context of this Prospectus, a carbonated drinks manufacturing line comprises a minimum of 1 unit of PET bottle blow moulding machine, 1 unit of pre-treatment and CIP cleaning system, 1 unit of boiler, 1 unit of carbonated mixer, 1 unit of rinsing, filling, and capping machine, 1 unit of labelling machine, 1 unit of packing machine and conveyor system to connect and integrate all these machines.
- Drinking water** : In the context of this Prospectus, drinking water is refers to as packaged drinking water. Packaged drinking water is potable water or treated potable water, other than natural mineral water, sourced from public water supply, surface water or underground water and are safe for human consumption. They are commonly packaged in single use PET bottles. In terms of packaging, drinking water are only allowed to use white bottle caps. As at the LPD, our drinking water refers to drinking water sourced from public water supply system which is packaged in single use PET bottles.

**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

<b>Drinking water manufacturing line</b>	:	In the context of this Prospectus, a drinking water manufacturing line comprises a minimum of 1 unit of PET bottle blow moulding machine, 1 unit of rinsing, filling and capping machine, 1 unit of labelling machine, 1 unit of packing machine, 1 unit of palletising machine and conveyor system to connect and integrate all these machines. There may be variations to the composition of the manufacturing line depending on the size of bottles to be produced, the layout and size of the plant.
<b>Fruit drinks</b>	:	A type of beverage containing less than 5% of fruit juice and may contain added sugar, preservative, colouring and flavouring.
<b>High density polyethylene (HDPE)</b>	:	A type of thermoplastic polymer resin used for the manufacturing of plastic packaging products including bottles and caps.
<b>Injection moulding</b>	:	A manufacturing process where plastic is melted in the injection moulding machine and then injected into a mold to obtain its shape, where it then cools and solidifies into the final product.
<b>Interior Division of Sabah</b>	:	According to the Administrative Divisions Proclamation 2014 of Sabah, the Interior Division of Sabah covers Keningau, Tambunan, Pensiangan / Nabawan, Tenom, Beaufort, Sipitang, Kuala Penyu districts.
<b>Isotonic drinks</b>	:	Isotonic drinks, also known as sports drinks, are formulated to replace fluids and electrolytes lost due to exercise and perspiration. Generally, an isotonic drink contains sugar (or carbohydrates) to provide an energy boost of simple carbohydrates as well as electrolyte minerals such as sodium, potassium, chloride and calcium.
<b>Kudat Division of Sabah</b>	:	According to the Administrative Divisions Proclamation 2014 of Sabah, the Kudat Division of Sabah covers Kudat, Kota Marudu and Pitas districts.
<b>Mineral water</b>	:	Refers to ground water which is obtained for human consumption from underground water resources and contains various minerals such as magnesium, calcium, fluoride, sodium and sulphate. In its packaged form, it must comply with certain chemical, bacteriological and radioactivity standards.
<b>Natural mineral water</b>	:	In the context of this Prospectus, natural mineral water is referred to as mineral water.
<b>Osmotic pressure</b>	:	Refers to the difference in pressure that moves water from an area of low concentration to higher concentration, when separated by a semi-permeable barrier.
<b>Ozone</b>	:	Its chemical formula is O <sub>3</sub> . Ozone is commonly used in water treatment to disinfect microorganisms, removal of certain organic and inorganic matter such as pesticides.

**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

<b>Polyethylene terephthalate (PET)</b>	:	A type of thermoplastic polymer resin used for the manufacturing of containers for liquids and foods and other products.
<b>PET preforms</b>	:	They are made from plastic pellets and injection moulded into a tubular form before they are blow moulded into PET bottles. In the context of this Prospectus, all mention of PET preforms may also include rPET preforms.
<b>pH</b>	:	A unit of measure of the acidity or alkalinity of liquid solutions.
<b>Potable water</b>	:	Potable water refers to treated raw water suitable for consumption. Potable water is commonly supplied through the public water utility system piped directly to user premises.
<b>Reverse Osmosis (RO)</b>	:	It is a filtration technology that uses water pressure to force water molecules to pass through a semi-permeable membrane designed to filter out contaminants and particles. The resultant water is purified drinking water.
<b>rPET</b>	:	Recycled PET refers to PET products, such as plastic bottles, containers and other packaging materials, that has been recovered and processed for reuse.
<b>Sandakan Division of Sabah</b>	:	According to the Administrative Divisions Proclamation 2014 of Sabah, the Sandakan Division of Sabah covers Sandakan, Labuk and Sugut, Kinabatangan, Tongod and Telupid districts.
<b>Semi-automated manufacturing line</b>	:	In the context of this Prospectus, semi-automated manufacturing line for beverage products refers a production line where the PET bottle blow moulding process, and the rinsing, filling and capping process are not connected to one another.
<b>SKU (stock keeping unit)</b>	:	A unique identifier for each distinct product that can be purchased.
<b>Tawau Division of Sabah</b>	:	According to the Administrative Divisions Proclamation 2014 of Sabah, the Tawau Division of Sabah covers Tawau, Lahad Datu, Semporna and Kunak districts.
<b>Total Dissolved Solids</b>	:	Refers to the amount of minerals, metals, organic material and salts that are dissolved in a certain water volume that is expressed in milligram per litre. It is a unit of measure that is directly associated with the quality and purity of water.
<b>Turbidity</b>	:	A measure of the relative clarity of a liquid.
<b>Ultraviolet (UV) light</b>	:	A type of light used for sterilisation and disinfection purposes.
<b>West Coast Division of Sabah</b>	:	According to the Administrative Divisions Proclamation 2014 of Sabah, the West Coast Division of Sabah covers Kota Kinabalu, Kota Belud, Ranau, Tuaran, Penampang, Papar and Putatan districts.

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

<b>Name (Designation)</b>	<b>Residential Address</b>	<b>Nationality</b>
Datuk Petrus Gimbad (M) (Independent Non-Executive Chairman)	7-1, Puteri Damai Condominium Jalan Damai, Lorong Alpha 88400 Kota Kinabalu Sabah	Malaysian
Liaw Hen Kong (M) (Managing Director)	Lot 33, Lorong Reservoir 1A Taman Reservoir, Phase 1A Jalan Bundusan 88300 Kota Kinabalu Sabah	Malaysian
Chin Lee Ling (F) (Executive Director)	Lot 33, Lorong Reservoir 1A Taman Reservoir, Phase 1A Jalan Bundusan 88300 Kota Kinabalu Sabah	Malaysian
Tan Hwong Kuen (M) (Non-Independent Non-Executive Senior Director)	House No. 7, Taman Puncak Luyang Jalan Kolam Luyang 88300 Kota Kinabalu Sabah	Malaysian
Lim Young Piau (M) (Non-Independent Non-Executive Senior Director)	Unit 3A-2, Level 3A The Peak Condominium Jalan Signal Hill Park 88400 Kota Kinabalu Sabah	Malaysian
Ang Seng Wong (M) (Independent Non-Executive Director)	No. 70, Jalan 5/56 Gasing Indah 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian
Tan Mui Ping (F) (Independent Non-Executive Director)	No 1, Jalan SS24/14, Taman Megah 47301 Petaling Jaya Selangor Darul Ehsan	Malaysian
Selma Enolil Binti Mustapha Khalil (F) (Independent Non-Executive Director)	32, Jalan Putra Bistari 2/1S Putra Heights 47650 Subang Jaya Selangor Darul Ehsan	Malaysian

M = Male

F = Female

**1. CORPORATE DIRECTORY (CONT'D)****AUDIT & RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tan Mui Ping	Chairman	Independent Non-Executive Director
Ang Seng Wong	Member	Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Selma Enolil Binti Mustapha Khalil	Chairman	Independent Non-Executive Director
Ang Seng Wong	Member	Independent Non-Executive Director
Tan Hwong Kuen	Member	Non-Independent Non-Executive Senior Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Ang Seng Wong	Chairman	Independent Non-Executive Director
Tan Mui Ping	Member	Independent Non-Executive Director
Lim Young Piau	Member	Non-Independent Non-Executive Senior Director

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**1. CORPORATE DIRECTORY (CONT'D)****COMPANY  
SECRETARIES**

: **Tan Lai Hong**  
Professional qualification: MAICSA  
(MAICSA Membership No.: MAICSA 7057707)  
SSM Practising Certificate No.: 202008002309

**Tricor Corporate Services Sdn Bhd**

Unit 30-01, Level 30, Tower A,  
Vertical Business Suite  
Avenue 3, Bangsar South  
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59200 Kuala Lumpur  
Wilayah Persekutuan

Telephone No. : +603-2783 9191

Facsimile No. : +603-2783 9111

**REGISTERED OFFICE**

: Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan

Telephone No. : +603-2783 9191

Facsimile No. : +603-2783 9111

**HEAD OFFICE**

: CL075356375 & CL075356366  
Batu 8, Jalan Lintas Sibuga  
90000 Sandakan  
Sabah

Telephone No. : +6089-675 778

Facsimile No. : +6089-675 833

Email : [info@lifewater.com.my](mailto:info@lifewater.com.my)

Website : [www.lifewater.com.my](http://www.lifewater.com.my)

**AUDITORS AND  
REPORTING  
ACCOUNTANTS**

: **BDO PLT**  
Level 8, BDO @ Menara CenTARa  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Wilayah Persekutuan

Partner-in-charge : Pang Zhi Hao

Approval No. : 03450/09/2025 J

Professional qualification : Chartered Accountant  
Member of MIA  
(MIA Membership No.: 42611)  
Member of MICPA  
(MICPA Membership No.: 5706)  
Member of CPA, Australia  
(CPA Membership No.: 9454175)

Telephone No. : +603-2616 3055

Facsimile No. : +603-2616 3190

**1. CORPORATE DIRECTORY (CONT'D)**

- PRINCIPAL ADVISER,  
UNDERWRITER AND  
PLACEMENT AGENT** : **MIDF Amanah Investment Bank Berhad**  
Level 25, Menara MBSB Bank  
PJ Sentral, Lot 12  
Persiaran Barat, Seksyen 52  
46200 Petaling Jaya  
Selangor Darul Ehsan
- Telephone No. : +603-2173 8888  
Facsimile No. : +603-2173 8877
- SOLICITORS FOR OUR  
IPO** : **Jeff Leong, Poon & Wong**  
B-11-8, Level 11  
Megan Avenue II  
Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Wilayah Persekutuan
- Telephone No. : +603-2203 3388  
Facsimile No. : +603-2203 3399
- INDEPENDENT  
BUSINESS AND  
MARKET RESEARCH  
CONSULTANTS** : **Vital Factor Consulting Sdn Bhd (266797-T)**  
V Square @ PJ City Centre (VSQ)  
Block 6, Level 6  
Jalan Utara  
46200 Petaling Jaya  
Selangor Darul Ehsan
- Person-in-charge : Wong Wai Ling  
Qualification : Bachelor of Arts from Monash  
University, Australia;  
Graduate Diploma in Management  
Studies from the University of  
Melbourne, Australia
- Telephone No. : +603-7931 3188  
Facsimile No. : +603-7931 2188
- Please refer to Section 8 of this Prospectus for the profile of the firm  
and signing director
- 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  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan
- Telephone No. : +603-2783 9299  
Facsimile No. : +603-2783 9222
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC

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**2. APPROVALS AND CONDITIONS**


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**2.1 SC**

The SC had, vide its letter dated 27 March 2024, approved our IPO and Listing under Section 214(1) of the CMSA, subject to compliance with the following conditions:

<b>Details of conditions imposed</b>	<b>Status of compliance</b>
MIDF Investment and Life Water to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing.	To be complied

The SC had also, vide the same letter dated 27 March 2024, approved our application under the Bumiputera equity requirement for public listed companies pursuant to our Listing, subject to our Company allocating Shares equivalent to 12.5% of our enlarged number of issued Shares to Bumiputera investors to be approved by MITI in conjunction with our Listing. In addition, we are required to make available at least 50% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors.

Further, the SC had, vide its letter dated 12 September 2024, approved for an extension of time of approximately 3 months until 31 December 2024 to implement and complete our Listing, in accordance with Section 214(1) of the CMSA, read together with Paragraph 10.01 of the Equity Guidelines.

The SAC had, on 8 October 2024, classified our Shares as Shariah-compliant based on our pro forma consolidated statements of financial position as at 30 June 2024 and audited combined financial statements for the FYE 2024 .

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**2. APPROVALS AND CONDITIONS (CONT'D)****2.2 BURSA SECURITIES**

Bursa Securities had, vide its letter dated 2 August 2024, approved our admission to the Official List and the listing of and quotation for our entire enlarged issued Shares on the Main Market of Bursa Securities. The approval from Bursa Securities is subject to the following conditions:

<b>No.</b>	<b>Details of conditions imposed</b>	<b>Status of compliance</b>
(i)	Life Water and MIDF Investment to make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Practice Note 21 of the Listing Requirements; and	To be complied
(ii)	Life Water and MIDF Investment to 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 enlarged Issued Shares.	To be complied

**2.3 MITI**

The MITI had, vide its letter dated 29 February 2024, taken note of and has no objection to our Listing.

**2.4 MORATORIUM ON OUR SHARES**

Pursuant to Paragraph 5.29(a), Part II of the Equity Guidelines, our Shares held by the Moratorium Providers as at the date of our Listing will be placed under moratorium. In this respect, our Shares that are subject to moratorium are as follows:

<b>Name</b>	<b>Direct</b>		<b>Indirect</b>	
	<b>No. of Shares</b>	<b>(1)%</b>	<b>No. of Shares</b>	<b>(1)%</b>
Scarecrow Holding	173,613,300	36.68	-	-
Liaw Hen Kong	200	*	<sup>(2)</sup> 173,613,300	36.68
Chin Lee Ling	-	-	<sup>(2)</sup> 173,613,300	36.68
Tan Hwong Kuen	86,806,500	18.35	-	-
Lim Young Piau	86,806,500	18.35	-	-
<b>Total</b>	<b>347,226,500</b>	<b>73.38</b>		

**Notes:**

\* Negligible.

(1) Based on our enlarged Shares of 473,179,500 Shares upon our Listing.

(2) Deemed interested by virtue of Section 8(4) of the Act, through his/her shareholding in Scarecrow Holding.

The Moratorium Providers have fully accepted the moratorium. They have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the Moratorium Period.

The above moratorium restrictions are specifically endorsed on the share certificates representing our Shares held by the Moratorium Providers which are under moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes such restriction.

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

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Liaw Hen Kong and Chin Lee Ling, being the direct shareholders of Scarecrow Holding have provided written undertaking that they will not sell, transfer or assign any part of their entire shareholdings in Scarecrow Holding including our Shares which are held on trust by Scarecrow Holding for them, for the Moratorium Period.

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### 3. PROSPECTUS SUMMARY

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

#### 3.1 PRINCIPAL DETAILS OF OUR IPO

Our IPO entails an offering of 125,953,000 IPO Shares at an IPO Price of RM0.65 per IPO Share.

Enlarged total number of Shares upon Listing	473,179,500
IPO Price per Share	RM0.65
Market capitalisation upon Listing (calculated based on our IPO Price and the enlarged total number of 473,179,500 Shares upon Listing)	RM307,566,675
Total gross proceeds to be raised by our Company from the Public Issue	RM63,415,950
Total gross proceeds to be raised by our Selling Shareholders from the Offer for Sale <sup>(1)</sup>	RM18,453,500

**Note:**

(1) The gross proceeds from the Offer for Sale will accrue entirely to our Selling Shareholders.

In summary, our IPO Shares will be allocated in the following manner, as set out in Section 4 of this Prospectus:

	Public Issue		Offer for Sale		Total	
	No. of Shares	<sup>(1)</sup> (%)	No. of Shares	<sup>(1)</sup> (%)	No. of Shares	<sup>(1)</sup> (%)
Malaysian Public (via balloting) <sup>(2)</sup>	23,660,000	5.00	-	-	23,660,000	5.00
Eligible Persons	14,195,000	3.00	-	-	14,195,000	3.00
Private placement to selected investors	560,000	0.12	28,390,000	6.00	28,950,000	6.12
Private placement to identified Bumiputera investors approved by the MITI	59,148,000	12.50	-	-	59,148,000	12.50
<b>Total</b>	<b>97,563,000</b>	<b>20.62</b>	<b>28,390,000</b>	<b>6.00</b>	<b>125,953,000</b>	<b>26.62</b>

**Notes:**

(1) Based on our enlarged Shares of 473,179,500 Shares after our IPO.

(2) Including 11,830,000 Issue Shares made available to Bumiputera Malaysian Public.

Please refer to Section 4.3 of this Prospectus for further details of our IPO.

In accordance with the Equity Guidelines, Scarecrow Holding, Liaw Hen Kong, Tan Hwong Kuen and Lim Young Piau are not allowed to sell, transfer or assign any of their respective holding in our Shares for the Moratorium Period. Liaw Hen Kong and Chin Lee Ling, being the shareholders of Scarecrow Holding have provided written undertaking that they will not sell, transfer or assign any part of their entire shareholdings in Scarecrow Holding including our Shares which are held on trust by Scarecrow Holding for them, for the Moratorium Period. Further information on moratorium restrictions is disclosed under Section 2.4 of this Prospectus.

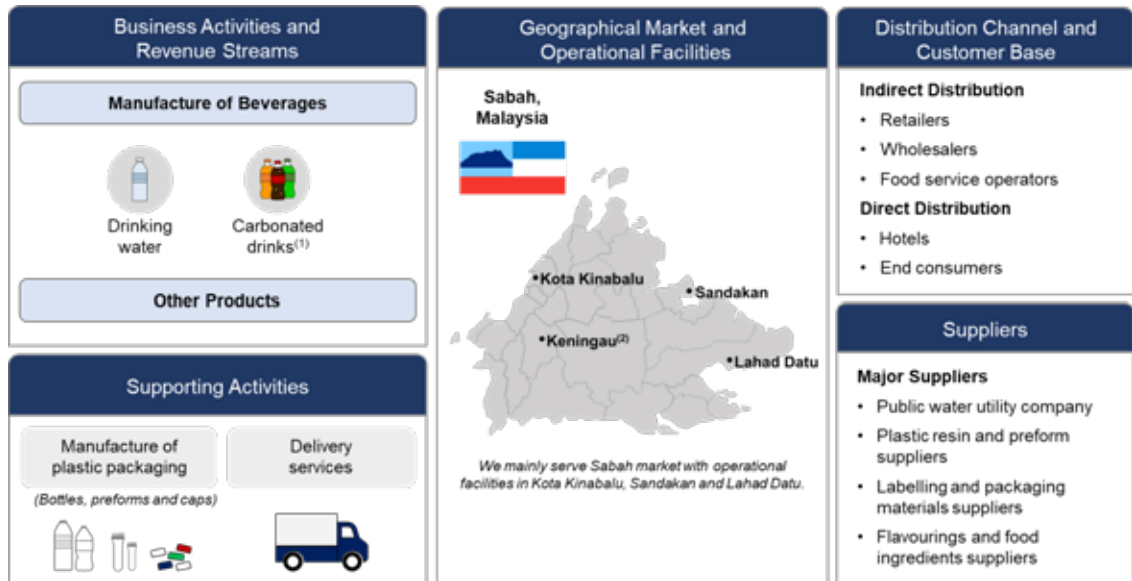
#### 3.2 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act on 20 January 2023 as a private limited company under the name of Life Water Sdn Bhd. On 19 December 2023, our Company was converted to a public limited company under the name of Life Water Berhad to facilitate the Listing.

Our Company is an investment holding company and through our Subsidiaries, we are principally a manufacturer of beverages namely drinking water and carbonated drinks. We are supported by our other business activities including the manufacture of plastic packaging, as well as delivery and distribution centres. We operate from our head office and manufacturing facilities in Sandakan as well as manufacturing facilities in Kota Kinabalu. We mainly market our beverages under our brands for drinking water ("K2", "Sasa" and "Sabah Water") and carbonated drinks ("2more" and "TRITONiC"). We also contract manufacture for private label brands of drinking water for petrol stations, hypermarket, wholesalers and hotels, namely Mesra, Hiap Lee, Water2go, Ikame, Seafest Hotel and Sabah Hotel.

### 3. PROSPECTUS SUMMARY (CONT'D)

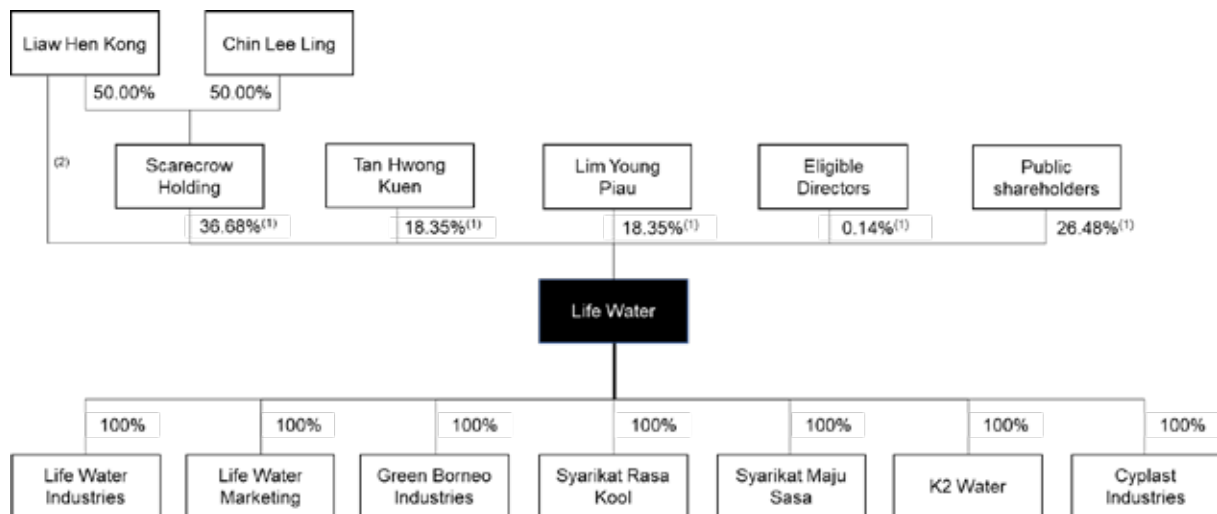
A summary of our business model is as follows:



**Notes:**

- (1) Includes a small proportion of revenue from fruit drinks of 0.17% (RM0.21 million) and 0.05% (RM0.08 million) of our total revenue in FYE 2022 and FYE 2024 respectively. No revenue for fruit drinks were recorded for the FYE 2021 and FYE 2023.
- (2) As at the LPD, the production of drinking water at the Keningau Plant is expected to be operational by December 2024.

Our Group structure upon our Listing is set out below:



**Notes:**

- (1) Based on our enlarged Shares of 473,179,500 Shares upon our Listing.
- (2) 200 Shares.

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

### 3.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our Group's competitive advantages and key strengths are set out below:

- We have a proven track record of approximately 22 years as a manufacturer of beverages with a portfolio of established brands of beverages in the Sabah market**

We have a proven track record of approximately 22 years since the commencement of our manufacturing operations in 2002.

### 3. PROSPECTUS SUMMARY (CONT'D)

The market acceptance of our beverage products is reflected in the growth of our revenue and number of customers for beverage products for the Financial Years Under Review:

- Our revenue from beverage products grew from RM103.15 million in FYE 2021 to RM166.18 million in FYE 2024 representing CAGR of 17.23%;
- We serve a growing number of customers for our beverage products of approximately 2,815 customers, 3,085 customers, 3,280 customers and 3,460 customers in FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. This mainly includes retailers, food service operators, wholesalers and hotels.

**(ii) We have a wide distribution network in place to provide customer convenience and accessibility**

We have a wide distribution strategy of retailers and wholesalers to extend our market coverage in Sabah market.

In FYE 2024, the coverage for our brands of beverage products can be demonstrated by the following number of delivery destinations:

- approximately 3,250 retail outlets including supermarkets, hypermarkets, minimarkets, convenience stores, sundry shops, pharmacies, petrol stations, hardware stores and stationery shops;
- approximately 520 food service outlets including restaurants, cafes, coffee shops, canteens and bakeries;
- approximately 150 wholesalers who will use their own respective network to cover other areas within Sabah; and
- approximately 100 hotels for the consumption of hotel guests.

In addition to our manufacturing operations and warehouses in Sandakan and Kota Kinabalu, we have distribution centres in Lahad Datu to service our customers in Lahad Datu district.

**(iii) We are an established manufacturer of drinking water in Sabah and we have an estimated 11% share of the bottled water market in Malaysia**

We have an estimated 11% share of the bottled water market in Malaysia. The market size was based on the apparent consumption of bottled water (comprising natural mineral water and drinking water, which may be still or sparkling) in Malaysia. For further information on our market share, please refer to Section 8 of this Prospectus.

Our market position as an established manufacturer of drinking water in Sabah is supported by the following:

- a track record of 22 years of operations in Sabah;
- our drinking water production output grew at a CAGR of 13.45% from 181.96 million litres in FYE 2021 to 265.69 million litres in FYE 2024; and
- our total revenue grew at a CAGR of 17.17% from RM103.53 million in FYE 2021 to RM166.53 million in FYE 2024.

The above will provide us with the platform to address opportunities and grow our business in other markets such as Sarawak and Brunei.

**(iv) We have experienced Executive Directors and key management personnel**

Our Executive Directors have contributed significantly to the success and continuing growth of our Group. Our Managing Director, Liaw Hen Kong has been instrumental in chartering the overall strategic direction as well as formulating the business growth and development of our Group.

Our Executive Director, Chin Lee Ling is responsible for overseeing human resources department, product development, branding and marketing activities, and IT department of our Group. Both of them brings with them more than 22 years of experience each in the beverage manufacturing industry. They are supported by our key management personnel.

Further details of our competitive advantages and key strengths are set out in Section 7.4 of this Prospectus.



### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.4 BUSINESS STRATEGIES AND PLANS

Moving forward, our strategy is to leverage on our core competency and strength as a manufacturer of drinking water and carbonated drinks to serve the Sabah market. We will continue to focus on our core competencies in beverage manufacturing with an objective of strengthening our market presence.

##### 3.4.1 Expansion of manufacturing facilities

As at the LPD, we have 1 manufacturing facility in Sandakan namely Sandakan Sibuga Plant 1, and 2 manufacturing facilities in Kota Kinabalu namely KK IZ4 Plant and KK IZ8 Plant 1. Additionally, we have 1 manufacturing facility in Keningau which is expected to commence operations by December 2024.

Moving forward, we plan to expand our manufacturing facilities in Kota Kinabalu and Sandakan as follows:

##### (i) Construction of a factory in Kota Kinabalu

As part of our expansion plans in Kota Kinabalu, we intend to construct a factory in Kota Kinabalu namely KK IZ8 Plant 2 to house the relocation of 1 drinking water manufacturing line from KK IZ8 Plant 1.

In March 2024, we acquired a piece of land measuring 8.16 acres at KKIP Industrial Zone 8 in Kota Kinabalu for RM18.48 million using bank borrowings. The said land for the construction of KK IZ8 Plant 2 is located within close proximity to our existing KK IZ8 Plant 1 and within the vicinity of our existing KK IZ4 Plant. We intend to construct a factory building on the said land with an estimated total built-up area of 100,000 sq. ft. comprising factory, warehouse and office and to commence operation of KK IZ8 Plant 2 as a drinking water manufacturing facility by second half of 2027.

The total cost to set-up KK IZ8 Plant 2 is estimated at RM38.48 million and the entire cost will be funded using internally generated funds and bank borrowings.

##### (ii) Expansion of existing plastic packaging facilities in Kota Kinabalu

We plan to convert KK IZ8 Plant 1 into a dedicated manufacturing plant for our plastic packaging to support our beverage manufacturing operations.

Moving forward, we intend to purchase the following machinery/systems and install them at the Phase 2 building (i.e. a factory building which is currently being used for the production of drinking water, and storage space for plastic resin and drinking water) of KK IZ8 Plant 1:

- Set up an automated warehouse racking system to automate the movement of raw materials and plastic packaging inventories by second half of 2025; and
- Purchase 1 unit of PET preform injection moulding machine to cater for the future production of 18g and 26g preforms by end of 2024.

Once the construction of KK IZ8 Plant 2 is completed, we plan to relocate the drinking water manufacturing line from KK IZ8 Plant 1 to KK IZ8 Plant 2 by the first half of 2027 and thereafter, KK IZ8 Plant 1 will be a dedicated manufacturing plant for our plastic packaging.

The total cost to set-up the plastic packaging plant in KK IZ8 Plant 1 is estimated at RM9.61 million and the entire cost will be funded using the gross proceeds from the Public Issue.

##### (iii) Set up drinking water manufacturing lines in Sandakan

###### Sandakan Sibuga Plant 1

We plan to convert part of our existing warehouse building into a factory building to accommodate the third (new) drinking water manufacturing line by the second half of 2025. The total estimated cost of setting-up a new drinking water manufacturing line at Sandakan Sibuga Plant 1 is at RM19.00 million and the entire cost will be funded using the gross proceeds from the Public Issue.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### Sandakan Sibuga Plant 2

In January 2023, we acquired a vacant land measuring 5.82 acres along Jalan Lintas Sibuga in Sandakan for RM3.87 million using internally generated funds and bank borrowings. We intend to construct a factory building, namely Sandakan Sibuga Plant 2 with an estimated total built-up area of 50,000 sq. ft. comprising factory and office. In addition, we plan to purchase 1 new drinking water manufacturing line. The operations of drinking water production at Sandakan Sibuga Plant 2 are expected to commence by second half of 2027.

The total estimated cost of setting up Sandakan Sibuga Plant 2 is at RM21.00 million, of which RM12.00 million will be funded using the gross proceeds from the Public Issue while the remaining RM9.00 million will be funded using internally generated funds and/or bank borrowings.

#### 3.4.2 Expansion of warehousing facilities

As at the LPD, we have 4 distribution centres located in Sandakan, Lahad Datu and Kota Kinabalu. Moving forward, we plan to expand our warehousing facilities by setting up 2 new distribution centres in Tawau and Sandakan, respectively, as follows:

##### (i) **Set-up a first distribution centre in Tawau**

As part of our expansion plan, we also intend to set-up our first distribution centre in Tawau i.e. Tawau DC to cater to the growing demand of our beverage products in Tawau Division market in Sabah by 2026. In June 2024, we purchased a single storey office with an open shed building with total built-up area of 12,600 sq. ft. on a 1.98-acres land in Tawau for RM3.98 million using internally generated funds and bank borrowings. We intend to set-up a distribution centre in Tawau to capture the growing demand from existing customers in Tawau Divisions as well as potential market from the large population in Tawau district. We intend to commence the renovation works on the building by the first quarter of 2025 mainly to strengthen the floor load and install a fire protection system. We estimate that the renovation works as well as obtaining the relevant approvals, licenses and registration would take approximately 1 year. As such, we target to commence operations at Tawau DC by the first half of 2026.

The total cost to set-up Tawau DC is estimated at RM6.34 million and the entire cost will be funded using internally generated funds and/or bank borrowings.

##### (ii) **Set-up a second distribution centre in Sandakan**

As part of our expansion plan, we intend to set-up a second distribution centre in Sandakan, namely Sandakan Sibuga DC 2 with a depot for storage of our fleet of delivery trucks by 2027. In February 2023, we acquired a piece of land measuring 3.57 acres along Jalan Lintas Sibuga in Sandakan for RM4.00 million using bank borrowings. The said land is located directly next to Sandakan Sibuga DC 1 and in close proximity to our existing Sandakan Sibuga Plant 1. We plan to construct a warehouse with an estimated built-up area of 70,000 sq. ft. which will serve as our distribution centre, and set-up a depot covering a floor area of 10,000 sq. ft. to park our fleet of delivery trucks.

The total cost of setting-up Sandakan Sibuga DC 2 is estimated at RM12.60 million and the entire cost will be funded using gross proceeds from the Public Issue.

#### 3.4.3 Expansion of geographical markets

Currently, our main geographical market is in Sabah which represents 98.55% (RM164.12 million) of our total revenue in FYE 2024. We also generate revenue from other markets such as Sarawak and Labuan, and in FYE 2024, we started to generate revenue from Brunei, albeit small.

Moving forward, we plan to make further inroads to other parts of Sarawak. As at the LPD, we are in the midst of seeking to appoint distributors in Sarawak and Brunei to increase the distribution of our beverage products in these respective markets.

### 3. PROSPECTUS SUMMARY (CONT'D)

We intend to enter into distribution agreement with the appointed distributor where the agreement may include terms such as duration of agreement, territorial coverage and product coverage. We intend to appoint distributors for Sarawak and Brunei by the end of 2025.

#### 3.4.4 Expansion of beverage products

##### New range of flavoured drink

We plan to expand our portfolio of beverage products to include a new range of flavoured drinks under the brand of "Mandak" which we have obtained the trademark registration as at the LPD.

At this stage of the milestone, we are in the midst of carrying out research and development on the flavoured drink recipe and have undertaken a trial production run for one batch of flavours as at the LPD. We aim to commercialise and launch the flavoured drinks to our existing customers including retailers, wholesalers and food service operators in the Sabah market by the second half of 2025. We intend to utilise our existing carbonated drinks production line for the production of the flavoured drinks at Sandakan Sibuga Plant 1.

##### Mineral water

As part of our strategies and plans, we plan to venture into the production of mineral water. As at the LPD, this plan is still in its preliminary exploratory stages and a suitable groundwater source has not been identified as yet. The estimated timeline for the commercialisation will depend on the progress of the exploration and development. There is a risk that this project may not materialise if we are unable to identify a suitable groundwater source.

Further details of our business strategies and plans are set out in Section 7.20 of this Prospectus.

### 3.5 RISK FACTORS

Our business is subject to a number of risk factors, many of which may have a material adverse impact on our business operations, financial position and performance. A summary of the key risk factors is set out below:

#### (i) **Disruption in water supply at our manufacturing plants**

Our Group currently sources potable water from public water supply system to process beverages namely drinking water and carbonated drinks at each of our manufacturing plants. There is only one single source of public water supply from Sabah State Water Department. We are therefore dependent on the quality and continuous supply from this water source to maintain stable operations at our manufacturing plants respectively.

We have previously experienced, and may continue to experience frequent disruptions in public water supply due to, among others, water rationing, burst water pipes, water contamination, as well as maintenance and repair works on water treatment plants conducted by Sabah State Water Department. During the Financial Years Under Review and up to the LPD, there were numerous occasions of public water supply disruptions at our manufacturing plants, the duration of which ranges from 3 minutes to 5 days for each disruption. The public water supply disruption did not occur at all of our manufacturing plants simultaneously, as such, we were able to continue with productions at the other manufacturing plants that were not affected by the public water supply disruption.

In the event of any significant disruption in public water supply, and we are unable to timely secure new water sources, our water supply may be insufficient to meet our business needs, which could in turn materially and adversely affect our operations and business prospects.

**3. PROSPECTUS SUMMARY (CONT'D)****(ii) Fluctuation in raw material prices and shortages of raw materials**

Our business operations and financial condition are vulnerable to changes in the price and supply of raw materials. Plastic packaging materials and flavour and ingredients are our primary raw materials and constitute the major component of our cost of sales. These plastic-based materials being petrochemical-based material and flavour and ingredients such as sugar are commodities which are highly susceptible to price fluctuations or volatility.

Although we have not encountered any shortage of raw materials in the past, any sudden shortage of supply or reduction of allocation of raw materials to us from our suppliers, or any increase in raw material prices may result in us having to pay a higher cost for these raw materials.

In FYE 2022, we experienced an increase in our input material cost for plastic bottles as the price of plastic resin increased by 52.78% from RM3.24/kg in FYE 2021 to RM4.95/kg in FYE 2022. Prices of plastic resin, which is a by-product of petrochemical, increased when crude oil prices spiked in 2022 amidst the conflict between Russia and Ukraine causing disruption in supply.

In FYE 2023, we also encountered an increase in prices of some of our major input materials for carbonated drinks such as sugar and flavourings. Our average purchase price for coarse sugar increased by 16.31% from RM2.82/kg in FYE 2022 to RM3.28/kg in FYE 2023. Additionally, our purchase prices of certain flavourings also increased in FYE 2023 where there was an average increment of 6% for certain artificial flavourings and an increment of 49% for artificial sweetener.

Consequently, we increased our selling prices of our drinking water in June 2021 and June 2022, and carbonated drinks in June 2021, December 2021, June 2022 and August 2022. Even so, there are circumstances where we were unable to pass on the entire increment in material cost in a timely manner as we were unable to anticipate and react to the increase in price of material cost, for example, fluctuation in prices of plastic resin thus affecting our profitability in FYE 2022. Our GP margin decreased from 46.17% in FYE 2021 to 42.62% in FYE 2022, and our PBT decreased by 7.61% or RM1.45 million in FYE 2022.

In FYE 2024, we experienced a decrease in prices of plastic resin by 8.68% from RM4.84/kg in FYE 2023 to RM4.42/kg in FYE 2024, as well as a decrease in purchase prices for artificial sweeteners by 63%. On the other hand, we encountered an increase in prices of some of our major input materials for carbonated drinks such as sugar and flavourings. Our average purchase price for coarse sugar increased by 27.44% from RM3.28/kg in FYE 2023 to RM4.18/kg in FYE 2024. Additionally, our purchase prices of certain flavourings also increased in FYE 2024 where there was an average increment of 6% for certain artificial flavourings. Despite this, our selling prices for drinking water and carbonated drinks were maintained in FYE 2024.

We currently adopt a yearly review of our beverage products or on ad-hoc basis to take into consideration the effects of the changes in our manufacturing costs. Nevertheless, there is no assurance that we can pass on any future increases in the costs to our customers and in the event, we are unable to do so in a timely manner, we would have to absorb the increases in the costs which would adversely affect our profitability and financial performance.

**(iii) Changes in consumer demands**

Consumer demands evolve with their tastes, preferences and values reshaping his/her purchasing decisions, and hence may be difficult to predict. If market popularity or consumer's demand for our products declines, or if our Group fails to react in a timely manner to any significant shifts or changes in consumer preferences, dietary habits or tastes, our sales volumes, business and profitability may be negatively affected.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### (iv) Dependency on our Executive Directors and Key Senior Management

Our Group's Executive Directors, namely Liaw Hen Kong and Chin Lee Ling, have been actively involved in our Group's operations since its commencement of business and are instrumental to its expansion. Their long service and in-depth knowledge on all aspects of our Group's operations are invaluable to our Group and our Group's business strategies.

Our Group's Executive Directors are assisted by the Key Senior Management team for the leadership, business planning and development as well as management of our Group's operations. The loss of any of our Group's Executive Directors and our Key Senior Management team without suitable and timely replacement may adversely affect the Group's ability to maintain or improve its business performance.

#### (v) Dependency on the strength of our reputation, brands and product quality

Our Group packages, advertises, distributes and sells products under our own brands and trademarks. We have a reputation as an established manufacturer of drinking water and carbonated drinks in Sabah, and that our brands are recognised by our customers and end consumers. Their recognition and trust in our brands depend on various factors, such as consistent product quality, safety, taste and competitive pricing. Accordingly, any actual or perceived contamination, spoilage or other adulteration, product misbranding or tampering, or any negative publicity or news making accusations of the occurrence of any of these incidents may lead to the loss of consumers' confidence in our products and/or erosion of our brands, regardless of its merits. If our brand image or reputation deteriorates or if we are unable to continuously maintain the standard of our product quality, our business and financial performance may be materially and adversely affected.

Please refer to Section 9 of this Prospectus for further details and the full list of risk factors which should be considered before investing in our Shares.

### 3.6 DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL

As at the LPD, our Directors and Key Senior Management/ Key Technical Personnel are as follows:

<b>Name</b>	<b>Designation</b>
<b><u>Directors</u></b>	
Datuk Petrus Gimbad	Independent Non-Executive Chairman
Liaw Hen Kong	Managing Director
Chin Lee Ling	Executive Director
Tan Hwong Kuen	Non-Independent Non-Executive Senior Director
Lim Young Piau	Non-Independent Non-Executive Senior Director
Ang Seng Wong	Independent Non-Executive Director
Tan Mui Ping	Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil	Independent Non-Executive Director
<b><u>Key Senior Management/ Key Technical Personnel</u></b>	
Liaw Hen Kong	Managing Director
Chin Lee Ling	Executive Director
Christina Yap Chui Fui	Financial Controller
Chin Lee Yung @ Rina Chin	Operations Manager
Chin Chun Ming	Technical Manager

Further details on our Directors and Key Senior Management/ Key Technical Personnel are disclosed in Section 5 of this Prospectus.

### 3.7 DIVIDEND POLICY

It is the intention of our Board's policy to recommend and distribute dividends of not less than 20% of our annual audited PAT attributable to the shareholders of our Company. Any dividends declared will be subject to confirmation of our Board as well as any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

Further details of our dividend policy are set out in Section 12.4 of this Prospectus.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.8 USE OF PROCEEDS FROM OUR IPO

The total gross proceeds of approximately RM63.42 million from the Public Issue will be utilised by our Group in the following manner:

Utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
	RM'000	%	
Set-up additional drinking water manufacturing line for Sandakan Sibuga Plant 1	19,000	29.96	Within 9 months
Purchase of drinking water manufacturing line for Sandakan Sibuga Plant 2	12,000	18.92	Within 32 months
Set-up second distribution centre in Sandakan	12,600	19.87	Within 39 months
Expansion of existing plastic packaging facilities in Kota Kinabalu	9,606	15.15	Within 14 months
Working capital	4,210	6.64	Within 3 months
Estimated listing expenses	6,000	9.46	Within 3 months
<b>Total</b>	<b>63,416</b>	<b>100.00</b>	

There is no minimum subscription to be raised from our IPO. Our Company will not receive any proceeds from the Offer for Sale. Based on the IPO Price, the gross proceeds from the Offer for Sale of approximately RM18.45 million will accrue entirely to the Selling Shareholders. Further details of the proposed utilisation of proceeds are set out in Section 4.7 of this Prospectus.

#### 3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following table sets out a summary of the combined financial information of our Group for the Financial Years Under Review:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	103,525	121,400	150,962	166,532
Cost of sales	55,732	69,656	85,816	86,517
GP	47,793	51,744	65,146	80,015
PBT	19,032	17,584	24,233	36,553
PAT	17,661	15,737	20,621	28,121
GP margin (%) <sup>(1)</sup>	46.17	42.62	43.15	48.05
PBT margin (%) <sup>(2)</sup>	18.38	14.48	16.05	21.95
PAT margin (%) <sup>(2)</sup>	17.06	12.96	13.66	16.89
Gearing ratio (times) <sup>(3)</sup>	0.80	0.96	0.73	0.88
Current ratio (times) <sup>(4)</sup>	2.38	1.93	2.68	3.26

**Notes:**

- (1) GP margin is computed based on GP over revenue for the financial year.
- (2) PBT margin and PAT margin are computed based on the respective PBT and PAT for the financial years over revenue.
- (3) Gearing ratio is computed based on total borrowings (including finance lease liabilities) over total equity as at each financial year.
- (4) Current ratio is computed based on current assets over current liabilities as at each financial year.

**Operational highlights**

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

Business Segment	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacture of beverages comprising:								
Drinking water	80,956	78.20	92,853	76.49	120,077	79.54	138,726	83.30
Carbonated drinks	22,194	21.44	28,019	23.08	30,147	19.97	27,457	16.49
<b>Sub-total</b>	<b>103,150</b>	<b>99.64</b>	<b>120,872</b>	<b>99.57</b>	<b>150,224</b>	<b>99.51</b>	<b>166,183</b>	<b>99.79</b>
Other products <sup>(1)</sup>	375	0.36	528	0.43	738	0.49	349	0.21
<b>Total</b>	<b>103,525</b>	<b>100.00</b>	<b>121,400</b>	<b>100.00</b>	<b>150,962</b>	<b>100.00</b>	<b>166,532</b>	<b>100.00</b>

**Note:**

- (1) Other products include plastic bottles, plastic containers and battery water. Further details of the financial information relating to our Group are set out in Sections 12 and 13 of this Prospectus.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.10 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Details of our Promoters' and substantial shareholders' shareholdings in our Company before and after our IPO are as follows:

Name / Nationality / Place of incorporation	Before our IPO/ After the Acquisitions		Before our IPO/ After the Share Transfer		After our IPO							
	Direct	Indirect	Direct	Indirect	Direct	Indirect						
	No. of Shares	( <sup>1</sup> )(%)	No. of Shares	( <sup>1</sup> )(%)	No. of Shares	( <sup>2</sup> )(%)						
<b>Promoters and substantial shareholders</b>												
Liaw Hen Kong/ Malaysian	93,904,500	25.00	-	-	7,097,700	1.89	( <sup>3</sup> )173,613,300	46.22	200	*	( <sup>3</sup> )173,613,300	36.68
Chin Lee Ling/ Malaysian	93,904,000	25.00	-	-	7,097,500	1.89	( <sup>3</sup> )173,613,300	46.22	-	-	( <sup>3</sup> )173,613,300	36.68
Tan Hwong Kuen/ Malaysian	93,904,000	25.00	-	-	93,904,000	25.00	-	-	86,806,500	18.35	-	-
Lim Young Piau/ Malaysian	93,904,000	25.00	-	-	93,904,000	25.00	-	-	86,806,500	18.35	-	-
<b>Substantial shareholder</b>												
Scarecrow Holding/ Malaysia	-	-	-	-	173,613,300	46.22	-	-	173,613,300	36.68	-	-

**Notes:**

\* Negligible.

(1) Based on our issued Shares of 375,616,500 Shares before our IPO.

(2) Based on our enlarged Shares of 473,179,500 Shares after our IPO.

(3) Deemed interest by virtue of Section 8(4) of the Act, through his/her shareholding in Scarecrow Holding.

Further details of our Promoters and substantial shareholders and their shareholdings in our Company are set out in Section 5 of this Prospectus.

## 4. PARTICULARS OF OUR IPO

### 4.1 OPENING AND CLOSING OF APPLICATIONS

The Application for our IPO will open at 10.00 a.m. on 22 October 2024 and close at 5.00 p.m. on 30 October 2024. Late Applications will not be accepted.

### 4.2 INDICATIVE TIMETABLE

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

<u>Events</u>	<u>Tentative date</u>
Issuance of Prospectus / Opening of application for our IPO Shares	22 October 2024
Closing of application for our IPO Shares	30 October 2024
Balloting of application for our IPO Shares	4 November 2024
Allotment/transfer of our IPO Shares to successful applicants	11 November 2024
Listing on the Main Market of Bursa Securities	13 November 2024

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

### 4.3 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions set out in Section 4.3.5 of this Prospectus.

#### 4.3.1 Public Issue

A total of 97,563,000 Issue Shares representing approximately 20.62% of our enlarged Shares are offered at our IPO Price. Our Issue Shares will be allocated in the following manner:

##### (i) Malaysian Public

23,660,000 Issue Shares, representing 5.00% of our enlarged Shares will be made available for application by the Malaysian Public through a balloting process as follows:

- (a) 11,830,000 Issue Shares made available to Bumiputera Malaysian Public; and
- (b) 11,830,000 Issue Shares made available to Malaysian Public.



**4. PARTICULARS OF OUR IPO (CONT'D)****(ii) Eligible Persons**

14,195,000 Issue Shares, representing 3.00% of our enlarged Shares will be reserved for application by the Eligible Persons as follows:

<b>Eligible Persons</b>	<b>No. of persons</b>	<b>Aggregate number of Issue Shares allocated</b>
Our Directors <sup>(1)</sup>	4	700,000
Eligible employees of our Group <sup>(2)</sup>	376	7,478,000
Persons who have contributed to the success of our Group <sup>(3)</sup>	270	6,017,000
<b>Total</b>	<b>650</b>	<b>14,195,000</b>

**Notes:**

- (1) The allocation to our Directors is based on, among others, their respective roles, responsibilities and contributions to our Company. The number of Issue Shares allocated to each Director is as follows:

<b>Name</b>	<b>Designation</b>	<b>Number of Issue Shares allocated</b>
Datuk Petrus Gimbad	Independent Non-Executive Chairman	200,000
Ang Seng Wong	Independent Non-Executive Director	200,000
Tan Mui Ping	Independent Non-Executive Director	200,000
Selma Enolil Binti Mustapha Khalil	Independent Non-Executive Director	100,000
<b>Total</b>		<b>700,000</b>

- (2) The allocation to the eligible employees of our Group who are confirmed full-time employees is based on, among others, their job grade, performance, length of service and their past contribution to our Group. The number of Issue Shares to be allocated to our Key Senior Management/ Key Technical Personnel are as follows:

<b>Name</b>	<b>Designation</b>	<b>Number of Issue Shares allocated</b>
Christina Yap Chui Fui	Financial Controller	440,000
Chin Lee Yung @ Rina Chin	Operations Manager	440,000
Chin Chun Ming	Technical Manager	440,000
<b>Total</b>		<b>1,320,000</b>

- (3) The allocation to the persons who have contributed to the success of our Group is based on, among others, the nature and terms of their business relationship with us, their length of business relationship with our Group and the level of contribution and support to the success of our Group. This may include, amongst others, our suppliers and customers who have contributed to the success of our Group.

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

560,000 Issue Shares, representing 0.12% of our enlarged Shares will be made available by way of private placement to selected investors.

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**4. PARTICULARS OF OUR IPO (CONT'D)**

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

59,148,000 Issue Shares, representing 12.50% of our enlarged Shares will be made available by way of private placement to identified Bumiputera investors approved by the MITI.

Our Public Issue is expected to raise gross proceeds of RM63.42 million and will accrue entirely to our Company. The Public Issue will increase our issued Shares from 375,616,500 Shares to 473,179,500 Shares.

Save for the allocation made available for Application as disclosed in Section 4.3.1(ii) of this Prospectus, to the extent known to our Company, none of our substantial shareholders, Directors or Key Senior Management/ Key Technical Personnel have indicated to us that they intend to subscribe for the IPO Shares and there are no persons who have indicated to us that they intend to subscribe for more than 5.00% of the Issue Shares allocated under Section 4.3.1(i) of this Prospectus for the Malaysian Public.

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#### 4. PARTICULARS OF OUR IPO (CONT'D)

##### 4.3.2 Offer for Sale

The Selling Shareholders will offer 28,390,000 Offer Shares, representing 6.00% of our enlarged Shares by way of private placement to selected investors at our IPO Price. The Offer Shares to be offered by the Selling Shareholders and their shareholdings in our Company before and after our IPO are as follows:

Name/ Address	Nature of relationship	After the Acquisitions but before the Share Transfer and our IPO		Offer Shares offered		After the Share Transfer and our IPO	
		No. of Shares	( <sup>1</sup> )(%)	No. of Shares	( <sup>1</sup> )(%)	No. of Shares	( <sup>2</sup> )(%)
Liaw Hen Kong	Promoter, substantial shareholder and Managing Director	93,904,500	25.00	7,097,500	1.89	( <sup>3</sup> )200	*
Lot 33, Lorong Reservoir 1A Taman Reservoir, Phase 1A, Jalan Bundusan 88300 Kota Kinabalu Sabah							
Chin Lee Ling	Promoter, substantial shareholder and Executive Director	93,904,000	25.00	7,097,500	1.89	( <sup>4</sup> )-	-
Lot 33, Lorong Reservoir 1A Taman Reservoir, Phase 1A, Jalan Bundusan 88300 Kota Kinabalu Sabah							
Tan Hwong Kuen	Promoter, substantial shareholder and Non- Independent Non- Executive Senior Director	93,904,000	25.00	7,097,500	1.89	86,806,500	18.35
House No. 7 Taman Puncak Luyang Jalan Kolam Luyang 88300 Kota Kinabalu Sabah							

**4. PARTICULARS OF OUR IPO (CONT'D)**

Name/ Address	Nature of relationship	After the Acquisitions but before the Share Transfer and our IPO		Offer Shares offered		After the Share Transfer and our IPO	
		No. of Shares	(1)(%)	No. of Shares	(1)(%)	No. of Shares	(2)(%)
Lim Young Piau	Promoter, substantial shareholder and Non-Independent Non-Executive Senior Director	93,904,000	25.00	7,097,500	1.89	86,806,500	18.35
Unit 3A-2, Level 3A The Peak Condominium Jalan Signal Hill Park 88400 Kota Kinabalu Sabah							

**Notes:**

\* Negligible.

(1) Based on our issued Shares of 375,616,500 Shares after the Acquisitions but before our IPO.

(2) Based on our enlarged Shares of 473,179,500 Shares after our IPO.

(3) Liaw Hen Kong will transfer 86,806,800 Shares to Scarecrow Holding under the Share Transfer.

(4) Chin Lee Ling will transfer 86,806,500 Shares to Scarecrow Holding under the Share Transfer.

Based on the IPO Price, the Offer for Sale is expected to raise gross proceeds of RM18.45 million, which will accrue entirely to the Selling Shareholders. The Offer Shares are not underwritten as they will be made available for subscription by way of private placement to selected investors, the expenses of which will be fully borne by the Selling Shareholders.

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#### 4. PARTICULARS OF OUR IPO (CONT'D)

##### 4.3.3 Share Transfer

Upon completion of our IPO, 2 of our Promoters, namely Liaw Hen Kong and Chin Lee Ling will hold an aggregate of 173,613,500 Shares.

During the prescription period (one day after the launching date of the Prospectus up to a period of 30 days), the Promoters will transfer a total of 173,613,300 Shares to Scarecrow Holding (an investment holding company incorporated with the intention to hold their investment) at a consideration of RM112.85 million which will remain as an amount owing from Scarecrow Holding to the Promoters. The consideration of RM112.85 million was derived based on the IPO Price per Share.

Pursuant thereto, the Share Transfer will be completed upon the relevant Shares being credited into the CDS account of Scarecrow Holding prior to our Listing.

Further details of the Share Transfer are set out below:

Shareholders	No. of Shares					
	Before our IPO and Share Transfer	(1)%	To be transferred to Scarecrow Holding	(2)%	After the Share Transfer and our IPO	(2)%
Liaw Hen Kong	93,904,500	25.00	86,806,800	18.35	(3)200	*
Chin Lee Ling	93,904,000	25.00	86,806,500	18.35	(4)-	-
Scarecrow Holding	-	-	173,613,300	36.68	173,613,300	36.68

##### Notes:

\* Negligible.

(1) Based on our issued Shares of 375,616,500 Shares after the Acquisitions but before our IPO.

(2) Based on our enlarged Shares of 473,179,500 Shares after our IPO.

(3) Liaw Hen Kong will offer 7,097,500 Offer Shares under the Offer for Sale.

(4) Chin Lee Ling will offer 7,097,500 Offer Shares under the Offer for Sale.

The purpose of the Share Transfer is to consolidate the shareholding interest of Liaw Hen Kong and Chin Lee Ling in our Company under a single investment holding company, namely Scarecrow Holding.

##### 4.3.4 Summary of our IPO Shares to be allocated and underwritten

A summary of our IPO Shares to be allocated (subject to the clawback and reallocation provisions set out in Section 4.3.5 of this Prospectus) is as follows:

	Public Issue		Offer for Sale		Total	
	No. of Shares	(1)(%)	No. of Shares	(1)(%)	No. of Shares	(1)(%)
Malaysian Public (via balloting)	23,660,000	5.00	-	-	23,660,000	5.00
Eligible Persons	14,195,000	3.00	-	-	14,195,000	3.00
Private placement to selected investors	560,000	0.12	28,390,000	6.00	28,950,000	6.12
Private placement to identified Bumiputera investors approved by the MITI	59,148,000	12.50	-	-	59,148,000	12.50
<b>Total</b>	<b>97,563,000</b>	<b>20.62</b>	<b>28,390,000</b>	<b>6.00</b>	<b>125,953,000</b>	<b>26.62</b>

#### 4. PARTICULARS OF OUR IPO (CONT'D)

**Note:**

- (1) Based on our enlarged Shares of 473,179,500 Shares after our IPO.

The 23,660,000 Issue Shares made available for Application by the Malaysian Public and 14,195,000 Issue Shares made available to the Eligible Persons under Sections 4.3.1(i) and 4.3.1(ii) of this Prospectus, respectively are fully underwritten by our Underwriter.

All the 28,950,000 IPO Shares made available to selected investors by way of private placement under Sections 4.3.1(iii) and 4.3.2 of this Prospectus and 59,148,000 Issue Shares made available to identified Bumiputera investors approved by the MITI via private placement under Section 4.3.1(iv) of this Prospectus are not underwritten. Irrevocable undertakings will be obtained from selected investors to subscribe for the IPO Shares available under the private placement.

#### 4.3.5 Clawback and reallocation

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

- (i) any unsubscribed IPO Shares not taken up by the respective Eligible Persons (“**Excess Issue Shares**”) will be re-offered to the Eligible Persons (excluding eligible Directors) who have applied for excess on top of their pre-determined allocation and allocated on a fair and equitable basis and in the following priority:
  - (a) firstly, allocation on a pro-rata basis to the eligible employees of our Group who have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for;
  - (b) secondly, allocation of any surplus Excess Issue Shares after (i) above on a pro-rata basis to persons who have contributed to the success of our Group and have applied for the Excess Issue Shares based on the number of Excess Issue Shares applied for; and
  - (c) thirdly, to minimise odd lots.
- (ii) Our Board reserves the right to allot Excess Issue Shares applied in such manner as it may deem fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in items (a) to (c) above is achieved. Our Board also reserves the right to accept or reject any Excess Issue Shares application, in full or in part, without assigning any reason.
- (iii) Once completed, the steps involving items (a) to (c) above will not be repeated. Should there be any balance of Excess Issue Shares thereafter, such balance will be made available to the Malaysian Public and/or selected investors via private placement. Any unsubscribed Issue Shares by the Malaysian Public will be made available for Application by way of private placement to selected investors. Any unsubscribed Issue Shares by identified Bumiputera investors approved by the MITI (“**MITI Tranche**”) will firstly be offered to Malaysian institutional investors. Subsequently, any MITI Tranche that is not taken up shall be made available for Application by the Bumiputera public investors as part of the balloting process. Thereafter, any MITI Tranche that is not taken up by Bumiputera public investors will be made available for application by the Malaysian Public as part of the balloting process and/or by the Eligible Persons and/or by way of private placement to selected investors. The MITI Tranche will not be underwritten by the Underwriter.
- (iv) Any Issue Shares not taken up by the selected investors after being reallocated from the Malaysian Public and/or Eligible Persons shall be taken up by our Underwriter in accordance with the terms and conditions of the Underwriting Agreement.

#### 4. PARTICULARS OF OUR IPO (CONT'D)

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 the Listing Requirements and to establish a liquid market for our Shares.

There is no minimum subscription amount to be raised from our IPO. All the IPO Shares are either subscribed by the Malaysian Public, Eligible Persons and/or selected investors, pursuant to their irrevocable undertakings or fully underwritten by our Underwriter. The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or "greenshoe" option.

Details on the underwriting arrangement are set out in Section 4.9 of this Prospectus.

##### 4.3.6 Minimum and over subscription

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

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

Under the Listing Requirements, we are required to have a minimum of 25% of our Shares for which listing is sought must be in the hands of a minimum of 1,000 public shareholders, each holding not less than 100 Shares upon our admission to the Main Market.

We expect to meet the public shareholding requirement at the point of our Listing. If we fail to meet the said requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, all monies paid in respect of all Application. If any such monies are not repaid within 14 days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

#### 4.4 SHARE CAPITAL, CLASSES OF SHARES AND RANKING

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

Details	No. of Shares	RM
Total number of Shares as at the date of this Prospectus	375,616,500	93,904,100
New Shares to be issued pursuant to the Public Issue	97,563,000	<sup>(1)</sup> 63,415,950
<b>Enlarged total number of Shares upon Listing</b>	<b>473,179,500</b>	<b>157,320,050</b>
Offer for Sale	28,390,000	18,453,500
IPO Price		0.65
<b>Pro forma NA per Share</b> as at 30 June 2024 after the adjustment for the dividend declaration for FYE 2024 <sup>(2)</sup> , Acquisitions, Public Issue and the intended use of proceeds		0.38
<b>Market capitalisation upon Listing</b> based on our IPO Price and the enlarged total number of 473,179,500 Shares upon Listing		307,566,675

**4. PARTICULARS OF OUR IPO (CONT'D)****Notes:**

- (1) Calculated based on the IPO Price and before deducting the estimated listing expenses of approximately RM2.55 million which are directly attributable to our Public Issue.
- (2) On 2 July 2024, we declared an interim dividend of RM4.00 million in respect of FYE 2024, which was paid on 15 July 2024 and 17 July 2024.

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

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

Our Offer Shares will rank equally in all respects with our existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of the Offer Shares, subject to any applicable Rules.

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

At any general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy, by attorney or by duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy.

Each shareholder presents either in person, by proxy, by attorney or by other duly authorised representative shall have one vote. On a poll, each shareholder presents either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held.

**4.5 BASIS OF ARRIVING AT OUR IPO PRICE**

Our IPO Price of RM0.65 per IPO Share was determined and agreed upon between our Directors and our Promoters, together with MIDF Investment, being our Principal Adviser, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) our EPS of 7.49 sen (based on the existing number of issued Shares of 375,616,500 Shares) for the FYE 2024 based on our PAT of RM28.12 million and 5.94 sen (based on the enlarged number of issued Shares of 473,179,500 Shares upon Listing) which translates into PE Multiple of 8.68 times and 10.94 times respectively. Our PAT after being adjusted for the Listing expenses (which are one-off expenses) incurred in the FYE 2024 of approximately RM1.39 million would be RM29.51 million, which translates into an adjusted EPS of 6.24 sen for FYE 2024 and a PE Multiple of approximately 10.42 times;
- (ii) our detailed financial performance and operating history are outlined in Sections 12 and 7.1.2 of this Prospectus respectively;
- (iii) our competitive strengths, as outlined in Section 7.4 of this Prospectus, which are summarised as follows:
  - (a) proven track record of approximately 22 years as a manufacturer of beverages with a portfolio of established brands of beverages in the Sabah market;



**4. PARTICULARS OF OUR IPO (CONT'D)**

- (b) wide distribution network in place to provide customer convenience and accessibility;
- (c) estimated 11% share of the bottled water market in Malaysia; and
- (d) experienced Executive Directors and key management personnel.
- (iv) our business strategies and prospects which include the expansion of manufacturing facilities, warehousing facilities, geographical markets and beverage products as outlined in Section 7.20 of this Prospectus;
- (v) overview and outlook of the industry in which our Group operates as described in Section 8 of this Prospectus; and
- (vi) our prevailing market conditions including among others, market performance of key global indices, domestic and foreign exchanges, and investors' sentiments.

You should also note that the market price of our Shares upon Listing is subject to market forces and other uncertainties which may affect the price of our Shares. You are reminded to consider the risk factors as set out in Section 9 of this Prospectus before deciding to invest in our Shares.

**4.6 DILUTION**

Dilution is the amount by which our IPO Price to be paid by applicants/subscribers and/or purchasers of our IPO Shares in our IPO exceeds our pro forma combined NA per Share after our IPO.

Our pro forma combined NA per Share as at 30 June 2024 after the adjustment for the dividend declaration for FYE 2024 and Acquisitions but before the Public Issue and based on the issued share capital of 375,616,500 Shares was approximately RM0.31 per Share.

Pursuant to the Public Issue of 97,563,000 new Shares at our IPO Price of RM0.65, our pro forma combined NA per Share as at 30 June 2024 (after the adjustment for the dividend declaration for FYE 2024, Acquisitions, Public Issue and the intended utilisation of proceeds) based on the enlarged issued share capital upon our Listing, would have been approximately RM0.38 per Share. This represents an immediate increase in the pro forma combined NA per Share of RM0.07 per Share to our existing shareholders and an immediate dilution in the pro forma combined NA per Share of RM0.27 per Share or 41.54% to our new investors.

The following illustrates the dilution per Share as at 30 June 2024:

	<b>RM</b>
IPO Price	0.65
Pro forma NA per Share as at 30 June 2024 before our Public Issue	0.31
Pro forma NA per Share as at 30 June 2024 after the adjustment for the dividend declaration for FYE 2024, Acquisitions, Public Issue and the intended use of proceeds	0.38
Increase in the pro forma NA per Share attributable to existing shareholders	0.07
Dilution in the pro forma NA per Share to new investors	0.27
Dilution in the pro forma NA per Share to new investors as a percentage of our IPO Price	41.54%

**4. PARTICULARS OF OUR IPO (CONT'D)**

Please refer to Section 12.5 of this Prospectus for further details of our Group's pro forma NA per Share as at 30 June 2024.

**4.6.1 Effective cost per Share**

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoters, substantial shareholders, Directors and/or Key Senior Management/ Key Technical Personnel 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:

<u>Name</u>	<u>No. of Shares held after the Share Transfer but before our IPO</u>	<u>Total consideration (RM'000)</u>	<u>Average cost per Share (RM)</u>
<b><u>Promoters/ substantial shareholders/ Directors/ Key Senior Management/ Key Technical Personnel</u></b>			
Liaw Hen Kong	(1)7,097,700	1,774	0.25
Chin Lee Ling	7,097,500	1,774	0.25
Tan Hwong Kuen	93,904,000	23,476	0.25
Lim Young Piau	93,904,000	23,476	0.25
<b><u>Substantial shareholder</u></b>			
Scarecrow Holding	173,613,300	112,849	0.65

**Note:**

- (1) Before the Share Transfer, Liaw Hen Kong acquired the entire shareholdings of Lim Chin Wah and Pang Tet Tsung, who were subscriber shareholders of our Company, comprising 200 Shares at the IPO Price on 24 September 2024.

**4.7 USE OF PROCEEDS**

We expect to use the gross proceeds from the Public Issue amounting to approximately RM63.42 million in the following manner:

<u>Details of use of proceeds</u>	<u>Estimated timeframe for use from the date of our Listing</u>	<u>RM'000</u>	<u>%</u>
Set-up additional drinking water manufacturing line for Sandakan Sibuga Plant 1	Within 9 months	19,000	29.96
Purchase of drinking water manufacturing line for Sandakan Sibuga Plant 2	Within 32 months	12,000	18.92
Set-up second distribution centre in Sandakan	Within 39 months	12,600	19.87
Expansion of existing plastic packaging facilities in Kota Kinabalu	Within 14 months	9,606	15.15
Working capital	Within 3 months	4,210	6.64
Estimated listing expenses	Within 3 months	6,000	9.46
<b>Total</b>		<b>63,416</b>	<b>100.00</b>

Moving forward, our strategy is to leverage on our core competency and strength as a manufacturer of drinking water and carbonated drinks to serve the Sabah market. We will continue to focus on our core competencies in beverage manufacturing with an objective of strengthening our market presence. Further details of our Group's business strategies and plans are set out in Section 7.20 of this Prospectus.

**4. PARTICULARS OF OUR IPO (CONT'D)**

To support these strategies, the gross proceeds from the Public Issue of RM63.42 million are expected to be utilised for the following purposes:

**4.7.1 Set-up drinking water manufacturing lines for Sandakan Sibuga Plant 1 and Sandakan Sibuga Plant 2**

As part of our expansion plans in Sandakan, we intend to set-up 2 new drinking water manufacturing lines in Sandakan. We plan to set-up 1 new line at our existing Sandakan Sibuga Plant 1 by 2025, and another 1 new line at a new plant in Sandakan, namely Sandakan Sibuga Plant 2 by 2027.

**Sandakan Sibuga Plant 1**

As at the LPD, we have 2 drinking water manufacturing lines at our existing Sandakan Sibuga Plant 1. We plan to convert part of our existing warehouse building into a factory building to accommodate the third (new) drinking water manufacturing line by the second half of 2025.

The setting-up of a new drinking water manufacturing line at Sandakan Sibuga Plant 1 by 2025 is to address the immediate growing demand from our customers in Sandakan and Tawau Divisions coupled with the increased utilisation rate of our drinking water manufacturing lines in Sandakan.

As at the LPD, we are currently pending the building plan approval to commence the construction of the factory building, which is expected to be completed by first half of 2025.

We have also placed an order for a new drinking water manufacturing line comprising mainly RO water system, PET blow moulding machine, filling and capping machine, air conveyors, labelling machine, packing machine and palletising machine with an annual production capacity of 178 million litres.

Although the conversion of the existing warehouse building into a factory building will reduce the warehousing capacity at Sandakan Sibuga Plant 1, this will not have a material impact on our Group's business operations as we will be managing our stock by transferring the carbonated drinks stock after production to our KK IZ8 Plant 1 and Lahad Datu DC 2, reduce the storage period of PET preform stock level in Sandakan Sibuga Plant 1 as well as install a 4-layer drive-in racking system in Sandakan Sibuga DC 1 to free up space for the storage of goods. For further details on managing our warehousing in Sandakan, please refer to Section 7.20.2(ii) of this Prospectus.

The following table sets out the estimated cost of setting-up a new drinking water manufacturing line at Sandakan Sibuga Plant 1:

Set-up of drinking water manufacturing line at Sandakan Sibuga Plant 1	Estimated cost RM'000	Source of funding	
		IPO proceeds RM'000	Internally generated funds and/or bank borrowings RM'000
Construction of factory building	6,264	6,264	-
Purchase of drinking water manufacturing line	(1)12,736	(1)12,736	-
<b>Total estimated cost</b>	<b>19,000</b>	<b>19,000</b>	<b>-</b>

**Note:**

(1) As at the LPD, we have paid a deposit of RM1.17 million to purchase this machine and the remaining balance is expected to be paid by first half of 2025.

The total estimated cost of setting-up a new drinking water manufacturing line at Sandakan Sibuga Plant 1 is at RM19.00 million. We intend to allocate RM19.00 million, representing approximately 29.96% of the gross proceeds from the Public Issue to fund the abovementioned plans.

**4. PARTICULARS OF OUR IPO (CONT'D)****Sandakan Sibuga Plant 2**

We plan to set-up a new manufacturing plant for drinking water in Sandakan by 2027.

In January 2023, we acquired a vacant land measuring 5.82 acres along Jalan Lintas Sibuga in Sandakan for RM3.87 million using internally generated funds and bank borrowings. We intend to construct a factory building i.e. Sandakan Sibuga Plant 2 with an estimated total built-up area of 50,000 sq. ft. comprising factory and office. The construction of Sandakan Sibuga Plant 2 is anticipated to commence by second half of 2025 and complete by first half of 2027.

In addition, we plan to purchase 1 new drinking water manufacturing line comprising RO water system, PET blow moulding machine, rising, filling and capping machine, air conveyors, labelling machine, packing machine and palletising machine with an annual production capacity of 178 million litres.

The new drinking water manufacturing line is expected to be purchased by second half of 2026 and Sandakan Sibuga Plant 2 is expected to commence operations by second half of 2027.

The following table sets out the estimated cost of setting up the Sandakan Sibuga Plant 2 for the manufacturing of drinking water:

Set-up of drinking water manufacturing line at Sandakan Sibuga Plant 2	Estimated cost RM'000	Source of funding	
		IPO proceeds RM'000	Internally generated funds and/or bank borrowings RM'000
Construction of factory building	9,000	-	(1)9,000
Purchase of drinking water manufacturing line	12,000	12,000	-
<b>Total estimated cost</b>	<b>21,000</b>	<b>12,000</b>	<b>9,000</b>

**Note:**

- (1) As at the LPD, we have secured a term loan amounting to RM6.57 million to fund the construction of factory building.

The total estimated cost of setting up Sandakan Sibuga Plant 2 is at RM21.00 million. We intend to allocate RM12.00 million, representing approximately 18.92% of the gross proceeds from the Public Issue to fund the abovementioned plans. The remaining RM9.00 million will be funded using internally generated funds and/or bank borrowings.

**Rationale for additional drinking water manufacturing lines in Sandakan**

The rationale of establishing an additional drinking water manufacturing line in Sandakan are as follows:

- (i) **To address the immediate growing demand for our drinking water in Sandakan and Tawau Divisions of Sabah, as well as potential growth particularly from Tawau district**

Sales of our drinking water to customers in the Sandakan and Tawau Divisions of Sabah represented 18.18% (RM27.45 million) and 13.48% (RM20.36 million) of our total revenue in FYE 2023. In FYE 2024, revenue of drinking water to Sandakan and Tawau Divisions grew by 12.54% to RM30.89 million, and 15.28% to RM23.47 million respectively. Collectively, between FYE 2021 and FYE 2024, revenue of drinking water for Sandakan and Tawau Divisions of Sabah has been growing year on year at a CAGR of 15.90% and 19.46% respectively.

**4. PARTICULARS OF OUR IPO (CONT'D)**

The following table depicts our revenue which were generated from sales of drinking water to customers located in Sandakan and Tawau Divisions of Sabah for the Financial Years Under Review:

Revenue from drinking water	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	* %	RM'000	* %	RM'000	* %	RM'000	* %
Sandakan Division <sup>(1)</sup>	19,840	19.16	21,399	17.63	27,451	18.18	30,892	18.55
Tawau Division <sup>(2)</sup>	13,766	13.30	15,844	13.05	20,356	13.48	23,466	14.09
- <i>Tawau district</i>	<i>1,029</i>	<i>0.99</i>	<i>1,247</i>	<i>1.03</i>	<i>1,811</i>	<i>1.20</i>	<i>2,181</i>	<i>1.31</i>

**Notes:**

\* Proportion against total revenue of RM103.53 million, RM121.40 million, RM150.96 million and RM166.53 million for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

(1) Sandakan Division includes Sandakan, Telupid, Beluran, Kinabatangan, and Tongod districts.

(2) Tawau Division includes Lahad Datu, Semporna, Kunak and Tawau districts.

**(ii) To increase production capacity in view of the increasing production output and utilisation of our drinking water manufacturing facility in Sandakan.**

Production output of drinking water at Sandakan Sibuga Plant 1 increased from 66.43 million litres in FYE 2021 to 72.24 million litres, 85.27 million litres and 94.66 million litres in FYE 2022, FYE 2023 and FYE 2024 respectively. The utilisation rates also increased from 62.13% in FYE 2021 to 72.99% and 81.03% in FYE 2023 and FYE 2024 respectively. Additionally, from 1 July 2024 up to the LPD, the utilisation rate of our Sandakan Sibuga Plant 1 increased to 86.53%.

As at the LPD, our Group's total annual production capacity is approximately 389 million litres of drinking water. With the expected commencement of Keningau Plant by December 2024 coupled with the set-up of the 2 new drinking water manufacturing lines in Sandakan, this will increase our Group's total annual production capacity of drinking water to 804 million litres of drinking water by 2027.

Please refer to Section 7.20.1(iii) of this Prospectus for further details.

**4.7.2 Set-up second distribution centre in Sandakan**

As part of our expansion plan, we intend to set-up a second distribution centre in Sandakan with a depot for storage of the fleet of delivery trucks i.e. Sandakan Sibuga DC 2 by 2027. In February 2023, we acquired a piece of land measuring 3.57 acres along Jalan Lintas Sibuga in Sandakan for RM4.00 million using bank borrowings. The said land is located directly next to Sandakan Sibuga DC 1 and in close proximity to our existing Sandakan Sibuga Plant 1.

We plan to construct a warehouse with an estimated built-up area of 70,000 sq. ft. which will serve as our distribution centre, and set-up a depot covering a floor area of 10,000 sq. ft. to park the fleet of delivery trucks. After obtaining the approval of land conversion, development plan and building plan, the construction of the warehouse is anticipated to commence by first half of 2026 and we expect to commence operations by second half of 2027.

Currently, our Sandakan Sibuga Plant 1 and Sandakan Sibuga DC 1 have an approximate built-up area of warehousing space of 35,069 sq ft and 46,962 sq ft, respectively. As at the LPD, this warehousing space is 100% utilised. Meanwhile, currently, our delivery trucks are parked at Sandakan Sibuga DC 1.

**4. PARTICULARS OF OUR IPO (CONT'D)**

As our warehousing space at Sandakan Sibuga Plant 1 and Sandakan Sibuga DC 1 is fully utilised as at the LPD, and Sandakan Sibuga DC 2 will only be operational by second half of 2027, we will manage our warehousing needs in Sandakan between 2024 and 2027 by undertaking the following:

- transfer the carbonated drinks stock immediately after production from Sandakan Sibuga Plant 1 to KK IZ8 Plant 1 and Lahad Datu DC 2 for West Coast Division and Tawau Division market, respectively;
- reducing the storage period of PET preform stock level at Sandakan Sibuga Plant 1 from between 6 and 20 days to between 1 and 2 days, and increasing the quantity of PET preform transported from KK IZ8 Plant 1 to Sandakan Sibuga Plant 1 per trip from 16 pallets per trip to 20 pallets per trip by utilising larger delivery trucks and making 2 trips of delivery per day;
- installation of a 4-layer drive-in racking system, where pallets are stored on rack bays and are accessed by forklifts, in Sandakan Sibuga DC 1 by first half of 2025. Currently, Sandakan Sibuga DC 1 uses the block stacking method on 46,462 sq. ft. of floor space for storage of approximately 1,460 pallets of goods. The proposed 4-layer drive-in racking system will utilise only approximately 3,000 sq. ft. of floor space for storage of approximately 760 pallets of goods, thereby freeing up space for storage of more goods. The cost of the drive-in racking system is estimated to be approximately RM0.20 million, which will be funded using internally generated funds; and
- commencement of operations of Tawau DC by first half of 2026.

As such, there will be no material impact or interruptions to our Group's business operations in the next 3 years.

The following table sets out the estimated cost for the setting up of Sandakan Sibuga DC2:

	Estimated cost RM'000	Source of funding	
		IPO proceeds RM'000	Internally generated funds and/or bank borrowings RM'000
<b>Set-up of Sandakan Sibuga DC2</b>			
Preliminaries <sup>(1)</sup>	700	700	-
Earthworks	300	300	-
Piling works	800	800	-
Building works for 70,000 sq. ft. covered warehousing building including mechanical and electrical works	9,100	9,100	-
External works including drainage, landscaping, fencing, road, and carpark	1,700	1,700	-
<b>Total estimated cost</b>	<b>12,600</b>	<b>12,600</b>	-

**Note:**

- (1) Including insurance costs, temporary hoarding, water and electricity supply, cost of mobilisation and demobilisation of resources, and safety measure.

The total cost of setting-up Sandakan Sibuga DC2 is estimated at RM12.60 million. We intend to allocate RM12.60 million, representing approximately 19.87% of the gross proceeds from the Public Issue to fund the abovementioned plans.

Please refer to Section 7.20.2(ii) of this Prospectus for further details.

#### 4. PARTICULARS OF OUR IPO (CONT'D)

##### 4.7.3 Expansion of existing plastic packaging facilities in Kota Kinabalu

We plan to convert KK IZ8 Plant 1 into a dedicated manufacturing plant for our plastic packaging to support our beverage manufacturing operations.

Moving forward, we intend to purchase the following machinery/systems and install them at the Phase 2 building (i.e. a factory building which currently being used for the production of drinking water, and storage space for plastic resin and drinking water) of KK IZ8 Plant 1:

- Set up an automated warehouse racking system to automate the movement of raw materials and plastic packaging inventories by second half of 2025; and
- Purchase 1 unit of PET preform injection moulding machine to cater for the future production growth of 18g and 26g preforms by end of 2024.

Once the construction of KK IZ8 Plant 2 is completed, we plan to relocate the drinking water manufacturing line from KK IZ8 Plant 1 to KK IZ8 Plant 2 by the first half of 2027 and thereafter, KK IZ8 Plant 1 will be a dedicated manufacturing plant for our plastic packaging.

##### (i) Automated warehouse racking system

We plan to set-up an automated warehouse racking system at our existing warehouse space in Phase 2 of KK IZ8 Plant 1 by the second half of 2025.

The rationale for setting up an automated warehouse racking system are as follows:

- **Smaller footprint and ability to maximise factory floor space**

Currently, we are using the block stacking method on approximately 50,000 sq. ft. of space for approximately 4,000 pallets. The block stacking method is where pallets are stacked on top of each other and tightly side-by-side.

The new automated warehouse racking system will only utilise half the floor space (approximately 25,600 sq. ft.) and have approximately the same capacity to accommodate approximately 3,500 pallets to 4,000 pallets.

With the floor space being freed up, we will be able to utilise the space for expansion of our operational facility. We plan to purchase and install 1 unit of 72-cavity PET preform injection moulding machine by the end of 2024 as mentioned below.

- **Improve warehouse productivity and efficiency**

The automated warehouse racking system will be equipped with several four-way shuttle systems comprising of a series of conveyors and elevators. The shuttle system will improve our warehouse productivity in terms of pallet movement capacity by 25% as it will have the capacity to move approximately 1,050 pallets per day compared to the capacity of approximately 840 pallets per day, as at the LPD.

In addition, the automated warehouse racking system is able to detect errors and discrepancies and will be equipped with a Warehouse Management System (WMS) which enables real-time tracking of inventory levels and locations thereby leading to improved warehouse productivity and efficiency.

**4. PARTICULARS OF OUR IPO (CONT'D)**

- **Reduce the amount of manpower for warehouse operations**

As at the LPD, we have 30 employees comprising storekeepers (responsible for stock count, movement and arrangement), forklift drivers (responsible for operating forklifts) and general workers (responsible for picking, packing, loading and unloading of goods) that are handling our warehouse operations at KK IZ8 Plant 1. With the set-up of the automated warehouse racking system, we are able to reduce the amount of manpower by approximately half of our manpower at as the LPD. The manpower can be transferred to meet the requirements of other functions and expansion of our Group. The automated warehouse racking system will have shuttle systems to transfer goods thereby reducing the requirements for forklifts and general workers for movement of goods. Additionally, with the Warehouse Management System (WMS), this would reduce the requirement of storekeepers for management of stocks.

The total estimated cost to set-up this system is RM4.61 million which will be funded using IPO proceeds.

(ii) **PET preform injection moulding machine**

We plan to purchase 1 unit of 72-cavity PET preform injection moulding machine by the end of 2024. For this new 72-cavity machine, we plan to purchase a new 72-cavity 18g preform mould (for 330 ml bottles) and a new 72-cavity 26g preform mould (for 1500ml bottles), to be used interchangeably within the machine.

As at the LPD, we have 4 units of PET preform injection moulding machines, namely 2 units of 48-cavity machine, and 2 units of 72-cavity machine. The 48-cavity machine produces 48 preforms in every cycle of 20 to 30 seconds, while the 72-cavity machine produces 72 preforms in every 7 to 12.5 seconds.

As the 72-cavity machine has a larger capacity and shorter production time, we intend to purchase an additional 72-cavity machine as part of our future plans.

The rationale of purchasing another PET preform machine is due to its current utilisation rate of the machines that produces 18g and 26g PET preforms, and to cater for future production growth. This is as follows:

- (i) We are utilising one of our 72-cavity PET preform injection moulding machine to produce 26g PET preforms (for 1500ml bottles) with an annual production capacity (based on machine design) of 168.77 million pieces. In FYE 2023, we produced 124.48 million pieces of 26g PET preforms, thus the utilisation rate was 73.76%. In FYE 2024, we produced 146.97 million pieces of 26g PET preforms and its utilisation rate increased to 87.08%. The increase in its utilisation rate was due to the increase in production output and sales volume of 1500ml drinking water in FYE 2024. This machine commenced operations in April 2019.
- (ii) We are utilising one of our 48-cavity PET preform injection moulding machines to produce 18g PET preforms (for 330ml bottles) with an annual production capacity (based on machine design) of 51.76 million pieces. In FYE 2023, we produced 33.30 million pieces of 18g PET preform and the utilisation rate was 64.34%. In FYE 2024, we produced 29.39 million pieces of 18g PET preform and its utilisation rate decreased to 56.79%. The decrease in its utilisation rate was due to the decrease in production output and sales volume of 330ml carbonated drinks in FYE 2024. This said machine is approximately 10 years old as at the LPD.



**4. PARTICULARS OF OUR IPO (CONT'D)**

In view of the 87.08% utilisation rate in FYE 2024 of one of the two 72-cavity machines that we have and the 56.79% utilisation rate in FYE 2024 of the 48-cavity machine which is 10 years of age as at the LPD, we need to purchase one more unit of 72-cavity machine to cater for the future production growth of 18g and 26g PET preforms.

Meanwhile, the following is the utilisation of the other 2 machines:

- (i) We are using the other 72-cavity PET preform injection moulding machine to produce 11.5g PET preforms (for 500ml bottles) and 7.3g PET preforms (for 250ml bottles) with an annual production capacity (based on machine design) of 246.08 million pieces. In FYE 2023, we produced a total of 100.61 million pieces, including 11.5g and 7.3g PET preforms and the utilisation rate was 40.89%. In FYE 2024, the utilisation rate increased to 41.95%. This machine commenced operations in August 2022.
- (ii) The other 48-cavity PET preform injection moulding machine is no longer being used actively since FYE 2023 as its 13g mould (for 500ml bottles) that was used to produce PET preforms has been replaced by the 11.5g PET preforms with the commencement of the 72-cavity machine as mentioned in (i) above. This machine is approximately 10 years old. In June 2024, we commenced the production of a new type of preform for 5700ml bottle.

The total estimated cost for the purchase of this machine and its associated equipment such as compressor, cooling tower and chiller is RM5.00 million which will be fully funded using IPO proceeds.

The following table sets out the estimated cost to for the expansion of existing plastic packaging facilities at KK IZ8 Plant 1:

Expansion of existing plastic packaging facilities at KK IZ8 Plant 1	Estimated cost RM'000	Source of funding	
		IPO proceeds RM'000	Internally generated funds and/or bank borrowings RM'000
Purchase and installation of automated warehouse racking system	4,606	4,606	-
Purchase of 1 unit of PET preform injection moulding machine and its ancillary equipment (including the mould)	(1)5,000	(1)5,000	-
<b>Total estimated cost</b>	<b>9,606</b>	<b>9,606</b>	<b>-</b>

**Note:**

- (1) As at the LPD, we have paid a deposit of RM0.56 million to purchase this machine and the remaining balance is expected to be paid by December 2024.

The total cost to set-up a plastic packaging plant in KK IZ8 Plant 1 is estimated at RM9.61 million. We intend to allocate RM9.61 million, representing approximately 15.15% of the gross proceeds from the Public Issue to fund the abovementioned plans.

Please refer to Section 7.20.1(ii) of this Prospectus for further details.

**4. PARTICULARS OF OUR IPO (CONT'D)****4.7.4 Working capital**

Our Group intends to allocate RM4.21 million or 6.64% of the gross proceeds raised from the Public Issue to supplement its working capital requirements. Our Group's working capital requirements are expected to increase in line with the growth in our Group's business operations.

Our general working capital is as follows:

Details	RM'000	%
Payment of utility expenses and other administration and operation related expenses	3,210	76.25
Advertising and promotion activities <sup>(1)</sup> in Sabah, Sarawak and Brunei, mainly participation cost in exhibitions and branding marketing activities	1,000	23.75
<b>Total</b>	<b>4,210</b>	<b>100.00</b>

**Note:**

(1) Our Group's advertising and promotional expenses amounted to approximately RM1.22 million, RM1.81 million, RM1.44 million and RM1.72 million for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

Pending the receipt of the IPO proceeds, we may utilise our internally generated funds for the working capital requirements. When the IPO proceeds which have been allocated for the working capital requirements are received, we will use the proceeds allocated to replenish our internally generated funds.

In the event of a surplus/deficit in the allocated amount for working capital, such variance will be adjusted to/from the proceeds allocated for business expansion.

**4.7.5 Estimated listing expenses**

Our listing expenses are estimated to be approximately RM6.00 million or 9.46% of our IPO proceeds, details of which are as follows:

Professional fees <sup>(1)</sup>	3,078
Fees payable to authorities	300
Brokerage, underwriting and placement fees	1,940
Fees and expenses for printing, advertising and roadshow	270
Miscellaneous expenses and contingencies	412
<b>Total</b>	<b>6,000</b>

**Note:**

(1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants, IMR and Company Secretaries.

Pending the receipt of the IPO proceeds, we may utilise our internally generated funds for the listing expenses. When the IPO proceeds which have been allocated for the listing expenses are received, we will use the proceeds allocated to replenish our internally generated funds.

In the event of a surplus/deficit in the allocated amount for estimated listing expenses, such variance will be adjusted to/from the proceeds allocated for business expansion.

We expect to utilise the proceeds allocated for listing expenses within 3 months from our Listing.

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**4. PARTICULARS OF OUR IPO (CONT'D)**

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Pending the eventual use of proceeds raised from the Public Issue, the proceeds will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

Our Company will not receive any proceeds from the Offer for Sale. Based on the IPO Price, the gross proceeds from the Offer for Sale of approximately RM18.45 million will accrue entirely to the Selling Shareholders. The Selling Shareholders shall bear the entire incidental expenses and fees in relation to the Offer for Sale, amounting to RM0.25 million.

The financial impact of the use of proceeds from our Public Issue is illustrated in the Pro Forma Combined Statements of Financial Position as at 30 June 2024 set out in Section 12.5 of this Prospectus.

**4.8 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE****4.8.1 Brokerage fee**

We will pay brokerage in respect of our Issue Shares, at the rate of 1.00% (exclusive of applicable tax) of our IPO Price in respect of successful applicants which bear the stamp of either the participating organisations of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

Our Placement Agent is entitled to charge brokerage commission to successful applicants under the private placement to selected investors. For avoidance of doubt, such brokerage commission will be paid by successful applicants under the private placement to selected investors and will not be borne by us nor the Selling Shareholders.

**4.8.2 Underwriting commission**

We have entered into the Underwriting Agreement with MIDF Investment, our Underwriter for the underwriting of 37,855,000 Issue Shares ("**Underwritten Shares**"). We will pay an underwriting commission of 2.50% (exclusive of any applicable tax) of the total value of the Underwritten Shares.

**4.8.3 Placement fee**

Our Placement Agent has agreed to place out 28,950,000 IPO Shares to selected investors and 59,148,000 Issue Shares to identified Bumiputera investors approved by the MITI. Our Company will pay a placement fee of up to 2.50% of the total value of IPO Shares successfully placed out by our Placement Agent.

The Selling Shareholders will bear the placement fee for the 28,390,000 Offer Shares.

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## 4. PARTICULARS OF OUR IPO (CONT'D)

### 4.9 SALIENT TERMS OF THE UNDERWRITING ARRANGEMENT

Pursuant to the Underwriting Agreement entered on 1 October 2024, our Underwriter has agreed to manage the Underwritten Shares on the terms and conditions as set out in the Underwriting Agreement.

The following are the salient terms contained in the Underwriting Agreement. The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement:

#### 4.9.1 Conditions precedent

- (i) The obligations of our Underwriter under the Underwriting Agreement are conditional upon:
  - (a) the delivery by our Company to our Underwriter before the last date and time for application and payment for our IPO in accordance with this Prospectus and Application Form (“**Closing Date**”) or extended Closing Date as mutually agreed in writing by our Company and our Underwriter and subject to the prior written approval of the relevant authorities and where applicable, advertised by the Company in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia (“**Extended Closing Date**”), a written confirmation by our Company that there having been on or prior to the Closing Date or Extended Closing Date, neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial, business, operations or otherwise) of our Group, which is material in the context of our IPO as set out in this Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in the Underwriting Agreement and the said written confirmation shall be in the form and substance as attached in the Underwriting Agreement;
  - (b) the delivery by our Company to our Underwriter prior to the date of the registration of this Prospectus with the SC, two (2) certified extracts of all the resolutions of our Board:
    - (aa) approving our IPO and our Listing and the transactions contemplated by each of the same;
    - (bb) approving and authorising the execution of the Underwriting Agreement and authorising such person(s) as our Board may resolve to execute the Underwriting Agreement for and on behalf of our Company;
    - (cc) approving the issue and allotment of the Public Issue Shares under our IPO;
    - (dd) approving and authorising the issuance of this Prospectus; and
    - (ee) confirming that our Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in this Prospectus;

**4. PARTICULARS OF OUR IPO (CONT'D)**

- (c) the delivery by our Company to our Underwriter, a written confirmation that all the resolutions referred in Clause (b) above are in full force and effect as at the Closing Date or Extended Closing Date and have not been rescinded, revoked, or varied;
- (d) this Prospectus being in the form and substance satisfactory to our Underwriter;
- (e) the delivery by our Company to our Underwriter on the Closing Date or Extended Closing Date of such reports and confirmations dated the Closing Date or Extended Closing Date from our Directors as our Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group;
- (f) our Underwriter being satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;
- (g) on the Closing Date or Extended Closing Date, our IPO is not being prohibited or impeded by any statute, order, rule, regulation or directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia, including but not limited to Bursa Securities and the SC;
- (h) on the Closing Date or Extended Closing Date, our Company having complied with and that our IPO is in compliance with the Act, the CMSA, policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;
- (i) this Prospectus having been issued within two (2) months after the Underwriting Agreement Date or within such extended period as may be agreed in writing by our Underwriter;
- (j) our Underwriter having been satisfied that the Underwriting Agreement has been duly executed and stamped and our Company has complied with and there is no breach of, or failure on the part of our Company to comply with, any of our obligations under the Underwriting Agreement, and that our Company have complied with, and that our IPO (including the offer, sale and issue of Public Issue Shares), our Listing and the transactions contemplated under the Underwriting Agreement are in compliance with, all relevant laws;
- (k) the acceptance for registration by the SC of this Prospectus and such other documents as may be required in accordance with the CMSA in relation to our IPO and the lodgement of this registrable Prospectus with the Registrar of Companies on or before their release under our IPO or in accordance with Section 154 of the Act and the CMSA together with copies of all documents required under the Act and CMSA; and
- (l) all Approvals required in relation to our IPO, our Admission and our Listing, including but not limited to Approvals from the SC, Bursa Securities and the MITI having been obtained and are in full force and effect as at the Closing Date or Extended Closing Date and that all conditions of the Approvals (except for any which can only be complied with after the IPO has been completed) have been complied with to the satisfaction of our Underwriter and such Approvals have not been withdrawn, amended, suspended, terminated, lapsed or been revoked.

**4. PARTICULARS OF OUR IPO (CONT'D)**

- (ii) If any of the conditions set out in Section 4.9.1(i) of this Prospectus is not satisfied by the Closing Date or Extended Closing Date, our Underwriter shall thereupon be entitled to terminate the Underwriting Agreement by notice in writing and in that event, except for the liability of our Company for the payment of the Underwriting Commission, costs and expenses as provided in the Underwriting Agreement incurred prior to the termination and any claims pursuant to the Underwriting Agreement, there shall be no further claims by our Underwriter against our Company, and the Parties shall be released and discharged from their respective obligations hereunder provided that our Underwriter may at its absolute discretion waive compliance with any of the provisions of Section 4.9.1 (i) of this Prospectus except for any conditions required by any laws, rules, regulations and guidelines or by any regulatory or governmental authorities/bodies.

**4.9.2 Termination / Lapse of Agreement**

- (i) Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may by notice in writing to our Company given at any time before the Closing Date or Extended Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:
- (a) any of the approvals of the SC and/or Bursa Securities for our Listing is revoked, withdrawn; or
  - (b) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within such number of days as stipulated in a notice to be made by our Underwriter to our Company of such breach, or by the Closing Date or Extended Closing Date, whichever is earlier; or
  - (c) there is withholding of information by our Company which is required to be disclosed to our Underwriter pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated in a notice to be made by our Underwriter to our Company of such breach, which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our IPO, or the distribution or sale of the Public Issue Shares; or
  - (d) there shall have occurred, happened or come into effect any material and adverse change to the business or financial conditions of our Company or our Group; or
  - (e) approval for our IPO is withdrawn, modified and/or subject to terms and conditions not acceptable to our Underwriter and which, in the reasonable opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Company, the success of our IPO, or the distribution or sale of the Public Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
  - (f) there is a failure on the part of our Company to perform any of our obligations herein contained in the Underwriting Agreement; or

**4. PARTICULARS OF OUR IPO (CONT'D)**

- (g) any of the conditions precedent set out in Section 4.9.1(i) of this Prospectus is not duly satisfied by the Closing Date or Extended Closing Date.
- (ii) If the Closing Date or Extended Closing Date is more than two (2) calendar months from the date of the Underwriting Agreement or falls on any later date as our Company and our Underwriter may mutually agree upon in writing, the Underwriting Agreement will automatically lapse and thereafter, both Parties shall be released and discharged from their obligations under the Underwriting Agreement and no Party shall have any claims against the other, save for antecedent breaches.
- (iii) Upon such notice(s) being given under the clauses set out in Section 4.9.2(i) above, our Underwriter shall be released and discharged of its obligations under the Underwriting Agreement without prejudice to its rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that our Company shall remain liable in respect of its obligations and liabilities under the Underwriting Agreement, the Underwriting Commission, any antecedent breaches and under the Underwriting Agreement for the payment of the costs and expenses already incurred up to the date of termination or in connection with such termination and for the payment of any taxes, duties or levies within seven (7) days from the date of the same being due.
- (iv) In the event that the Underwriting Agreement is terminated due to our Company taking actions to not proceed with our IPO resulting in our Underwriter not being able to perform its obligations under the Underwriting Agreement, our Underwriter is entitled to the Underwriting Commission in addition to the costs and expenses incurred thereto.
- (v) In the event that the Underwriting Agreement is terminated pursuant to the clauses set out in Section 4.9.2(i) of the above, our Underwriter and our Company may confer with a view to defer our IPO by amending its terms or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither our Underwriter nor our Company shall be under any obligation to enter into a fresh agreement.

**4.9.3 Force Majeure**

- (i) It will be an event of force majeure if the Underwriter is unable to perform its obligations stipulated herein resulting from any event or series of events beyond the reasonable control of the Underwriter, including without limitation any of the following:
  - (a) acts of God, national disorder, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting or other labour disputes, any unavailability of transportation or severe economic dislocation, earthquake, typhoon, outbreak of war, outbreak of disease, acts of terrorism or the declaration of a state of national emergency;
  - (b) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing which is likely to have a material adverse effect on the stock market in Malaysia. 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:
    - (aa) on or after the date of this Agreement; and

**4. PARTICULARS OF OUR IPO (CONT'D)**

(bb) prior to the Closing Date or Extended Closing Date,

lower than eighty-five per centum (85%) of the Index level at the close of normal trading on the Market Day immediately prior to the date of this Agreement and remain at or below that level for three (3) or more consecutive Market Days, it shall be deemed a material adverse change in the stock market condition in Malaysia; or

(c) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Underwriter or any event or series of events beyond the reasonable control of the Underwriter;

which would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the IPO, or the distribution or sale of the Public Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

(d) In the event of a force majeure under this Underwriting Agreement, the Underwriter may, subject to prior consultation with the Company, at any time prior to or on the Closing Date or Extended Closing Date:

(aa) terminate this Agreement by giving notice to the Company in the manner as set out in Section 4.9.2 above; or

(bb) request for the Closing Date or Extended Closing Date to be extended to such reasonable date as the Underwriter may decide.

**4.10 OBJECTIVES OF OUR IPO**

The objectives of our IPO are as follows:

- (i) to establish liquidity for our Shares by the listing of and quotation for our entire ordinary shares on the Main Market of Bursa Securities;
- (ii) to enable us to access the equity capital market and to provide us the financial flexibility to pursue growth opportunities;
- (iii) to raise funds for the purposes as set out in Section 4.7 of this Prospectus;
- (iv) to enable our Group to gain recognition through our listing status and further enhance our corporate reputation and brand name which is aimed at expanding our customer base; and
- (v) to provide an opportunity for the Malaysian Public, our eligible Directors, employees as well as persons who have contributed to the success of our Group to participate in our equity.



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL**

**5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

**5.1.1 Shareholdings of our Promoters and substantial shareholders**

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

Promoters and substantial shareholders	Place of incorporation/ Nationality	Before our IPO/ After the Acquisitions		Before our IPO/ After the Share Transfer	
		Direct No. of Shares (1)(%)	Indirect No. of Shares (1)(%)	Direct No. of Shares (1)(%)	Indirect No. of Shares (1)(%)
<b>Promoters and substantial shareholders</b>					
Liaw Hen Kong	Malaysian	93,904,500	-	7,097,700	(3)173,613,300
Chin Lee Ling	Malaysian	93,904,000	-	7,097,500	(3)173,613,300
Tan Hwong Kuen	Malaysian	93,904,000	-	93,904,000	-
Lim Young Piau	Malaysian	93,904,000	-	93,904,000	-
<b>Substantial shareholder</b>					
Scarecrow Holding	Malaysia	-	-	173,613,300	46.22

Promoters and substantial shareholders	Place of incorporation/ Nationality	After our IPO	
		Direct No. of Shares (2)(%)	Indirect No. of Shares (2)(%)
<b>Promoters and substantial shareholders</b>			
Liaw Hen Kong	Malaysian	200	(3)173,613,300
Chin Lee Ling	Malaysian	-	(3)173,613,300
Tan Hwong Kuen	Malaysian	86,806,500	-
Lim Young Piau	Malaysian	86,806,500	-
<b>Substantial shareholder</b>			
Scarecrow Holding	Malaysia	173,613,300	36.68

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

**Notes:**

\* Negligible.

- (1) Based on our issued Shares of 375,616,500 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged issued Shares of 473,179,500 Shares after our IPO.
- (3) Deemed interested by virtue of Section 8(4) of the Act, through his/her shareholding in Scarecrow Holding.

The Shares held by our Promoters and substantial shareholders do not have different voting rights from our other shareholders. Save for our Promoters and substantial shareholders named above, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, there is no arrangement between our Company, Promoters and substantial shareholders, with any third party of which may result in a change in control of our Company at a date subsequent to our IPO and Listing.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**


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**5.1.2 Profiles of Promoters and substantial shareholders**
**(i) Liaw Hen Kong**

*Promoter, substantial shareholder and Managing Director*

Liaw Hen Kong, a Malaysian male aged 53, is our Promoter, substantial shareholder and Managing Director. He was appointed to our Board on 27 November 2023, and is primarily responsible for piloting the overall strategic direction as well as formulating the business growth and development of our Group.

He graduated with a Diploma in Business Studies from Systematic Business Training Centre (now known as SEGi University and Colleges) in 1991 and completed the London Chamber of Commerce and Industry (LCCI) course in the same year. He graduated from the professional examination of the Association of Chartered Certified Accountants (“ACCA”) in May 1998.

He began his career in January 1995 with an audit firm, Mohamed Yeng & Co as an Audit Assistant handling audit and accounting matters. He left Mohamed Yeng & Co at the end of 1996 and subsequently joined Arthur Andersen & Co, in February 1997 as a Staff Assistant handling audit and tax matters. In early 2000, he left Arthur Andersen & Co to change his career direction, as he decided to set up his own drinking water trading business with his own truck covering the East Coast of Sabah.

Lack of access to clean drinking water in Sabah has led him to invest in Life Water Industries, a company engaged in the marketing of drinking water treatment products which has been inactive and suspended business operations then, together with the other 3 Promoters in 2001. He was appointed as a director of Life Water Industries in August 2001, a position he still presently assumes.

On the social front, he is currently serving as the Chairman of the Malaysian Plastics Manufacturers Association Sabah Branch (since May 2018).

In November 2018, he received the Illustrious Order of Kinabalu (Darjah Yang Amat Mulia Kinabalu) for rendering meritorious and outstanding services to Sabah for his contribution to the community for corporate social responsibility activities in Sabah.

Besides being our Managing Director, he also presently holds directorship in all of our Subsidiaries.

He is the spouse of Chin Lee Ling, our Promoter, substantial shareholder and Executive Director and has family relationship with Chin Chun Ming (brother-in-law), our Technical Manager and Chin Lee Yung @ Rina Chin (sister-in-law), our Operations Manager.

Currently, he is also a director and shareholder of several private limited companies as disclosed in Section 5.2.3 of this Prospectus.

**(ii) Chin Lee Ling**

*Promoter, substantial shareholder and Executive Director*

Chin Lee Ling, a Malaysian female, aged 52, is our Promoter, substantial shareholder and Executive Director. She was appointed to our Board on 27 November 2023, and is primarily responsible for overseeing the human resources department, product development, branding and marketing activities, and IT department of our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**


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She graduated with a National Computing Centre (United Kingdom) International Diploma in Computer Studies from Informatics Institute in March 1992. She then completed the London Chamber of Commerce and Industry (LCCI) course in 1993 and the professional examination of the ACCA in 1998.

She began her career in February 1997 with Incaplas (Malaysia) Sdn Bhd at the Petaling Jaya office, a company principally involved in manufacturing of plastic products, as an Accounts Assistant and was subsequently promoted to the position of Accounts Executive in October 1997. As part of the accounting team, she was tasked with various accounting functions including preparation of monthly financial statements, monitoring daily cash-flow, and participating in quarterly physical stock counts. She left the company at the end of 1997 to return to Sabah.

Upon returning to Sabah, she took up a few part-time jobs engaging in accounting and administration functions prior to joining Yu Kien Sdn Bhd, the then manufacturer of drinking water in Sabah, as an Account Executive in mid-1998. During her tenure with the company, she was responsible for overseeing the accounting team and human resources team as well as managing the overall business operations, including procurement, production planning, supervision of production line, credit control, preparation of monthly management accounts and monitoring daily cash flow.

Lack of access to clean drinking water in Sabah has led her to invest in Life Water Industries, a company engaged in the marketing of drinking water treatment products which has been inactive and suspended business operations then, together with the other 3 Promoters in 2001. She was appointed as a director of Life Water Industries in August 2001, a position she still presently assumes.

Besides being our Executive Director, she also presently holds directorship in all of our Subsidiaries.

She is the spouse of Liaw Hen Kong, our Promoter, substantial shareholder and Managing Director, and has family relationship with Chin Chun Ming (brother), our Technical Manager and Chin Lee Yung @ Rina Chin (sister), our Operations Manager.

Currently, she is also a director and shareholder of several private limited companies as disclosed in Section 5.2.3 of this Prospectus.

**(iii) Tan Hwong Kuen**

*Promoter, substantial shareholder and Non-Independent Non-Executive Senior Director*

Tan Hwong Kuen, a Malaysian male aged 52, is our Promoter, substantial shareholder and Non-Independent Non-Executive Senior Director. He was appointed to our Board on 27 November 2023.

He graduated with an Advanced Diploma in Computer Studies from Informatics Institute in June 1993.

In June 1994, he joined his family company, Multihope Enterprise Sdn Bhd, a company principally involved in the trading of scrap metal and used vehicle parts, as a Supervisor, overseeing the day-to-day business operations. In December 1994, he was appointed as a director of Multihope Enterprise Sdn Bhd, a position he still presently assumes.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**


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He invested in Life Water Industries, a company engaged in the marketing of drinking water treatment products which has been inactive and suspended business operations then, together with the other 3 Promoters in 2001. He was appointed as a director of Life Water Industries without any executive role in August 2001, a position he still presently assumes.

He is the Secretary General of Sabah Scrap Metals Recycle Association since April 2008.

Besides being our Non-Independent Non-Executive Senior Director, he also presently holds directorship in all of our Subsidiaries.

Currently, he is also a director and shareholder of several private limited companies as disclosed in Section 5.2.3 of this Prospectus.

**(iv) Lim Young Piau**

*Promoter, substantial shareholder and Non-Independent Non-Executive Senior Director*

Lim Young Piau, a Malaysian male aged 52, is our Promoter, substantial shareholder and Non-Independent Non-Executive Senior Director. He was appointed to our Board on 27 November 2023.

He attended Kian Kok Middle School from 1985 to 1990.

In January 1992, he joined his family business, Hong Seng Cold Storage, a partnership principally involved in the wholesale and retail of frozen foodstuffs where he was responsible for overseeing the overall operations of the business. As the family business grows and expands, he incorporated Hong Seng Importer & Exporter Sdn Bhd with his family members in January 2004 to assume all the businesses and assets of Hong Seng Cold Storage. He was appointed as a director of Hong Seng Importer & Exporter Sdn Bhd in January 2004, a position he still presently assumes.

He invested in Life Water Industries, a company engaged in the marketing of drinking water treatment products which has been inactive and suspended business operations then, together with the other 3 Promoters in 2001. He was appointed as a director of Life Water Industries without any executive role in July 2011, a position he still presently assumes.

Besides being our Non-Independent Non-Executive Senior Director, he also presently holds directorship in all of our Subsidiaries.

Currently, he is also a director and shareholder of several private limited companies as disclosed in Section 5.2.3 of this Prospectus.

**(v) Scarecrow Holding**

*Substantial shareholder*

Scarecrow Holding was incorporated on 5 December 2023 in Malaysia under the Act as a private limited company under the name of Scarecrow Holding Sdn Bhd.

The principal activity of Scarecrow Holding is an investment holding company. As at the LPD, the issued share capital of Scarecrow Holding is RM200,000 comprising 200,000 Scarecrow Holding Shares.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**


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The directors of Scarecrow Holding as at the LPD are Liaw Hen Kong and Chin Lee Ling.

The particulars of Scarecrow Holding's shareholders and their respective shareholdings as at the LPD are as follows:

<u>Shareholders</u>	<u>Nationality</u>	<u>Direct</u>		<u>Indirect</u>	
		<u>No. of Scarecrow Holding Shares</u>	<u>%</u>	<u>No. of Scarecrow Holding Shares</u>	<u>%</u>
Liaw Hen Kong	Malaysian	100,000	50.00	-	-
Chin Lee Ling	Malaysian	100,000	50.00	-	-

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

**5.1.3 Changes in shareholdings**

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

Promoters and substantial shareholders	Place of incorporation/ Nationality	As at 20 January 2023 (date of incorporation) and 31 December 2023				Before our IPO/ After the Acquisitions			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	( <sup>(1)</sup> )(%)	No. of Shares	( <sup>(1)</sup> )(%)	No. of Shares	( <sup>(2)</sup> )(%)	No. of Shares	( <sup>(2)</sup> )(%)
<b>Promoters and substantial shareholders</b>									
Liaw Hen Kong	Malaysian	300	60.00	-	-	93,904,500	25.00	-	-
Chin Lee Ling	Malaysian	-	-	-	-	93,904,000	25.00	-	-
Tan Hwong Kuen	Malaysian	-	-	-	-	93,904,000	25.00	-	-
Lim Young Piau	Malaysian	-	-	-	-	93,904,000	25.00	-	-
Lim Chin Wah	Malaysian	100	20.00	-	-	( <sup>(5)</sup> -	-	-	-
Pang Tet Tsung	Malaysian	100	20.00	-	-	( <sup>(5)</sup> -	-	-	-
<b>Substantial shareholder</b>									
Scarecrow Holding	Malaysia	-	-	-	-	-	-	-	-

Promoters and substantial shareholders	Place of incorporation/ Nationality	Before our IPO/ After the Share Transfer				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	( <sup>(2)</sup> )(%)	No. of Shares	( <sup>(2)</sup> )(%)	No. of Shares	( <sup>(3)</sup> )(%)	No. of Shares	( <sup>(3)</sup> )(%)
<b>Promoters and substantial shareholders</b>									
Liaw Hen Kong	Malaysian	7,097,700	1.89	( <sup>(4)</sup> )173,613,300	46.22	200	*	( <sup>(4)</sup> )173,613,300	36.68
Chin Lee Ling	Malaysian	7,097,500	1.89	( <sup>(4)</sup> )173,613,300	46.22	-	-	( <sup>(4)</sup> )173,613,300	36.68
Tan Hwong Kuen	Malaysian	93,904,000	25.00	-	-	86,806,500	18.35	-	-
Lim Young Piau	Malaysian	93,904,000	25.00	-	-	86,806,500	18.35	-	-
<b>Substantial shareholder</b>									
Scarecrow Holding	Malaysia	173,613,300	46.22	-	-	173,613,300	36.68	-	-

**Notes:**

\* Negligible.

(1) Based on our issued Shares of 500 Shares as at 20 January 2023, being the date of incorporation of our Company, and as at 31 December 2023.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

- (2) Based on our issued Shares of 375,616,500 Shares after the Acquisitions but before our IPO.
- (3) Based on our enlarged issued Shares of 473,179,500 Shares after our IPO.
- (4) Deemed interested by virtue of Section 8(4) of the Act, through his/her shareholding in Scarecrow Holding.
- (5) Lim Chin Wah and Pang Tet Tsung, who were subscriber shareholders of our Company, had disposed off their entire shareholdings to Liaw Hen Kong at the IPO Price on 24 September 2024.

**5.1.4 Promoters and/or substantial shareholders' remuneration and benefits in-kind**

Save for the dividends declared and/or paid to our Promoters and/or substantial shareholders as set out in Section 12.4 of this Prospectus, and the aggregate remuneration and benefits in-kind paid or to be paid to our Promoters and/or substantial shareholders as set out in Section 5.2.4 of this Prospectus, there are no other amounts or benefits that have been paid or intended to be paid or given to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

**5.2 BOARD OF DIRECTORS**

**5.2.1 Shareholdings of our Directors**

The direct and indirect shareholdings of our Directors in our Company before and after our IPO are as follows:

Name	Nationality	Before our IPO		After our IPO and the Share Transfer <sup>(1)</sup>	
		Direct		Direct	
		No. of Shares	(2)%	No. of Shares	(3)%
Datuk Petrus Gimbad	Malaysian	-	-	200,000	0.04
Liaw Hen Kong	Malaysian	93,904,500	25.00	200	*
Chin Lee Ling	Malaysian	93,904,000	25.00	-	(4)173,613,300
Tan Hwong Kuen	Malaysian	93,904,000	25.00	86,806,500	18.35
Lim Young Piau	Malaysian	93,904,000	25.00	86,806,500	18.35
Ang Seng Wong	Malaysian	-	-	200,000	0.04
Tan Mui Ping	Malaysian	-	-	200,000	0.04
Selma Enolli Binti Mustapha Khalil	Malaysian	-	-	100,000	0.02

**Notes:**

\* Negligible.

(1) Assuming our Directors will fully subscribe for their respective allocation under the Pink Form Allocation.

(2) Based on our issued Shares of 375,616,500 Shares after the Acquisitions but before our IPO.

(3) Based on our enlarged issued Shares of 473,179,500 Shares after our IPO and the Share Transfer.

(4) Deemed interested by virtue of Section 8(4) of the Act, through his/her shareholding in Scarecrow Holding.

Save for Liaw Hen Kong and Chin Lee Ling who are shareholders of Scarecrow Holding, none of our Directors represents any corporate shareholder on our Board. Further, save for Liaw Hen Kong and Chin Lee Ling, there are no family relationships between our Directors.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)

### 5.2.2 Profiles of Directors

Save for the profiles of Liaw Hen Kong, Chin Lee Ling, Tan Hwong Kuen and Lim Young Piau as set out in Section 5.1.2 of this Prospectus, the profiles of our other Directors are as follows:

#### (i) **Datuk Petrus Gimbad**

##### *Independent Non-Executive Chairman*

Datuk Petrus Gimbad, a Malaysian male aged 68, is our Independent Non-Executive Chairman. He was appointed to our Board on 27 November 2023.

He is a Chartered Accountant and was admitted as a Member of the Association of Chartered Certified Accountants (“**ACCA**”) in April 1987. He is also a member of Malaysian Institute of Accountants since January 1988. In April 1992, he became a Fellow Member of ACCA. He obtained a Master of Business Administration from The University of Bath, United Kingdom in November 1992 and a Master of Advanced Business Practice from University of South Australia in September 2005. He later obtained a Postgraduate Diploma in Systems Thinking in Practice from The Open University in Milton Keynes, United Kingdom in December 2016. He has also obtained certificates in Managing for Sustainability in October 2016, Institutional Development in April 2017 and Conflict and Development in October 2017, all from The Open University in Milton Keynes, United Kingdom.

In July 1981, he began his career as a Production Sharing Contract Auditor in Petroliam Nasional Berhad (“**PETRONAS**”) and was seconded to Malaysia LNG Sdn Bhd in October 1982 as a Financial Accountant where he was mainly responsible for general accounting matters. He returned to PETRONAS as Group Budget Accountant in end-1986 until December 1987.

In January 1988, he then embarked on his professional career with Ernst & Whinney (now known as Ernst & Young) (“**EY**”) as an Audit Senior. He was admitted to partnership in January 1997. In November 2007, he was posted to EY Vietnam office to lead the advisory practice which covers the Indochina area of Vietnam, Laos and Cambodia. He retired from his position as the Partner of EY in June 2009 after over 20 years with the firm. Throughout his tenure in EY, he was involved in external audit assignments as well as consultancy and advisory practice where he was mainly involved in corporate finance matters including privatisation, corporate listing, corporate restructuring and strategy development.

After retirement from EY, with his vast experience, he was appointed as a member of Energy Commission Malaysia from September 2014 to August 2018.

He presently sits on the board of directors of Inland Revenue Board of Malaysia (since September 2022), CPS Tower Sdn Bhd (since November 2007), Good Shepherd Services (since April 2021), and Sabah Electricity Sdn Bhd (since July 2023).

Please see Section 5.2.3 of this Prospectus for further details of his involvement in other principal directorships and principal business activities outside our Group as at the LPD and his principal directorships outside our Group in the past 5 years preceding the LPD.

#### (ii) **Ang Seng Wong**

##### *Independent Non-Executive Director*

Ang Seng Wong, a Malaysian male aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 27 November 2023.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

He graduated with a Bachelor of Business (Banking and Finance) and a Bachelor of Arts in May 1988 from the Chisholm Institute of Technology, Australia (currently known as Monash University). He graduated with a Master of Business Administration from Cardiff Metropolitan University, Wales in September 2016. He is a member of the Malaysian Institute of Accountants since May 1998. He is a member of the Institute of Corporate Directors Malaysia since October 2022 and subsequently became a fellow of the Institute of Corporate Directors Malaysia since November 2022.

He began his career in January 1986 with Freeman McMurrick Pty. Ltd. in Australia as an Accountant where he was responsible for assisting in the preparation of management accounts, liaising with underwriters and assisting in the preparation of the company's accounts. He left the company in November 1989.

He then returned to Malaysia and joined Apex Securities Sdn Bhd (currently known as JF Apex Securities Berhad) from December 1989 to March 1990 where he was involved in conducting research on the stock market, analysing stocks and recommending stocks in a monthly newsletter.

He then joined MBf Finance Berhad (currently known as AmBank (M) Berhad), a company listed on the Main Market of Bursa Securities, in December 1990 until June 1991 as an Assistant Manager where he was responsible for accounting matters such as accounts reconciliation and reporting.

Between his time with JF Apex Securities Berhad and MBf Finance Berhad, he worked as a freelancer involved in performing feasibility studies, writing marketing reports and business proposals in the plastics industry.

In June 1991, he joined TH-Exima Electronics (M) Sdn Bhd as a Finance Director where he was responsible for finance and accounts reporting. He left the company in October 1992.

He was then appointed as an Executive Representative of the CIDC (Malaysia) Sdn Bhd (a subsidiary company of China Investment Development Company, Taiwan) from January 1993 to July 1994. He was involved in sourcing and recommending investment opportunities to the company.

He subsequently joined NCK Corporation Berhad (a public listed company which was listed on the Main Market of Bursa Securities before transferring of its listing status to APB Resources Berhad on 6 May 2004) as a Corporate Affairs Manager in July 1994 where he was responsible in reporting, assisting and taking instructions from the group's managing director of the company to manage the businesses of its subsidiary companies which includes, inter alia, tasks involving monthly accounts analysis, subsidiary companies' management meetings, business liaison with suppliers, contractors, customers and bankers. During his time with the company, he was appointed to the board of directors of several of the company's subsidiary companies. He left the company in December 1998.

In February 1999, he joined Pacific Asian Exporters Inc as a Regional Representative on a part-time basis where he was involved in establishing a supply chain to produce and export plastic products to the USA. He left his position in June 2007.

In March 2003, he began to conduct training sessions and lectures on subjects such as soft skills, supervisory skills, management skills and corporate governance on a part time basis. He was affiliated with several training companies such as Nobel Konsult Sdn Bhd and EMC Management Centre Sdn Bhd. He is still currently involved in conducting training sessions on various subjects.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)

He was appointed as a General Manager of Astral Supreme Berhad (currently known as Vizione Holdings Berhad, a public company listed on the Main Market of Bursa Securities) from October 2003 where he was in charge of overseeing the manufacturing, marketing and distribution of electrical and electronic products. He was then appointed as an Executive Director of the company in April 2005. He resigned from his position as an Executive Director in August 2005.

He presently sits on the board of directors of CPE Technology Berhad, a company listed on the Main Market of Bursa Securities, and Infoline Tec Group Berhad and Eduspec Holdings Berhad, companies listed on the ACE Market of Bursa Securities:

- (a) for CPE Technology Berhad, he was appointed as an Independent Non-Executive Director in April 2022 and redesignated as Independent Non-Executive Chairman in June 2022;
- (b) for Infoline Tec Group Berhad, he was appointed as an Independent Non-Executive Chairman in January 2024; and
- (c) for Eduspec Holdings Berhad, he was appointed as an Independent Non-Executive Director in June 2024.

Please see Section 5.2.3 of this Prospectus for further details of his involvement in other principal directorships and principal business activities outside our Group as at the LPD and his principal directorships outside our Group in the past 5 years preceding the LPD.

### (iii) **Tan Mui Ping**

#### *Independent Non-Executive Director*

Tan Mui Ping, a Malaysian female aged 48, is our Independent Non-Executive Director. She was appointed to our Board on 27 November 2023.

She obtained a certification for the ACCA in February 1999. She became a Member of ACCA in April 2001 and was subsequently made a Fellow Member of ACCA in April 2006. She is also a member of the Malaysian Institute of Accountants since December 2001, a registered company secretary with the SSM since February 2020 as well as a member of the Institute of Corporate Directors Malaysia since January 2022.

She has over 20 years of experience in senior finance roles which cover the areas of corporate finance, investment analysis, business development partnering and investment feasibility study, and group finance matters, treasury and tax planning.

She began her career in Shamsir Jasani Grant Thornton (now known as Grant Thornton Malaysia PLT) in April 1998 and left the firm in May 2001 as an Audit Senior. From May 2001 to October 2001, she took a break for personal reason.

In October 2001, she joined Wah Seong Corporation Berhad (currently known as Wasco Berhad), a company listed on the Main Market of Bursa Securities, as an Accountant where, she was responsible for the group reporting and corporate finance functions. She was also involved in the listing exercise of Wah Seong Corporation Berhad.

In June 2003, she left Wah Seong Corporation Berhad and joined Edaran Otomobil Nasional Berhad as a Manager - Group Finance in the same month where she was responsible for the group finance matters, corporate finance and tax planning as well as involved in its business transformation program.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**


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In June 2007, she left Edaran Otomobil Nasional Berhad and joined Advance Synergy Berhad (“**ASB**”), a company listed on the Main Market of Bursa Securities, as Finance Manager (function as Head of Finance) in the same month. During her tenure with ASB, she was involved in various corporate exercises including, among others, capital reduction exercise and issuance of irredeemable convertible unsecured loan stocks of ASB, privatisation and delisting of Advance Synergy Capital Berhad, a subsidiary of ASB, restructuring of Advance Synergy Capital Berhad group’s business, assets and resources post privatisation as well as acquisition of new business and disposal of ASB’s hotel assets.

In October 2012, she left ASB and joined Weida (M) Bhd (“**Weida**”) as a Senior Manager of the Corporate Department in the same month. In July 2014, she was promoted to the position of General Manager in the Group Managing Director’s office and was subsequently redesignated as Financial Advisor to Group Executive Chairman in June 2023, a position she assumes to present date. She is also the director of Asaljuru Synergy Sdn Bhd, a subsidiary of Weida (since October 2022). Throughout her tenure with Weida, she supports the Group Executive Chairman and works closely with other team members and strategic partners on Group Executive Chairman related tasks and projects. Her responsibilities include business development partnering, investment feasibility study, corporate finance, group finance matter, treasury, group tax planning and support the senior management in investors’ relations activities. She was also the acting Financial Controller of Weida’s property development division from 2013 to 2016.

She presently sits on the board of directors of Infoline Tec Group Berhad (since November 2021) and Evergreen Fibreboard Berhad (since October 2022) as an independent non-executive director. Infoline Tec Group Berhad is a company listed on the ACE Market of Bursa Securities while Evergreen Fibreboard Berhad is a company listed on the Main Market of Bursa Securities.

Please see Section 5.2.3 of this Prospectus for further details of her involvement in other principal directorships and principal business activities outside our Group as at the LPD and her principal directorships outside our Group in the past 5 years preceding the LPD.

**(iv) Selma Enolil Binti Mustapha Khalil**

*Independent Non-Executive Director*

Selma Enolil Binti Mustapha Khalil, a Malaysian female aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 27 November 2023.

She graduated from University of Wales, Aberystwyth (now known as University of Aberystwyth) with a Bachelor of Laws in July 1994. She obtained her Certificate in Legal Practice in December 1995 and was called to the Malaysian Bar as an Advocate and Solicitor in November 1996. She brings with her over 28 years of experience in the legal profession and her key area of practice currently is corporate and commercial law.

In December 1996, she started her career as an Advocate and Solicitor with Messrs Abu Talib Shahrom & Zahari. In October 1998, she left Messrs Abu Talib Shahrom & Zahari and joined TNB Repair and Maintenance Sdn Bhd (“**TNB Remaco**”) as a Legal Executive and was involved in legal advisory and contract review. TNB Remaco is a subsidiary of TNB, a company listed on the Main Market of Bursa Securities. She left TNB Remaco in June 2000 and resumed practicing law as an Advocate and Solicitor with Messrs Raslan Loong (now known as Messrs Raslan Loong, Shen & Eow) in July 2000. She left the firm in August 2003 and co-founded Messrs Enolil Loo, Advocates and Solicitors in September 2003, in which she is currently a Partner.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

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She presently sits on the board of directors of Techbond Group Berhad (since January 2018), Selangor Dredging Berhad (since December 2018), Powerwell Holdings Berhad (since January 2019) and Unique Fire Holdings Berhad (since October 2021) as an independent non-executive director. Both Techbond Group Berhad and Selangor Dredging Berhad are companies listed on the Main Market of Bursa Securities while Powerwell Holdings Berhad and Unique Fire Holdings Berhad are companies listed on the ACE Market of Bursa Securities. She is also a director and trustee of Ericson Foundation (since January 2011), a non-profit organisation with a focus to create accessible palliative care for the underprivileged through financial and volunteer support.

Please see Section 5.2.3 of this Prospectus for further details of her involvement in other principal directorships and principal business activities outside our Group as at the LPD and her principal directorships outside our Group in the past 5 years preceding the LPD.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

**5.2.3 Principal business activities and directorships in other corporations outside of our Group for the past 5 years**

The following table sets out the principal directorships and principal business activities of our Directors outside our Group as at the LPD and principal directorships outside our Group in the past 5 years preceding the LPD:

**(i) Datuk Petrus Gimbad**

Name of company	Principal activities	Date appointed as director/ Date resigned as director	Involvement in business activities
<b>Present directorships:</b>			
• CPS Tower Sdn Bhd	• Property investment holding	• Appointed on 12 November 2007	• Director • Shareholder holding direct interest of 2.16%
• Inland Revenue Board of Malaysia	• Acting as one of the main revenue collecting agencies of the Ministry of Finance, Malaysia	• Appointed on 1 September 2022	• Director
• Good Shepherd Services	• A not-for-profit organisation involved in uplifting the lives of underserved and vulnerable communities namely women, youth and children through socio-economic aid and empowerment programmes	• Appointed on 30 April 2021	• Director
• Sabah Electricity Sdn Bhd	• Generate electricity, transmission and distribution of electricity and sales of electricity	• Appointed on 24 July 2023	• Director

**Previous directorships in the past 5 years preceding the LPD:**

• Sterling Elite Sdn Bhd	• Property investment holding	• Appointed on 29 September 2007 • Resigned on 23 February 2023	• Director
• Kwantas Corporation Berhad	• Investment holding of companies involved in operation of oil palm plantation, operation of a waste incineration plant and wholesaling & supply of diesel and lubricants	• Appointed on 24 March 2016 • Resigned on 31 December 2021	• Independent Non-Executive Director
• Meta Bright Group Berhad	• Investment holding of companies involved in hospitality, investment properties, property development, leasing and financing and energy related business	• Appointed on 17 July 2013 • Resigned on 20 June 2020	• Independent Non-Executive Director

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

(ii) Liaw Hen Kong

Name of company	Principal activities	Date appointed as director/ resigned as director	Involvement in business activities
<b>Present directorships:</b>			
<ul style="list-style-type: none"> <li>• Life Water Properties Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Property investment</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 20 September 2007</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding direct interest of 25.00% and indirect interest of 25.00% through his spouse, Chin Lee Ling</li> </ul>
<ul style="list-style-type: none"> <li>• Borneo Oils &amp; Foodstuffs Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Property investment</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 5 March 2008</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding direct interest of 20.00% and indirect interest of 20.00% through his spouse, Chin Lee Ling</li> </ul>
<ul style="list-style-type: none"> <li>• Star Pinnacle Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Activities of holding companies – investment in bonds and equities</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 9 October 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>
<b>Involvement in business activities other than as a director:</b>			
<ul style="list-style-type: none"> <li>• TCG Foods Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Operating restaurant</li> </ul>		<ul style="list-style-type: none"> <li>• Shareholder holding direct interest of 7.50% and indirect interest of 7.50% through his spouse, Chin Lee Ling</li> </ul>
<ul style="list-style-type: none"> <li>• Borneo Healthline Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Activities of holding companies (dormant and there is no immediate plan for the company currently)</li> </ul>		<ul style="list-style-type: none"> <li>• Shareholder holding direct interest of 22.74%</li> </ul>



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

(iii) Chin Lee Ling

Name of company	Principal activities	Date appointed as director/ Date resigned as director	Involvement in business activities
<b>Present directorships:</b>			
<ul style="list-style-type: none"> <li>Life Water Properties Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Property investment</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 20 September 2007</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> <li>Shareholder holding direct interest of 25.00% and indirect interest of 25.00% through her spouse, Liaw Hen Kong</li> </ul>
<ul style="list-style-type: none"> <li>Borneo Oils &amp; Foodstuffs Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Property investment</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 5 March 2008</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> <li>Shareholder holding direct interest of 20.00% and indirect interest of 20.00% through her spouse, Liaw Hen Kong</li> </ul>
<ul style="list-style-type: none"> <li>Suria Timur Resources Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Provision of general insurance agency services (The company has ceased its business operation and there is no immediate plan for the company currently)</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 29 January 2015</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> <li>Shareholder holding direct interest of 60.00%</li> </ul>
<ul style="list-style-type: none"> <li>Star Pinnacle Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Activities of holding companies – investment in bonds and equities</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 9 October 2017</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> </ul>
<b>Involvement in business activities other than as a director:</b>			
<ul style="list-style-type: none"> <li>TCG Foods Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Operating restaurant</li> </ul>		<ul style="list-style-type: none"> <li>Shareholder holding direct interest of 7.50% and indirect interest of 7.50% through her spouse, Liaw Hen Kong</li> </ul>
<ul style="list-style-type: none"> <li>Trusmadi Entomology Sdn Bhd (formerly known as Trusmadi Adventures Sdn Bhd)</li> </ul>	<ul style="list-style-type: none"> <li>To operate and manage holiday resort and camps, cultural village and other related activities</li> </ul>		<ul style="list-style-type: none"> <li>Shareholder holding direct interest of 34.00%</li> </ul>

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

(iv) **Tan Hwong Kuen**

Name of company	Principal activities	Date appointed as director/ Date resigned as director	Involvement in business activities
<b>Present directorships:</b>			
<ul style="list-style-type: none"> <li>• Life Water Properties Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Property investment</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 20 September 2007</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding direct interest of 25.00%</li> </ul>
<ul style="list-style-type: none"> <li>• Standard Teamtrade Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Hire of heavy equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 23 January 2009</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding direct interest of 30.00% and indirect interest of 70.00% through his spouse, Chong Pei Nie @ Irene Chong</li> </ul>
<ul style="list-style-type: none"> <li>• S.M. (Sabah) Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Property investment</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 16 December 2002</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding direct interest of 80.00% and indirect interest of 20.00% through his spouse, Chong Pei Nie @ Irene Chong</li> </ul>
<ul style="list-style-type: none"> <li>• Multihope Enterprise Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Trading of scrap metal and used vehicle parts</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 27 December 1994</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding direct interests of 15.00% and 25.00% are held by Tan Hwong Gei and Tan Hwong Pyin respectively, who are the siblings of Tan Hwong Kuen</li> </ul>

**Previous directorships in the past 5 years preceding the LPD:**

- Realtec Engineering Sdn Bhd
- Manufacturing in fabrication precision sheet metal Engineering design and other engineering structure and work Distributor of valves and pipeline related products
- Appointed on 2 November 2012
- Resigned on 6 October 2023
- Director

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

<b>Name of company</b>	<b>Principal activities</b>	<b>Date appointed as director/ Date resigned as director</b>	<b>Involvement in business activities</b>
<b>Involvement in business activities other than as a director:</b>			
• TCG Foods Sdn Bhd	• Operating restaurant		• Shareholder holding interest of 7.50% direct
• Multihope Realty Pte. Ltd.	• Property investment		• Shareholder holding interest of 30.00% direct
<b>(v) Lim Young Piau</b>			
<b>Name of company</b>	<b>Principal activities</b>	<b>Date appointed as director/ Date resigned as director</b>	<b>Involvement in business activities</b>
<b>Present directorships:</b>			
• Life Water Properties Sdn Bhd	• Property investment	• Appointed on 20 September 2007	• Director • Shareholder holding interest of 25.00% direct
• Hong Seng Cold Storage Sdn Bhd	• Property investment	• Appointed on 27 February 1999	• Director • Shareholder holding interest of 50.00% direct
• Hong Seng Trading Sdn Bhd	• Marketing and sales agent for frozen foodstuffs	• Appointed on 9 January 2004	• Director • Shareholder holding interest of 50.00% direct
• Hong Seng Importer & Exporter Sdn Bhd	• Wholesale and retail of frozen foodstuffs	• Appointed on 9 January 2004	• Director • Shareholder holding interest of 33.333%. The remaining interests of 33.333% and 33.334% are held by Lim Young Peing and Lim Yun Seng respectively, who are the siblings of Lim Young Piau
• Natural Green House Sdn Bhd	• Retail of healthcare products	• Appointed on 5 February 2010	• Director • Shareholder holding interest of 33.333% direct

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

Name of company	Principal activities	Date appointed as director/ resigned as director	Involvement in business activities
<ul style="list-style-type: none"> <li>• Winner Chef Food Processing Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Supply of frozen food</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 22 July 2011</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding interest of 50.00%</li> </ul>
<ul style="list-style-type: none"> <li>• Yolo Fitness Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Carrying on the business of gym and fitness centres</li> <li>• Carrying on the business of franchisor business</li> <li>• Carrying on the business of retail sale of sports goods and equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 8 September 2023</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding interest of 16.00%</li> </ul>
<ul style="list-style-type: none"> <li>• HS Mart Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Retail sale of meat and meat products (including poultry)</li> <li>• Retail sale of fish, other seafood and products thereof</li> <li>• Processing and preserving of meat and production of meat products</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 8 November 2019</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding interest of 45.00%</li> </ul>
<ul style="list-style-type: none"> <li>• Full Belly Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Processing and preserving of meat and production of meat products</li> <li>• Retail sale of fish, other seafood and products thereof</li> <li>• Retail sale of meat and meat products (including poultry)</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 22 August 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding interest of 45.00%</li> </ul>
<ul style="list-style-type: none"> <li>• Hong Seng Cold Storage (Sandakan) Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Food service activities</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 14 December 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding interest of 35.00%</li> </ul>
<ul style="list-style-type: none"> <li>• Hong Seng Cold Storage (Tawau) Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Wholesale of meat, poultry and eggs.</li> <li>• Wholesale of other foodstuffs</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 19 January 2023</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Shareholder holding interest of 50.00%</li> </ul>
<p><b>Previous directorships in the past 5 years preceding the LPD:</b></p>			
<ul style="list-style-type: none"> <li>• GCM Health Food Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Wholesale and retail of natural and organic health food products (The company has ceased its business operation and there is no immediate plan for the company currently)</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 5 March 2013</li> <li>• Resigned on 8 October 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>
<ul style="list-style-type: none"> <li>• Green Concept Marketing Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>• Wholesale and retail of natural and organic health food products</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 1 June 2013</li> <li>• Resigned on 8 October 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

(vi) Ang Seng Wong	Name of company	Principal activities	Date appointed as director/ resigned as director	Involvement in business activities
<b>Present directorships:</b>				
• Quantity Concept PLT	• Other management consultation activities n.e.c <sup>(1)</sup> , others education n.e.c <sup>(1)</sup> , wholesale of a variety of goods without any particular specialisation n.e.c <sup>(1)</sup>	• Partner holding direct interest of 50.00% and indirect interest of 50.00% through his spouse		
• CPE Technology Berhad	• Real estate activities on a fee or contract basis n.e.c <sup>(1)</sup> Real estate activities with own or leased property n.e.c <sup>(1)</sup> Investment holding of companies involved in manufacturing of precision-machined parts and components using computer numerical control turning and milling technology and provision of computer numerical control turning and milling services as well as trading of precision machined parts and components	• Appointed as Independent Non-Executive Director on 1 April 2022 • Redesignated as Independent Non-Executive Chairman on 16 June 2022	• Independent Non-Executive Chairman	
• Infoline Tec Group Berhad	• Investment holding of companies involved in providing IT infrastructure solutions, cybersecurity solutions, managed IT and other IT services, and trading of ancillary hardware and software	• Appointed on 9 January 2024	• Independent Non-Executive Chairman	
• Eduspec Holdings Berhad	• Provision and delivery of STEM Programs to school; providing Digital School Solutions; B2C Edutainment Business; and provision of professional testing service for Electronic and Electronics industry requirements	• Appointed on 13 June 2024	• Independent Non-Executive Director	

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

Name of company	Principal activities	Date appointed as director/ resigned as director	Involvement in business activities
<ul style="list-style-type: none"> <li>Ralco Corporation Berhad</li> </ul>	<ul style="list-style-type: none"> <li>Provision of management services and investment holding of companies involved in manufacturing of and trading in plastic bottles, containers, boxes, crates, related materials and provision of transportation services as well as supply of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 14 August 2019</li> <li>Resigned on 21 March 2024</li> </ul>	<ul style="list-style-type: none"> <li>Independent Non-Executive Director</li> </ul>
<ul style="list-style-type: none"> <li>Margaree Enterprises Pte Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Wholesale trade of a variety of goods without a dominant product. The company has ceased its business operation.</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 4 July 2017</li> <li>The company was struck off on 4 March 2024</li> </ul>	<ul style="list-style-type: none"> <li>Non-Executive Director</li> <li>Shareholder holding direct interest of 100.00%</li> </ul>
<ul style="list-style-type: none"> <li>Hocatsu (M) Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Trading and retailing of crockery, kitchen utensil and equipment, stewarding and housekeeping material</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 1 June 2005</li> <li>Resigned on 25 March 2024</li> </ul>	<ul style="list-style-type: none"> <li>Non-Executive Director</li> </ul>
<ul style="list-style-type: none"> <li>EG Industries Berhad</li> </ul>	<ul style="list-style-type: none"> <li>Provision of management service and investment holding of companies involved in among others, provision of electronic manufacturing services for computer peripherals, consumer electronic/electrical products and automotive industrial products as well as production of high filtration face masks</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 30 January 2009</li> <li>Resigned on 31 May 2024</li> </ul>	<ul style="list-style-type: none"> <li>Non-Independent Non-Executive Director</li> </ul>

**Note:**

(1) "n.e.c" means not elsewhere classified.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

(vii) **Tan Mui Ping**

Name of company	Principal activities	Date appointed as director/ date resigned as director	Involvement in business activities
<b>Present directorships:</b>			
<ul style="list-style-type: none"> <li>• Infoline Tec Group Berhad</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding of companies involved in providing IT infrastructure solutions, cybersecurity solutions, managed IT and other IT services, and trading of ancillary hardware and software</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 1 November 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Independent Non-Executive Director</li> <li>• Shareholder holding direct interest of 0.03%</li> </ul>
<ul style="list-style-type: none"> <li>• Evergreen Fibreboard Berhad</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacture of medium density fibreboard, particleboard, furniture, value-added wood-based products and resin</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 1 October 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Independent Non-Executive Director</li> </ul>
<ul style="list-style-type: none"> <li>• Asajuru Synergy Sdn Bhd<sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding (dormant)</li> </ul>	<ul style="list-style-type: none"> <li>• Appointed on 31 October 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>
<ul style="list-style-type: none"> <li>• A1 A.K. Koh Group Berhad</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding of companies involved in manufacturing, marketing, supply and/or distribution of processed food and beverage products under its in-house brands and third party brands, as well as provision of contract manufacturing and sourcing services of processed food and beverage products<sup>(2)/(3)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Appointed 13 September 2024</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>
<ul style="list-style-type: none"> <li>• Oasis Home Holding Berhad</li> </ul>	<ul style="list-style-type: none"> <li>• Investment holding of companies involved in marketing and selling of consumer lifestyle products<sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Appointed 16 February 2024</li> </ul>	<ul style="list-style-type: none"> <li>• Director</li> </ul>

• Partner (investor)

**Involvement in business activities other than as a director:**

- Zoey Angel Two PLT
  - Investment holding of company principally involved in the business of wholesale of foodstuffs and manufacturing of food products

**Notes:**

- (1) The company is in the midst of voluntary winding up.
- (2) The company was incorporated for the purpose of a listing exercise.
- (3) The beverage products refer to are instant coffee and ready-to-drink bird's nest.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

(viii) Selma Enolil Binti Mustapha Khalil

Name of company Present directorships:	Principal activities	Date appointed as director/ resigned as director	Involvement in business activities
<ul style="list-style-type: none"> <li>Ericson Foundation</li> </ul>	<ul style="list-style-type: none"> <li>(i) To receive and administer funds for public charitable purposes, (ii) to foster develop and improve education of all kinds, (iii) to assist and aid in relieve the sickness and suffering of people with life limiting conditions and their families and carers</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 27 January 2011</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> <li>Trustee</li> </ul>
<ul style="list-style-type: none"> <li>Unique Fire Holdings Berhad</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding of companies involved in the assembly, manufacture and distribution of active fire protection systems, equipment and accessories for built environment, as well as the distribution of custom graphics designed fire extinguishers, and other active fire protection systems, equipment and accessories and related service</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 8 October 2021</li> </ul>	<ul style="list-style-type: none"> <li>Independent Non-Executive Chairperson</li> <li>Shareholder holding direct interest of 0.06%</li> </ul>
<ul style="list-style-type: none"> <li>Powerwell Holdings Berhad</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding of companies involved in the design, manufacturing and trading of electricity distribution products comprising low voltage switchboards, medium voltage switchgears and related products</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 7 January 2019</li> </ul>	<ul style="list-style-type: none"> <li>Independent Non-Executive Director</li> <li>Shareholder holding direct interest of 0.009%</li> </ul>
<ul style="list-style-type: none"> <li>Selangor Dredging Berhad</li> </ul>	<ul style="list-style-type: none"> <li>Provision of management services, investment holding of companies involved in among others property support services, property management services, trading and installation of energy efficient products, property development, investment in property; and property leasing</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 31 December 2018</li> </ul>	<ul style="list-style-type: none"> <li>Independent Non-Executive Director</li> </ul>



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

Name of company	Principal activities	Date appointed as director/ date resigned as director	Involvement in business activities
<ul style="list-style-type: none"> <li>Techbond Group Berhad</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding of companies involved in the development, manufacture and trading of industrial adhesives and sealants, providing supporting products and services, and management services</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 2 January 2018</li> </ul>	<ul style="list-style-type: none"> <li>Independent Non-Executive Director</li> <li>Shareholder holding direct interest of 0.04%</li> </ul>
<p><b>Previous directorships in the past 5 years preceding the LPD:</b></p>			
<ul style="list-style-type: none"> <li>LKL International Berhad</li> </ul>	<ul style="list-style-type: none"> <li>Investment holding of companies involved in provision of medical/healthcare beds, peripheral and accessories, trading in hospital furniture, laboratory furniture, medical equipment, medical peripherals and accessories, providing management and advisory services, distribution of pharmaceutical products</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 23 July 2015</li> <li>Resigned on 13 October 2020</li> </ul>	<ul style="list-style-type: none"> <li>Independent Non-Executive Director</li> </ul>
<ul style="list-style-type: none"> <li>Halo Advisory Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Financial consultancy services (dormant)</li> </ul>	<ul style="list-style-type: none"> <li>Appointed on 12 April 2022</li> <li>Resigned on 30 June 2023</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> </ul>

The involvement of our Directors mentioned above in the other principal business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group in their respective roles as our Directors, as:

- (i) our Non-Executive Directors are not involved in the day-to-day operations of our Group, and their involvement in other business activities outside our Group will not affect their contributions to our Group; and
- (ii) our Executive Directors are not involved in the management and day-to-day operations of those businesses outside our Group.

The present involvement of our Directors outside of our Group as set out above does not give rise to any existing or potential conflict of interest in view of the following:

- (i) None of our Directors has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group; and

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

(ii) None of our Directors and/or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are the customers or suppliers of our Group, save for the transactions (i) between our Group and Multihope Enterprise Sdn Bhd and (ii) between our Group and Hong Seng Importer & Exporter Sdn Bhd, respectively. Multihope Enterprise Sdn Bhd and Hong Seng Importer & Exporter Sdn Bhd are not involved in the similar business activities as our Group. Multihope Enterprise Sdn Bhd is principally involved in trading of scrap metal and used vehicle parts while Hong Seng Importer & Exporter Sdn Bhd is principally involved in wholesale and retail of frozen foodstuffs. These transactions were carried out on arm's length basis as the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties. Please refer to Section 10.1.2 of this Prospectus for the transaction values (i) between our Group and Multihope Enterprise Sdn Bhd and (ii) between our Group and Hong Seng Importer & Exporter Sdn Bhd, respectively. In addition, our Group is not dependent on Multihope Enterprise Sdn Bhd and Hong Seng Importer & Exporter Sdn Bhd for revenue as the revenue generated from Multihope Enterprise Sdn Bhd and Hong Seng Importer & Exporter Sdn Bhd was below 0.02% of our Group's revenue for the Financial Years Under Review and up to the LPD. Further, Tan Hwong Kuen and Lim Young Piau are non-executive directors of our Group and hence, are not involved in the day-to-day running of the business operations of our Group. Their involvement in the other business activities outside our Group does not preclude them from allocating or committing their time and efforts to our Group in their respective roles on our Board. As such, this does not give rise to any existing and potential conflict of interest situation.

**5.2.4 Directors' remuneration and material benefits in-kind**

The details of the remuneration and material benefits in-kind paid and proposed to our Directors for services rendered to our Group in all capacities for the FYE 2024 and FYE 2025 are as follows:

FYE 2024 (Paid) <sup>(1)</sup>	Salaries (RM'000)	Fees (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Datuk Petrus Gimbad	-	35	-	-	(2)	-	35
Liaw Hen Kong	2,400	-	800	389	-	7	3,596
Chin Lee Ling	2,400	-	800	392	24	28	3,644
Tan Hwong Kuen	-	240	-	5	(2)	-	245
Lim Young Piau	-	240	-	5	(2)	-	245
Ang Seng Wong	-	32	-	-	(2)	-	32
Tan Mui Ping	-	32	-	-	(2)	-	32
Selma Enolli Binti Mustapha Khalil	-	32	-	-	(2)	-	32

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

FYE 2025 (Proposed) <sup>(1)</sup>	Salaries (RM'000)	Fees (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Allowances (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Datuk Petrus Gimbad	-	60	-	-	(2)	-	60
Liaw Hen Kong	2,400	-	800	389	-	7	3,596
Chin Lee Ling	2,400	-	800	392	24	28	3,644
Tan Hwong Kuen	-	84	-	-	(2)	-	84
Lim Young Piau	-	84	-	-	(2)	-	84
Ang Seng Wong	-	54	-	-	(2)	-	54
Tan Mui Ping	-	54	-	-	(2)	-	54
Selma Enolli Binti Mustapha Khalil	-	54	-	-	(2)	-	54

**Notes:**

- (1) The remuneration and material benefits in-kind paid to the Independent Directors for the FYE 2024 are derived since the commencement of their appointment to our Board, while the proposed remuneration and material benefits in-kind proposed to be paid to the Independent Directors for the FYE 2025 are based on full year remuneration.
- (2) Meeting allowance of RM1,000 for each meeting day.

The remuneration of our Directors, which includes our Directors' salaries, bonuses and allowances as well as other benefits of our Directors, must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board. Our Directors' fees and/or benefits must be further approved by our shareholders at a general meeting.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)

### 5.3 BOARD PRACTICES

#### 5.3.1 Board

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in that office are as follows:

<u>Name</u>	<u>Designation</u>	<u>Age (years)</u>	<u>Date of appointment</u>	<u>Date of expiration of the current term of office</u>	<u>Duration in office (years)</u>
Datuk Petrus Gimbad	Independent Non-Executive Chairman	68	27 November 2023	At the second AGM	Less than a year
Liaw Hen Kong	Managing Director	53	27 November 2023	At the third AGM	Less than a year
Chin Lee Ling	Executive Director	52	27 November 2023	At the second AGM	Less than a year
Tan Hwong Kuen	Non-Independent Non-Executive Senior Director	52	27 November 2023	At the third AGM	Less than a year
Lim Young Piau	Non-Independent Non-Executive Senior Director	52	27 November 2023	At the fourth AGM	Less than a year
Ang Seng Wong	Independent Non-Executive Director	62	27 November 2023	At the second AGM	Less than a year
Tan Mui Ping	Independent Non-Executive Director	48	27 November 2023	At the fourth AGM	Less than a year
Selma Enolil Binti Mustapha Khalil	Independent Non-Executive Director	53	27 November 2023	At the third AGM	Less than a year

At every annual general meeting of the Company, 1/3 of the Directors who are subject to retirement by rotation for the time being or if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election, provided that all Directors shall retire from office once at least in every 3 years. A retiring Director shall be eligible for re-election. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)

### 5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Tan Mui Ping	Chairman	Independent Non-Executive Director
Selma Enolil Binti Mustapha Khalil	Member	Independent Non-Executive Director
Ang Seng Wong	Member	Independent Non-Executive Director

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

#### Financial Reporting

1. Review the quarterly results and the year-end financial statements of the Group, before submission to the Board for approval, focusing particularly on:-
  - (a) changes in or implementation of major accounting policy changes;
  - (b) significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions and how these matters are addressed;
  - (c) significant adjustment arising from the audit;
  - (d) major judgemental areas;
  - (e) the going concern assumption; and
  - (f) compliance with accounting standards, regulatory and other legal requirements.
2. Review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance.
3. Ask probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement.

#### External Auditors

1. Consider and recommend to the Board on the appointment or re-appointment of external auditors and to fix their fees (audit and non-audit), after assessing their independence and capabilities as well as the effectiveness of the external audit process.
2. Review the following and report the same to the Board:-
  - (a) letter of resignation from the external auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances in relation with the resignation made by the external auditors, if applicable; and
  - (b) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**


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3. Assess the suitability, objectivity and independence of the external auditors on an annual basis based on the policies and procedures that have been established and the annual performance evaluation of the external auditors undertaken by the Committee. The policies and procedures must include among others consideration on:-
  - (a) the criteria to guide decisions on the appointment and re-appointment of the external auditor. The criteria should include an assessment of the competence, audit quality and resource capacity of the external auditor in relation to the audit. The assessment should also consider information presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the Committee may engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
  - (b) the appropriateness of audit fees to support a quality audit;
  - (c) requirement for non-audit service to be approved by the Committee before they rendered by the external auditor and its affiliates while taking into account the nature and external of the non-audit services and the appropriateness of the level of fees;
  - (d) requirement to obtain written assurance from the external auditor confirming 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; and
  - (e) the conduct of an annual evaluation on the performance of the external auditor and undertaking follow-up measures, where required.
  
4. Review the following with the external auditors and report the same to the Board:-
  - (a) audit plan, its scope and nature;
  - (b) audit report;
  - (c) evaluation of the system of internal controls;
  - (d) the assistance given by the employees to the external auditors, including any difficulties or disputes with management encountered during audit; and
  - (e) external auditors' management letter and management's response thereto.

**Internal Audit**

In relation to the internal audit function, the responsibilities of the Committee are to:-

- (a) review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (b) review the internal audit plan, programme, processes, and the reporting structure;
- (c) review the findings of the internal auditor's reports, investigations undertaken and whether or not appropriate actions are taken by the management, based on the recommendations of the internal auditors;
- (d) review the appraisal or assessment of the performance of the internal audit function on an annual basis; and
- (e) review any special audit which the Committee deems necessary.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**


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**Related Party Transactions (“RPT”) and Recurrent RPT (“RRPT”) and Conflict of Interest Situation (“COI”)**

Monitor, review and report to the Board any RPT, RRPT and COI that may arise within the Company or Group, including any transaction, procedures or course of conduct that raises questions on management integrity.

**Risk Management**

1. Ensure that an appropriate risk reporting structure is established to facilitate reporting of risks to management and the Board;
2. Oversee the Group’s overall risk management framework and policies;
3. Review the risk management framework, policies and processes, which include identifying, managing, monitoring, treating and mitigating significant risks of the Group, and recommend for approval by the Board;
4. Review and assess the risk appetite and risk tolerance for the Group;
5. Review the regulatory and clinical compliance reports and any other reports within the purview of the Committee;
6. Review the significant risks identified and assess the mitigating actions put in place to manage these risks;
7. Ensure that the key risks are effectively managed in accordance with the Group’s risk management policies and strategies;
8. Review the adequacy of resources in managing the risk management framework;
9. Review and deliberate reports on non-compliance findings by regulatory agencies;
10. Review the Statement on Risk Management and Internal Control for inclusion in the Company’s Annual Report, and recommend to the Board for approval; and
11. Carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

**Others**

1. Review all financial related reports/statements as required by the Listing Requirements, for inclusion in the Annual Report;
2. Verify allocation of units or options issued pursuant to the various incentive or retention schemes implemented by the Group (if any);
3. Obtain regular updates from the management regarding compliance matters;
4. Review findings, queries or investigation by the regulatory agencies (if any);
5. Review the adequacy and appropriateness of Anti-Bribery and Corruption Policy, and Whistleblowing Policy, when necessary; and
6. Carry out any other functions that may be mutually agreed upon by the Committee and the Board.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)

### 5.3.3 Remuneration Committee

Our Remuneration Committee comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Ang Seng Wong	Chairman	Independent Non-Executive Director
Tan Mui Ping	Member	Independent Non-Executive Director
Lim Young Piau	Member	Non-Independent Non-Executive Senior Director

The Remuneration Committee's duties and responsibilities as stated in its terms of reference include, among others, the following:

- (i) Review Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and senior management, and recommend to the Board for approval.
- (ii) In determining the remuneration packages of Directors and senior management, the Committee should take into consideration the following:-
  - (a) technical competency, skills, expertise and experience;
  - (b) qualification and professionalism;
  - (c) integrity;
  - (d) roles and responsibilities;
  - (e) company's performance in managing material sustainability risks and opportunities; and
  - (f) aligned with the business and risks strategies, and long-term objectives of the Group.
- (iii) Review remuneration packages of Directors, senior management and key consultants, having regard to the Group's operating results, individual performance and comparable market statistics and recommend to the Board for approval.
- (iv) Review compensation policy of Directors and senior management, and ensure the compensations offered are in line with market practice.
- (v) Ensure fees and benefits payable to Directors, and any compensation for loss of employment of Executive Directors are approved by shareholders at General Meetings.
- (vi) Oversee any major changes in employee remuneration and benefit structures throughout the Group.
- (vii) Recommend to the Board any performance related pay schemes for the Company or Group.
- (viii) Recommend to the Board on the appointment of experts or consultants, where necessary to fulfil its responsibilities.
- (ix) To carry out other responsibilities, functions or assignments as may be agreed by the Board from time to time.



## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)

### 5.3.4 Nomination Committee

Our Nomination Committee comprises the following members:

Name	Designation	Directorship
Selma Enolil Binti Mustapha Khalil	Chairman	Independent Non-Executive Director
Ang Seng Wong	Member	Independent Non-Executive Director
Tan Hwong Kuen	Member	Non-Independent Non-Executive Senior Director

The Nomination Committee's duties and responsibilities as stated in its terms of reference include, among others, the following:

- (i) Assess and review the size, composition, mix of skills and experience, and diversity (including gender diversity) of the Board and Board Committees, and recommend to the Board for approval.
- (ii) Identify, consider and recommend to the Board suitable candidates for appointment of Directors. The Committee shall not solely rely on recommendations from existing board members, management or major shareholders, but will also utilise independent sources to identify suitably qualified candidates. In making the recommendations, the Committee shall:-
  - (a) assess the candidates' skills, expertise, experience, professionalism, commitment, integrity, character and competence;
  - (b) consider board diversity including age and gender diversity; and
  - (c) in the case of candidates for the position of Independent Non-Executive Directors, evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.
- (iii) If the selection of candidates was solely based on recommendations made by existing Board, management or major shareholders, the Committee should explain why other sources were not used.
- (iv) Recommend to the Board on the appointment of members of each Board Committee.
- (v) Recommend to the Board the appointment, cessation, suspension, dismissal and/or any staff movement including re-designation, re-deployment, transfer or secondment of senior management of the Group.
- (vi) Assess annually the effectiveness of the Board as a whole, Board Committees, and the contribution of each individual Director and Chief Executive Office including his/her character, competence, experience and time commitment. All assessments and evaluation carried out by the Committee in the discharge of its duties shall be disclosed in the Annual Report.
- (vii) Review the tenure of each director and ensure that the annual re-election of a director is subject to the satisfactory evaluation of the director's performance and contribution to the Board.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

- (viii) Review and assess the independence of Independent Directors on an annual basis.
- (ix) Recommend to the Board with reasons on re-election of Directors who retired by rotation pursuant to the Company's Constitution and re-appointment of Directors who retired pursuant to relevant sections of the Act.
- (x) Ensure all appointment and re-election of directors are evaluated through a transparent process, including meeting the criteria of the Fit and Proper Policy.
- (xi) Evaluate and review performance of the Board and senior management including, taking into consideration the company's performance in managing material sustainability risks and opportunities.
- (xii) Review Board and senior management succession plans and overseeing the development of a diverse pipeline for Board and management succession, including the future Chairman, Executive Directors and Chief Executive Office.
- (xiii) Facilitate Board induction programme for newly appointed Directors.
- (xiv) Identify suitable educational and training programmes for continuous development of Directors to ensure the Directors keep abreast with development in the industry, regulatory changes and board business trends.
- (xv) Review and recommend to the Board, the development and implementation of the relevant policies and procedures on nomination related matters concerning the Group.
- (xvi) Review annually the term of office, effectiveness and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.
- (xvii) Consider and examine such matters as the Committee considers appropriate.
- (xviii) Carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

**5.4 KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL**

**5.4.1 Particulars and shareholdings**

The following table sets out the direct and indirect shareholdings of our Key Senior Management/ Key Technical Personnel before and after our IPO:

Key Senior Management/ Key Technical Personnel	Designation	Nationality	Before our IPO/ After the Acquisitions		After our IPO and the Share Transfer <sup>(1)</sup>					
			Direct		Direct					
			No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%		
Liaw Hen Kong	Managing Director	Malaysian	93,904,500	25.00	-	-	200	*	(4)173,613,300	36.68
Chin Lee Ling	Executive Director	Malaysian	93,904,000	25.00	-	-	-	-	(4)173,613,300	36.68
Christina Yap Chui Fui	Financial Controller	Malaysian	-	-	-	-	440,000	0.09	-	-
Chin Lee Yung @ Rina Chin	Operations Manager	Malaysian	-	-	-	-	440,000	0.09	-	-
Chin Chun Ming	Technical Manager	Malaysian	-	-	-	-	440,000	0.09	-	-

**Notes:**

\* Negligible.

(1) Assuming our Key Senior Management/ Key Technical Personnel will fully subscribe for their respective allocation under the Pink Form Allocation.

(2) Based on our issued Shares of 375,616,500 Shares after the Acquisitions but before our IPO.

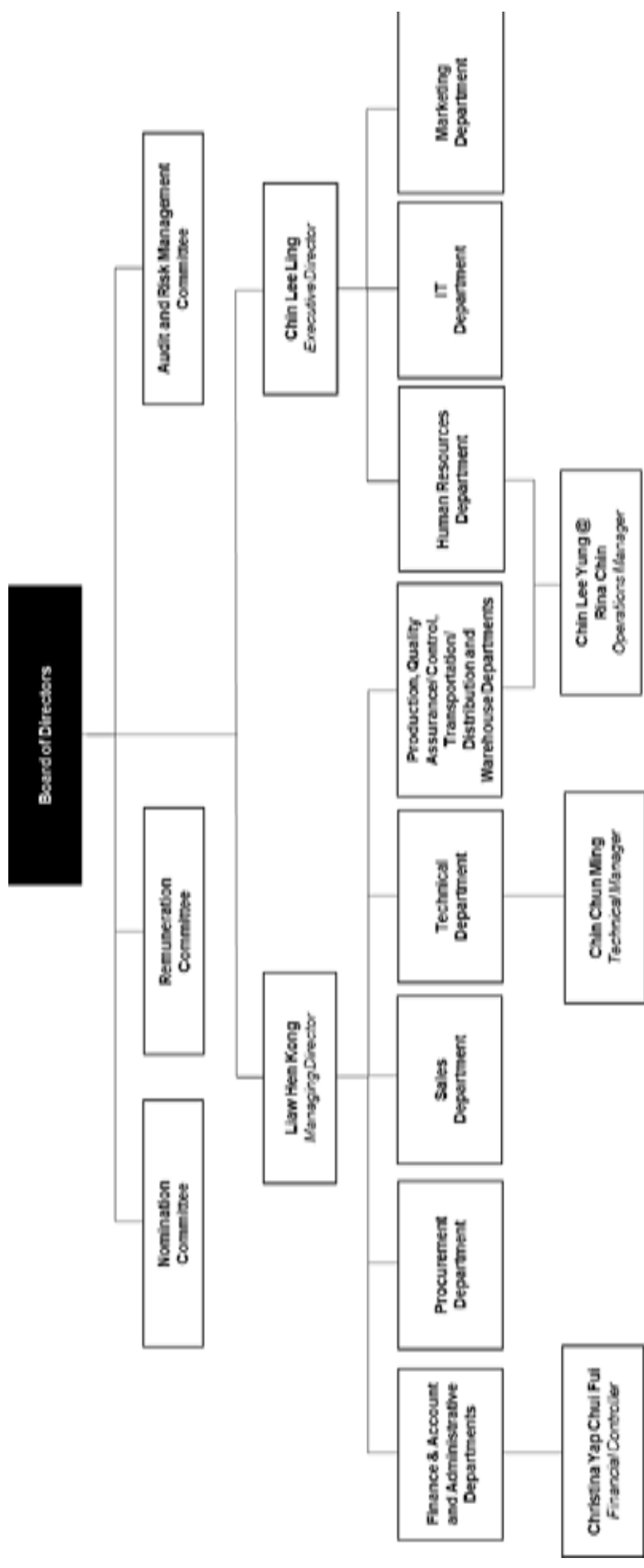
(3) Based on our enlarged issued Shares of 473,179,500 Shares after our IPO.

(4) Deemed interested by virtue of Section 8(4) of the Act, through his/her shareholding in Scarecrow Holding.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

**5.4.2 Management reporting structure**

Our management reporting structure is as follows:



## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)

### 5.4.3 Profiles of Key Senior Management/ Key Technical Personnel

Save for the profiles of Liaw Hen Kong and Chin Lee Ling as set out in Section 5.1.2 of this Prospectus, the profiles of our Key Senior Management/ Key Technical Personnel are as follows:

#### (i) **Christina Yap Chui Fui**

##### *Financial Controller*

Christina Yap Chui Fui, a Malaysian female aged 46, is our Group's Financial Controller. She is responsible for overseeing and monitoring the financial accounting and taxation matters, and corporate activities which include, amongst others, the planning and coordinating of the financial reporting activities.

She is a Chartered Accountant and was admitted as a member of the ACCA in October 2003. She is also a member of the Malaysian Institute of Accountants since July 2004. In October 2008, she became a fellow member of ACCA.

She started her career in March 2001 as Staff Assistant in Lau Chua Kong & Co. In December 2001, she joined KPMG as an Audit Assistant where she was involved in audit assignments of various industries, including trading and manufacturing, construction, plantations and government agencies until February 2002. She took a 9-month break for preparation of ACCA examination until November 2002. She then re-joined KPMG in December 2002 after her ACCA examination.

She resigned from KPMG in July 2004 and joined Empor Holdings Sdn Bhd, as an Accountant. She was transferred to its related company, Empor Management Services Sdn Bhd in mid-2009. During her tenure from July 2004 to November 2011 with Empor group of companies, she was mainly responsible for overseeing financial functions related to planning, procurement, investment and accounting.

In December 2011, she joined Kim Teck Cheong Sdn Bhd (a wholly-owned subsidiary of Kim Teck Cheong Consolidated Berhad) ("**Kim Teck Cheong**"), a fast-moving consumer goods company as Group Manager (Finance/Investment) – Corporate (the title of Group Manager (Finance/Investment) – Corporate has been subsequently renamed as Associate Director, Treasury – Corporate). During her tenure with Kim Teck Cheong, she was mainly responsible for overseeing the financial matters of the group and the coordination of other professional advisers for the flotation exercise of the group on ACE Market of Bursa Securities.

She left Kim Teck Cheong in March 2018 and joined Life Water Industries in April 2018 as the Financial Controller.

She brings with her more than 23 years of experience in accounting, finance and internal audit, and over 6 years of experience with our Group.

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

#### (ii) **Chin Lee Yung @ Rina Chin**

##### *Operations Manager*

Chin Lee Yung @ Rina Chin, a Malaysian female aged 49, is our Group's Operations Manager. She is responsible for overseeing the production, quality, logistics and warehouse departments of our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**


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She attended Sekolah Menengah Arshad, Kota Belud, Sabah from 1989 to 1991, and Kinabalu Commercial College from 1991 to 1992.

After leaving Kinabalu Commercial College in 1992, she pursued her personal interests in bakery and confectionery, and worked in few bakeries in Kota Kinabalu, Sabah and Singapore.

She joined Life Water Industries in April 2007 as Factory Supervisor where she was responsible for overseeing the production lines in Sandakan Megah Plant and Sandakan Sibuga Plant. She was promoted to our Group's Factory Manager in January 2022 and was re-designated to our Group's Operations Manager in January 2023.

She brings over 17 years of experience in drinking water industry and with our Group.

Chin Lee Yung @ Rina Chin is the sister of Chin Lee Ling and Chin Chun Ming, our Executive Director and our Group's Technical Manager respectively, and sister-in-law of Liaw Hen Kong, our Managing Director.

Currently, she is also a director and shareholder of Suria Timur Resources Sdn Bhd, details of which are set out in Section 5.4.4 of this Prospectus.

**(iii) Chin Chun Ming**

*Technical Manager*

Chin Chun Ming, a Malaysian male aged 51, is our Group's Technical Manager. He is responsible for overseeing the machinery installation plans and infrastructure, maintenance and upgrading of machinery of our Group's factories.

He obtained his Diploma in Electrical and Electronic Engineering from INTI College Malaysia in April 1995.

Upon his graduation, he started his career with Reliance Computer Agency in June 1995 as a Computer Technician, handling software installation and troubleshooting. In June 1997, he left Reliance Computer Agency and joined Zuma Engineering Sdn Bhd in July 1997 as a Computer Senior Technician where he assisted in repairing computer equipment. Subsequently in June 2006, he left Zuma Engineering Sdn Bhd and joined Dirivan Corporation Sdn Bhd in July 2006 as an Assistant Technical Supervisor where he was in charge of supervising the maintenance of all the electrical terminal and equipment of the company. In October 2006, he was transferred to Lotteries Corporation Sdn Bhd, a related company of Dirivan Corporation Sdn Bhd as a Maintenance Technician for its information technology department.

In September 2010, he left Lotteries Corporation Sdn Bhd and joined Green Borneo Industries in the same month as a Factory Supervisor where he was in charge of all the machinery installation plans and infrastructure, and supervised the production, maintenance and upgrading of machineries and recruitment of factory personnel. He was one of the pioneers of Green Borneo Industries, and was instrumental in the setting up and establishment of our KK IZ4 Plant, responsible for all machinery installation plans and infrastructure. He was promoted to our Group's Production Manager in January 2022 and was re-designated to our Group's Technical Manager in January 2023.

He brings over 14 years of experience in drinking water industry and with our Group.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

Chin Chun Ming is the brother of Chin Lee Ling and Chin Lee Yung @ Rina Chin, our Executive Director and our Group's Operations Manager respectively, and brother-in-law of Liaw Hen Kong, our Managing Director.

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

Liaw Hen Kong and Chin Chun Ming are the Key Technical Personnel of our Group.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

**5.4.4 Involvement of our Key Senior Management/ Key Technical Personnel in other businesses / corporations**

Save for the principal directorships and principal business activities of Liaw Hen Kong and Chin Lee Ling outside our Group as set out in Section 5.2.3 of this Prospectus and as disclosed below, none of our Key Senior Management/ Key Technical Personnel has any principal directorships and principal business activities outside our Group as at the LPD and principal directorships outside our Group in the past 5 years preceding the LPD:

**(i) Chin Lee Yung @ Rina Chin**

Name of company	Principal activities	Involvement in business activities
<b>Present directorship:</b> <ul style="list-style-type: none"> <li>Suria Timur Resources Sdn Bhd</li> </ul>	<ul style="list-style-type: none"> <li>Provision of general insurance agency services (The company has ceased its business operation and there is no immediate plan for the company currently)</li> </ul>	<ul style="list-style-type: none"> <li>Director (Appointed on 29 January 2015)</li> <li>Shareholder holding direct interest of 40.00%</li> </ul>

The involvement of Chin Lee Yung @ Rina Chin in Suria Timur Resources Sdn Bhd does not preclude her from allocating or committing her time and effort to our Group in her role as our Group's Operations Manager, as the company has ceased its business operation.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**


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**5.4.5 Key Senior Management/ Key Technical Personnel's remuneration and material benefits in-kind**

Save for remuneration and material benefits in-kind paid and proposed to be paid to Liaw Hen Kong and Chin Lee Ling as set out in Section 5.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid or proposed to be paid to our Key Senior Management/ Key Technical Personnel for services rendered in all capacities to our Group for the FYE 2024 and FYE 2025 are as follows:

<u>Key Senior Management/ Key Technical Personnel</u>	<u>Remuneration band</u>	
	<u>FYE 2024</u>	<u>FYE 2025</u>
	<u>(Paid)</u>	<u>(Proposed)</u>
	<u>RM'000</u>	<u>RM'000</u>
Christina Yap Chui Fui	450-500	500-550
Chin Lee Yung @ Rina Chin	150-200	200-250
Chin Chun Ming	150-200	200-250

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## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

### **5.5 DECLARATIONS BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT/KEY TECHNICAL PERSONNEL**

None of our Promoters, Directors and Key Senior Management/Key Technical Personnel is or was involved in any of the following events, whether within or outside Malaysia:

- (i) a petition under any bankruptcy or insolvency law was filed (and not struck out) against such person or any partnership in which he or she was a partner, or any corporation of which he or she was a director or member of key senior management in the last 10 years;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged or convicted in a criminal proceeding, or is a named subject of a pending criminal proceedings in the last 10 years;
- (iv) any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his or her part, involving a breach of any law or regulatory requirement that relates to the capital market in the last 10 years;
- (v) the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his or her part that relates to the capital market in the last 10 years;
- (vi) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body, temporarily enjoining him or her from engaging in any type of business practice or activity;
- (vii) reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency in the last 10 years; and
- (viii) any unsatisfied judgment against such person.

### **5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS**

Save as disclosed below, there are no family relationship and/or association amongst our Promoters, substantial shareholders, Directors, and Key Senior Management/ Key Technical Personnel as at the LPD:

- (i) Liaw Hen Kong (our Promoter, substantial shareholder and Managing Director) is the spouse of Chin Lee Ling (our Promoter, substantial shareholder and Executive Director) and the brother-in-law of Chin Lee Yung @ Rina Chin (our Operations Manager) and Chin Chun Ming (our Technical Manager);
- (ii) Chin Lee Ling (our Promoter, substantial shareholder and Executive Director) is the spouse of Liaw Hen Kong (our Promoter, substantial shareholder and Managing Director) and the sister of Chin Lee Yung @ Rina Chin (our Operations Manager) and Chin Chun Ming (our Technical Manager);
- (iii) Chin Lee Yung @ Rina Chin (our Operations Manager) is the sister of Chin Lee Ling (our Promoter, substantial shareholder and Executive Director) and Chin Chun Ming (our Technical Manager), and the sister-in-law of Liaw Hen Kong (our Promoter, substantial shareholder and Managing Director); and
- (iv) Chin Chun Ming (our Technical Manager) is the brother of Chin Lee Ling (our Promoter, substantial shareholder and Executive Director) and Chin Lee Yung @ Rina Chin (our Operations Manager), and the brother-in-law of Liaw Hen Kong (our Promoter, substantial shareholder and Managing Director).

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT/ KEY TECHNICAL PERSONNEL (CONT'D)**

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**5.7 EXISTING OR PROPOSED SERVICE AGREEMENT**

As at the LPD, none of our Directors and/or Key Senior Management/ Key Technical Personnel has any existing or proposed service agreements which provide for benefits upon termination of employment with our Group.

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## 6. INFORMATION ON OUR GROUP

### 6.1 HISTORY AND MILESTONES

Our Company was incorporated in Malaysia under the Act on 20 January 2023 as a private limited company under the name of Life Water Sdn Bhd and was subsequently converted to a public limited company on 19 December 2023.

Our Company is an investment holding company and through our Subsidiaries, we are principally a manufacturer of beverages namely drinking water and carbonated drinks. We operate from our head office and manufacturing facility in Sandakan as well as manufacturing facilities in Kota Kinabalu. We mainly market our beverages under our own brands of drinking water and carbonated drinks. We also contract manufacture for private label brands of drinking water for petrol stations, hypermarket, wholesalers and hotels.

As at the LPD, we have 3 manufacturing plants for beverage products in Sabah namely Sandakan Sibuga Plant 1, KK IZ4 Plant and KK IZ8 Plant 1 with a total annual production capacity of approximately 389 million litres of drinking water and 37 million litres of carbonated drinks and fruit drinks. Moving forward, we will have a new manufacturing plant namely Keningau Plant which is expected to be operational by December 2024 and this will increase our annual production capacity of drinking water to 448 million litres. Further details of the Group's history and milestones are set out in Section 7.1.2 of this Prospectus.

### 6.2 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

Upon completion of the Acquisitions, the issued share capital of our Company is RM93,904,100 comprising 375,616,500 Shares.

The changes in the issued share capital of our Company since its incorporation up to the completion of the Acquisitions are as follows:

Date of allotment	No. of Shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				RM	No. of Shares
20 January 2023	500	Subscribers' Shares	Cash	100	500
25 September 2024	375,616,000	Allotment of Shares for the Acquisitions	Other than cash	93,904,100	375,616,500

As at the LPD, our Company does not have any outstanding warrants, options, convertible securities or uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotments.

Upon the completion of our IPO, our enlarged issued share capital will increase from RM93,904,100 comprising 375,616,500 Shares to RM157,320,050<sup>(1)</sup> comprising 473,179,500 Shares.

**Note:**

(1) Before deducting the estimated listing expenses of approximately RM2.55 million which are directly attributable to the Public Issue.

**6. INFORMATION ON OUR GROUP (CONT'D)****6.3 FORMATION OF OUR GROUP**

In conjunction with our Listing, our Company entered into the following conditional share sale agreements:

- (i) on 26 November 2023, our Company entered into the Life Water Industries SSA for the Life Water Industries Acquisition for a total consideration of RM50.92 million, which was fully satisfied by the issuance of 203,690,960 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Life Water Industries Acquisition was arrived at after taking into consideration the audited NA of Life Water Industries as at 30 June 2023 of RM51.19 million;
- (ii) on 26 November 2023, our Company entered into the Green Borneo Industries SSA for the Green Borneo Industries Acquisition for a total consideration of RM22.82 million, which was fully satisfied by the issuance of 91,298,280 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Green Borneo Industries Acquisition was arrived at after taking into consideration the audited NA of Green Borneo Industries as at 30 June 2023 of RM22.94 million;
- (iii) on 26 November 2023, our Company entered into the Life Water Marketing SSA for the Life Water Marketing Acquisition for a total consideration of RM12.66 million, which was fully satisfied by the issuance of 50,623,796 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Life Water Marketing Acquisition was arrived at after taking into consideration the audited NA of Life Water Marketing as at 30 June 2023 of RM12.72 million;
- (iv) on 26 November 2023, our Company entered into the Syarikat Maju Sasa SSA for the Syarikat Maju Sasa Acquisition for a total consideration of RM2.36 million, which was fully satisfied by the issuance of 9,454,172 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Syarikat Maju Sasa Acquisition was arrived at after taking into consideration the audited NA of Syarikat Maju Sasa as at 30 June 2023 of RM2.38 million;
- (v) on 26 November 2023, our Company entered into the Syarikat Rasa Kool SSA for the Syarikat Rasa Kool Acquisition for a total consideration of RM3.68 million, which was fully satisfied by the issuance of 14,730,020 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Syarikat Rasa Kool Acquisition was arrived at after taking into consideration the audited NA of Syarikat Rasa Kool as at 30 June 2023 of RM3.70 million;
- (vi) on 26 November 2023, our Company entered into the K2 Water SSA for the K2 Water Acquisition for a total consideration of RM1.42 million, which was fully satisfied by the issuance of 5,693,900 new Shares at an issue price of RM0.25 each. The total purchase consideration for the K2 Water Acquisition was arrived at after taking into consideration the audited NA of K2 Water as at 30 June 2023 of RM1.43 million; and
- (vii) on 26 November 2023, our Company entered into the Cyplast Industries SSA for the Cyplast Industries Acquisition for a total consideration of RM0.03 million, which was fully satisfied by the issuance of 124,872 new Shares at an issue price of RM0.25 each. The total purchase consideration for the Cyplast Industries Acquisition was arrived at after taking into consideration the audited NA of Cyplast Industries as at 30 June 2023 of RM0.03 million.

**6. INFORMATION ON OUR GROUP (CONT'D)****6.3.1 Life Water Industries Acquisition**

The Vendors' shareholdings in Life Water Industries before the completion of the Life Water Industries SSA and number of Shares issued to them pursuant to the Life Water Industries Acquisition are as follows:

<b>Vendors</b>	<b>Shareholdings in Life Water Industries before completion of the Life Water Industries SSA</b>		<b>Consideration</b>	
	<b>No. of Life Water Industries shares</b>	<b>%</b>	<b>RM</b>	<b>No. of new Shares</b>
Liaw Hen Kong	475,000	25.00	12,730,685	50,922,740
Chin Lee Ling	475,000	25.00	12,730,685	50,922,740
Tan Hwong Kuen	475,000	25.00	12,730,685	50,922,740
Lim Young Piau	475,000	25.00	12,730,685	50,922,740
<b>Total</b>	<b>1,900,000</b>	<b>100.00</b>	<b>50,922,740</b>	<b>203,690,960</b>

**6.3.2 Green Borneo Industries Acquisition**

The Vendors' shareholdings in Green Borneo Industries before the completion of the Green Borneo Industries SSA and number of Shares issued to them pursuant to the Green Borneo Industries Acquisition are as follows:

<b>Vendors</b>	<b>Shareholdings in Green Borneo Industries before completion of the Green Borneo Industries SSA</b>		<b>Consideration</b>	
	<b>No. of Green Borneo Industries shares</b>	<b>%</b>	<b>RM</b>	<b>No. of new Shares</b>
Liaw Hen Kong	1,050,000	25.00	5,706,142.50	22,824,570
Chin Lee Ling	1,050,000	25.00	5,706,142.50	22,824,570
Tan Hwong Kuen	1,050,000	25.00	5,706,142.50	22,824,570
Lim Young Piau	1,050,000	25.00	5,706,142.50	22,824,570
<b>Total</b>	<b>4,200,000</b>	<b>100.00</b>	<b>22,824,570.00</b>	<b>91,298,280</b>

**6.3.3 Life Water Marketing Acquisition**

The Vendors' shareholdings in Life Water Marketing before the completion of the Life Water Marketing SSA and number of Shares issued to them pursuant to the Life Water Marketing Acquisition are as follows:

<b>Vendors</b>	<b>Shareholdings in Life Water Marketing before completion of the Life Water Marketing SSA</b>		<b>Consideration</b>	
	<b>No. of Life Water Marketing shares</b>	<b>%</b>	<b>RM</b>	<b>No. of new Shares</b>
Liaw Hen Kong	25,000	25.00	3,163,987.25	12,655,949
Chin Lee Ling	25,000	25.00	3,163,987.25	12,655,949
Tan Hwong Kuen	25,000	25.00	3,163,987.25	12,655,949
Lim Young Piau	25,000	25.00	3,163,987.25	12,655,949
<b>Total</b>	<b>100,000</b>	<b>100.00</b>	<b>12,655,949.00</b>	<b>50,623,796</b>

**6. INFORMATION ON OUR GROUP (CONT'D)****6.3.4 Syarikat Maju Sasa Acquisition**

The Vendors' shareholdings in Syarikat Maju Sasa before the completion of the Syarikat Maju Sasa SSA and number of Shares issued to them pursuant to the Syarikat Maju Sasa Acquisition are as follows:

<b>Vendors</b>	<b>Shareholdings in Syarikat Maju Sasa before completion of the Syarikat Maju Sasa SSA</b>		<b>Consideration</b>	
	<b>No. of Syarikat Maju Sasa shares</b>	<b>%</b>	<b>RM</b>	<b>No. of new Shares</b>
Liaw Hen Kong	50,000	25.00	590,885.75	2,363,543
Chin Lee Ling	50,000	25.00	590,885.75	2,363,543
Tan Hwong Kuen	50,000	25.00	590,885.75	2,363,543
Lim Young Piau	50,000	25.00	590,885.75	2,363,543
<b>Total</b>	<b>200,000</b>	<b>100.00</b>	<b>2,363,543.00</b>	<b>9,454,172</b>

**6.3.5 Syarikat Rasa Kool Acquisition**

The Vendors' shareholdings in Syarikat Rasa Kool before the completion of the Syarikat Rasa Kool SSA and number of Shares issued to them pursuant to the Syarikat Rasa Kool Acquisition are as follows:

<b>Vendors</b>	<b>Shareholdings in Syarikat Rasa Kool before completion of the Syarikat Rasa Kool SSA</b>		<b>Consideration</b>	
	<b>No. of Syarikat Rasa Kool shares</b>	<b>%</b>	<b>RM</b>	<b>No. of new Shares</b>
Liaw Hen Kong	50,000	25.00	920,626.25	3,682,505
Chin Lee Ling	50,000	25.00	920,626.25	3,682,505
Tan Hwong Kuen	50,000	25.00	920,626.25	3,682,505
Lim Young Piau	50,000	25.00	920,626.25	3,682,505
<b>Total</b>	<b>200,000</b>	<b>100.00</b>	<b>3,682,505.00</b>	<b>14,730,020</b>

**6.3.6 K2 Water Acquisition**

The Vendors' shareholdings in K2 Water before the completion of the K2 Water SSA and number of Shares issued to them pursuant to the K2 Water Acquisition are as follows:

<b>Vendors</b>	<b>Shareholdings in K2 Water before completion of the K2 Water SSA</b>		<b>Consideration</b>	
	<b>No. of K2 Water shares</b>	<b>%</b>	<b>RM</b>	<b>No. of new Shares</b>
Liaw Hen Kong	25,000	25.00	355,868.75	1,423,475
Chin Lee Ling	25,000	25.00	355,868.75	1,423,475
Tan Hwong Kuen	25,000	25.00	355,868.75	1,423,475
Lim Young Piau	25,000	25.00	355,868.75	1,423,475
<b>Total</b>	<b>100,000</b>	<b>100.00</b>	<b>1,423,475.00</b>	<b>5,693,900</b>

## 6. INFORMATION ON OUR GROUP (CONT'D)

### 6.3.7 Cyplast Industries Acquisition

The Vendors' shareholdings in Cyplast Industries before the completion of the Cyplast Industries SSA and number of Shares issued to them pursuant to the Cyplast Industries Acquisition are as follows:

Vendors	Shareholdings in Cyplast Industries before completion of the Cyplast Industries SSA		Consideration	
	No. of Cyplast Industries shares	%	RM	No. of new Shares
Liaw Hen Kong	25	25.00	7,804.50	31,218
Chin Lee Ling	25	25.00	7,804.50	31,218
Tan Hwong Kuen	25	25.00	7,804.50	31,218
Lim Young Piau	25	25.00	7,804.50	31,218
<b>Total</b>	<b>100</b>	<b>100.00</b>	<b>31,218.00</b>	<b>124,872</b>

The Acquisitions are subject to, among others, the following conditions precedent:

- (i) approval of the SC for the Listing as well as the registration of the Prospectus in relation to the Listing;
- (ii) approval of Bursa Securities for the Listing; and
- (iii) approval from the SC's Equity Compliance Unit and MITI for the equity structure of our Group for the purpose of the Listing.

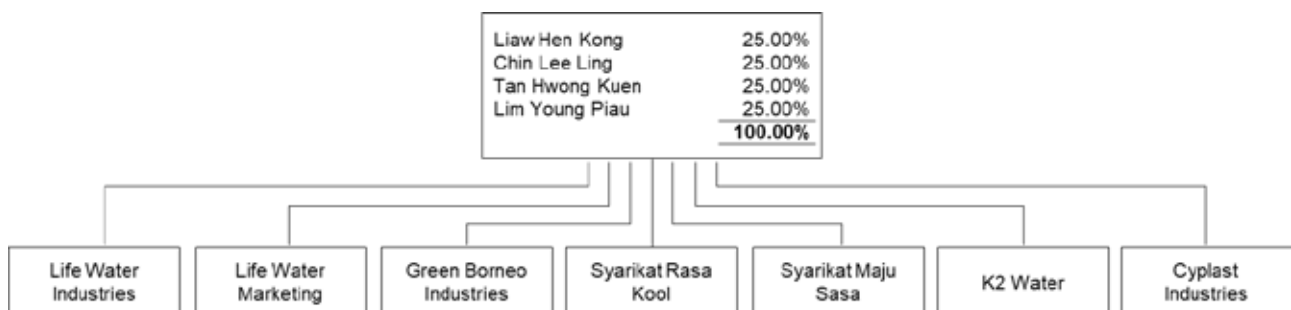
The Acquisitions were completed on 25 September 2024. Thereafter, Life Water Industries, Green Borneo Industries, Life Water Marketing, Syarikat Maju Sasa, Syarikat Rasa Kool, K2 Water and Cyplast Industries became our wholly-owned Subsidiaries.

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

## 6.4 OUR GROUP STRUCTURE

Our Group structure before and after our IPO is set out below:

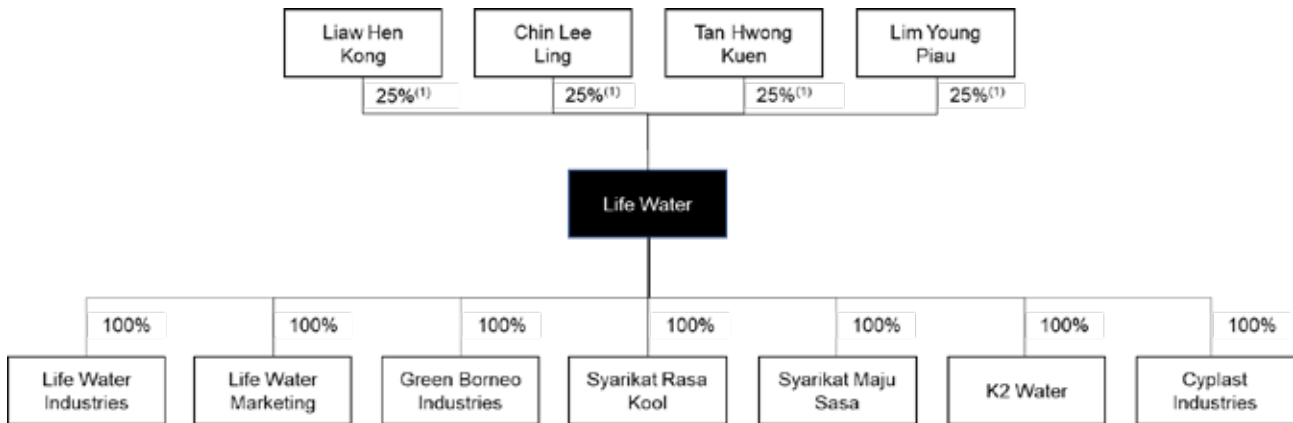
As at the LPD



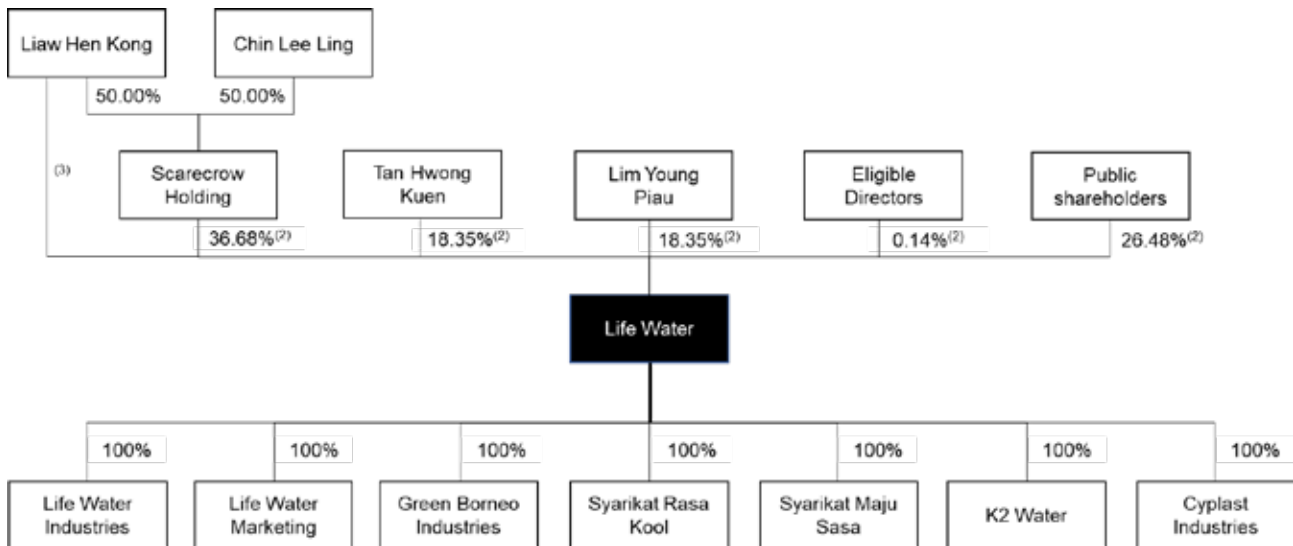


## 6. INFORMATION ON OUR GROUP (CONT'D)

### After the Acquisitions but before our IPO



### After the Share Transfer and our IPO



#### Notes:

- (1) Based on our issued Shares of 375,616,500 Shares after the Acquisitions but before our IPO.
- (2) Based on our enlarged Shares of 473,179,500 Shares upon our Listing.
- (3) 200 Shares.

## 6.5 OUR SUBSIDIARIES

Upon the completion of the Acquisitions, our Company has 7 Subsidiaries and does not have any joint ventures and associated companies. Our Subsidiaries upon the completion of the Acquisitions are as follows:

Name and Registration number	Date / Place of incorporation	Issued share capital (RM)	Our equity interest (%)	Principal activities
Life Water Industries (Registration No. 199701014984 (430481-P))	7 May 1997/ Malaysia	1,900,000	100	Manufacture of drinking water, carbonated drinks and other drinks, plastic bottles, preforms, caps and related products

**6. INFORMATION ON OUR GROUP (CONT'D)**

<b>Name and Registration number</b>	<b>Date / Place of incorporation</b>	<b>Issued share capital (RM)</b>	<b>Our equity interest (%)</b>	<b>Principal activities</b>
Green Borneo Industries (Registration No. 201001016886 (900589-H))	11 May 2010/ Malaysia	4,200,000	100	Manufacture of drinking water
Life Water Marketing (Registration No. 200701027403 (785425-P))	21 August 2007/ Malaysia	100,000	100	Sales and marketing of drinking water, carbonated drinks and other drinks, plastic bottles and related products including PET containers
Syarikat Maju Sasa (Registration No. 200701027401 (785423-D))	21 August 2007/ Malaysia	200,000	100	Previously the principal activity of the company was in the sales of drinking water, carbonated drinks, juice drinks and PET containers. The company has ceased business as at FYE 2023 <sup>(1)</sup>
Syarikat Rasa Kool (Registration No. 200701027404 (785426-M))	21 August 2007/ Malaysia	200,000	100	Previously the principal activity of the company was in the sales of drinking water, carbonated drinks, juice drinks and PET containers. The company has ceased business as at FYE 2023 <sup>(1)</sup>
K2 Water (Registration No. 201401042504 (1118672-P))	19 November 2014/ Malaysia	100,000	100	Provision of transportation services
Cyplast Industries (Registration No. 202201008736 (1454433-D))	9 March 2022/ Malaysia	100	100	The company has not commenced business

**Note:**

- (1) The business activities of Syarikat Maju Sasa and Syarikat Rasa Kool have been transferred to Life Water Marketing since 1 July 2023 as part of our strategy to streamline our sales and marketing operations.

Further details of our Subsidiaries upon the completion of the Acquisitions are set out below.

**6.5.1 Life Water Industries**

Life Water Industries was incorporated in Malaysia under the Companies Act 1965 on 7 May 1997 as a private limited company and deemed registered under the Act. The principal place of business of Life Water Industries is at CL075356375 & CL075356366, Batu 8, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.

Life Water Industries is principally involved in manufacture of drinking water, carbonated drinks and other drinks, plastic bottles, preforms, caps and related products.

As at the LPD, the issued share capital of Life Water Industries is RM1,900,000 comprising 1,900,000 ordinary shares. There has been no change in the issued share capital of Life Water Industries for the past 3 years preceding the LPD.

## 6. INFORMATION ON OUR GROUP (CONT'D)

Life Water Industries is our wholly-owned direct subsidiary. As at the LPD, Life Water Industries does not have any outstanding warrants, options, convertible securities or uncalled capital. Life Water Industries does not have any subsidiary, joint venture or associate company as at the LPD.

### 6.5.2 Green Borneo Industries

Green Borneo Industries was incorporated in Malaysia under the Companies Act 1965 on 11 May 2010 as a private limited company and deemed registered under the Act. The principal place of business of Green Borneo Industries is at Lot 9, Jalan 1F, KKIP Selatan, Industrial Zone 4, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah.

Green Borneo Industries is principally involved in manufacture of drinking water.

As at the LPD, the issued share capital of Green Borneo Industries is RM4,200,000 comprising 4,200,000 ordinary shares. There has been no change in the issued share capital of Green Borneo Industries for the past 3 years preceding the LPD.

Green Borneo Industries is our wholly-owned direct subsidiary. As at the LPD, Green Borneo Industries does not have any outstanding warrants, options, convertible securities or uncalled capital. Green Borneo Industries does not have any subsidiary, joint venture or associate company as at the LPD.

### 6.5.3 Life Water Marketing

Life Water Marketing was incorporated in Malaysia under the Companies Act 1965 on 21 August 2007 as a private limited company under the name of Soon Hin Marketing Sdn Bhd and deemed registered under the Act. It subsequently changed its name to Life Water Marketing on 10 October 2013. The principal place of business of Life Water Marketing is at CL075356375 & CL075356366, Batu 8, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.

Life Water Marketing is principally involved in sales and marketing of drinking water, carbonated drinks and other drinks, plastic bottles and related products including PET containers.

As at the LPD, the issued share capital of Life Water Marketing is RM100,000 comprising 100,000 ordinary shares. There has been no change in the issued share capital of Life Water Marketing for the past 3 years preceding the LPD.

Life Water Marketing is our wholly-owned direct subsidiary. As at the LPD, Life Water Marketing does not have any outstanding warrants, options, convertible securities or uncalled capital. Life Water Marketing does not have any subsidiary, joint venture or associate company as at the LPD.

### 6.5.4 Syarikat Maju Sasa

Syarikat Maju Sasa was incorporated in Malaysia under the Companies Act 1965 on 21 August 2007 as a private limited company and deemed registered under the Act. The principal place of business of Syarikat Maju Sasa is at CL075356375 & CL075356366, Batu 8, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.

Previously, the principal activity of Syarikat Maju Sasa was in the sales of drinking water, carbonated drinks, juice drinks and PET containers. The company has ceased business as at FYE 2023. However, the company intends to be involved in the manufacturing and sale of plastic bottles to third party customers. Currently, manufacturing and sale of plastic bottles contributes a small portion of our Group's revenue, amounting to RM0.36 million, RM0.49 million and RM0.71 million for the FYE 2021, FYE 2022 and FYE 2023 respectively. Moving forward, such activity will be carried out by Syarikat Maju Sasa.

As at the LPD, the issued share capital of Syarikat Maju Sasa is RM200,000 comprising 200,000 ordinary shares. There has been no change in the issued share capital of Syarikat Maju Sasa for the past 3 years preceding the LPD.

## 6. INFORMATION ON OUR GROUP (CONT'D)

Syarikat Maju Sasa is our wholly-owned direct subsidiary. As at the LPD, Syarikat Maju Sasa does not have any outstanding warrants, options, convertible securities or uncalled capital. Syarikat Maju Sasa does not have any subsidiary, joint venture or associate company as at the LPD.

### 6.5.5 Syarikat Rasa Kool

Syarikat Rasa Kool was incorporated in Malaysia under the Companies Act 1965 on 21 August 2007 as a private limited company and deemed registered under the Act. The principal place of business of Syarikat Rasa Kool is at CL075356375 & CL075356366, Batu 8, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.

Previously, the principal activity of Syarikat Rasa Kool was in the sales of drinking water, carbonated drinks, juice drinks and PET containers. The company has ceased business as at FYE 2023. However, the company intends to carry out transportation of water solely for our Group's manufacturing usage throughout Sabah.

As at the LPD, the issued share capital of Syarikat Rasa Kool is RM200,000 comprising 200,000 ordinary shares. There has been no change in the issued share capital of Syarikat Rasa Kool for the past 3 years preceding the LPD.

Syarikat Rasa Kool is our wholly-owned direct subsidiary. As at the LPD, Syarikat Rasa Kool does not have any outstanding warrants, options, convertible securities or uncalled capital. Syarikat Rasa Kool does not have any subsidiary, joint venture or associate company as at the LPD.

### 6.5.6 K2 Water

K2 Water was incorporated in Malaysia under the Companies Act 1965 on 19 November 2014 as a private limited company and deemed registered under the Act. The principal place of business of K2 Water is at CL075356375 & CL075356366, Batu 8, Jalan Lintas Sibuga, 90000 Sandakan, Sabah.

K2 Water is principally involved in provision of transportation services solely for our Group's distribution of beverages throughout Sabah.

As at the LPD, the issued share capital of K2 Water is RM100,000 comprising 100,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of K2 Water for the past 3 years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration</u>	<u>Cumulative issued share capital</u>	
			<u>No. of ordinary shares</u>	<u>RM</u>
30 June 2023	99,980	RM99,980	100,000	100,000

K2 Water is our wholly-owned direct subsidiary. As at the LPD, K2 Water does not have any outstanding warrants, options, convertible securities or uncalled capital. K2 Water does not have any subsidiary, joint venture or associate company as at the LPD.

### 6.5.7 Cyplast Industries

Cyplast Industries was incorporated in Malaysia under the Act on 9 March 2022 as a private limited company. The principal place of business of Cyplast Industries is at Lot 805, Jalan 7, KKIP Timur, Industrial Zone 8, Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah.

Cyplast Industries has not commenced business. However, the company intends to carry out recycling related business which the company would collect and/or purchase compacted and rejected bottles and sell them to third party.

**6. INFORMATION ON OUR GROUP (CONT'D)**

As at the LPD, the issued share capital of Cyplast Industries is RM100 comprising 100 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of Cyplast Industries for the past 3 years preceding the LPD:

<u>Date of allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration</u>	<u>Cumulative issued share capital</u>	
			<u>No. of ordinary shares</u>	<u>RM</u>
9 March 2022	100	RM100	100	100

Cyplast Industries is our wholly-owned direct subsidiary. As at the LPD, Cyplast Industries does not have any outstanding warrants, options, convertible securities or uncalled capital. Cyplast Industries does not have any subsidiary, joint venture or associate company as at the LPD.

**6.6 PUBLIC TAKE-OVERS**

Since our incorporation up to the LPD, there has been:

- (i) no public take-over offers by third parties in respect of our Shares; and
- (ii) no public take-over offers by our Company in respect of other companies' shares.

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## 7. BUSINESS OVERVIEW

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### 7.1 PRINCIPAL BUSINESS ACTIVITIES AND PRODUCTS

#### 7.1.1 Overview

Our Company was incorporated in Malaysia under the Act on 20 January 2023 as a private limited company under the name of Life Water Sdn Bhd and was subsequently converted to a public limited company on 19 December 2023. Our Company is an investment holding company and through our Subsidiaries, we are principally a manufacturer of beverages namely drinking water and carbonated drinks. We are supported by our other business activities including the manufacture of plastic packaging, as well as delivery and distribution centres.

We operate from our head office and manufacturing facility in Sandakan as well as manufacturing facilities in Kota Kinabalu. We mainly market our beverages under our brands:

- "K2", "Sasa" and "Sabah Water" brands of drinking water;
- "2more" brand of flavoured carbonated drinks;
- "TRITONiC" brand of isotonic drinks, a type of carbonated drinks.

We also contract manufacture for private label brands of drinking water for petrol stations, hypermarket, wholesalers, and hotels. For further information on our business activities and manufacturing facilities, please refer to Section 7.5 and 7.7.1 of this Prospectus.

As at the LPD, we have 3 manufacturing plants for beverage products in Sabah namely Sandakan Sibuga Plant 1, KK IZ4 Plant, and KK IZ8 Plant 1 with a total annual production capacity of approximately 389 million litres of drinking water and 37 million litres of carbonated drinks and fruit drinks. Moving forward, we have a new manufacturing plant namely Keningau Plant which is expected to be operational by December 2024 and this will increase our total annual production capacity of drinking water to 448 million litres.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.1.2 History and Key Milestones

Life Water Industries was incorporated in 1997 and was formerly engaged in the marketing of drinking water treatment products in Sabah before it became inactive and suspended business operations from 1999 to 2001.

The history of our Group's business can be traced back to 2001 when our Promoters, namely Liaw Hen Kong, Chin Lee Ling, Tan Hwong Kuen and Lim Young Piau collectively acquired the entire shareholdings in Life Water Industries from the previous third-party shareholders, resulting in each holding 25% shareholdings in Life Water Industries. As at the LPD, the shareholders remained unchanged. Life Water Industries commenced operations as a manufacturer of drinking water in 2002 under the stewardship of Liaw Hen Kong and Chin Lee Ling who were appointed as Managing Director and Executive Director respectively in 2001. Meanwhile, Tan Hwong Kuen and Lim Young Piau were appointed as director of Life Water Industries in 2001 and 2011 respectively, however they do not hold any executive positions within the company.

The table below sets out the key events and milestones in the history and development of our Group's business operations:

Year	Key Events and Milestones
2001	<ul style="list-style-type: none"> <li>Liaw Hen Kong, Chin Lee Ling, Tan Hwong Kuen and Lim Young Piau collectively acquired the entire shareholding in Life Water Industries in 2001.</li> </ul>
2002	<ul style="list-style-type: none"> <li>Life Water Industries commenced operations as a manufacturer of drinking water in Megah Light Industrial Estate, Sandakan ("<b>Sandakan Megah Plant</b>"), a rented premises.</li> <li>We started our first drinking water manufacturing line at Sandakan Megah Plant. In our first calendar year of operation, we produced approximately 7 million litres of drinking water under our "K2" brand. We had PET blow moulding machines for the manufacture of plastic bottles for our drinking water.</li> <li>We also commenced contract manufacturing of drinking water for Gentingmas Sdn Bhd, a supermarket in Sandakan under private label brands.</li> </ul>
2003	<ul style="list-style-type: none"> <li>We expanded our portfolio of beverages to carbonated drinks and purchased our first carbonated drinks manufacturing line at the Sandakan Megah Plant with an annual production capacity of approximately 3 million litres. This was to complement our drinking water products.</li> <li>We launched our "K2" brand of flavoured carbonated drinks.</li> </ul>
2006	<ul style="list-style-type: none"> <li>We acquired a 1.93-acre land together with a single storey building and a store structure located along Jalan Lintas Sibuga, Sandakan ("<b>CL No. 075356375</b>") to set-up our second manufacturing facility which is later referred to as our Sandakan Sibuga Plant 1.</li> </ul>
2008	<ul style="list-style-type: none"> <li>To cater to the growth in demand, we purchased a semi-automated drinking water manufacturing line for Sandakan Megah Plant with an annual production capacity of drinking water of approximately 29 million litres.</li> <li>We also set-up distribution centres in Lahad Datu i.e. Lahad Datu DC 1 and Inanam, Kota Kinabalu to cater to the growth in demand in these areas.</li> </ul>

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

Year	Key Events and Milestones
2009	<ul style="list-style-type: none"> <li>• We commenced renovation on the existing buildings at CL No. 075356375 to transform into a factory building and office i.e. Sandakan Sibuga Plant 1.</li> <li>• We launched our “Sasa” brand of drinking water as part of our strategy to penetrate the Kota Kinabalu market for drinking water.</li> <li>• Life Water Marketing, Syarikat Maju Sasa, and Syarikat Rasa Kool commenced operations as the sales and marketing arm of our Group. Since 1 July 2023, the business activities of Syarikat Maju Sasa and Syarikat Rasa Kool has been transferred to Life Water Marketing as part of our Group’s strategy to streamline our sales and marketing operations.</li> </ul>
2010	<ul style="list-style-type: none"> <li>• We completed the renovations of Sandakan Sibuga Plant 1 and commenced relocation of our carbonated drinks manufacturing line from Sandakan Megah Plant to this said plant.</li> <li>• We acquired another piece of land measuring 2.34 acres along with a single storey store building at CL No. 075356366 next to CL No. 075356375 for future expansion of Sandakan Sibuga Plant 1.</li> <li>• Green Borneo Industries, our subsidiary, was incorporated to carry out the manufacture of drinking water in Kota Kinabalu. As part of our expansion plans in Kota Kinabalu, we acquired a 2-storey office building and single storey warehouse on a 2-acre land in KKIP Industrial Zone 4 i.e. KK IZ4 Plant and purchased a fully automated manufacturing line for drinking water with an annual production capacity of approximately 66 million litres.</li> </ul>
2013	<ul style="list-style-type: none"> <li>• We completed the relocation of our carbonated drinks manufacturing line from Sandakan Megah Plant to Sandakan Sibuga Plant 1. Since then, we have expanded Sandakan Sibuga Plant 1 and as at the LPD, Sandakan Sibuga Plant 1 is our head office and manufacturing facility for drinking water and carbonated drinks. We purchased an additional fully automated drinking water manufacturing line at our Sandakan Sibuga Plant 1 with an annual production capacity of approximately 77 million litres. As at the LPD, we have two fully automated drinking water manufacturing lines at Sandakan Sibuga Plant 1 with total annual production capacity of approximately 117 million litres.</li> <li>• We purchased a PET preform injection moulding machine and commenced the manufacture of our own PET preforms which will be blow moulded into plastic bottles at our Sandakan Sibuga Plant 1.</li> </ul>
2014	<ul style="list-style-type: none"> <li>• We launched an additional range of carbonated drink, namely an isotonic drink under the “TRITONiC” brand.</li> <li>• As an effort to reposition our flavoured carbonated drinks, we rebranded our flavoured carbonated drinks from “K2” to “2more”.</li> <li>• We relocated our distribution centre in Kota Kinabalu from rented premises in Inanam to our KK IZ4 Plant.</li> <li>• We acquired a 5-acre piece of vacant land at KKIP Industrial Zone 8 with the intention of expanding our manufacturing facilities, which is later referred to as KK IZ8 Plant 1.</li> <li>• We purchased a new fully automated carbonated drinks line at Sandakan Sibuga Plant 1 with an annual production capacity of approximately 37 million litres replacing the previous production line.</li> </ul>



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

Year	Key Events and Milestones
2016	<ul style="list-style-type: none"> <li>To meet the increase in demand, we purchased another drinking water manufacturing line at KK IZ4 Plant with an annual production capacity of 104 million litres. As at the LPD, we have two fully automated drinking water manufacturing lines at KK IZ4 Plant with total annual production capacity of approximately 109 million litres.</li> </ul>
2018	<ul style="list-style-type: none"> <li>We upgraded our carbonated drinks manufacturing line to produce fruit drinks. This is for the launch of our calamansi fruit drink under the "kiTZAi" brand.</li> <li>We entered into a contract with Shell Timur Sdn Bhd to contract manufacture bottled drinking water under its "Water2go" private label brand for the Sabah market which is a subsisting agreement.</li> <li>We commenced the construction of Phase 1 of KK IZ8 Plant 1 comprising a factory building.</li> </ul>
2019	<ul style="list-style-type: none"> <li>We completed the construction of Phase 1 KK IZ8 Plant 1 and purchased a PET preform injection moulding machine. As at the LPD, we have consolidated the manufacturing of PET preforms at KK IZ8 Plant 1.</li> <li>We started the construction of Phase 2 of KK IZ8 Plant 1 comprising a factory building.</li> <li>We entered into a contract with Petronas Dagangan Berhad to contract manufacture bottled drinking water under its "Mesra" private label brand for the Sabah market which is a subsisting agreement.</li> </ul>
2020	<ul style="list-style-type: none"> <li>We launched K2 Green, our new bottle of drinking water which uses recycled plastic resin.</li> <li>With the intention to set-up our first drinking water manufacturing facility in the Interior Division of Sabah, we acquired 2 units of buildings at Borneo Commercial Centre, Keningau in 2020 and 2021, respectively, which is later referred to as Keningau Plant.</li> </ul>
2021	<ul style="list-style-type: none"> <li>Our subsidiary, K2 Water, incorporated in 2014, commenced operations as a provider of transportation services solely for our Group's distribution of beverages throughout Sabah. This business activity was initially carried out by our subsidiary, Life Water Industries, before it was transferred to K2 Water in 2021.</li> </ul>
2022	<ul style="list-style-type: none"> <li>Upon the completion of construction of Phase 2 KK IZ8 Plant 1 and set up of the manufacturing line in 2021, we commenced our manufacturing of PET preform. We then purchased a drinking water manufacturing line in 2022 and commenced our manufacturing of drinking water activities with an annual production capacity of approximately 134 million litres. Pursuant to the set-up of this additional drinking water production line, our Group's total drinking water annual production capacity increased to 389 million litres, as at the LPD.</li> <li>We commence the construction of Phase 3 of KK IZ8 Plant 1 comprising a warehouse building which was completed in 2023.</li> <li>We carried out renovations to extend Keningau Plant which was completed in 2023. As at the LPD, we have obtained the CCC for the building, as well as completed the installation, testing and commissioning of the drinking water manufacturing line. The plant is expected to be operational by December 2024 pending the drinking water licence from MOH. Upon the commencement of the Keningau Plant, our Group's total annual production capacity for drinking water is expected to increase by 59 million litres to 448 million litres.</li> <li>We acquired a warehouse in Lahad Datu i.e. Lahad Datu DC 2 and a warehouse in Sandakan i.e. Sandakan Sibuga DC 1.</li> </ul>

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

<b>Year</b>	<b>Key Events and Milestones</b>
2023	<ul style="list-style-type: none"> <li>We purchased an injection moulding machine to manufacture bottle caps for internal use and this commenced operations at KK IZ8 Plant 1 in May 2023.</li> <li>As part of our expansion plans in Sandakan, we acquired 2 pieces of land along Jalan Lintas Sibuga in Sandakan measuring 3.57 acres and 5.82 acres which are intended for future expansion including manufacturing facility, warehouse as well as depot for our trucks which are later referred to as Sandakan Sibuga DC 2 and Sandakan Sibuga Plant 2. Please refer to Section 7.20.2(ii) and 7.20.1(iii) of this Prospectus for further details on these plans.</li> </ul>
2024	<ul style="list-style-type: none"> <li>As part of our expansion plans in Kota Kinabalu, we acquired a piece of land in Industrial Zone 8 in KKIP measuring 8.16 acres which is intended for future expansion including manufacturing facility and warehouse which are later referred to as KK IZ8 Plant 2. Please refer to Section 7.20.1(i) of this Prospectus for further details on this plan.</li> <li>As part of our expansion plans in Tawau, we acquired a piece of land with building in Tawau measuring 1.98 acres which is intended for future expansion including a distribution centre which are later referred to as Tawau DC. Please refer to Section 7.20.2(i) of this Prospectus for further details on this plan.</li> </ul>

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.1.3 Awards and Accreditations

For the Financial Years Under Review up to the LPD, we have obtained the following awards:

Year	Awards
2022	"First RPET Bottled Water Manufacturer" awarded by the Malaysia Book of Records
2021-2022	"Special Award" awarded by Ministry of Youth and Sports Sabah to Life Water Marketing for their successful contribution to sports activities in Sabah
2022/2023	Industry Excellence Award Sabah 2022/2023 (Category 6) awarded to Life Water Industries by the Ministry of Industrial Development and Entrepreneurship Sabah
2023	Malaysia Smart Manufacturing Award (MSMA) 2023 for IR4.0 Readiness Category: Adaption Achievement of MSMA 2023 awarded to Green Borneo Industries by MITI

As at the LPD, our Sandakan Sibuga Plant 1 and KK IZ4 Plant have also been accredited with the following management systems:

Company within our Group	Accreditations	Scope	Issuing Party	Validity Period
Life Water Industries (Sandakan Sibuga Plant 1)	Food Safety Management System ISO 22000: 2018	Manufacture and marketing of purified drinking water and aerated waters	VE International Certification Group of Companies	4 August 2024 to 4 August 2027
	HACCP	Manufacture and marketing of purified drinking water and aerated waters	VE International Certification Group of Companies	4 August 2024 to 4 August 2027
	GMP	Manufacture and marketing of purified drinking water and aerated waters	VE International Certification Group of Companies	4 August 2024 to 4 August 2027
Green Borneo Industries (KK IZ4 Plant)	Food Safety Management System ISO 22000: 2018	Production of purified drinking water	VE International Certification Group of Companies	4 August 2024 to 6 September 2027
	HACCP	Production of purified drinking water	VE International Certification Group of Companies	4 August 2024 to 6 September 2027
	GMP	Production of purified drinking water	VE International Certification Group of Companies	4 August 2024 to 6 September 2027
Life Water Industries (KK IZ8 Plant 1)	Food Safety Management System ISO 22000: 2018	Production of purified drinking water	VE International Certification Group of Companies	29 July 2024 to 29 July 2027
	HACCP	Production of purified drinking water	VE International Certification Group of Companies	29 July 2024 to 29 July 2027
	GMP	Production of purified drinking water	VE International Certification Group of Companies	29 July 2024 to 29 July 2027

We are subject to an annual audit by the certification body on the above accreditations. The latest annual audit for KK IZ8 Plant 1, Sandakan Sibuga Plant 1 and KK IZ4 Plant was conducted in April 2024, June 2024, and June 2024 respectively.

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

In addition, as at the LPD, our Sandakan Sibuga Plant 1 and KK IZ8 Plant 1 have also been accredited with the MeSTI certification from MOH, as follows:

Company within our Group	Certification	Issuing Party	Validity Period
Life Water Industries (Sandakan Sibuga Plant 1)	MeSTI	MOH	27 September 2023 to 26 September 2026
Life Water Industries (KK IZ8 Plant 1)	MeSTI	MOH	31 March 2022 to 30 March 2025

As at the LPD, all our manufacturing premises, processes and beverage products have been inspected/audited by Majlis Ugama Islam Sabah (MUIS), followed by the issuance of the HALAL certifications as depicted in the table below:

Company and manufacturing premises within our Group	Beverage products	Issuing Party	Validity Period
Life Water Industries (Sandakan Sibuga Plant 1)	<ul style="list-style-type: none"> <li>• Drinking water</li> <li>• Flavoured carbonated drink               <ul style="list-style-type: none"> <li>- Ice cream soda</li> <li>- Cola</li> <li>- Apple</li> <li>- Mango</li> <li>- Orange</li> <li>- Strawberry</li> <li>- Tutti frutti</li> </ul> </li> <li>• Isotonic drink</li> <li>• Calamansi drink</li> </ul>	JAKIM	1 January 2024 to 31 December 2025
Life Water Industries (KK IZ8 Plant 1)	Drinking water	JAKIM	1 April 2024 to 31 March 2026
Green Borneo Industries (KK IZ4 Plant)	RO water	JAKIM	1 November 2024 to 31 October 2026

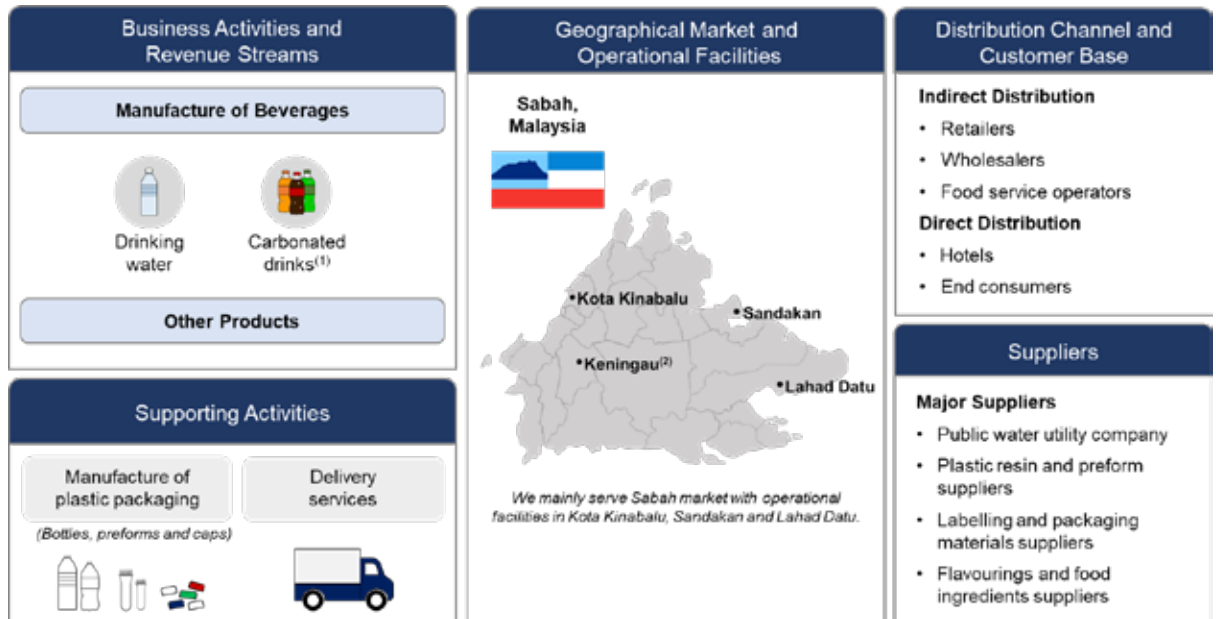
We are subject to scheduled inspection/audit by Majlis Ugama Islam Sabah (MUIS) for the renewal of the above HALAL certifications. For further details on our certifications, please refer to Annexure A of this Prospectus.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.2 OUR BUSINESS MODEL

#### 7.2.1 Overview



#### Notes:

- (1) Includes a small proportion of revenue from fruit drinks of 0.17% (RM0.21 million) and 0.05% (RM0.08 million) of our total revenue in FYE 2022 and FYE 2024 respectively. No revenue for fruit drinks were recorded for the FYE 2021 and FYE 2023.
- (2) As at the LPD, the production of drinking water at the Keningau Plant is expected to be operational by December 2024.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.2.2 Business activities and revenue streams

#### (i) Manufacture of beverages

We are principally a manufacturer of beverages namely drinking water and carbonated drinks. The manufacture of beverages accounted for 99.64% (RM103.15 million), 99.57% (RM120.87 million), 99.51% (RM150.22 million) and 99.79% (RM166.18 million) of our total revenue for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

Our beverages are marketed under our own brands mainly as follows:

- “K2”, “Sasa” and “Sabah Water” brands of drinking water;
- “2more” brand of flavoured carbonated drinks; and
- “TRITONiC” brand of isotonic drink, a type of carbonated drinks.

Revenue contributed from sales of our own brand of beverages (drinking water and carbonated drinks) amounted to RM101.94 million (98.47%), RM118.43 million (97.55%), RM147.29 million (97.57%) and RM 163.62 million (98.25%) of total revenue for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

We also undertake contract manufacturing of drinking water under private labels for petrol stations, hypermarkets, wholesalers and hotels. As at the LPD, we contract manufacture for 6 private label brands. Revenue contributed from sales of private label brands of drinking water amounted to RM1.21 million (1.17%), RM2.45 million (2.02%), RM2.93 million (1.94%) and RM2.56 million (1.54%) of total revenue for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

As at the LPD, we have 3 operational beverage manufacturing facilities in Sabah namely Sandakan Sibuga Plant 1 in Sandakan as well as KK IZ4 Plant and KK IZ8 Plant 1 in Kota Kinabalu with a collective annual production capacity of approximately 389 million litres of drinking water and approximately 37 million litres of carbonated drinks.

Moving forward, we will have a new manufacturing plant in Keningau namely Keningau Plant which is expected to be operational by December 2024 and this will increase our annual production capacity of drinking water to 448 million litres.

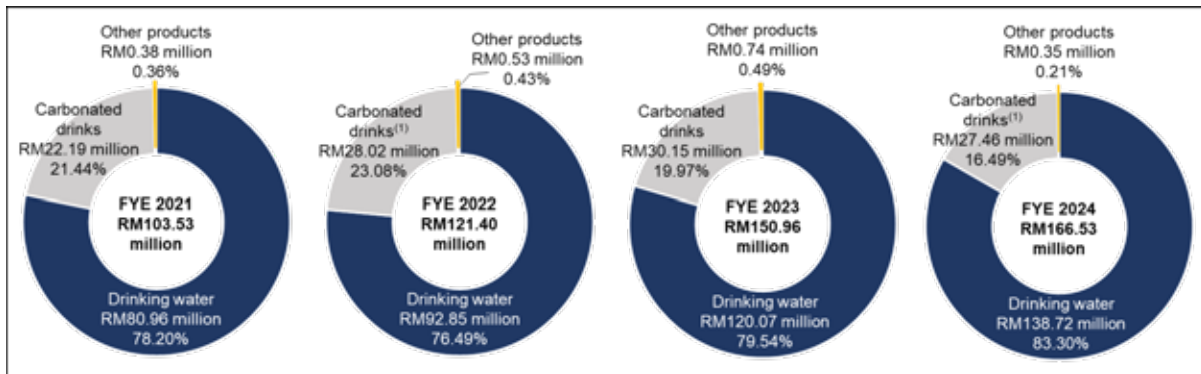
#### (ii) Other products

Sales of other products accounted for the remaining 0.36% (RM0.38 million), 0.43% (RM0.53 million), 0.49% (RM0.74 million) and 0.21% (RM0.35 million) of our total revenue for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively, which were derived from the sales of plastic bottles, containers and related accessories, as well as battery water (except FYE 2024). In FYE 2024 and up to the LPD, we have discontinued the sales of battery water as its contribution to our Group’s revenue is immaterial and we would like to focus our resources on our core business as a manufacturer of beverages.

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## 7. BUSINESS OVERVIEW (CONT'D)

Our revenue streams derived from our various beverage products and other products are as follows:



### Notes:

- (1) Includes a small proportion of revenue from the manufacture of fruit drinks of RM0.21 million or 0.17% and RM0.08 million or 0.05% of our total revenue in FYE 2022 and FYE 2024 respectively.
- (2) Other products include plastic bottles, containers and related accessories, and battery water.

Our revenue grew from RM103.53 million in FYE 2021 to RM166.53 million in FYE 2024. This was contributed by the largest revenue contributor, sales of drinking water, which increased from RM80.96 million in FYE 2021 to RM138.72 million in FYE 2024, representing a CAGR of 19.67%. This is followed by the increase in sales of carbonated drinks from RM22.19 million in FYE 2021 to RM30.15 million in FYE 2023, representing a CAGR of 16.55%. In FYE 2024, our revenue from sales of carbonated drinks decreased 8.92% to RM27.46 million mainly due to the decrease in sales volume resulting from lower sales orders. Other products also grew from RM0.38 million or 0.36% of our total revenue to RM0.74 million or 0.49% of our total revenue between FYE 2021 to FYE 2023, respectively. In FYE 2024, other products decreased to RM0.35 million.

### 7.2.3 In-house supporting activities

We are supported by our other business activities which mainly serves our beverage manufacturing operations including:

#### (i) Manufacture of plastic packaging

Our plastic packaging manufacturing operations comprises injection moulding of PET preforms, blow moulding of PET preforms into plastic bottles, as well as manufacture of plastic bottle caps. Please refer to Section 7.5.3.1 of this Prospectus for further details on our in-house manufacturing of plastic packaging.

#### (ii) Delivery services

We have our own delivery operations which are carried out by our subsidiary, K2 Water. As at the LPD, our delivery operations comprise our fleet of 75 delivery trucks which are coupled with the utilisation of external service providers to carry out the distribution of our beverage products to customers. Additionally, we have distribution centres located in Kota Kinabalu, Sandakan and Lahad Datu. Please refer to Section 7.5.3.2 of this Prospectus for further details on our own delivery and distribution centres.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.2.4 Geographical markets

For the Financial Years Under Review, we principally operate in Sabah, Malaysia which accounted for 98.77% (RM102.26 million), 98.76% (RM119.89 million), 98.72% (RM149.03 million) and 98.55% (RM164.12 million) of our total revenue for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. Within Sabah, we serve customers located throughout all 5 divisions including West Coast, Sandakan, Tawau, Interior and Kudat Division.

For FYE 2021, FYE 2022 and FYE 2023, the remainder of our revenue was contributed by sales to Sarawak and F.T. Labuan which cumulatively accounted for 1.23% (RM1.27 million), 1.24% (RM1.51 million) and 1.28% (RM1.93 million) of our total revenue, respectively. In FYE 2024, we commenced sales to Brunei which contributed 0.13% (RM0.22 million) of our total revenue while the remainder was contributed by sales to Sarawak and F.T. Labuan which cumulatively accounted for 1.32% (RM2.19 million).

The breakdown of our Group's revenue by geographical markets for the Financial Years Under Review are as follows:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Sabah</b>	<b>102,256</b>	<b>98.77</b>	<b>119,893</b>	<b>98.76</b>	<b>149,032</b>	<b>98.72</b>	<b>164,122</b>	<b>98.55</b>
- West Coast Division <sup>(1)</sup>	35,459	34.25	42,393	34.92	53,376	35.36	61,942	37.20
- Sandakan Division <sup>(2)</sup>	26,268	25.37	28,718	23.66	35,601	23.58	37,874	22.73
- Tawau Division <sup>(3)</sup>	21,414	20.69	25,880	21.32	31,701	21.00	34,169	20.52
- Interior Division <sup>(4)</sup>	11,409	11.02	13,198	10.87	17,101	11.33	18,657	11.20
- Kudat Division <sup>(5)</sup>	7,706	7.44	9,704	7.99	11,253	7.45	11,480	6.90
<b>Other markets</b>	<b>1,269</b>	<b>1.23</b>	<b>1,507</b>	<b>1.24</b>	<b>1,930</b>	<b>1.28</b>	<b>2,410</b>	<b>1.45</b>
- F.T. Labuan	672	0.65	728	0.60	1,008	0.67	1,134	0.68
- Sarawak	597	0.58	779	0.64	922	0.61	1,060	0.64
- Brunei	-	-	-	-	-	-	216	0.13
<b>Total revenue</b>	<b>103,525</b>	<b>100.00</b>	<b>121,400</b>	<b>100.00</b>	<b>150,962</b>	<b>100.00</b>	<b>166,532</b>	<b>100.00</b>

F.T. = Federal Territory

**Notes:** The above geographical market segmentation is based on the location of our customers and the delivery of our products. It may not represent the location of the end-consumer.

- (1) West Coast Division includes Kota Kinabalu, Kota Belud, Ranau, Tuaran, Penampang, Papar and Putatan districts.
- (2) Sandakan Division includes Sandakan, Telupid, Beluran, Kinabatangan, and Tongod districts.
- (3) Tawau Division includes Lahad Datu district as well as Semporna, Kunak and Tawau districts.
- (4) Interior Division includes Keningau, Beaufort, Tenom, Sipitang, Tambunan, Nabawan, and Kuala Penyu districts.
- (5) Kudat Division includes Kota Marudu, Kudat and Pitas districts.



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

**7.2.5 Our operational facilities**

**7.2.5.1 Manufacturing and distribution centre facilities**

We principally operate in Sabah where we have 3 beverage manufacturing plants as at the LPD comprising:

- 1 manufacturing facility and head office in Sandakan namely Sandakan Sibuga Plant 1; and
- 2 manufacturing facilities in Kota Kinabalu namely KK IZ4 Plant and KK IZ8 Plant 1.

Moving forward, we will have a new manufacturing plant in Keningau namely Keningau Plant which is expected to be operational by December 2024.

The following is a summary of our beverage manufacturing plants and its respective production capacity:

**Sandakan Sibuga Plant 1**



Production Capacity  
 Drinking water : 117 million litres  
 Carbonated drinks : 37 million litres

**KK IZ4 Plant**



Production Capacity  
 Drinking Water : 109 million litres

**KK IZ8 Plant 1**



Production Capacity  
 Drinking water : 163 million litres  
 PET Preforms : 543 million pieces  
 Closures : 345 million pieces

**Keningau Plant**



Production Capacity  
 Drinking water : 59 million litres  
 (To commence operation by December 2024)

## 7. BUSINESS OVERVIEW (CONT'D)

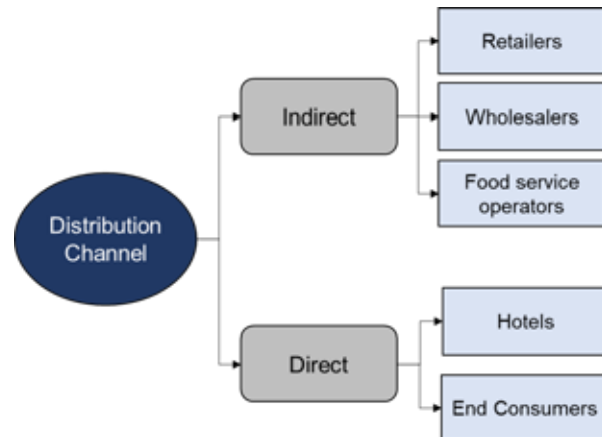
As at the LPD, we also have 2 distribution centres in Lahad Datu, 1 distribution centre in Sandakan, and 1 distribution centre in Kota Kinabalu. For further details on our operational facilities and capacity, please refer to Section 7.7.1 of this Prospectus.

### 7.2.6 Distribution channel and customer base

Our distribution strategy is mainly focused on indirect distribution channels where we sell our products to intermediaries who do not use or consume our products directly, but resells our products in their original form to other customers or end-consumers.

Our strategy of using indirect distribution channel is in line with our objective of targeting the mass market. In this respect, we focus our indirect distribution strategy largely on retailers comprising, among others, supermarkets, hypermarkets, minimarkets, convenience stores, sundry shops, pharmacies, petrol kiosks, hardware stores and stationery shops.

#### Our distribution channels for beverage products



In FYE 2024, RM114.00 million or 68.46% of our total revenue was contributed by approximately 2,800 retailer customers. Our ability to achieve more than half of our revenue from retailers is attributed to our in-house sales and marketing as well as our delivery team with our own delivery trucks. In addition, we sell our products to wholesalers who would use their own distribution network to resell our products to other intermediaries. In FYE 2024, RM49.06 million or 29.46% of our total revenue was contributed by approximately 135 wholesaler customers.

For the Financial Years Under Review, our revenue contributed by sales through indirect distribution channels accounted for RM103.10 million (99.59%), RM120.86 million (99.56%), RM150.08 million (99.41%) and RM165.57 million (99.42%) of our total revenue for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively.

Meanwhile, a small proportion of our revenue is through direct distribution channels. Direct distribution channel is where we sell our products to our customers without further resale. Our customers for beverage products in this context are either the end-consumers or hotels which will serve them to their guests.

In addition, we adopt a direct distribution channel for our plastic bottles and containers to customers who are mainly food and condiment manufacturers as well as food trading companies.

For the Financial Years Under Review, revenue contributed by sales through direct distribution channels accounted for approximately RM0.42 million (0.41%), RM0.54 million (0.44%), RM0.89 million (0.59%) and RM0.96 million (0.58%) of our total revenue for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

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

For Financial Years Under Review, our revenue segmented by distribution channel and type of customers are as follows:

Distribution channel	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Indirect distribution channel</b>	<b>103,103</b>	<b>99.59</b>	<b>120,864</b>	<b>99.56</b>	<b>150,077</b>	<b>99.41</b>	<b>165,574</b>	<b>99.42</b>
Retailers	65,233	63.01	78,195	64.41	102,243	67.73	114,004	68.46
Wholesalers	37,063	35.80	41,570	34.24	46,078	30.52	49,059	29.46
Food service operators	807	0.78	1,099	0.91	1,756	1.16	2,511	1.51
<b>Direct distribution channel</b>	<b>422</b>	<b>0.41</b>	<b>536</b>	<b>0.44</b>	<b>885</b>	<b>0.59</b>	<b>958</b>	<b>0.58</b>
Hotels	167	0.16	249	0.21	391	0.26	582	0.35
End-consumers	104	0.10	213	0.17	199	0.13	301	0.18
Food manufacturers and trading companies <sup>(1)</sup>	151	0.15	74	0.06	295	0.20	75	0.05
<b>Total revenue</b>	<b>103,525</b>	<b>100.00</b>	<b>121,400</b>	<b>100.00</b>	<b>150,962</b>	<b>100.00</b>	<b>166,532</b>	<b>100.00</b>

**Note:**

- (1) Sales of our plastic bottles and containers to customers who are mainly food and condiment manufacturers as well as food trading companies.

**7.3 MODES OF OPERATION****(i) Sales of our own brand of beverages**

We operate based on purchase orders placed by customers as and when required, and these are invoiced upon delivery of goods. We do not collect any deposit upon receipt of purchase orders.

Typically, our customers including retailers, wholesalers and food service operators would place their orders as frequent as once a day up to once every few months periodically. Once our customers place an order, we would typically fulfil their purchase orders within 2 to 7 days. We provide these customers with credit term of 7 to 90 days.

As for sales to end-consumers and hotels, we operate based on purchase orders and these customers are required to make cash payment upon the delivery or pick up of goods. The majority of these customers would place their orders on an ad-hoc basis. Sales to end-consumers and hotels accounted for less than 1.0% of our revenue for the Financial Years Under Review.

**(ii) Contract manufacture of drinking water**

As at the LPD, we have subsisting agreements with Shell Timur Sdn Bhd and Mesra Retail & Café Sdn Bhd for private label brands of drinking water to petrol stations. The validity period of the agreement with Shell Timur Sdn Bhd is from 1 February 2024 to 30 June 2025. Meanwhile, the current validity of the agreement with Mesra Retail & Café Sdn Bhd is from 1 December 2022 to 30 November 2025, and it shall be automatically renewed on a year-to-year basis unless otherwise terminated by either party. These agreements give us the rights to manufacture private label bottled water for the respective brands of petrol stations which are then sold to the owners/operators of the respective petrol stations in Sabah. As and when required by the owners/operators of the respective petrol stations (i.e., our customers), the customers would place purchase orders which will be invoiced upon delivery of goods.

## 7. BUSINESS OVERVIEW (CONT'D)

For sales of private label brands of drinking water for hypermarkets, supermarkets and hotels, we operate based on quotations which include terms and conditions such as pricing, minimum order quantity and private labelling cost. As and when required, the customers will place purchase orders, which will be invoiced upon delivery of goods.

### 7.3.1 Fees and rebates

We provide rebates to our retailer and wholesaler customers based on their prompt payment which are deducted from customer's billings.

In terms of fees, for some of our customers who are hypermarkets and supermarkets, we are subject to the following fees:

- A one-off fee paid to hypermarkets and supermarkets based on the new SKU to be sold through our customers' retail outlets; and
- Rental for the gondola and block displays of products are paid on a periodic basis.

### 7.3.2 Return policy

All goods that are delivered or collected are usually inspected by our customers. In situations where the goods have either expired or are damaged upon delivery, we accept the returned goods and will issue a credit note to the said customer. We accept returned damaged goods from customers to maintain the quality standards, our brand image and reputation. Our returned goods only accounted for RM64,372 (0.06%), RM43,563 (0.04%), RM36,122 (0.02%) and RM91,416 (0.05%) of total revenue in FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively.

## 7.4 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

We believe our competitive advantages and key strengths would provide us with the platform to grow our business. These are as follows:

**(i) We have a proven track record of approximately 22 years as a manufacturer of beverages with a portfolio of established brands of beverages in the Sabah market**

We have a proven track record of approximately 22 years since the commencement of our manufacturing operations in 2002 where we have built and marketed our portfolio of brands namely "K2" and "Sasa" (drinking water) as well as "2more" and "TRITONiC" (carbonated drinks) in the market in Sabah for approximately 22 years, 15 years, 10 years and 10 years respectively.

The market acceptance of our beverage products is reflected in the growth of our revenue and number of customers for beverage products for the Financial Years Under Review:

- Our revenue from beverage products grew from RM103.15 million in FYE 2021 to RM166.18 million in FYE 2024 representing CAGR of 17.23%; and
- We serve a growing number of customers for our beverage products of approximately 2,815 customers, 3,085 customers, 3,280 customers and 3,460 customers in FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. This mainly includes retailers, food service operators, wholesalers and hotels.

## 7. BUSINESS OVERVIEW (CONT'D)

Our market acceptance and growth are the result of our Group's continuing effort in carrying out various marketing and promotional activities including grassroots promotions and campaigns in primary schools in Sabah, official drink sponsorship programmes for sports and family events, the use of mascots to personify our brand, free samples to consumers as well as through social media such as Facebook, Instagram, Youtube and TikTok. Our commitment to continually increase brand and market awareness is reflected in our expenditure for advertising and promotions which accounted for approximately RM1.22 million (1.18%), RM1.81 million (1.49%), RM1.44 million (0.95%) and RM1.72 million (1.03%) of our revenue for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. Our brands will continue to provide the platform for us to sustain our business with existing customers and address opportunities by securing new customers in Sabah as well as other new markets.

Please refer to Section 7.10 of this Prospectus for more details on our sales and marketing strategies.

**(ii) We have a wide distribution network in place to provide customer convenience and accessibility**

As we operate in a consumer-oriented industry, placement of products is key in providing customer convenience and accessibility by ensuring that our beverage products are available at the convenience of customers. In this respect, we have a wide distribution strategy of retailers and wholesalers to extend our market coverage in the Sabah market.

Our delivery destinations indicate our market access and coverage of our beverage products. Our delivery destinations are determined by our customers and it covers our customer's retail outlets, food service outlets, warehouses and hotels. In FYE 2024, the coverage of our brands of beverage products can be demonstrated by the following number of delivery destinations:

- approximately 3,250 retail outlets including supermarkets, hypermarkets, minimarkets, convenience stores, sundry shops, pharmacies, petrol stations, hardware stores and stationery shops;
- approximately 520 food service outlets including restaurants, cafes, coffee shops, canteens and bakeries;
- approximately 150 wholesalers who will use their own respective network to cover other areas within Sabah; and
- approximately 100 hotels for the consumption of hotel guests.

In addition to our manufacturing operations and warehouses in Sandakan and Kota Kinabalu, we have distribution centres in Lahad Datu to service our customers in Lahad Datu district.

Our distribution network provides us with the platform to extend our market reach throughout the state of Sabah. As at the LPD, we are supported by our own fleet of 75 delivery trucks which are mainly responsible for deliveries to key customers within the proximity to our manufacturing plant in Kota Kinabalu, as well as customers in Tawau, Kunak and Semporna districts. In addition, as at the LPD, we have placed orders for 3 new delivery trucks which will be delivered to us by the end of 2024.

## 7. BUSINESS OVERVIEW (CONT'D)

As we have to serve 4,030 delivery destinations for the FYE 2024, our own fleet of delivery trucks are not sufficient to cover the distribution of products to all our customers. Therefore, we engaged external logistic service providers to cover certain geographical locations which our delivery trucks do not cover such as Nabawan, Sook, Keningau in the Interior Division; Paitan in the Sandakan Division; Labuan, as well as Limbang and Lawas in Sarawak. Hence, we are dependent on external logistic service providers to carry out the distribution of our beverage products to all other customers in these locations. However, we are not dependent on any single external logistic service provider as we have agreements with 30 external logistic service providers to carry out the distribution of our beverage products as at the LPD.

**(iii) We are an established manufacturer of drinking water in Sabah and we have an estimated 11% share of the bottled water market in Malaysia**

For FYE 2024, our revenue from sales of drinking water was RM138.72 million. According to the IMR Report, the market size of bottled water (comprising natural mineral water and drinking water) in Malaysia in 2023 was approximately RM1.27 billion. We have an estimated 11% share of the bottled water market in Malaysia. The market size was based on the apparent consumption of bottled water (comprising natural mineral water and drinking water, which may be still or sparkling) in Malaysia. For further information on our market share, please refer to Section 8 of this Prospectus.

Our market position as an established manufacturer of drinking water in Sabah is supported by the following:

- a track record of 22 years of operations in Sabah;
- our drinking water production output grew at a CAGR of 13.45% from 181.96 million litres in FYE 2021 to 265.69 million litres in FYE 2024; and
- our total revenue grew at a CAGR of 17.17% from RM103.53 million in FYE 2021 to RM166.53 million in FYE 2024.

The above will provide us with the platform to address opportunities and grow our business in other markets such as Sarawak and Brunei.

**(iv) We have experienced Executive Directors and key management personnel**

Our Executive Directors have contributed significantly to the success and continuing growth of our Group. Our Managing Director, Liaw Hen Kong has been instrumental in chartering the overall strategic direction as well as formulating the business growth and development of our Group. Our Executive Director, Chin Lee Ling is responsible for overseeing human resources department, product development, branding and marketing activities, and IT department of our Group. Both of them brings with them approximately 22 years of experience each in the beverage manufacturing industry.

They are supported by our key management personnel:

- Christina Yap Chui Fui, our Financial Controller who is responsible for overseeing and monitoring the financial accounting and taxation matters, and corporate activities for our Group. She brings with her approximately 23 years of experience in accounting, finance and internal audit, and over 6 years with our Group.
- Chin Lee Yung @ Rina Chin, our Operations Manager who is responsible for overseeing the general operations of our factories and the production line in our Group's plant in Sandakan. She has over 17 years of experience in the beverage manufacturing industry and with our Group.

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

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- Chin Chun Ming, our Technical Manager who is responsible for overseeing the production line, manufacturing plants, machinery installation plans and infrastructure, maintenance and upgrading of machinery of our Group's factories in Kota Kinabalu. He has over 14 years of experience in the beverage manufacturing industry and with our Group.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.5 OUR BUSINESS ACTIVITIES AND PRODUCTS

#### 7.5.1 Manufacture of beverages

##### 7.5.1.1 Drinking Water

Drinking water is our flagship product which represented 78.20% (RM80.96 million), 76.49% (RM92.85 million), 79.54% (RM120.08 million) and 83.30% (RM138.73 million) of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

As drinking water in Malaysia is a regulated industry, we are an approved and licensed manufacturer by the MOH for all of our manufacturing plants in Sabah. For further details of our major licences, permits and registrations, please refer to Annexure A of this Prospectus.

We manufacture drinking water which is marketed under our brands “K2”, “Sasa”, and “Sabah Water”. The other part of our business includes contract manufacture of drinking water under private label brands for our customers including petrol kiosks, hypermarkets, wholesalers and hotels. For the Financial Years Under Review, our revenue segmented by our brands and private label brands of drinking water are as follows:

Drinking water	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	* %	RM'000	* %	RM'000	* %	RM'000	* %
Our brands	79,742	77.03	90,407	74.47	117,144	77.60	136,163	81.76
Private label brands <sup>(1)</sup>	1,214	1.17	2,446	2.02	2,933	1.94	2,563	1.54
<b>Revenue from drinking water</b>	<b>80,956</b>	<b>78.20</b>	<b>92,853</b>	<b>76.49</b>	<b>120,077</b>	<b>79.54</b>	<b>138,726</b>	<b>83.30</b>

#### Notes:

\* Proportion against total revenue of RM103.53 million, RM121.40 million, RM150.96 million and RM166.53 million for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

(1) For the Financial Years Under Review, we contract manufacture for private label brands including Cap Ikan Merlin, Mesra, Hiap Lee, Water2go, Blue Sky, Performer, Seafest Hotel, Sabah Hotel and Hotel Sandakan. As at the LPD, we contract manufacture for 6 private label brands namely Mesra, Hiap Lee, Water2go, Ikame, Seafest Hotel and Sabah Hotel.

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

As at the LPD, the following depicts of our range of drinking water by brands and sizes:

**“K2” brand of drinking water**



**“Sasa” brand of drinking water**



**“Sabah Water” brand of drinking water**



“K2” and “Sasa” brand are our Group’s main drinking water brands. For the Financial Years Under Review, “K2” and “Sabah Water” brands of drinking water are mainly sold to customers in the Sandakan and Tawau Divisions market while “Sasa” brand of drinking water is mainly sold to customers in the West Coast, Interior and Kudat Division markets. The “K2” green bottle packaging is a newly launch bottle packaging in 2020 which uses recycled plastic resin.

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## 7. BUSINESS OVERVIEW (CONT'D)

### 7.5.1.2 Carbonated drinks

Carbonated drinks are our second largest revenue contributor which represented 21.44% (RM22.19 million), 23.08% (RM28.02 million), 19.97% (RM30.15 million) and 16.49% (RM27.46 million) of our total revenue for FYE 2021, FYE 2022, FYE 2023, and FYE 2024, respectively.

The carbonated drinks are manufactured using our own formulation and we market them under our own brands. In addition to the common flavoured carbonated drinks, we also manufacture isotonic drinks, also known as sports drinks or functional drinks.

#### (i) Flavoured carbonated drinks

Our flavoured carbonated drinks are sold under our “2more” brand in a variety of flavours including cola, orange, strawberry, tutti frutti, ice cream soda, mango, and apple. Our flavoured carbonated drinks are packaged and sold in two sizes namely 330ml and 1250ml PET bottles.

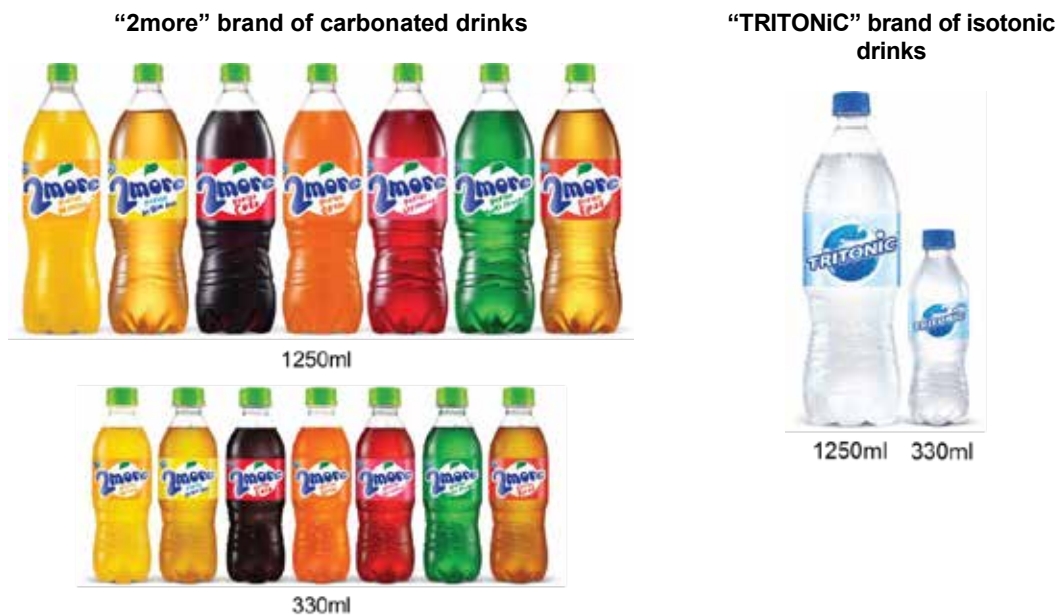
Since 2019, our range of flavoured carbonated drinks has been re-formulated and contains less than 5g of sugar per 100ml. This is in view of the sugar tax imposed by the Government which came into effect on 1 July 2019. The sugar tax applies to beverages including carbonated drinks with total sugar content exceeding 5g per 100ml. As such, our flavoured carbonated drinks are not subjected to the sugar tax as it contains less than 5g of sugar per 100ml.

#### (ii) Isotonic drinks

Our isotonic drinks are marketed as sports drinks and it is designed to replace fluids and electrolytes lost due to exercise and perspiration. We manufacture our isotonic drinks using our own formulation and brand, namely “TRITONiC” Isotonic Drink. Our isotonic drinks, sold in single use PET bottles in 330ml and 1250ml sizes.

This product was not affected by the sugar tax as its original formulation contained less than 5g of sugar per 100ml

The following depicts of our range of carbonated drinks by brands and various sizes:



## 7. BUSINESS OVERVIEW (CONT'D)

### 7.5.2 Other products

Other products contributed 0.36% (RM0.38 million), 0.43% (RM0.53 million), 0.49% (RM0.74 million) and 0.21% (RM0.35 million) of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. They include the sales of plastic bottles, containers and accessories as well as sales of battery water. In FYE 2024 and up to the LPD, battery water has been discontinued.

### 7.5.3 In-house supporting business activities

#### 7.5.3.1 Manufacturing of plastic packaging

Our beverage manufacturing operations are supported by our in-house manufacturing of plastic packaging where we are equipped with machinery to manufacture our own PET preforms and bottle caps as well as blow moulding of plastic bottles.

##### (i) PET preform injection moulding facilities

As at the LPD, we are equipped with 4 PET preform injection moulding machines at KK IZ8 Plant 1 producing the following sizes of PET preforms:

PET preform sizes	PET bottle sizes
11.5g and 7.3g	230ml PET bottle for drinking water
11.5g and 13g	500ml PET bottle for drinking water
18g	330ml PET bottle for carbonated drinks
26g	1500ml PET bottle for drinking water
111g	5700ml PET bottle for drinking water

For the Financial Years Under Review and up to the LPD, the majority of PET preforms manufactured are for our internal use which are further processed through blow moulding into PET bottles. A small quantity of PET preforms are manufactured into PET bottles for sales to external customers.

As at the LPD, we also purchase PET preforms from external suppliers to produce 1250ml as these PET preforms are not manufactured internally.

In FYE 2024, in terms of quantity, 92.86% or 279.59 million pieces of PET preforms are manufactured in-house, while 7.14% or 21.48 million pieces of PET preforms are purchased from external suppliers.

**PET preforms**

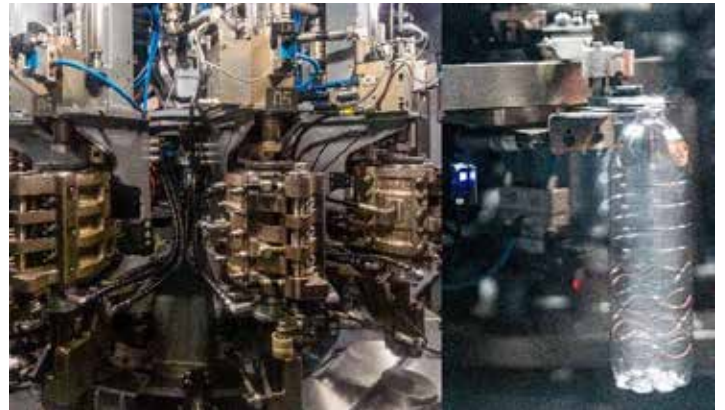


**7. BUSINESS OVERVIEW (CONT'D)****PET preform injection moulding machine**

Please refer to Section 7.6.4 of this Prospectus for further details on the manufacturing of PET preforms.

**(ii) PET blow moulding facilities**

We have PET blow moulding machines in our Sandakan and Kota Kinabalu manufacturing plants. The majority of the PET bottles are manufactured for our internal use while a small proportion of PET bottles are sold to external customers.

**PET preforms being heated up to be stretched into bottles****PET bottles after it is blow moulded**

Please refer to Section 7.6.3 of this Prospectus for further details on the production process of PET bottles.

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

**(iii) Plastic bottle caps injection moulding facility**

As at the LPD, we are equipped with 1 injection moulding machine to manufacture bottle caps at KK IZ8 Plant 1. We utilise HDPE resin to manufacture plastic bottle caps.

The bottle caps are manufactured for our internal use.

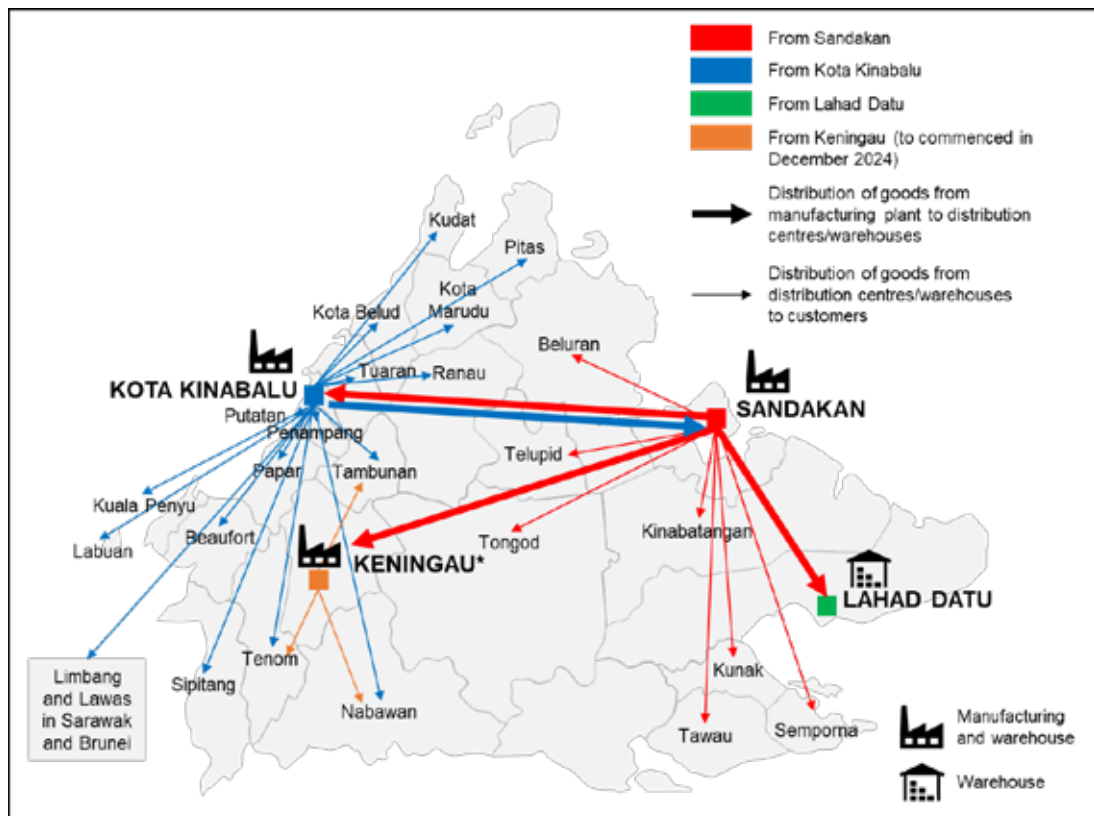
**Bottle cap injection moulding machine**



**7.5.3.2 Delivery services**

As at the LPD, we have our own fleet of 75 delivery trucks and this is complemented by external logistic service providers to carry out the distribution of our beverage products. Our subsidiary, K2 Water, is responsible for managing our Group’s transportation and delivery services for the distribution of our beverages throughout Sabah, Labuan and parts of Sarawak.

The following diagram depicts our distribution network throughout Sabah, as well as Labuan and parts of Sarawak:



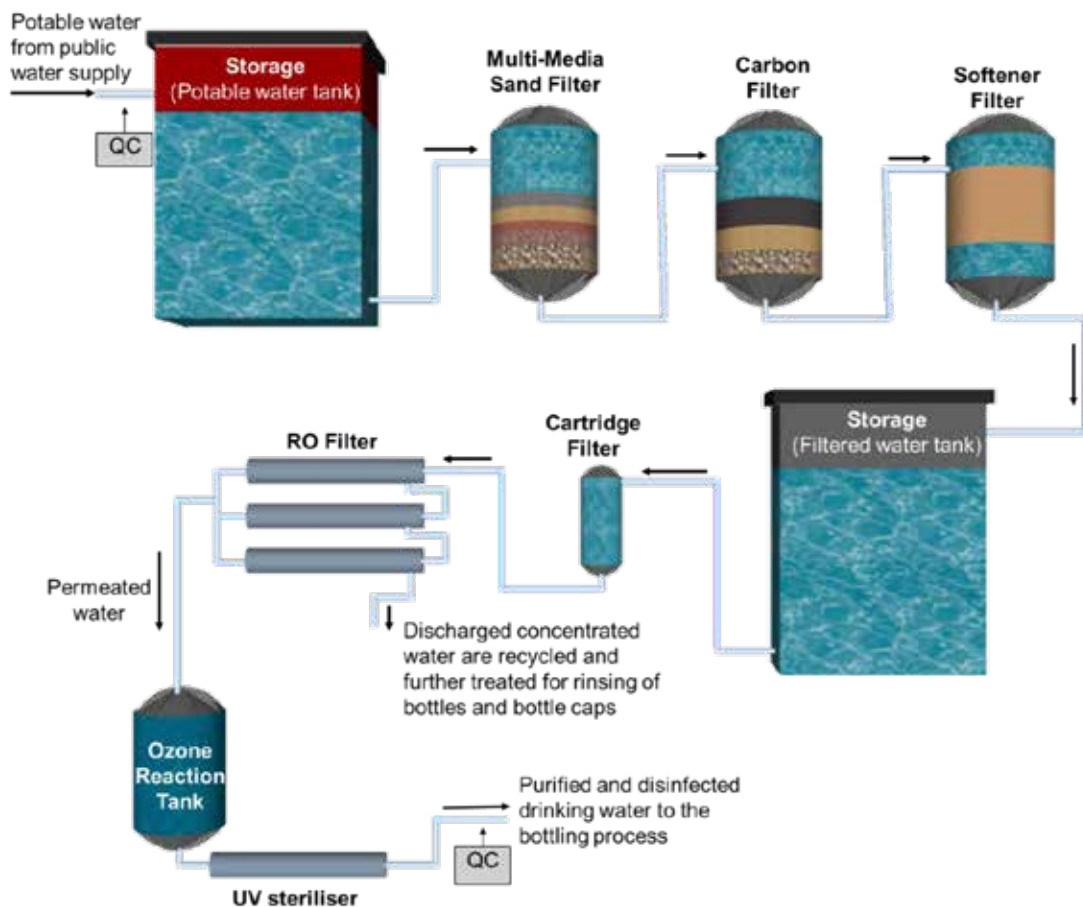
## 7. BUSINESS OVERVIEW (CONT'D)

### 7.6 PROCESS FLOW

The manufacture of our drinking water and carbonated drinks comprises two main production processes namely the water purification process for our beverages and the bottling process. The bottling process for our beverages include the blow moulding into PET bottles, rinsing, filling, capping, labelling, quality control, packaging and storage before final delivery. The manufacture of PET preforms is a separate process which is also presented in this section.

#### 7.6.1 Water purification process

Our drinking water goes through various stages of water purification process before it is bottled or packaged. The following depicts the water purification process at our Sandakan Sibuga Plant 1, KK IZ4 Plant and KK IZ8 Plant 1.



#### Potable water storage

Potable water is sourced from the public water supply. Samples are taken from the potable water source every week at random to monitor the quality of water that comes from the public water supply. The samples are then tested internally at our laboratory and some of the testing parameters on the potable water includes, conductivity, total dissolved solids, temperature, total chlorine content, total iron content and turbidity.

Our Sandakan Sibuga Plant 1, KK IZ4 Plant and KK IZ8 Plant 1 have water storage tanks with the capacity to store potable water of approximately 135,000 litres, 75,700 litres and 170,000 litres, respectively. In the event of a water supply interruption, these water storage tanks will be able to last approximately three, two and four hours of continuous production, respectively.

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

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**Filtration using multi-media sand filter**

From the storage tank, the potable water then goes through a multi-media sand filter system layered with anthracite, fine sand, fine garnet, medium garnet and fine gravel. In this filtration system, particles such as organisms, algae, plankton, suspended dirt, or any other larger particles in water are filtered out.

**Filtration using carbon filter**

The next process involves going through a carbon filter which comprise activated carbon. Activated carbon has the properties to capture and trap pollutant molecules inside the pore structure of the carbon. Typically, carbon-based impurities or organic chemicals will be 'attracted' to the activated carbon. At this stage of filtration, chlorine, volatile organic compounds, taste and odour from water will be removed.

**Filtration using softener filter**

The filtered water then goes through a softener filter to reduce water hardness by performing ion exchange to remove ions such as calcium and magnesium. This process is primarily used as a pre-treatment method prior to the reverse osmosis (RO) process. After filtration through the softener filter, the water is stored in a storage tank.

**Cartridge filter**

Upon exiting the filtered water tank, the water is then treated by going through a cartridge filter. This stage is a safety filtration layer before going through the RO membrane filtration process. Cartridge filters are used to remove particles from the water. We use a 5-micron cartridge filter for this process.

**RO filter system**

RO is a filtration technology that uses high pressure pump to push water through a semi-permeable membrane. The semi-permeable membrane is a membrane that will only allow water molecules to pass through, but not the majority of dissolved salts, organics, contaminants and bacteria. The amount of pressure required depends on the salt concentration of the input water. After going through the softener filter, the softened water would be highly concentrated with sodium or salt, therefore more pressure is required to overcome the osmotic pressure. Subsequently, the permeated water then goes through the disinfection process using ozone treatment and UV sterilisation.

**Ozone treatment**

The permeated water flows into an ozone reaction tank. This is followed by an injection of ozone gas into the tank which dissolves in the water, killing any microorganisms. The ozone gas will change back into oxygen, leaving no residue in the water.

**UV sterilisation**

The treated water would then flow through a UV steriliser which eliminates microbes including water-borne viruses, bacteria, moulds and other microorganisms. Lastly, the water is piped into the next bottling process stage.

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

**7.6.2 Manufacturing of carbonated drinks and fruit drinks**

Our manufacturing of carbonated drinks includes flavoured carbonated drinks and isotonic drinks in Sandakan Sibuga Plant 1. Fruit drinks are also produced using the same production line. The following diagram depicts the process:





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

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The manufacture of carbonated drinks and fruit drinks are carried out in batches based on flavour and according to our production schedule. Typically, we would produce a single flavour up to the desired quantity before switching to another flavour. We would need to clean the system by flushing treated water before resuming the production of a different flavour.

**Water purification process**

The water used in the manufacture of carbonated drinks and fruit drinks is filtered using similar method as our drinking water, with the exception of the reverse osmosis process and disinfection using the UV sterilisation process. For further details of the water purification process, please refer to Section 7.6.1 of this Prospectus.

**Mixing of ingredients with treated water**

The preparation of ingredients occurs in our syrup room where various raw ingredients such as flavouring agents, acidulants (such as citric acid and phosphoric acid), and food preservatives (such as sodium benzoate) are weighed according to each flavour's recipe and packed into individual packages.

The syrup mixture from prepacked packages is then added into a mixer (liquiverter) to combine the white refined sugar together with the treated water. The syrup mixture is then filtered through a strainer to remove any foreign substances before entering into a batching tank with an agitator where it is stirred and mixed to create a homogenous solution. It is then filtered again through a strainer for the next process.

**Dilution process**

For flavoured carbonated drinks, the syrup is then carefully diluted and combined by proportioners / flow control valve, which regulate the flow rates and ratios of the liquid before the carbonation process. As for fruit drinks, the syrup is diluted with treated water up to its desired sweetness in a batching tank before the pasteurisation process. For quality control, we have installed a brix meter to ensure the mixture of beverage are within the desired range of taste and sweetness, before the carbonation process.

**Pasteurisation process (only for fruit drink)**

During the production of fruit drinks, the diluted fruit-based syrup mixture goes through a pasteurisation process to eliminate microorganisms. Our fruit-based syrup mixture is pasteurised at a high temperature of 80°C to 90°C for 15 to 20 seconds.

**Carbonation process (only for carbonated drink)**

For our carbonated drinks, the mixture is cooled down to about 3°C to 4°C using a heat exchanger and subsequently flow into a vacuum vessel, whereby pure and filtered carbon dioxide are injected into the mixture under high pressure for the carbonation process.

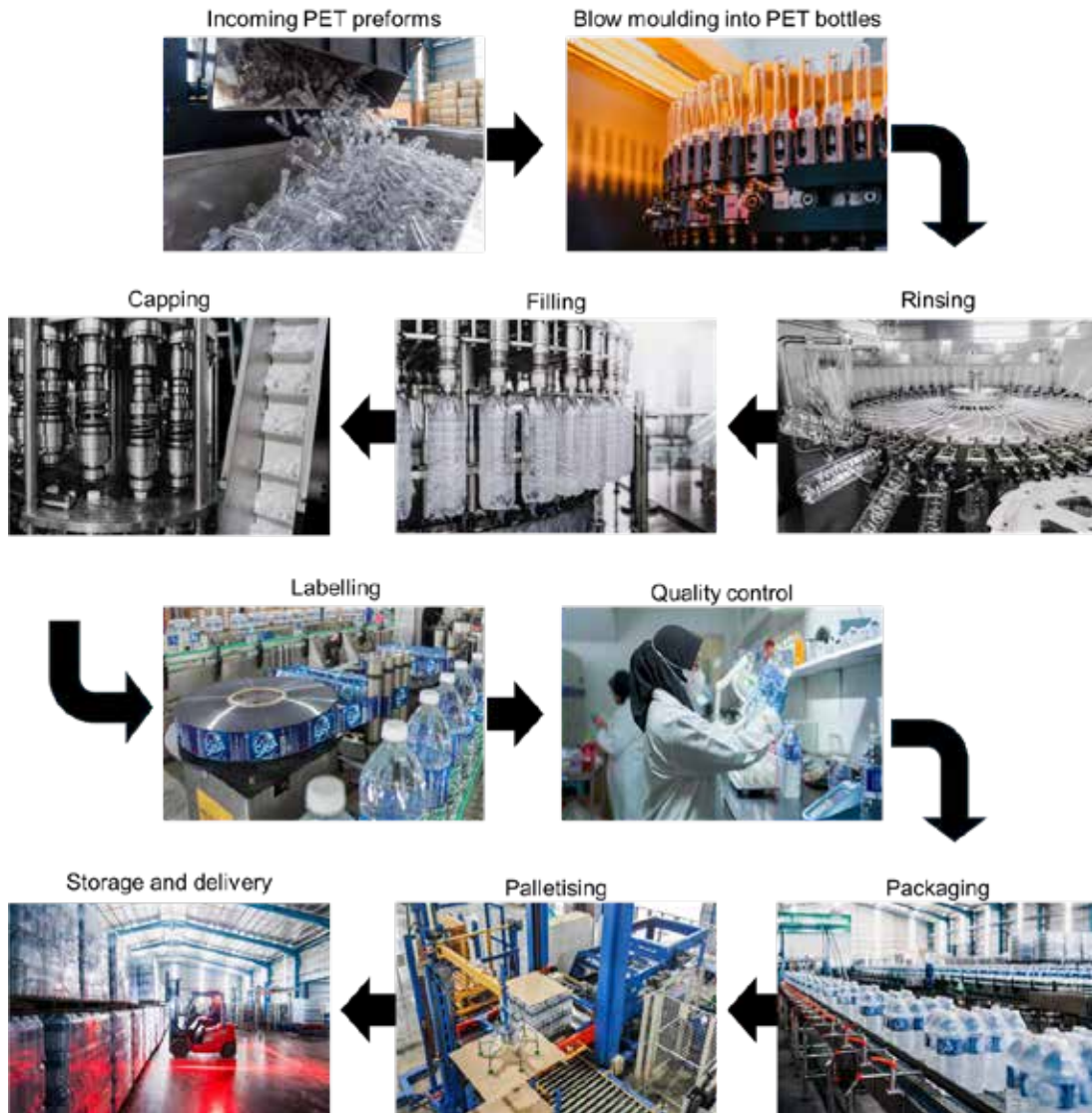
**Bottling process**

The carbonated or fruit drink mixture are then transferred to the bottling process. For further details of the bottling process, please refer to Section 7.6.3 of this Prospectus.

## 7. BUSINESS OVERVIEW (CONT'D)

### 7.6.3 Bottling process for drinking water, carbonated drinks and fruit drinks

The following diagram depicts the bottling process for our drinking water using PET bottles at our Sandakan Sibuga Plant 1, KK IZ4 Plant and KK IZ8 Plant 1, which is also similar to the bottling process for carbonated drinks and fruit drinks.



#### Incoming PET preforms

The PET preforms are mainly manufactured in-house at KK IZ8 Plant 1 and delivered to our manufacturing operations in KK IZ4 Plant and Sandakan Sibuga Plant 1. We also purchase a small proportion of PET preforms from external suppliers. The incoming PET preforms are poured into a receiving bin at the beginning of the bottling process.

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

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**Blow moulding into PET bottles**

From a receiving bin, the PET preforms are transferred into a heating chamber which heats up the preforms to a temperature ranging from 80°C to 110°C. Once this temperature is reached, the preforms are transferred into a negative shape mould that holds the shape of the actual bottle. Using filtered compressed air, the heated up preform is then stretched and blown until it fully fills up the negative shape. This process simultaneously cools down the preform. After the blow moulding process, we will use an air conveyor system to transport the PET bottles to the next process. In addition, we also collect and store PET bottles into a tank for storage as buffer stock.

**Rinsing, filling and capping**

The rinsing, filling and capping process are undertaken in a filling room to ensure a clean and hygienic process. Using an automated bottle rinsing system, the PET bottles are flipped upside down and a jet stream of treated water is injected into the bottle to wash and rinse the inside of the bottle. The treated water that are used for washing and rinsing has been sterilised and filtered. This rinsing process is crucial to remove any small particles and contaminants inside the PET bottle. The bottles are then transferred to the filling station to fill the bottles up with drinking water, carbonated drinks or fruit drinks. The plastic bottle caps are also washed and rinsed using the treated water before the capping process.

**Labelling**

The sealed bottles are then transported through a conveyor system to prepare for labelling. For carbonated and fruit drinks, the bottles are transported into a warmer to bring the product back to room temperature before labelling. Labels are then affixed onto the bottles to provide information about the brand and ingredients. Information of shelf life will be printed onto the products.

**Quality control**

As part of our quality control process, a sample bottle is taken from each production line on a daily basis at designed interval of time where it is retained at our quality control department based on the product's expiry dates. Generally, the expiry period for our drinking water and carbonated drinks is 1 year while fruit drinks is 9 months. For drinking water, a sample is taken every 4 hours where a sample is retained for 13 months. Meanwhile, for carbonated and fruit drinks, a sample is taken every hour from each batch and the samples are retained for 13 months and 10 months, respectively. The samples taken from each batch during our production process allows us to have traceability in the production of our beverage products in the event we have to address any customer complaints. Some of the testing parameters that are performed internally at our laboratory includes microbial test, alkalinity test, total dissolved solids, chlorine test, turbidity test, taste/odour test, appearance test and water hardness test. In addition, we perform independent random sample tests from different batches of beverage products. These are then sent to an external independent party for testing of chemical composition analysis and microbe testing, as well as nutritional and sugar content. This is not a regulatory requirement as it is part of our internal quality control monitoring of our drinking water, carbonated drinks and fruit drinks.

As part of the major conditions imposed for our drinking water licence with MOH, we are also required to submit a water analysis report from an approved laboratory every three years. As such, we send our samples of our drinking water to Jabatan Kimia Malaysia, an approved laboratory by MOH, to carry out physical, chemical and microbiology tests, and to Malaysian Nuclear Agency, an approved laboratory by MOH, to carry out radioactivity test for the said water analysis report. As at the LPD, the latest date that we submitted a water analysis report to MOH for our Sandakan Sibuga Plant 1, KK IZ4 Plant, and KK IZ8 Plant 1 was in June 2023, June 2023 and May 2021 respectively.

## 7. BUSINESS OVERVIEW (CONT'D)

### Packaging, palletising, storage and delivery

Lastly, the bottles are then wrapped with plastic shrink wrap, before they are palletised. The finished packed products are then stored in our warehouse before delivery to our distribution centres or directly to customers. Generally, we keep an inventory of 1 week for our drinking water, 2 weeks for our 330ml carbonated drinks and 3 months for our 1250ml carbonated drinks.

#### 7.6.4 Manufacturing of PET preforms

We produce PET preforms which are mainly used internally for the manufacturing of our drinking water, carbonated drinks and fruit drinks. By producing our own PET preforms, we are able to control and monitor the quality of PET bottles used in our beverage products.

The following diagram depicts the process flow for the manufacturing of PET preforms at our KK IZ8 Plant 1:



#### In-coming raw material

We use two types of input materials for the manufacture of PET preforms namely PET resin and rPET resin, otherwise known as recycled PET resin, which are mainly used for the production of our K2 Green bottles of drinking water. Generally, we maintain a stock keeping level of 2 to 3 months for our PET resins. Please refer to Sections 7.14 and 9.1.2 of this Prospectus for further information on the purchases of our input materials and the risk of price fluctuations of our input materials respectively.

For the FYE 2021, FYE 2022 and FYE 2023, we mainly source the PET resin from manufacturers in China and Vietnam, namely Far Eastern Group which is one of our Group's major suppliers, as well as from two other suppliers in China (for FYE 2022 and FYE 2023) and 1 other supplier from Malaysia (for FYE 2021 and FYE 2022). In FYE 2024, we mainly source PET resin from Hainan Yisheng Petrochemical Co., Ltd and Far Eastern Group, both from China, as well as one other supplier from China. Meanwhile, rPET resins are sourced from a manufacturer in Malaysia.

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

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**Pre-drying**

The manufacturing of PET preforms begins with the transportation of resins to a drying unit. The resins are heated up between 1 to 5 hours until a temperature of 155°C to 175°C is reached. As soon as the resin falls below a certain moisture content, it is ready for further processing.

**Injection moulding**

After the pre-drying phase, the granulated resin is then fed into the injection moulding machine through a piping system. There it is heated until a temperature of 280°C to 285°C is reached. The heating process is important as it enables the resin to become a homogenous mixture. The mixture is then injected into a preform tool before it is then subsequently cooled with cold water. During this process, our smaller capacity injection moulding machine produces 48 preforms while the larger capacity machine produces 72 preforms.

**Preforms collected in bins**

After one cycle is completed, the preforms are taken off the injection moulding tool and is then transported via a conveyor to a collection bin.

**Batch testing**

Samples of PET preforms are taken every hour from the collection bin to perform visual inspection under a polarized light to detect defects in the quality of the preforms (if any) such as air bubble, water flash marks, crystallisation and strain distribution. This enables us to analyse any defects in the quality of the preforms and remove the defective pieces or batches to avoid rejection during the blow moulding process. We also undertake dimension checking on the preforms whenever there is a change in the preform mould.

**Storage and delivery**

As at the LPD, the manufacture of PET preforms is carried out at our KK IZ8 Plant 1 and we typically deliver the PET preforms to KK IZ4 Plant and Sandakan Sibuga Plant 1 about 3 times a week.

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