

Unless otherwise stated, all abbreviations and defined terms contained in this Abridged Prospectus are defined in the “Definitions” section of this Abridged Prospectus.

No securities will be allotted or issued based on this Abridged Prospectus after six (6) months from the date of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE CONSULT A PROFESSIONAL ADVISER IMMEDIATELY. All enquiries concerning the Rights Issue, which is the subject matter of this Abridged Prospectus, should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd at Suite 18.05, MWE Plaza, No. 8, Lebuhraya Farquhar, 10200 George Town, Penang.

This Abridged Prospectus, together with the NPA and RSF (collectively, the “Documents”), are despatched only to our Entitled Shareholders whose names appear in our Record of Depositors as at 5.00 p.m. on Tuesday, 23 January 2024 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on Tuesday, 23 January 2024. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and are not intended to be and will not be issued, circulated or distributed in countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and other professional advisers as to whether the acceptance or renunciation (as the case may be) of all or any part of their entitlements to the Rights Issue, application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue would result in the contravention of any law of such countries or jurisdictions. Our Company, Maybank IB and/or the other advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements to the Rights Shares, application for Excess Rights Shares or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue made by any Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Abridged Prospectus. The SC has not, in any way, considered the merits of the Rights Issue. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue has been obtained from our shareholders at our EGM convened on 7 December 2023. Approval has also been obtained from Bursa Securities via its letter dated 16 November 2023 for the listing and quotation of the Rights Shares on the Main Market of Bursa Securities. Such listing and quotation of the Rights Shares on the Main Market of Bursa Securities are not to be taken as an indication of the merits of the Rights Issue.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Abridged 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 Abridged Prospectus.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” AS SET OUT IN SECTION 7 OF THIS ABRIDGED PROSPECTUS.



SAM ENGINEERING & EQUIPMENT (M) BERHAD
(Registration No. 199401012509 (298188-A))
(Incorporated in Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF 135,397,357 NEW ORDINARY SHARES IN SAM ENGINEERING & EQUIPMENT (M) BERHAD (“SAMEE” OR “COMPANY”) (“SAMEE SHARES”) (“RIGHTS SHARES”) AT AN ISSUE PRICE OF RM3.60 PER RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING SAMEE SHARES HELD AS AT 5.00 P.M. ON TUESDAY, 23 JANUARY 2024

Principal Adviser



Investment Bank

Company Registration No. 197301002412
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES:

| | | |
|--|---|---|
| Entitlement Date | : | Tuesday, 23 January 2024 at 5.00 p.m. |
| Last date and time for sale of Provisional Rights Shares | : | Wednesday, 31 January 2024 at 5.00 p.m. |
| Last date and time for transfer of Provisional Rights Shares | : | Monday, 5 February 2024 at 4.30 p.m. |
| Last date and time for acceptance and payment | : | Friday, 9 February 2024 at 5.00 p.m. |
| Last date and time for excess applications and payment | : | Friday, 9 February 2024 at 5.00 p.m. |

This Abridged Prospectus is dated 23 January 2024

ALL ABBREVIATIONS AND DEFINED TERMS CONTAINED IN THIS ABRIDGED PROSPECTUS ARE DEFINED IN THE “DEFINITIONS” SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

RESPONSIBILITY STATEMENTS

OUR BOARD HAS SEEN AND APPROVED ALL THE DOCUMENTATION RELATING TO THE RIGHTS ISSUE. 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 THERE IS NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS ABRIDGED PROSPECTUS FALSE OR MISLEADING.

MAYBANK IB, BEING THE PRINCIPAL ADVISER FOR THE RIGHTS ISSUE, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS ABRIDGED PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE RIGHTS ISSUE.

STATEMENT OF DISCLAIMER

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND YOUR INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THE VALUATION UTILISED FOR THE PURPOSE OF THE ACQUISITION SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC, ON THE VALUE OF AVIATRON.

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 ABRIDGED PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS ABRIDGED PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR COMPANY.

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

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO THE LAWS OF MALAYSIA. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF AND TO OBSERVE SUCH RESTRICTIONS.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

In this Abridged Prospectus, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

| | | |
|----------------------|---|---|
| 5D-VWAP | : | Five (5)-day volume weighted average price |
| Abridged Prospectus | : | This abridged prospectus dated 23 January 2024 in relation to the Rights Issue |
| Accuron | : | Accuron Technologies Limited (Company No. 199502993M) |
| Acquisition | : | Acquisition by our Company of the entire equity interest in Aviatron from the Vendor for the Purchase Consideration |
| Act | : | Companies Act, 2016 |
| ATM(s) | : | Automated teller machine |
| Authorised Nominee | : | A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository |
| Aviatron | : | Aviatron (M) Sdn Bhd (Registration No. 2011010000773 (928907-P)) |
| Aviatron Shares | : | Ordinary shares in Aviatron |
| Bloomberg | : | Bloomberg Finance Singapore L.P. and its affiliates |
| BNM | : | Bank Negara Malaysia |
| Board | : | Board of directors of our Company |
| Bursa Depository | : | Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W)) |
| Bursa Securities | : | Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) |
| CDS | : | Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository |
| CDS Account(s) | : | Securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor |
| Circular | : | Circular to our shareholders in relation to the Corporate Exercises dated 22 November 2023 |
| Closing Date | : | Friday, 9 February 2024 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares and the Excess Rights Shares |
| CMSA | : | Capital Markets and Services Act, 2007 |
| Code | : | Malaysian Code on Take-overs and Mergers 2016 |
| Comparable Companies | : | The selected companies listed on the stock exchanges globally which are involved in similar principal activities as Aviatron |

DEFINITIONS (*Cont'd*)

| | | |
|--------------------------------|---|---|
| Completion Date | : | The business day falling 14 days after the relevant date upon which the SSA becomes unconditional, or such other date as may be agreed upon between the parties to the SSA on which the completion of the sale and purchase of the Sale Shares is to take place in accordance with the terms of the SSA |
| Corporate Exercises | : | Collectively, the Acquisition and the Rights Issue |
| COVID-19 | : | An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) |
| DCF | : | Discounted cash flow |
| Deloitte or Independent Valuer | : | Deloitte Corporate Advisory Services Sdn Bhd (Company Registration No. 199901012610) |
| Documents | : | This Abridged Prospectus together with the NPA and RSF, collectively |
| E&E | : | Electrical and electronic |
| EBITDA | : | Earnings before interest, tax, depreciation and amortisation |
| EGM | : | Extraordinary general meeting of our Company |
| Electronic Application | : | Electronic application for the subscription of provisional allotments and excess applications via ATM and Participating Financial Institutions as set out in Section 11 of this Abridged Prospectus |
| Entitled Shareholders | : | Our shareholders whose names appear in the Record of Depositors of our Company on the Entitlement Date |
| Entitlement Date | : | Tuesday, 23 January 2024, at 5.00 p.m., being the date and time on which the names of our shareholders must appear in the Record of Depositors of our Company in order to be entitled to participate in the Rights Issue |
| EPS | : | Earnings per Share |
| Excess Rights Shares | : | Such Rights Shares not taken up or not validly taken up by Entitled Shareholders and/or their renounee(s)/transferee(s) by the Closing Date |
| Foreign-Addressed Shareholders | : | Our shareholders who have not provided an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue |
| FPE | : | Financial period ended |
| FYE | : | Financial year ending or ended, as the case may be |
| GL | : | Gross loss |
| GP | : | Gross profit |
| IMR Report | : | Independent Market Research Report dated 8 January 2024 prepared by SMITH ZANDER |

DEFINITIONS (Cont'd)

| | | |
|---------------------------|-------------|--|
| Interested Directors | : | Collectively, Tan Kai Hoe, Shum Sze Keong and Peter Lim Hee Seng who are deemed interested in the Corporate Exercises, as set out in Section 5.8 of this Abridged Prospectus. |
| Interested Shareholders | Major : | Collectively, SAMPL, Accuron and Temasek, who are deemed interested in the Corporate Exercises, as set out in Section 5.8 of this Abridged Prospectus |
| KPMG or Accountants | Reporting : | KPMG PLT (Registration No. (LLP0010081-LCA) & AF 0758) |
| Land and Buildings | : | Collectively, Plot 309 and Plot 309a together with an industrial complex (comprising a single-storey factory annexed with a double storey office building and ancillary buildings) erected thereon |
| LAT | : | Loss after tax |
| LBT | : | Loss before tax |
| LPD | : | 26 December 2023, being the latest practicable date prior to the registration of this Abridged Prospectus |
| LPS | : | Loss per Share |
| Market Day(s) | : | Any day on which Bursa Securities is open for trading in securities |
| Maybank IB or Adviser | Principal : | Maybank Investment Bank Berhad (Company Registration No. 197301002412) |
| MMLR | : | Main Market Listing Requirements of Bursa Securities |
| NA | : | Net assets |
| NPA | : | Notice of provisional allotment in relation to the Rights Issue |
| NRS | : | Nominee rights subscription service offered by Bursa Depository at the request of our Company, to Authorised Nominees for electronic subscription of the Rights Shares through Bursa Depository's existing network facilities with the Authorised Nominees |
| Participating Institution | Financial : | Participating financial institutions for Electronic Applications |
| PAT | : | Profit after tax |
| PBT | : | Profit before tax |
| Plot 309 | : | All that piece of land held under No. Hakmilik PN 11124, Lot 20459, Mukim 13, Daerah Seberang Perai Tengah, measuring approximately 16,378 square metres in area, bearing the postal address Plot 309, Jalan Perindustrian, Bukit Minyak 18, Penang Science Park, 14100 Bukit Minyak, Penang, of which Aviatron is the registered lessee, with an unexpired lease term of about 29 years |

DEFINITIONS (Cont'd)

| | | |
|---------------------------------|---|--|
| Plot 309a | : | All that piece of land held under No. Hakmilik PN 11294, Lot 20203, Mukim 13, Daerah Seberang Perai Tengah measuring approximately 24,370 square metres in area, bearing the postal address Plot 309a, Jalan Perindustrian, Bukit Minyak 18, Penang Science Park, 14100 Bukit Minyak, Penang, of which Aviatron is the registered lessee, with an unexpired lease term of about 27 years |
| Price-Fixing Date | : | 7 December 2023, being the date on which the issue price of the Rights Shares was fixed by our Board (save for the Interested Directors) |
| Provisional Rights Shares | : | Rights Shares provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue |
| Purchase Consideration | : | Purchase consideration of USD43,400,000 (equivalent to approximately RM202.23 million, computed based on the average hedged exchange rate of USD1.00 : RM4.6597) to be satisfied by our Company wholly in cash |
| Record of Depositors | : | A record of securities holders established by Bursa Depository under the Rules of Bursa Depository |
| Rights Issue | : | Renounceable rights issue of 135,397,357 Rights Shares at the issue price of RM3.60 per Rights Share on the basis of one (1) Rights Share for every four (4) existing SAMEE Shares held as at the Entitlement Date |
| Rights Shares | : | New SAMEE Shares to be issued by our Company pursuant to the Rights Issue |
| Rights Shares Subscription File | : | An electronic file submitted by an Authorised Nominee who has subscribed for NRS to Bursa Depository, containing information pertaining to such Authorised Nominee's subscription of the Rights Shares |
| RSF | : | Rights subscription form in relation to the Rights Issue |
| Rules | : | Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA |
| Rules of Bursa Depository | : | The Rules of Bursa Depository as issued pursuant to SICDA |
| Sale Shares | : | 30,000,000 Aviatron Shares, representing the entire equity interest in Aviatron to be sold by the Vendor to our Company pursuant to the SSA |
| SAM Precision | : | SAM Precision (M) Sdn Bhd (Registration No. 197801006200 (43230-K)), a wholly-owned subsidiary of our Company |
| SAMEE or Company | : | SAM Engineering & Equipment (M) Berhad (Registration No. 199401012509 (298188-A)) |
| SAMEE Group or Group | : | Collectively, SAMEE and its subsidiaries |
| SAMEE Shares or Shares | : | Ordinary shares in SAMEE |
| SAMPL or Vendor | : | Singapore Aerospace Manufacturing Pte Ltd (Company No. 198105871Z), a substantial shareholder of our Company and Aviatron |

DEFINITIONS (Cont'd)

| | | |
|---|---|---|
| SC | : | Securities Commission Malaysia |
| Share Registrar | : | Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869-T)) |
| SICDA | : | Securities Industry (Central Depositories) Act, 1991 |
| SMITH ZANDER or the Independent Market Researcher | : | Smith Zander International Sdn Bhd (Registration No. 201301028298 (1058128-V)) |
| SSA | : | Conditional share sale agreement dated 25 September 2023 between our Company and the Vendor in relation to the Acquisition |
| Temasek | : | Temasek Holdings (Private) Limited (Company No. 197401143C) |
| TERP | : | Theoretical ex-rights price |
| Undertaking | : | The written undertaking dated 25 September 2023 from SAMPL to our Company where SAMPL has irrevocably and unconditionally undertaken, among others, to subscribe in full for its entitlement under the Rights Issue based on its shareholding as at the Entitlement Date and to apply and subscribe for the additional Rights Shares not taken up by the other Entitled Shareholders and/or their renounee(s) by way of excess Rights Shares applications |
| US | : | United States of America |
| Valuation Letter | : | The valuation letter prepared by the Independent Valuer dated 19 January 2024 in respect of the valuation of 100% equity interest in Aviatron in relation to the Acquisition which has been included in Appendix III of this Abridged Prospectus |
| Vendor's Advances | : | Loans and/or advances extended by the Vendor to Aviatron |

CURRENCIES

| | | |
|------------|---|--------------------------|
| EUR | : | Euro |
| RM and sen | : | Ringgit Malaysia and sen |
| SGD | : | Singapore Dollar |
| THB | : | Thai Baht |
| USD | : | United States Dollar |

All references to “**our Company**” or “**SAMEE**” in this Abridged Prospectus are to SAMEE and references to “**our Group**” or “**SAMEE Group**” are to our Company and our subsidiaries, collectively. All references to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and where the context requires otherwise, shall include our subsidiaries.

All references to “**you**” and “**your**” in this Abridged Prospectus are to our shareholders and/or, where the context otherwise requires, their renounee(s)/transferee(s) (if applicable).

Words referring to the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

DEFINITIONS *(Cont'd)*

Any reference to any act, rule, written law, ordinance, enactment or guideline in this Abridged Prospectus is a reference to that act, rule, written law, ordinance, enactment or guideline as amended or re-enacted from time to time.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain amounts and percentage figures included in this Abridged Prospectus have been subject to rounding adjustments. Any discrepancy in the figures included in this Abridged Prospectus between the amounts stated and the totals thereof are due to rounding.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due reasonable enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. All statements other than statements of historical facts included in this Abridged Prospectus, including, without limitation, those regarding our prospects and plans of our Group for future operations, are forward-looking statements. There is no assurance that such forward-looking statements will materialise, be fulfilled or be achieved.

Unless otherwise stated, the exchange rate of USD1.00 : RM4.6320, being the middle rate prevailing at 5.00 p.m. on 26 December 2023, as published by BNM, has been applied throughout this Abridged Prospectus for illustration purposes.

Any exchange rate translations in this Abridged Prospectus are provided solely for your convenience and should not be taken as meaning that the translated amount stated in this Abridged Prospectus could have been or would have been converted into such other amounts.

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ADVISERS' DIRECTORY

- PRINCIPAL ADVISER** : Maybank Investment Bank Berhad
32nd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Wilayah Persekutuan
- Tel : +603 2059 1888
Fax : +603 2078 4194
- SOLICITORS** : Mah-Kamariyah & Philip Koh
3A07, Block B, Phileo Damansara II
15 Jalan 16/11, Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
- Tel : +603 7956 8686
Fax : +603 7956 2208
- COMPANY SECRETARIES** : Yeow Sze Min (SSM PC No. 201908003120) (MAICSA 7065735)
Chew Peck Kheng (SSM PC No. 202008001118) (LS 0009559)
- Securities Services (Holdings) Sdn Bhd
Suite 18.05, MWE Plaza
No. 8, Lebuhr Farquhar
10200 George Town
Penang
- Tel : +604 263 1966
Fax : +604 262 8544
- INDEPENDENT MARKET RESEARCHER** : Smith Zander International Sdn Bhd
15-01, Level 15, Menara MBMR
1, Jalan Syed Putra
58000, Kuala Lumpur
Wilayah Persekutuan
- Tel : +603 2732 7537
- Person-in-charge : Dennis Tan Tze Wen (Managing Partner)
- Qualifications : Bachelor of Science (major in Computer Science and minor in Business Administration), Memorial University of Newfoundland, Canada
- SHARE REGISTRAR** : Securities Services (Holdings) Sdn Bhd
Suite 18.05, MWE Plaza
No.8, Lebuhr Farquhar
10200, George Town
Penang
- Tel : +604 263 1966
Fax : +604 262 8544

ADVISERS' DIRECTORY (Cont'd)

AUDITORS AND REPORTING ACCOUNTANTS : KPMG PLT
Level 18, Hunza Tower
163E, Jalan Kelawei
10250 Penang

Tel : +604 375 1800
Fax : +604 238 2222

INDEPENDENT VALUER : Deloitte Corporate Advisory Services Sdn Bhd
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

Tel : +603 7610 8888
Fax : +603 7726 8986

Person-in-charge : Leonard Woo Chi Leong, Executive Director

Qualifications : (i) Fellow Chartered Accountant of the Chartered Accountants Australia and New Zealand

(ii) Chartered Accountant of the Malaysian Institute of Accountants

(iii) Chartered Accountant of the Institute of Singapore Chartered Accountants

(iv) Chartered Valuer & Appraiser of the Institute of Valuers and Appraisers Singapore

Person-in-charge : Ooi Siew Choo, Executive Director

Qualifications : (i) Bachelor Degree of Commerce (Accounting), Monash University, Australia

(ii) Member of Malaysian Institute of Accountants (MIA), CPA Australia, Institute of Chartered Accountants in England and Wales (ICAEW), and Insolvency Practitioners Association of Malaysia (IPAM)

STOCK EXCHANGE LISTING : Main Market of Bursa Securities

SUMMARY OF THE RIGHTS ISSUE

THIS SUMMARY OF THE RIGHTS ISSUE ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS ABRIDGED PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE OF THIS ABRIDGED PROSPECTUS.

| Information | Summary |
|---|---|
| Basis of allotment and number of the Rights Shares | The Rights Issue entails the issuance of 135,397,357 Rights Shares at an issue price of RM3.60 per Rights Share on the basis of one (1) Rights Share for every four (4) existing SAMEE Shares held by the Entitled Shareholders as at the Entitlement Date. Further details are set out in Section 2.1 of this Abridged Prospectus. |

| | |
|---|---|
| Issue price of the Rights Shares | Our Board (save for the Interested Directors) has fixed the issue price at RM3.60 per Rights Share. Further details are set out in Section 2.2 of this Abridged Prospectus. |
|---|---|

| | |
|------------------------|--|
| The Undertaking | The Rights Issue will be undertaken on a full subscription basis to raise gross proceeds of approximately RM487.43 million. In order to achieve this, our Company has procured an Undertaking from SAMPL, being the immediate holding company and major shareholder of our Company, to irrevocably and unconditionally undertake, among others, the following: |
|------------------------|--|

- (i) subscribe in full for its entitlement under the Rights Issue based on its shareholding as at the Entitlement Date ("**Entitlement**"); and
- (ii) apply and subscribe for additional Rights Shares not taken up by the other Entitled Shareholders and/or their renounee(s) by way of excess Rights Shares applications ("**Undertaking Shares**").

Assuming that only SAMPL subscribes in full for its Entitlement as well as apply and subscribe for the maximum number of the Undertaking Shares, the total number of SAMEE Shares to be subscribed and applied for by SAMPL pursuant to the Undertaking will be as follows:

| | No. of Shares | % |
|--|----------------------|---------------|
| Direct shareholding as at the LPD | 338,462,704 | 62.49 |
| Full subscription of its Entitlement | 84,615,676 | 62.49 |
| Maximum subscription of the Undertaking Shares | 50,781,681 | 37.51 |
| Total Rights Shares | 135,397,357 | 100.00 |

In view of the Undertaking which will ensure that all 135,397,357 Rights Shares will be fully subscribed, our Board will not procure any underwriting arrangement for the remaining Rights Shares which are not taken up or not validly taken up by the other Entitled Shareholders and/or their renounee(s)/transferee(s). Further details are set out in Section 3 of this Abridged Prospectus.

| | |
|------------------------|--|
| Use of proceeds | The gross proceeds to be raised from the Rights Issue are intended to be utilised in the following manner: |
|------------------------|--|

| Description of the utilisation | Expected timeframe for utilisation from the listing of the Rights Shares | RM' million | % |
|---|---|--------------------|---------------|
| Settlement of the Purchase Consideration | Within one (1) month | 202.23 | 41.49 |
| Repayment of the Vendor's Advances together with interest accrued thereon | Within one (1) month | 198.74 | 40.77 |
| Repayment of bank borrowings | Within six (6) months | 82.46 | 16.92 |
| Defray estimated expenses relating to the Corporate Exercises | Within one (1) month | 4.00 | 0.82 |
| Total | | 487.43 | 100.00 |

Further details are set out in Section 4 of this Abridged Prospectus.

SUMMARY OF THE RIGHTS ISSUE (Cont'd)

| Information | Summary |
|--|--|
| Rationale for the Rights Issue | <p>The proceeds from the Rights Issue are mainly used to fund the Acquisition and the repayment of Vendor's Advances together with interest accrued thereon at Completion Date in accordance with the terms of the SSA.</p> <p>Our Board (save for the Interested Directors) is of the opinion that the Rights Issue is the most appropriate means of raising funds for the following reasons:</p> <ul style="list-style-type: none"> (i) issuance of new SAMEE Shares without diluting our existing shareholders' shareholding so long as they subscribe in full for their respective entitlements under the Rights Issue; (ii) provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company at a discount to the TERP of SAMEE Shares and participate in the prospects and future growth of our enlarged Group by subscribing to the Rights Share; and (iii) strengthen our Group's financial position with enhanced shareholders' funds and reduced gearing level which are expected to facilitate the continuous long-term growth and expansion plans of our Group. <p>Further details are set out in Section 6 of this Abridged Prospectus.</p> |
| Risk factors | <p>You should consider the following material risk factors before subscribing for or investing in the Rights Shares:</p> <ul style="list-style-type: none"> (i) Aviatron is highly dependent on two (2) major customers. Any adverse change to its major customers' business operations and financial performance as well as external factors which are beyond their control may result in a decline in the demand for Aviatron's products and services and may have an adverse effect on Aviatron's results of operations; (ii) in the event any of the key underlying bases and assumptions used in arriving at the valuation of Aviatron does not materialise as planned, the valuation of Aviatron may deteriorate and our Group may be required to recognise an impairment loss on the carrying amount of its investment in Aviatron (including any goodwill arising from the Acquisition), which may affect the financial performance and financial condition of our Group; (iii) the loss of any of our key management and technical personnel without suitable and timely replacements may lead to a loss or deterioration of important business relations; (iv) any adverse change in the global aerospace manufacturing industry could have a material impact on our Group's business operations, financial performance and financial condition; and (v) the demand for our Group's products in the semiconductor industry is also affected by technological changes and the advancement in industry standards. Our Group's customers may switch to other competitors if we are unable to keep up with the changes in technology and market demand, which may adversely affect the financial performance of our Group. <p>Further details are set out in Section 7 of this Abridged Prospectus.</p> |
| Procedures for acceptance and payment | <p>Acceptance and payment for the Rights Shares provisionally allotted to you as an Entitled Shareholder and/or your renouncee(s)/transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF.</p> <p>The last day, date and time for acceptance of and payment for the Provisional Rights Shares and Excess Rights Shares is on Friday, 9 February 2024 at 5.00 p.m.. Further details are set out in Section 11 of this Abridged Prospectus.</p> |



SAM ENGINEERING & EQUIPMENT (M) BERHAD

(Registration No. 199401012509 (298188-A))

(Incorporated in Malaysia)

Registered Office

Suite 18.05, MWE Plaza
No. 8, Lebuh Farquhar
10200 George Town
Penang

23 January 2024

Board of Directors:

Tan Kai Hoe (Non-Independent Non-Executive Chairman)
Peter Lim Hee Seng (Executive Director and Chief Executive Officer)
Shum Sze Keong (Non-Independent Non-Executive Director)
Datuk Dr. Wong Lai Sum (Independent Non-Executive Director)
YM Tunku Afwida Binti Dato' Tunku Abdul Malek (Independent Non-Executive Director)
Suresh Natarajan (Independent Non-Executive Director)
Ng Chee Kiet (Independent Non-Executive Director)

To: Our Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF 135,397,357 RIGHTS SHARES AT AN ISSUE PRICE OF RM3.60 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING SAMEE SHARES HELD AS AT 5.00 P.M. ON TUESDAY, 23 JANUARY 2024

1. INTRODUCTION

On 25 September 2023, Maybank IB had, on behalf of our Board, announced that our Company proposes to undertake the Corporate Exercises.

On 16 November 2023, Maybank IB had, on behalf of our Board, announced that Bursa Securities had, via its letter dated 16 November 2023, approved the listing and quotation of the 135,397,357 Rights Shares on the Main Market of Bursa Securities, subject to the following conditions:

| <u>Conditions imposed by Bursa Securities</u> | <u>Status of compliance</u> |
|--|-----------------------------|
| (a) our Company and Maybank IB must fully comply with relevant provisions under the MMLR pertaining to the implementation of the Rights Issue; | To be complied |
| (b) Maybank IB to inform Bursa Securities upon the completion of the Rights Issue; | To be complied |
| (c) Maybank IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed; and | To be complied |

| <u>Conditions imposed by Bursa Securities</u> | <u>Status of compliance</u> |
|--|-----------------------------|
| (d) our Company to furnish Bursa Securities with a certified true copy of the resolution passed by our shareholders at the EGM approving the Acquisition prior to the listing and quotation of the Rights Shares | Complied |

On 7 December 2023, our shareholders had approved the Corporate Exercises at our EGM.

On 7 December 2023, Maybank IB had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM3.60 per Rights Share.

On 9 January 2024, Maybank IB had, on behalf of our Board, announced that the entitlement date for the Rights Issue has been fixed at 5.00 p.m. on Tuesday, 23 January 2024.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or Maybank IB.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. PARTICULARS OF THE RIGHTS ISSUE

2.1 Details of the Rights Issue

The Rights Issue entails an issuance of 135,397,357 Rights Shares at an issue price of RM3.60 per Right Share on the basis of one (1) Rights Share for every four (4) existing SAMEE Shares held as at the Entitlement Date.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can fully or partially subscribe for and/or renounce their entitlements to the Rights Shares.

Any Excess Rights Shares shall be made available for excess Rights Shares applications by the Entitled Shareholders and/or their renounee(s)/transferee(s). It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner on such basis as set out in Section 11.9.1 of this Abridged Prospectus.

The Rights Shares will be provisionally allotted to the Entitled Shareholders. In determining our shareholders' entitlement under the Rights Issue, fractional entitlements for the Rights Shares if any, will be disregarded and shall be dealt with in such manner as our Board in its absolute discretion deems fit and in the best interest of our Company.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be credited with the number of Provisional Rights Shares which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, a NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account, and the RSF to enable you to subscribe for such Provisional Rights Shares, as well as to apply for the Excess Rights Shares if you choose to do so. However, only the Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this Abridged Prospectus together with the NPA and RSF.

Any dealings in our Company's securities will be subject to, among others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares will be credited directly into the respective CDS Accounts of the Entitled Shareholders and/or their renounee(s)/transferee(s) who have successfully subscribed for the Rights Shares. No physical share certificate will be issued to successful applicants of the Rights Shares and/or their renounee(s)/transferee(s).

2.2 Basis of determining the issue price of the Rights Shares

The issue price of RM3.60 per Rights Share was determined and fixed by our Board (save for the Interested Directors) after taking into consideration, among others, the following:

- (i) the TERP of SAMEE Shares based on the 5D-VWAP of SAMEE Shares immediately preceding the Price-Fixing Date and the Board's intention to fix the issue price of the Rights Shares at a discount of not more than 12.00% to the TERP of SAMEE Shares.

The issue price of RM3.60 per Rights Share represents a discount of approximately 10.43% to the TERP of RM4.0194 per SAMEE Share. The TERP was computed based on the 5D-VWAP of SAMEE Shares up to and including 6 December 2023, being the last market day immediately preceding the Price-Fixing Date, of RM4.1242 per SAMEE Share;

- (ii) the funding requirements of the Group as set out in Section 4 of this Abridged Prospectus. Based on the issue price of RM3.60 per Rights Share, the Rights Issue will raise an amount of approximately RM487.43 million; and
- (iii) the prevailing market conditions.

The abovementioned discount is intended to provide the Entitled Shareholders with an attractive opportunity to increase their participation in SAMEE on a pro rata basis at a discount to the prevailing market price of SAMEE Shares and to reward the Entitled Shareholders for their continuous support to SAMEE.

2.3 Ranking of the Rights Shares

The Rights Shares will, upon allotment and issuance, rank equally in all respects with the existing SAMEE Shares save and except that the holders of the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares.

3. IRREVOCABLE AND UNCONDITIONAL UNDERTAKING

The Rights Issue will be undertaken on a full subscription basis to raise gross proceeds of approximately RM487.43 million. In order to achieve this, our Company has procured the Undertaking from SAMPL, being the immediate holding company and major shareholder of our Company, to irrevocably and unconditionally undertake, among others, the following:

- (i) subscribe in full for its entitlement under the Rights Issue based on its shareholding as at the Entitlement Date ("**Entitlement**"); and
- (ii) apply and subscribe for additional Rights Shares not taken up by the other Entitled Shareholders and/or their renounee(s) by way of excess Rights Shares applications ("**Undertaking Shares**").

Assuming that only SAMPL subscribes in full for its Entitlement as well as apply and subscribe for the maximum number of the Undertaking Shares, the total number of SAMEE Shares to be subscribed and applied for by SAMPL pursuant to the Undertaking will be as follows:

| | No. of Shares | % |
|--|----------------------|------------------|
| Direct shareholding as at the LPD | 338,462,704 | (1)62.49 |
| Full subscription of its Entitlement | 84,615,676 | (2)62.49 |
| Maximum subscription of the Undertaking Shares ⁽³⁾⁽⁴⁾ | 50,781,681 | (2)37.51 |
| Total Rights Shares | 135,397,357 | (2)100.00 |

Notes:

- (1) *Based on the total number of SAMEE Shares in issue as at the LPD of 541,589,428 SAMEE Shares.*
- (2) *Based on 135,397,357 Rights Shares.*
- (3) *Assuming that none of the other Entitled Shareholders of our Company apply and subscribe for any Excess Rights Shares.*
- (4) *For the avoidance of doubt, SAMPL has undertaken to subscribe for all remaining Rights Shares not taken up by the other Entitled Shareholders and/or their renounee(s)/transferee(s).*

SAMPL has confirmed that it has sufficient financial resources to subscribe in full for its Entitlement and the Undertaking Shares and make full payment of the requisite amount pursuant to the Undertaking. Maybank IB has verified the sufficiency of SAMPL's financial resources for the purpose of subscribing for the Rights Shares pursuant to the Undertaking.

The fulfilment of the Undertaking is not expected to trigger any mandatory take-over offer obligation pursuant to the Rules after taking into consideration that the shareholding of SAMPL as at the LPD is 62.49% which is already more than 50.00% of the voting shares in our Company.

In view of the Undertaking which will ensure that all 135,397,357 Rights Shares will be fully subscribed, our Board will not procure any underwriting arrangements for the remaining Rights Shares which are not taken up or not validly taken up by the other entitled shareholders of our Company and/or their renounee(s)/transferee(s).

The Undertaking is not expected to result in non-compliance by our Company with the public shareholding spread requirement under Paragraph 8.02(1) of the MMLR, which stipulates that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the public shareholding spread of our Company is 37.24% held by 3,160 public shareholders. In the event that only SAMPL subscribes for the 135,397,357 Rights Shares pursuant to the Undertaking, the public shareholding spread of our Company will reduce to 29.79% after the Rights Issue.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM3.60 per Rights Share, the Rights Issue will raise gross proceeds of approximately RM487.43 million, which are intended to be utilised in the following manner:

| Description of the utilisation | Expected timeframe for utilisation from the listing of the Rights Shares | RM' million | % |
|---|--|---------------|---------------|
| (i) Settlement of the Purchase Consideration ⁽¹⁾ | Within one (1) month | 202.23 | 41.49 |
| (ii) Repayment of the Vendor's Advances together with interest accrued thereon ⁽²⁾ | Within one (1) month | 198.74 | 40.77 |
| (iii) Repayment of bank borrowings ⁽³⁾ | Within six (6) months | 82.46 | 16.92 |
| (iv) Defray estimated expenses relating to the Corporate Exercises ⁽⁴⁾ | Within one (1) month | 4.00 | 0.82 |
| Total | | 487.43 | 100.00 |

Notes:

(1) Our Board intends to utilise the proceeds to fully settle the Purchase Consideration which is denominated in USD. SAMEE had hedged the USD to RM exchange rate and based on the average hedged exchange rate of USD1.00 : RM4.6597, the RM equivalent is approximately RM202.23 million. Further details on the Acquisition are set out in Section 5 of this Abridged Prospectus.

(2) As set out in Section 5 of this Abridged Prospectus, the Vendor has extended loans and/or advances to Aviatron and may, subject to the prior consent of our Company being obtained, provide further cash advances to Aviatron for the purposes of funding the on-going business or operations of Aviatron during the period pending the completion of the Acquisition. As at the LPD, the Vendor's Advances which remain outstanding and owing to the Vendor by Aviatron amounted to USD42.43 million. As SAMEE had hedged the USD to RM exchange rate for the Vendor's Advances, the RM equivalent for the Vendor's Advances is approximately RM197.85 million, computed based on the average hedged exchange rate of USD1.00 : RM4.6626. The interest accrued thereon owing to the Vendor by Aviatron as at the LPD amounted to USD0.19 million (equivalent to approximately RM0.89 million, computed based on the exchange rate of USD1.00 : RM4.6320, being the middle rate prevailing at 5.00 p.m. on 26 December 2023, as published by BNM). For information purposes, our Company did not hedge against the exchange rate for the interest accrued thereon owing to the Vendor by Aviatron as the amount can only be determined at the point of repayment.

Pursuant to the terms of the SSA, on the Completion Date, our Company will repay to the Vendor, on behalf of Aviatron, the Vendor's Advances which remain outstanding and owing to the Vendor by Aviatron together with interest accrued thereon until the Completion Date.

As the interest accrued on the Vendor's Advances are denominated in USD, the RM equivalent upon settlement will be subject to fluctuations of USD against RM. Any excess or shortfall in the funds required for the repayment of the interest accrued on the Vendor's Advances will be adjusted against the amount allocated for the repayment of bank borrowings.

The repayment of the Vendor's Advances as at the LPD of USD42.43 million (equivalent to approximately RM197.85 million, computed based on the average hedged exchange rate of USD1.00 : RM4.6626), excluding interest accrued thereon, is expected to result in interest savings of approximately RM12.42 million per annum based on the current interest rate of approximately 6.28% per annum charged by the Vendor to Aviatron.

(3) As at the LPD, the total bank borrowings of our Group which are all denominated in USD stood at approximately USD100.51 million (equivalent to approximately RM465.56 million, computed based on the exchange rate of USD1.00 : RM4.6320, being the middle rate prevailing at 5.00 p.m. on 26 December 2023, as published by BNM), of which USD66.62 million (equivalent to approximately RM308.58 million, computed based on the exchange rate of USD1.00 : RM4.6320, being the middle rate prevailing at 5.00 p.m. on 26 December 2023, as published by BNM) comprised revolving credits drawn down for purposes of operations and working capital of our Group, mainly to finance the purchase of raw materials and overheads.

We intend to utilise up to RM82.46 million of the proceeds from the Rights Issue to repay our Group's revolving credits which are maturing in the next 6 months from the listing of the Rights Shares. We have prioritised the repayment of revolving credits over term loans as it would provide us with greater flexibility in managing our funding position as the revolving credit facilities can be redrawn for use after each repayment as compared to term loans which will no longer be available after repayment. Further, our Group's term loans which are denominated in USD, to a certain extent, provide a natural hedge against the risk of fluctuation of foreign exchange rates affecting our future sales income which are mainly denominated in USD.

The details of the revolving credits and the potential interest savings from the repayment are set out below:

| Type of facility | Amount outstanding as at the LPD | | Average effective interest rate per annum | Proposed repayment amount | | Estimated annual interest savings |
|-------------------|----------------------------------|---------|---|---------------------------|--------|-----------------------------------|
| | USD'000 | RM'000 | % | USD'000 | RM'000 | RM'000 |
| Revolving credits | 66,620 | 308,583 | 6.10 | 17,802 | 82,461 | ^(a) 5,030 |

Note:

(a) Computed based on the proposed repayment amount multiplied by the average effective interest rate.

These revolving credits, which were last drawn down in November and December 2023 have a tenure of 28 to 33 days, and will mature in January and February 2024. For information purposes, upon maturity, the matured revolving credits may be rolled over into new revolving credits with new maturities to be repaid after completion of the Rights Issue. Therefore, the revolving credits to be repaid may comprise a combination of existing revolving credits which will be rolled over and new revolving credits.

(4) The breakdown of the estimated expenses for the Corporate Exercises of approximately RM4.00 million which will be funded by the proceeds is set out below:

| | RM'000 |
|--|--------------|
| Professional fees ^(a) | 3,110 |
| Regulatory fees ^(b) | 175 |
| Printing, despatch, advertising, meeting and miscellaneous expenses ^(c) | 109 |
| Stamp duty | 606 |
| Total | 4,000 |

Notes:

(a) These include advisory fees payable to the Principal Adviser, solicitors, company secretaries, Share Registrar, Reporting Accountants, Independent Valuer, independent adviser (who advised the non-interested directors and non-interested shareholders of SAMEE on the Acquisition, which is inter-conditional with the Rights Issue), Independent Market Researcher, property valuer (who was appointed for the valuation of the Land and Buildings owned by Aviatron) and financial and tax due diligence advisers in relation to the Corporate Exercises.

(b) Computed based on the fees payable to regulatory authorities in relation to the Corporate Exercises.

(c) Computed based on the cost incurred in relation to the Corporate Exercises, which includes the cost of convening our EGM.

In the event the actual expenses for the Corporate Exercises are higher than the estimate, the shortfall will be funded from the amount allocated for the repayment of bank borrowings. However, if the actual expenses for the Corporate Exercises are lower than the estimate, the excess will be utilised for the repayment of bank borrowings.

Pending the utilisation of proceeds from the Rights Issue for the above purposes, the proceeds will be placed in interest/profit bearing accounts with licensed financial institutions and/or money market deposit instruments/funds as our Board deems fit. Any interest income/profits earned from such deposits or instruments will be used for working capital of our Group.

5. DETAILS OF THE ACQUISITION

The Acquisition entails the acquisition of 30,000,000 Aviatron Shares, representing the entire equity interest in Aviatron, by our Company from the Vendor in accordance with the terms and conditions of the SSA, where the Purchase Consideration will be satisfied by our Company wholly in cash.

The Vendor has agreed to sell and our Company has agreed to purchase the Sale Shares free from all claims, liens, charges and encumbrances and with full legal and beneficial title, together with all rights attaching thereto (including all dividends and distributions, whether declared or undeclared, in respect thereof), with effect from the Completion Date.

Upon completion of the Acquisition, Aviatron will become a wholly-owned subsidiary of our Company.

The Vendor has extended loans and/or advances to Aviatron and may, subject to the prior consent of our Company being obtained, provide further cash advances to Aviatron for the purposes of funding the on-going business or operations of Aviatron during the period pending the completion of the Acquisition. As at the LPD, the Vendor's Advances which remain outstanding and owing to the Vendor by Aviatron amounted to USD42,433,299 (equivalent to approximately RM197.85 million, computed based on the average hedged exchange rate of USD1.00 : RM4.6626) whilst the interest accrued thereon amounted to USD192,459 (equivalent to approximately RM0.89 million).

Pursuant to the terms of the SSA, on the Completion Date, our Company will repay to the Vendor, on behalf of Aviatron, the Vendor's Advances which remain outstanding and owing to the Vendor by Aviatron together with the interest accrued thereon until the Completion Date. Accordingly, upon completion of the Acquisition, the amount paid by our Company on behalf of Aviatron for full settlement of the Vendor's Advances and interest accrued thereon will be owing by Aviatron to our Company, which in turn will be repaid by Aviatron to our Company in its ordinary course of business from its internally generated funds. The terms of repayment of the amount owing from Aviatron to our Company including the interest rate and tenure have not been determined at this juncture. There will be interest imposed by the Company on Aviatron for the Vendor's Advances commencing from the completion of the Acquisition. As the interest charges will be eliminated at Group level, the imposition of interest on the Vendor's Advances does not have any effect on the financial position and financial performance of our Group. The salient terms of the SSA are set out in **Appendix I** of the Circular.

In view of the interests of the Interested Directors and Interested Major Shareholders in the Acquisition, details of which are set out in Section 5.8 of this Abridged Prospectus, the Acquisition is deemed as a related party transaction pursuant to Paragraph 10.08 of the MMLR. As such, Inter-Pacific Securities Sdn Bhd ("**Interpac**") was appointed as the independent adviser to advise the non-interested directors and non-interested shareholders of our Company in relation to the Acquisition and to undertake the following in relation to the Acquisition:

- (i) comment as to whether the Proposed Acquisition is:
 - (a) fair and reasonable so far as our shareholders are concerned; and
 - (b) to the detriment of our non-interested shareholders,

and set out the reasons for such opinion, the key assumptions made and the factors taken into consideration in forming that opinion;

- (ii) advise our non-interested shareholders whether they should vote in favour of the Proposed Acquisition; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in relation to items (i) and (ii) above.

The independent advice letter dated 22 November 2023 prepared by Interpac is set out in Part B of the Circular.

5.1 Background information on Aviatron

Aviatron was incorporated in Malaysia on 7 January 2011 under the Companies Act, 1965 and is deemed registered under the Act.

As at the LPD, the issued share capital of Aviatron is RM30,000,000 comprising 30,000,000 ordinary shares.

Aviatron is principally involved in the manufacturing of aircraft structure parts and precision and engineering components. Aviatron's principal products are engine nacelle beams which are used in Boeing and Airbus aircrafts. Aviatron commenced business in 2011. The principal markets for Aviatron's products are the US and Mexico.

Aviatron currently occupies an industrial complex (comprising a single-storey factory annexed with a double-storey office building and ancillary buildings) with an aggregate built-up area of approximately 316,000 square feet located on Plot 309 and Plot 309a, which are leased from Penang Development Corporation. Part of the Land and Buildings is currently being used by Aviatron for its principal activity of manufacturing of aircraft structure parts and manufacturing of precision and engineering components while a portion of the Land and Buildings is currently being rented to SAM Precision for its principal activity of fabrication of precision tools and machinery parts and manufacture of aircraft and other equipment parts, spares, components and precision engineering parts.

For information purposes only, the adjusted NA of Aviatron as at 31 March 2023 based on the audited financial statements of Aviatron for the FYE 31 March 2023 after taking into account the net revaluation surplus based on the revaluation of the Land and Buildings are as follows:

| | <u>RM</u> | <u>USD</u> |
|--|---------------------------|---------------------------|
| Audited NA of Aviatron as at 31 March 2023 | 103,722,812 | ⁽²⁾ 23,116,263 |
| Add: revaluation surplus on the Land and Buildings (net of deferred taxation) ⁽¹⁾ | ⁽²⁾ 17,487,346 | 3,897,331 |
| Adjusted NA of Aviatron as at 31 March 2023 | <u>121,210,158</u> | <u>27,013,594</u> |

Notes:

- (1) *Calculated based on the market value of the Land and Buildings as valued by the property valuer of RM87.90 million as at 31 March 2023. The market value was derived from the comparison approach for Plot 309 and Plot 309a (collectively, "Aviatron's Land") and the depreciated replacement cost approach for the industrial complex (comprising a single-storey factory annexed with a double-storey office building and ancillary buildings) erected on Aviatron's Land.*

The market value of the Land and Buildings as valued by the property valuer as at 30 June 2023 is RM87.90 million and such market value has been derived using:

- (i) *the comparison approach for the Land and Buildings; and*

- (ii) *the cost approach comprising comparison approach for Aviatron's Land and the depreciated replacement cost approach for the industrial complex (comprising a single-storey factory annexed with a double-storey office building and ancillary buildings) erected on Aviatron's Land.*

(2) Translated based on the exchange rate of USD1.00 : RM4.4870 as at 31 March 2023.

The revaluation of the Land and Buildings was conducted for the purpose of a preliminary purchase price allocation exercise pursuant to the Malaysian Financial Reporting Standards 3 – Business Combinations carried out by our Company in relation to the Acquisition.

Further information on Aviatron is set out in **Appendix I** of this Abridged Prospectus.

5.2 Basis and justification for the Purchase Consideration and the Vendor's Advances

Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, among others, that the Purchase Consideration is at a discount of approximately USD3.35 million or 7.2% to the mid-point of the market value range of the entire equity interest of Aviatron of between USD41.50 million and USD52.00 million as at 31 March 2023 (being USD46.75 million) based on the valuation undertaken by the Independent Valuer as set out in the Valuation Letter.

In justifying the Purchase Consideration, our Board (save for the Interested Directors) has taken into consideration the following:

- (a) the Purchase Consideration falls within the market value range of the entire equity interest of Aviatron of between USD41.50 million and USD52.00 million as at 31 March 2023 based on the valuation undertaken by the Independent Valuer as set out in the Valuation Letter.

The valuation was performed using the DCF method of the income approach as the primary approach, given that Aviatron is expected to continue to be income generating and profitable, based on Aviatron's five (5)-year financial forecast and projections from 1 April 2023 to 31 March 2028 together with the underlying bases and assumptions. In addition, the present value of the future rental income for part of the Land and Buildings measuring approximately 107,325 square feet which is being rented to SAM Precision has also been considered in the valuation. Based on the tenancy agreement, the tenure of the tenancy is for a period of three (3) years commencing from 1 September 2022 and expiring on 31 August 2025. For the purposes of the valuation, it has been assumed that the tenancy agreement will be renewed continuously upon expiry.

The DCF outcome was then cross-checked to the market approach which takes into consideration the comparative analysis based on the appropriate enterprise value to EBITDA multiples of the Comparable Companies and precedent transactions with similar principal activities as Aviatron. The enterprise value to EBITDA multiples under the market approach have been adopted because Aviatron has a positive EBITDA track record. For information purposes only, the market value of Aviatron using the market approach is between USD35.00 million and USD67.00 million;

- (b) the intangible assets of Aviatron to be recognised in our Company's consolidated financial statements after taking into consideration the following:
 - (i) fair value of the customer relationships of Aviatron that have been determined based on the present value of projected net cash flows from the recurring revenue from Aviatron's existing customer base due to its established relationships and track record; and
 - (ii) fair value of the backlog orders of Aviatron that have been determined based on the present value of projected net cash flows from the secured sales orders to be fulfilled;

- (c) rationale and benefits of the Acquisition as set out in Section 5.5 of this Abridged Prospectus; and
- (d) prospects of Aviatron as set out in Section 5.6 of this Abridged Prospectus and the outlook of the global aerospace manufacturing industry as set out in Section 8.2 of this Abridged Prospectus.

The Vendor's Advances

As an integral part of the Acquisition, our Company will also be repaying the Vendor's Advances, the rationale of which is set out in Section 5.5 of this Abridged Prospectus.

The actual quantum of the Vendor's Advances together with the interest accrued thereon to be repaid will be fixed based on the actual amount outstanding and owing to the Vendor by Aviatron together with the interest accrued thereon as at the Completion Date, calculated based on cost of funds of the Vendor plus mark-up of 0.15%. The interest rate as at the LPD is approximately 6.28%. The mark-up of 0.15% was determined by the Vendor based on a market study on administrative spreads i.e. the cost incurred by the Vendor for the advances provided.

5.3 Mode of settlement and source of funding

The Purchase Consideration will be satisfied entirely in cash. The Purchase Consideration and the repayment of the Vendor's Advances which remain outstanding and owing to the Vendor by Aviatron together with the interest accrued thereon will be funded entirely via the proceeds to be raised from the Rights Issue.

5.4 Liabilities to be assumed

There are no liabilities, including contingent liabilities and guarantees, to be assumed by our Company arising from the Acquisition.

5.5 Rationale and benefits of the Acquisition

Our Group currently has two (2) business segments, namely the aerospace segment and the equipment segment. Under the aerospace segment, our Group principally manufactures and sells aircraft components comprising mainly engine casings and engine nacelle beams as well as aerostructure products, while our equipment segment provides an array of equipment engineering solutions i.e. precision machining, sheet-metal fabrication, surface treatment, integration and automation for the semiconductor, data storage and other industries. Since the FYE 31 March 2020, the revenue contribution from our equipment segment has increased significantly, boosted by the growth in the semiconductor sector worldwide. Meanwhile, the revenue contribution from the aerospace segment has started declining since FYE 31 March 2020 due to the deferment of order deliveries for aircraft engine casings and aircraft structure parts as a result of the COVID-19 pandemic and supply chain disruptions. For the FYE 31 March 2023, our equipment segment contributed approximately RM1,116.27 million or 77.23% of our Group's revenue, while the contribution from the aerospace segment was lower at approximately RM329.09 million or 22.77%, based on our Group's audited financial statements for the FYE 31 March 2023.

For information purposes only, the revenue contribution from our Group's aerospace segment and equipment segment for the past three (3) FYE 31 March 2021, 31 March 2022 and 31 March 2023 are as follows:

| | FYE 31 March | | | | | |
|-------------------|----------------|---------------|------------------|---------------|------------------|---------------|
| | 2021 | | 2022 | | 2023 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Aerospace segment | 171,896 | 19.67 | 251,789 | 21.94 | 329,087 | 22.77 |
| Equipment segment | 701,785 | 80.33 | 895,856 | 78.06 | 1,116,271 | 77.23 |
| Total | 873,681 | 100.00 | 1,147,645 | 100.00 | 1,445,358 | 100.00 |

Following the completion of the Acquisition, the revenue contribution from our Group's aerospace segment would have increased from approximately RM329.09 million to approximately RM430.76 million (i.e. an increase in revenue of approximately RM101.67 million) or 27.84% of our Group's revenue on a pro forma basis, based on Aviatron's revenue for the FYE 31 March 2023 of approximately RM126.43 million. The difference of RM24.76 million (i.e. RM126.43 million less RM101.67 million) is due to the elimination of inter-company transactions between Aviatron and our Group after the consolidation of Aviatron into our Group. Upon completion of the Acquisition and moving forward, our Group would therefore be able to partially reduce our dependency on our equipment segment.

The aerospace manufacturing sector is expected to recover in line with the recovery of international air traffic post-COVID-19. In view of this, our Board is of the view that it is a timely opportunity for our Company to undertake the Acquisition after taking into consideration the prospects of Aviatron which has a healthy order book supported by long term contracts with its two (2) major customers, both foreign companies headquartered in the US, which are subsidiaries of one of the world's largest supplier of aerospace and defence products, as the major aircraft manufacturers such as Airbus and Boeing increase their aircraft production and deliveries. As at the LPD, the estimated order book of Aviatron is approximately USD162 million (equivalent to approximately RM750 million) which are expected to be fulfilled over the next few years.

Currently, our Group manufactures engine casings, aerostructure products and engine nacelle beams. Our Group only manufactures engine nacelle beams for Airbus 320neo aircraft. On the other hand, Aviatron is the sole contract manufacturer of engine nacelle beams which are used in the manufacturing of engines for Airbus 220, Airbus 350 and Boeing 787 aircrafts. Accordingly, the Acquisition will also allow our Group to expand our product offerings and increase the market share of our Group in the aerospace industry. The Acquisition is expected to give rise to synergies through the sharing of manufacturing facilities of Aviatron, its technical expertise and resources for current and future projects as well as cost saving arising from the operational efficiencies through streamlining of manpower and administrative processes.

Aviatron's PAT/LAT for the past five (5) FYE 31 March 2019 to 2023 are as follows:

| | Audited FYE 31 March | | | | | Unaudited 6-month |
|-----------|----------------------|---------|---------|---------|--------|-------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | FPE 30 September |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 2023 |
| PAT/(LAT) | 24,409 | (2,635) | (2,561) | (1,385) | 4,977 | 6,120 |

Based on the above table, Aviatron was income-generating and posted an audited PAT of RM24.41 million for the FYE 31 March 2019 before registering losses for the FYE 31 March 2020, FYE 31 March 2021 and FYE 31 March 2022 due to deferment of order deliveries by its customers as the aerospace sector was severely impacted by the COVID-19 pandemic. However, Aviatron has turned around for the FYE 31 March 2023, registering a PAT of approximately RM4.98 million based on its audited financial statements for the FYE 31 March 2023. For the six (6) month FPE 30 September 2023, Aviatron registered a PAT of RM6.12 million, based on its unaudited management accounts for the six (6) month FPE 30 September 2023. As Aviatron is expected to be profitable in the future, our Board is of the view that the Acquisition is in line with our Company's strategy to enhance both the revenue and profitability of our Group.

Our Group's management team has been providing corporate management and administrative services to Aviatron since 2018 as Aviatron does not maintain any corporate functions located in Malaysia. On the other hand, Aviatron's management team has been providing day-to-day operational support as well as special process services in relation to the manufacturing of engine nacelle beams for Airbus 320neo aircraft as our Group does not have the capability to carry out this process. Additionally, our Group also outsources machining services for certain products manufactured under our Group's equipment segment to Aviatron due to the increase in demand from our Group's customer. In view that Aviatron is already using certain business support functions provided by our Group, the Acquisition will facilitate the consolidation of these business support functions, merging of material and quality management systems, as well as eliminate related party transactions between Aviatron and our Group which include the rental of factory and provision of management services.

As SAMPL will no longer be a direct shareholder of Aviatron after the completion of the Acquisition, it is a requirement of SAMPL as a condition to its entry into the SSA that the Vendor's Advances together with the interest accrued thereon are fully repaid to the Vendor on the Completion Date.

5.6 Prospects and future plans of Aviatron

In view that the global air passenger market has been experiencing a robust recovery from the COVID-19 pandemic and that the increasing demand for new aircraft and the anticipating growth in aircraft deliveries as set out in Section 8.2 of this Abridged Prospectus, our Board is of the view that Aviatron is in a good position to tap into the aerospace industry's recovery as it has a healthy order book which is to be fulfilled over the next few years.

Currently, Aviatron is operating from a manufacturing facility located at Penang Science Park, Penang. This facility is an advanced manufacturing plant equipped with machines with flexible manufacturing system. As both Aviatron and our Group are currently involved in the manufacturing of aircraft structure parts, the Acquisition will allow our Group to expand our production facilities for aircraft structure parts. From a long term perspective, with Aviatron being part of our enlarged Group, it will allow us to explore the opportunities for the manufacturing of other aircraft structure parts. As a result, this would enable the expansion of the value chain in respect of product offerings by our enlarged Group.

Further, our Company intends to preserve, grow and continue the operations of Aviatron subsequent to the completion of the Acquisition. Our Company anticipates that Aviatron will remain profitable in view that the global air passenger market has been experiencing a robust recovery from the COVID-19 pandemic as set out in Section 8.2 of this Abridged Prospectus. Additionally, the Acquisition would also give rise to synergies between Aviatron and our Company, as mentioned in Section 5.5 of this Abridged Prospectus.

Barring any unforeseen circumstances and premised on the above as well as the economy and industry outlook, our Board is optimistic on the prospects of Aviatron. The Acquisition is expected to contribute positively to the future earnings of our enlarged Group following its completion.

5.7 Conditionality of the Corporate Exercises

The Corporate Exercises are inter-conditional upon each other. The Acquisition will be completed after the completion of the Rights Issue.

The Corporate Exercises are not conditional upon any other corporate exercise/scheme of our Company.

5.8 Interests of Directors, major shareholders, chief executive and/or persons connected with them

Save as disclosed below, none of the directors, major shareholders, chief executive of our Company and/or persons connected with them have any interest, direct or indirect, in the Corporate Exercises.

5.8.1 Interested Major Shareholders

- (i) SAMPL, being the vendor of the Acquisition and the holding company and a major shareholder of our Company holding 338,462,704 SAMEE Shares or approximately 62.49% equity interest in our Company as at the LPD, is interested in the Acquisition.
- (ii) Accuron, being the indirect major shareholder of our Company with approximately 62.49% indirect equity interest in our Company held through SAMPL as at the LPD, is deemed interested in the Acquisition.
- (iii) Temasek, being the indirect major shareholder of our Company with approximately 62.49% indirect equity interest in our Company held through Accuron as at the LPD, is deemed interested in the Acquisition.

As the proceeds from the Rights Issue will be utilised to settle the Purchase Consideration and the Vendor's Advances which remained outstanding and owing to the Vendor by Aviatron together with interest accrued thereon and given the inter-conditionality of the Corporate Exercises, the Interested Major Shareholders are also deemed interested in the Rights Issue.

The Interested Major Shareholders had abstained from voting in respect of their direct and/or indirect shareholdings in our Company on the resolutions pertaining to the Corporate Exercises that were tabled at the EGM for the Corporate Exercises held on 7 December 2023. Further, the Interested Major Shareholders had ensured that persons connected with them have also abstained from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolutions pertaining to the Corporate Exercises that were tabled at the EGM for the Corporate Exercises held on 7 December 2023.

5.8.2 Interested Directors

- (i) Tan Kai Hoe, the Non-Independent Non-Executive Chairman of our Company, is interested in the Acquisition as he is also a director and Deputy Chairman of SAMPL as well as a director, President and chief executive officer of Accuron, the holding company of SAMPL.
- (ii) Shum Sze Keong, the Non-Independent Non-Executive Director of our Company, is interested in the Acquisition as he is also a director of SAMPL.
- (iii) Peter Lim Hee Seng, an Executive Director and the chief executive officer of our Company, who holds the position of Vice President, Aerospace in SAMPL has declared that he is interested in the Acquisition.

As the proceeds from the Rights Issue will be utilised to settle the Purchase Consideration and the Vendor's Advances which remain outstanding and owing to the Vendor by Aviatron together with interest accrued thereon and given the inter-conditionality of the Corporate Exercises, the Interested Directors are also deemed interested in the Rights Issue.

Accordingly, the Interested Directors have abstained and will continue to abstain from all Board deliberations and voting at our Board meetings pertaining to the Corporate Exercises. The Interested Directors had also abstained from voting in respect of their direct and/or indirect shareholdings in our Company, if any, on the resolutions pertaining to the Corporate Exercises that were tabled at the EGM for the Corporate Exercises held on 7 December 2023. Further, the Interested Directors had ensured that persons connected with them have abstained from voting in respect of their direct and/or indirect shareholding in our Company, if any, on the resolutions pertaining to the Corporate Exercises that were tabled at the EGM for the Corporate Exercises held on 7 December 2023.

The number of Shares held by the Interested Major Shareholders and the Interested Directors as at the LPD are as follows:

| | Direct | | Indirect | |
|--------------------------------------|---------------|-------|----------------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| Interested Major Shareholders | | | | |
| SAMPL | 338,462,704 | 62.49 | - | - |
| Accuron | - | - | ⁽¹⁾ 338,462,704 | 62.49 |
| Temasek | - | - | ⁽²⁾ 338,462,704 | 62.49 |
| Interested Directors | | | | |
| Tan Kai Hoe | - | - | - | - |
| Shum Sze Keong | - | - | - | - |
| Peter Lim Hee Seng | 653,600 | 0.12 | - | - |

Notes:

- (1) *Deemed interested by virtue of its shareholding in SAMPL pursuant to Section 8(4) of the Act.*
- (2) *Deemed interested by virtue of its shareholding in Accuron pursuant to Section 8(4) of the Act. SAMPL and Accuron are independently-managed Temasek portfolio companies and Temasek is not involved in their business or operating decisions. Accuron is a wholly-owned subsidiary of Temasek and Temasek's sole shareholder is the Singapore Minister for Finance, a body corporate pursuant to the Singapore Minister for Finance (Incorporation) Act 1959.*

5.9 Status of the Acquisition

The Acquisition was approved by our shareholders at the EGM for the Corporate Exercises. As at the LPD, the Acquisition is pending completion as the completion of the Rights Issue is a condition precedent in the SSA.

6. RATIONALE FOR THE RIGHTS ISSUE

The Rights Issue will enable our Company to raise funds and channel them towards the utilisation as set out in Section 4 of this Abridged Prospectus. The proceeds from the Rights Issue are mainly used to fund the Acquisition and the repayment of the Vendor's Advances together with interest accrued thereon at Completion Date in accordance with the terms of the SSA.

After due consideration of the various options available as well as the capital structure of our Company, our Board (save for the Interested Directors) is of the opinion that the Rights Issue is the most appropriate means of raising funds for the following reasons:

- (i) it will involve the issuance of new SAMEE Shares without diluting our existing shareholders' shareholding so long as they subscribe in full for their respective entitlements under the Rights Issue;
- (ii) it will provide the Entitled Shareholders with an opportunity to participate in an equity offering in our Company at a discount to the TERP of SAMEE Shares and participate in the prospects and future growth of our enlarged Group by subscribing to the Rights Shares; and
- (iii) it will strengthen our Group's financial position with enhanced shareholders' funds and reduced gearing level which are expected to facilitate the continuous long-term growth and expansion plans of our Group. The net gearing ratio of our Group has increased from 0.26 times as at 31 March 2022 to 0.56 times as at 31 March 2023 as a result of higher bank borrowings to finance our Group's expansion in Thailand and working capital requirements to support the growth in our Group's business. Accordingly, our Board is proposing to reduce our Group's bank borrowings and lower our Group's financing cost.

7. RISK FACTORS

In addition to the other information contained in this Abridged Prospectus, you and/or your renounee(s)/transferee(s), where applicable, should carefully consider the following risk factors which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Shares.

7.1 Risks relating to the Acquisition

7.1.1 Customer concentration risk

Aviatron is highly dependent on two (2) major customers ("**Major Customers**") which collectively contributed approximately 97.63%, 96.45% and 88.68% to Aviatron's revenue for the FYE 31 March 2021, FYE 31 March 2022 and FYE 31 March 2023 respectively. The Major Customers are subsidiaries of a leading global provider of technologically advanced aerospace and defence products and aftermarket service solutions for aircraft manufacturers, airlines, and regional, business and general aviation, as well as for defence and commercial space operations, headquartered in the US and has Airbus and Boeing as its largest commercial customers. Aviatron's business relationship with its Major Customers spanned more than 10 years as at the LPD. Aviatron has long term agreements with the Major Customers as the sole contract manufacturer to supply engine nacelle beams which are used in the manufacturing of engines for certain models of Airbus and Boeing aircraft to the Major Customers.

Any adverse change to its Major Customers' business operations and financial performance as well as external factors that are beyond their control may result in a decline in the demand for Aviatron's products and services and have an adverse effect on Aviatron's results of operations.

In addition, there can be no assurance that Aviatron will be able to retain its Major Customers or maintain its current level of business with them. Any termination/non-renewal of subsisting contracts with any of its Major Customers may have an adverse impact on Aviatron's business operations and financial performance if Aviatron is unable to secure new customers who can contribute in similar proportion of the revenue contributed by its Major Customers in a timely manner.

For the past three (3) financial years, there has been no loss of any key customers by Aviatron which had resulted in a material adverse impact on our Aviatron's business, financial performance and financial condition.

7.1.2 Valuation risk

The Purchase Consideration was agreed by our Board (save for the Interested Directors) after taking into consideration, among others, the range of valuation of Aviatron as appraised by Deloitte based on Aviatron's financial projections together with the underlying bases and assumptions. The valuation relies on the assumption that Aviatron will be able to achieve its projected financial results and that the key underlying bases and assumptions used in arriving at the valuation of Aviatron will materialise as planned. Therefore, the range of market value of the entire equity interest of Aviatron will change as a result of material departures from Aviatron's financial projections or any key bases and assumptions used in the valuation of Aviatron.

In view of the inherent risks and uncertainties in achieving the projected results, Deloitte had considered the appropriate discount rate to be applied to the DCF method of the income approach as the primary basis of valuation for Aviatron. The outcome from the DCF method was then cross-checked to the market approach.

Notwithstanding, there can be no assurance that Aviatron will be able to achieve the projected results in the future and that the key underlying bases and assumptions used in arriving at the valuation of Aviatron will materialise as planned. In the event Aviatron is unable to achieve the projected results in the future and/or if any of the key underlying bases and assumptions used in arriving at the valuation of Aviatron does not materialise as planned, the valuation of Aviatron may deteriorate and our Group may be required to recognise an impairment loss on the carrying amount of its investment in Aviatron (including any goodwill arising from the Acquisition), which may affect the financial performance and financial condition of our Group.

Aviatron had recorded losses for the FYE 31 March 2020 to FYE 31 March 2022 as a result of the deferment of order deliveries by its customers due to the COVID-19 pandemic.

7.1.3 Goodwill impairment risk

Our Company expects to recognise goodwill arising from the Acquisition, the amount of which depends on the fair value of Aviatron's identifiable assets acquired and liabilities assumed upon completion of the Acquisition. The identifiable assets and liabilities of Aviatron will initially be recorded in our Group's books at its fair values as at the acquisition date based on the purchase price allocation exercise as required by the Malaysian Financial Reporting Standards 3–Business Combinations. The goodwill arising from the Acquisition is subject to impairment tests as at the date of acquisition and annually thereafter. Any impairment of goodwill will affect the financial performance and financial condition of our Group.

For the past three (3) financial years, our Group has not recognised any impairment losses on goodwill arising from investments in its subsidiary companies.

7.1.4 Non-completion risk

Unforeseen circumstances such as the non-fulfilment of certain conditions precedent in the SSA, material adverse changes to Aviatron and/or our Group's business operations or any unanticipated legal disputes could lead to the non-completion of the Acquisition. There can be no assurance that our Group will be able to avoid all unforeseen circumstances or fulfil the obligations as set out in the SSA within the stipulated timeframe such that the Acquisition can be completed.

Given the inter-conditionality of the Corporate Exercises, the Acquisition will not proceed if the Rights Issue is not completed. As at the date of this Abridged Prospectus, save for the completion of the Rights Issue by our Company, all the other conditions precedent in the SSA, further details of which are set out in Section 4 of **Appendix I** of the Circular, have been obtained/fulfilled.

In the very unlikely event that the Rights Issue has been completed and the Acquisition is not subsequently completed, a return of capital to shareholders by way of cancellation of our share capital will need to be undertaken in accordance with the provisions of the Act and its related rules to return to shareholders the amount raised for the Acquisition. Such cancellation requires the approval of our Company's shareholders by way of a special resolution in general meeting and consent of our Company's creditors (where applicable) and may require the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

7.2 Risks relating to our Group

7.2.1 Dependence on key management and technical personnel

Our Group's continued success will depend significantly on the efforts, commitment and abilities of our management team, who play a significant role in the day-to-day operations as well as in the implementation of our Group's business strategies as determined by our Board.

Our Group's management team who have extensive knowledge and experience in our Group's business and drives the operations, business development and growth of our Group. Our Group is also supported by a group of technical personnel with extensive experience in providing dedicated end-to-end manufacturing solutions on critical engine parts and other related equipment parts.

Our Group is dependent on our key management team consisting of Peter Lim Hee Seng (Executive Director and Chief Executive Officer), Teh Mun Ling (Chief Finance Officer), Ng Boon Keat (Chief Operating Officer), Timothy Tung Kin Hoe (General Manager), Kong Suh Chin (General Manager) and Larry Foo Wah Jin (General Manager) in determining the strategic direction and driving the operations, business development and growth of our Group.

Therefore, the loss of any of our key management and technical personnel without suitable and timely replacements may lead to a loss or deterioration of important business relations, which could have a material adverse impact on our Group's business operations, financial performance and financial condition.

For the past three (3) financial years, there has been no loss of any key management or technical personnel of our Group which had led to a loss or deterioration of important business relations or result in a material adverse impact on our Group's business operations, financial performance and financial condition.

7.2.2 Customer concentration risk

As our Group operates in the aerospace and semiconductor industries, both of which have a few key players, we have a concentrated customer base. Our success is intimately tied to the success of our customers. Any reduction in orders, prolonged delivery delays or termination of long-term contracts with our key customers, could have a material adverse impact on our Group's business operations, financial performance and financial condition, if we are unable to secure replacement orders and/or contracts from other customers in a timely manner.

For the past three (3) financial years, there has been no loss of any key customers of our Group which had resulted in a material adverse impact on our Group's financial performance and financial condition.

7.2.3 Supply chain disruption risks

Our Group's businesses are dependent on the support of third-party suppliers to ensure the continuous supply of products. Any delay or disruption in our Group's suppliers' ability to provide us with the necessary products, may affect our ability to fulfill our customers' requirements in a timely and cost-effective manner, if we are not able to procure an alternate source of supply which can meet our Group's customers' demand in terms of timeliness, quality, quantity or cost-competitiveness.

While as at the LPD, we have not encountered any significant supply chain disruption, any such disruption may materially and adversely affect our Group's business operations, financial performance and financial condition.

7.2.4 Inadequate insurance coverage for unexpected risks

Our Group relies on machineries and equipment to carry out our manufacturing activities. These machineries and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. Our Group's business operations may be affected by the occurrence of unexpected power failure, adverse weather conditions, fire or natural disasters that are beyond our control, which may lead to disruption to our operations, damages to our Group's plant and machineries, equipment as well as inventories including raw materials and finished goods, resulting in interruptions to our Group's supply chains and overall business continuity.

Further, the occurrence of unexpected events can have a significant impact on our Group's product quality such as delays in manufacturing processes which result in rushed production, and increases the likelihood of errors and compromised product quality. In the event of product rejection by our Group's customers, we may be required to rework the defective products and/or replace them with new ones. This would result in additional costs which may affect our Group's financial performance. In addition, cybersecurity risks such as ransomware or malware can also disrupt manufacturing processes by targeting and disabling critical systems and machineries, leading to production delays, downtime and financial losses.

We maintain insurance which are customary in our industry to protect against various losses and liabilities arising from our Group's business operations. Our Group's insurance may not be adequate to cover for all losses or liabilities that might be incurred in our Group's operations as a result of any unforeseen circumstances. We have taken the necessary measures to ensure that all our Group's assets and the relevant operational risks of our Group are adequately covered by insurance in accordance with standard industry practice. The main insurance policies taken by our Group includes, among others, coverage for the following:

- (i) industrial all risk which covers the loss of or damage to our Group's buildings and plant and machineries and our stocks due to perils such as fire, theft and any other accident or misfortune;
- (ii) marine open cover which covers for all goods or cargo to be shipped;
- (iii) aviation liability which covers for losses of our aerospace segment caused by having to pay damages for injuries to persons or property;
- (iv) machinery breakdown which covers sudden and unanticipated loss of use of machineries and equipment;
- (v) consequential loss which covers the loss of profit due to business interruption; and
- (vi) comprehensive general liability which covers the claims for bodily injury or property damage to third party arising out of any defective products.

Our Group's insurance coverage may not be adequate to cover for the replacement cost of the assets or any liabilities/consequential losses relating to our Group's operations which may in turn have an adverse impact on our Group's business operations, financial performance and financial condition.

For the past three (3) financial years, there has been no incidence our business losses or damages to our Group's properties which had resulted in a material adverse impact on our Group's financial performance and financial condition due to inadequate insurance coverage.

7.2.5 Competitive industry environment

Our Group operates in industries that are highly competitive, particularly in the aerospace and semiconductor industries. There is no assurance that our Group will be able to continue competing successfully with our competitors. As many of our Group's competitors are larger players in the aerospace and semiconductor industries, they may have greater research and development resources to keep abreast with technological changes, greater manufacturing, financial and marketing resources as well as wider access to capital. They may therefore be able to compete more successfully over a longer period of time. Should our Group's existing or new competitors offer manufacturing services at a lower cost or engage in aggressive pricing in order to increase market share, our Group's turnover may decline if our Group is not able to provide more competitive pricing in order to retain our Group's existing customers and attract new customers. A reduction in the pricing without any cost reduction will adversely affect our Group's financial performance and financial condition.

For the past three (3) financial years, there has been no loss of any key customers of our Group due to competition which had resulted in a material adverse impact on our Group's financial performance and financial condition.

7.2.6 Foreign currency exchange fluctuation

The majority of our Group's sales and purchases from the aerospace and equipment segments are denominated in USD. As our Group's manufacturing sites are located in Malaysia, Singapore and Thailand, a significant portion of our Group's costs are in currencies other than USD, in particular RM, SGD and THB. Therefore, any significant adverse fluctuation in exchange rates, especially in USD to RM, SGD and THB could have a material adverse effect on our Group's financial performance and financial condition. For the FYE 31 March 2023, the breakdown of our Group's costs in USD, RM, SGD and THB is approximately 62%, 25%, 7% and 6% respectively.

As our Group reports its consolidated financial results in RM, our Group is also exposed to foreign currency translation risk in relation to the assets and liabilities of our Group's operations denominated in foreign currencies at each reporting date when the financial results of our Group's operations denominated in USD are consolidated for purposes of presentation in our Company's consolidated financial statements in RM. For the FYE 31 March 2023, our Group recorded a net unrealised gain on foreign currency translation upon translation of the assets and liabilities of our Group's operations denominated in USD into RM, amounting to approximately RM47.46 million recognised in other comprehensive income. As at 31 March 2023, our Group has registered a cumulative translation reserve of RM125.21 million, which is unrealised and may be subject to a reversal, resulting in loss on foreign currency translation in the event RM strengthens against USD.

Notwithstanding the above, there has been no material adverse impact to our Group due to the weakening of the RM against the USD as our Group's revenue is denominated mainly in USD. However, there can be no assurance that any significant exchange rate fluctuations will not adversely affect our Group's financial performance and financial condition.

For the past three (3) financial years, there have been no material fluctuations in foreign currency exchange rates which had resulted in a material adverse impact on our Group's business operations, financial performance and financial condition.

7.2.7 Borrowings, covenants and fluctuations in interest rates

Our Group's bank borrowings are primarily in the form of term loans, revolving credits, trust receipts and promissory notes with floating interest rates. Interest rates may vary or fluctuate over time based on the underlying benchmark interest rate such as the secured overnight financing rate that changes periodically. A higher underlying benchmark interest rate will translate to an increase in interest expenses to our Group which in turn may materially affect the profitability of our Group. There can be no assurance that current interest rates will be maintained in the future and/or that any increase in our Group's borrowings will not have any material impact on our Group's business operations, financial performance and financial condition.

In addition, the credit facility agreements that our Group has entered into for bank borrowings may limit our Group's future operating and financing flexibility. Any breach of our credit facility agreement covenants may give rise to a right by the financiers to terminate the relevant bank borrowings granted. There can be no assurance that our Group's business operations, financial performance and financial condition will not be adversely affected in the event of any breach of covenants for any of our Group's credit facility agreements.

For the past three (3) financial years, there have been no material fluctuations in interest rates which had resulted in a material adverse impact on our Group's financial performance and financial condition. Further, for the past three (3) financial years, there has been no default in any loan covenants by our Group which had resulted in a material adverse impact on our Group's financial performance and financial condition.

7.2.8 Non-renewal and/or revocation of licenses, certifications and permits

Our Group is required to and has obtained various forms of licenses, certifications and permits from various regulatory authorities for its business operations. Such licences, certifications and permits include but not limited to:

- (i) manufacturing licences issued by the Ministry of Investment Trade and Industry of Malaysia;
- (ii) business premise licences issued by the Malaysian local councils;
- (iii) certificate of factory operation and licence of factory operation issued by the Ministry of Industry of Thailand for operation of factory plants in Thailand;
- (iv) foreign business certificate issued by the Ministry of Commerce of Thailand for provision of manufacturing and repairing services in connection with high-density storage test equipment in Thailand;
- (v) permission to establish free zone for industrial business and permission to operate business in free zone for manufacturing of electronic machinery, equipment, tools and parts and manufacturing of electronic and aircraft machinery, equipment, tools and parts in Thailand issued by the Customs Department of Thailand; and
- (vi) factory notification status issued by the Ministry of Manpower of Singapore for our factory in Singapore.

Some of these licenses, certifications and permits are subject to periodic inspections, audits and/or fulfilment of certain conditions imposed by the relevant authorities.

Failure to comply with the terms and conditions of these licenses, certifications or permits may result in non-renewal or revocation of the licenses, certifications or permits, which may lead to major disruptions to our Group's business operations and result in a material adverse effect on the financial performance and financial condition of our Group.

For the past three (3) financial years, there has been no non-renewal nor revocation of licences, certifications and permits which had resulted in a material adverse impact on our Group's business operations, financial performance and financial condition.

7.2.9 Risk of increasing energy costs

Based on our Group's audited financial statements for the FYE 31 March 2023, energy costs of our Group comprise less than 3% of our Group's total revenue. Nevertheless, increase in energy costs could have an impact on our Group's businesses as it would increase our Group's operational costs and production costs. Energy is a vital input in manufacturing processes, particularly in the aerospace industry and semiconductor industry which rely heavily on machineries and equipment.

As energy costs rise, the operational costs of running manufacturing facilities such as expenses related to electricity, fuel for transportation, and other energy sources would also increase. This could affect our Group's profit margins unless we are able to pass these increase in operational and production costs onto our Group's customers.

There can be no assurance that we will be able to pass on the increase in our operational and production costs, whether partially or entirely, to our Group's customers (in the form of increased prices of our Group's products), which in turn could adversely affect our Group's financial performance and financial condition.

For the past three (3) financial years, there has been no material increase in energy costs which had resulted in a material adverse impact on our Group's business operations, financial performance and financial condition.

7.2.10 Political, economic and regulatory risks

Our Group's businesses are subject to prevailing political, economic and regulatory circumstances in Malaysia, Singapore and Thailand, where we operate as well as in countries in which our Group's customers and suppliers operate. Adverse changes in political, economic and regulatory conditions include, but are not limited to, unfavourable changes in inflation rates, interest rates, government policies and regulations, war, terrorism, civil unrest, riots, trade war and general political uncertainty.

There is no assurance that any adverse developments in the political, economic and regulatory conditions in Malaysia, Singapore and Thailand where our Group operate as well as other countries in which our customers and suppliers operate, will not adversely affect our Group's business operations, financial performance and financial condition.

Save for the global lockdowns, travel restrictions and closures of international borders due to the COVID-19 pandemic which started in early 2020 which had resulted in operating losses for our aerospace business segment from the FYE 31 March 2021 to FYE 31 March 2023, there has been no adverse changes in political, economic and regulatory conditions which had resulted in a material adverse impact on our Group's business operations, financial performance and financial condition.

7.3 Risks relating to the aerospace industry

7.3.1 Dependency on the growth of the global aerospace manufacturing industry

Our Group's aerospace business is dependent on the global aerospace manufacturing industry as our main source of revenue. The global aerospace manufacturing industry in turn depends on the growth of aircraft production by the aircraft manufacturers such as Airbus and Boeing, which is subject to the growth of the global air passenger travel and the demand for new aircraft by the airlines operators.

Our Group's customers are predominantly aerospace manufacturers which supply vital aerospace parts to aircraft manufacturers, such as Airbus and Boeing. The global aerospace manufacturing industry is driven by the growth and changes in air travel and freight, which stimulate demand for new aircraft and aircraft production, which, in turn, is expected to result in an extension of contracts between aerospace parts suppliers and aircraft manufacturers. Any adverse change in the global aerospace manufacturing industry could have a material impact on our Group's business operations, financial performance and financial condition.

Save for the decrease in aircraft deliveries by the major aircraft manufacturers due to the COVID-19 pandemic which contributed to operating losses for our aerospace business segment from the FYE 31 March 2021 to FYE 31 March 2023, there has been no adverse changes in global aerospace manufacturing industry which had resulted in a material adverse impact on our Group's business operations, financial performance and financial condition.

Please refer to Section 8.2 of this Abridged Prospectus for the overview and outlook of the global aerospace manufacturing industry.

7.3.2 Epidemics, pandemics, natural or other calamities and terrorism

The outbreak of any contagious diseases with human-to-human airborne or contact propagation effects (such as COVID-19, Avian Flu H5N1, Severe Acute Respiratory Syndrome ("SARS"), Ebola, Middle East respiratory syndrome coronavirus etc.) that escalate into a regional or global epidemic or pandemic may have an adverse impact on the global aviation industry as well as the aerospace manufacturing industry. These events can disrupt the global economy, affect supply chains, and influence passenger traffic and cargo demand, ultimately affecting the aerospace industry in various ways.

During such outbreaks, the demand for air travel could be severely reduced as international and domestic response plans, which include tightening of border controls and closure or restriction of access to airspace or airports around the world, are put in place to address such contagion. Our Group's business operations could be adversely affected by the occurrence of such events due to the reduction in passenger traffic in the commercial aerospace industry which in turn will lead to a significant drop in aircraft demand across all aircraft platforms.

There can be no assurance that our Group's business activities will not be materially affected by any future outbreaks of contagious diseases resulting in tightening of travelling restrictions and aerospace manufacturing activities in the future that may adversely affect our Group's business operations, financial performance and financial condition.

In addition, natural calamities such as hurricanes and earthquakes may disrupt commercial transportation, leading to fluctuations in demand for commercial aircraft and related services. Terrorism and war (and threats of terrorism and war) may also contribute to a fear of travelling by air, or visiting particular destinations, resulting in a fall in demand for air travel. Any fluctuation in air travel demand and air passenger traffic may impact the demand of aircraft orders and production, which in turn may impact the aerospace manufacturing industry and our Group's business operations.

Save for the COVID-19 pandemic which started in early 2020, there has been no adverse occurrence of any other epidemics, pandemics, natural or other calamities or terrorism which had resulted in a material adverse impact on our Group's business operations, financial performance and financial condition.

7.3.3 Risk of aviation product liability claims

Our Group is subject to aviation product liability claims, as defects of aerospace products manufactured by our Group may result in damages and/or injury. Such claims and potential lawsuits, regardless of outcome, would generate negative publicity for our Group, which in turn could adversely affect our Group's business. In addition, we may incur substantial costs in defending such claims or lawsuits, further adversely affecting our Group's financial performance. We are obligated to ensure that our Group's products meet strict quality control standards as per our Group's customers' and regulatory requirements before they are delivered to our Group's customers. Failure to do so could result in rework costs, loss of customers' confidence, and may have adverse reputation or negative perception on the quality of our Group's products and may potentially affect the demand for our Group's products.

While our Group sets in place quality control measures at every stage of manufacturing and assembly to prevent any defects in our Group's products and performance and our Group has taken up aviation product liability insurance, there can be no assurance that our Group's products will not have any defects that may lead to material product liability claims against our Group. As at the LPD, our Group does not have any product liability claims which remain unsettled in relation to defects of our Group's products.

For the past three (3) financial years, there has been no aviation product liability claims against our Group which had resulted in a material adverse impact on our Group's financial performance and financial condition.

7.4 Risks relating to the semiconductor industry

7.4.1 Dependency on the growth of the semiconductor industry

Our Group's equipment business is dependent on the semiconductor industry as its main source of revenue as the majority of our Group's customers operate within the semiconductor industry. The semiconductor industry in turn is driven by the growth and changes in its end-user industries, such as the E&E industry, medical and automotive industries. The semiconductor industry has benefited from the growth of cloud computing, 5G telecommunications, artificial intelligence and digitalisation, which in turn fuelled strong demand for semiconductor chips and storage devices globally. Any adverse change in the semiconductor industry may have a material impact on our Group's financial performance. Please refer to Section 8.3 of this Abridged Prospectus for the overview and outlook of the global semiconductor equipment industry.

The demand for our Group's products in the semiconductor industry is also affected by technological changes and the advancement in industry standards. Semiconductor manufacturers continuously demand for more sophisticated technology and comprehensive functionality of products to cater to their manufacturing needs, in order to meet the expectations from the end-users. It is imperative that our Group keeps abreast with the latest technology and responds to market trends and development through the adoption, customisation and integration of new technology in a timely and cost-effective manner. Our Group's customers may switch to other competitors if we are unable to keep up with the changes in technology and market demand, which may adversely affect the financial performance of our Group. There is no assurance that such incidents will not occur in the future if we fail to adapt our technology in a timely manner due to factors that are beyond our control such as high investment cost, and our ability to retain and attract suitable talent.

For the past three (3) financial years, there has been no adverse changes in the semiconductor industry which had resulted in a material adverse impact on our Group's business operations, financial performance and financial condition.

7.5 Risks relating to the Rights Issue

7.5.1 Investment and market risks

The market price of our Shares as traded on Bursa Securities is influenced by, among others, the prevailing market sentiments, volatility of the equity markets, the outlook of the industries which we operate in as well as our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of the Rights Shares upon or subsequent to the listing and quotation of the Rights Shares on the Main Market of Bursa Securities.

Accordingly, there can be no assurance that the market price of the Rights Shares will be at a level that meets the specific investment objectives or targets of any holders of the Rights Shares.

7.5.2 Delay in or abortion of the Rights Issue

The Rights Issue is exposed to the risk that it may be delayed or terminated on the circumstances such as acts of government, natural disasters including without limitation the occurrence of a tsunami and/or earthquakes, acts of terrorism, strikes, national disorder, declaration of a state of war or accidents, or any change in law, regulation, policy or ruling, which are beyond the control of our Company, arising prior to the completion of the Rights Issue. There can be no assurance that the abovementioned events will not occur and cause a delay or failure to implement the Rights Issue.

In this respect, all proceeds arising from the Rights Issue will be refunded without interest to the successful subscribers of the Rights Shares in the event the Rights Issue is subsequently aborted and if such monies are not repaid within 14 days after it becomes liable, our Company will repay such monies with interest at the rate of 10% per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares have been allotted to the successful subscribers of the Rights Shares, and if the approval for the listing of the Rights Shares is subsequently revoked, a return of monies to the successful subscribers of the Rights Shares can only be achieved by way of cancellation of the Rights Shares in accordance with the provisions of the the Act and its related rules. Such cancellation requires the approval of our Company's shareholders by way of a special resolution in general meeting and consent of our Company's creditors (where applicable) and may require the confirmation of the High Court of Malaya. There can be no assurance that such monies can be returned within a short period of time or at all under such circumstances.

7.5.3 Potential dilution

The Entitled Shareholders who do not or are not able to subscribe for their entitlement under the Rights Issue will have their proportionate ownership and voting interest in our Company reduced. Consequently, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that our Company may declare, make or pay after completion of the Rights Issue will correspondingly be diluted.

7.5.4 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, the risk factors as set out in this section of this Abridged Prospectus. In view of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

8. INDUSTRY OVERVIEW AND PROSPECTS

8.1 Overview and outlook for the Malaysian economy

The Malaysian economy expanded by 3.3% in the third quarter of 2023 (2Q 2023: 2.9%). Growth was anchored by resilient domestic demand. Household spending remained supported by continued growth in employment and wages. Meanwhile, investment activity was underpinned by the progress of multi-year projects and capacity expansion by firms. Exports remained soft amid prolonged weakness in external demand. This, however, was partially offset by the recovery in inbound tourism. On the supply side, the services, construction and agriculture sectors remained supportive of growth. This was partly offset by the decline in production in the manufacturing sector given the weakness in demand for E&E products and lower production of refined petroleum products. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 2.6% (2Q 2023: 1.5%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023.

Headline inflation continued to moderate to 2% (2Q 2023: 2.8%) during the quarter. The moderation was recorded in both non-core inflation and core inflation. For non-core inflation, fresh food and fuel contributed to the decline. Core inflation declined further to 2.5% (2Q 2023: 3.4%) but remained above its long-term average (2011 to 2019 average: 2%). The moderation in core inflation was largely contributed by selected services, including food away from home, expenditure in restaurants and cafés, and personal transport repair and maintenance. Inflation pervasiveness declined as the share of Consumer Price Index (CPI) items recording monthly price increases moderated to 40.8% during the quarter (2Q 2023: 42.7%), below the third quarter long-term (2011-2019) average of 44.5%.

Despite the challenging global environment, the Malaysian economy is projected to expand by around 4% in 2023 and 4% to 5% in 2024. Growth will continue to be driven by the expansion in domestic demand amid steady employment and income prospects, particularly in domestic-oriented sectors. This growth performance along with other favourable economic developments would provide support to the ringgit.

(Source: Quarterly Bulletin, Third Quarter 2023, BNM)

8.2 Overview and outlook for the global aerospace manufacturing industry

Within the aviation landscape, aerospace manufacturing is where aircraft take shape and form. It is the process that put aircraft components and parts together to construct the wings, engines and intricate systems crucial for flight.

The growth of the aerospace manufacturing industry is driven by the aerospace industry, which is driven by the demand for air travel. The industry size of the aerospace manufacturing industry is not publicly available and hence, to represent its industry performance, alternative data comprising global number of aircraft delivered, Airbus and Boeing commercial aircraft backlog, global number of air passengers, global revenue passenger-kilometres (“**RPK**”) and global available seat-kilometres (“**ASK**”) are provided:

- Global number of aircraft delivered:** As a result of the COVID-19 pandemic, the global number of aircraft delivered decreased year-on-year (“YOY”) by 42.71% to 806 units in 2020. Prior to COVID-19 pandemic, global number of aircraft delivered was recorded at 1,813 units in 2018 and 1,407 units in 2019. With the easing of travel restrictions, the demand for air travel gradually recovered which led to the resumption of airline operations. Premised on this, the demand for new aircraft also saw gradual recovery, resulting in the global number of aircraft delivered to grow from 806 units in 2020 to 1,238 units in 2022, at a compound annual growth rate (“CAGR”) of 23.93%, to fulfil the increased need for airline fleet expansion and replacement of aging fleets. International Air Transport Association (“IATA”) estimates the global number of aircraft delivered to reach 1,372 units in 2023, with a YOY increase of 10.82%. IATA forecasts the global number of aircraft delivered to reach 1,777 units in 2024, growing YOY by 29.52% and to reach 2,075 units in 2025 with a YOY growth of 16.77%.
- Airbus and Boeing commercial aircraft backlog:** The number of commercial aircraft backlog translates to the expected number of aircraft deliveries to be made in the future, and as such, is a representation of the potential future demand for aircraft components and parts. Based on latest publicly available information, as of 30 November 2023, the total number of commercial aircraft backlog for Airbus and Boeing stood at 13,925 units, comprising 8,011 units from Airbus and 5,914 units from Boeing.
- Global number of air passengers:** Due to the COVID-19 pandemic, the global number of air passengers declined significantly in 2020, reducing the global number of air passengers to 1.81 billion from 4.54 billion in 2019 and 4.38 billion in 2018. As travel restrictions eased, the global number of air passengers recovered at a CAGR of 36.25% from 1.81 billion in 2020 to 3.36 billion in 2022. Moving forward, as COVID-19 travel restrictions are fully uplifted worldwide, the demand for air travel is expected to continue on a recovery trajectory, and thus drive the growth of the global number of air passengers. IATA estimates that the global number of air passengers will increase to 4.50 billion in 2023 with a YOY growth of 33.93%. IATA expects the global number of air passengers to return to pre-COVID-19 levels in 2024, reaching 4.95 billion with a YOY growth of 10.00%, which surpasses the global number of air passengers in 2019. By 2025, IATA expects the global number of air passengers to reach 5.41 billion with YOY growth of 9.29%.
- Global RPK:** Due to COVID-19, there was a decrease in global RPK from 8.69 trillion in 2019 to 2.97 trillion in 2020 at a YOY decline of 65.82%. The decline in RPK showcased that airlines were flying with significantly fewer passengers. Prior to COVID-19 pandemic, global RPK was recorded at 8.33 trillion in 2018 and 8.69 trillion in 2019. With the gradual recovery of global air travel, global RPK increased at a CAGR of 41.78% from 2.97 trillion in 2020 to 5.97 trillion in 2022. IATA estimates global RPK to reach 8.27 trillion in 2023 at a YOY increase of 38.53%. IATA forecasts global RPK to surpass pre-COVID-19 levels in 2024, arriving at 9.08 trillion at a YOY increase of 9.79%. SMITH ZANDER forecasts global RPK to reach 9.88 trillion in 2025 with a YOY increase of 8.81%.
- Global ASK:** The global ASK showed a negative trend from 10.52 trillion in 2019 to 4.56 trillion in 2020 at a YOY decline of 56.70% due to the COVID-19 pandemic. As air travel resumed, global ASK increased at a CAGR of 29.01% from 4.56 trillion in 2020 to 7.59 trillion in 2022. Prior to COVID-19 pandemic, global ASK was recorded at 10.17 trillion in 2018 and 10.52 trillion in 2019. The upward trajectory of global ASK from 2020 onwards is expected to continue as demand for air travel continues to recover. In 2023, IATA estimates global ASK of 10.09 trillion, a YOY increase of 32.94%. In tandem with the expected full recovery of global number of air passengers by 2024, IATA forecasts global ASK to reach 10.99 trillion in 2024 at a YOY growth of 8.92%, which will surpass global ASK in 2019. SMITH ZANDER forecasts global ASK to reach 11.93 trillion in 2025 with a YOY growth of 8.55%.

The demand for air travel and aircraft is expected to be driven by the following factors:

- **Travel and tourism industry drives the demand for air travel:** The tourism industry significantly influences the demand for air travel by attracting a substantial number of passengers for airlines. The allure of visiting new destinations and exploring diverse cultures drives the demand for air travel as it is a convenient and efficient mode of transportation. In 2023, the United Nations World Tourism Organization (“**UNWTO**”) estimates the global number of tourist arrivals to grow YOY by 35.05%, reaching 1.31 billion. Further, according to UNWTO, it is expected that the global number of tourist arrivals will rebound to 2019 levels around 2024 onwards. As such, SMITH ZANDER forecasts a YOY growth of 12.98% for the global number of tourist arrivals, to 1.48 billion in 2024, exceeding 2019 levels, and to reach 1.57 billion in 2025 with a YOY growth of 6.08%.
- **Economic growth drives the demand for air travel for leisure and business:** The World Bank estimates and forecasts world Gross Domestic Product (GDP) to grow by 2.10% in 2023, 2.40% in 2024 and 3.00% in 2025. With greater wealth, there will be higher disposable income, leading to a rise in an affluent population that has greater spending power, to support leisure and business travel. This in turn drives the demand for air travel and subsequently boosts the demand for aircraft and aircraft components and parts.
- **Government initiatives encouraging travel and tourism activities:** Tourism is one of the factors that greatly influences a nation’s economy, offering a wide range of economic benefits and substantially contributing to a nation’s growth and development. Governments across the world have introduced various initiatives and measures to revive and encourage travel and tourism activities, especially after the COVID-19 pandemic. Amongst the various government initiatives rolled out are budgetary allocations used to support the promotion of tourism campaigns, improve and maintain infrastructures, as well as providing training and skill development for employees, within the travel and tourism industry.

As the growth of the aerospace manufacturing industry is driven by the aerospace industry, which is driven by the demand for air travel, the aerospace manufacturing industry is expected to grow in line with the improving demand for air travel and aircraft moving forward.

(Source: IMR Report)

8.3 Overview and outlook for the global semiconductor equipment industry

The global semiconductor industry has significant economic contribution to numerous regions around the world, with significant linkages to the global E&E industry and its growth. The technology of semiconductors has been constantly evolving, boosting performance and decreasing in size of semiconductor devices in order to meet the growing demand for lighter and more sophisticated electronic devices.

The global semiconductor equipment manufacturing sales value increased from USD64.53 billion (RM260.40 billion)¹ in 2018 to USD107.40 billion in 2022 (RM472.61 billion)² at a CAGR of 13.58%. During this period, 2019 recorded a YOY decline of 7.41% as a result of memory chip oversupply. As the growth of the global semiconductor equipment industry is driven by the growth of the global semiconductor industry, the performance of the semiconductor industry affects the performance of the semiconductor equipment industry.

¹ Exchange rate from USD to RM in 2018 was converted based on the average annual exchange rate in 2018, extracted from published information from BNM at USD1 = RM4.0353.

² Exchange rate from USD to RM in 2022 was converted based on the average annual exchange rate in 2022, extracted from published information from BNM at USD1 = RM4.4005.

As such, Semiconductor Equipment and Materials International (“SEMI”) estimates the global semiconductor equipment manufacturing sales value to decline YOY by 6.05% in 2023 to USD100.90 billion (RM460.64 billion)³, in tandem with global semiconductor sales value. In 2024, SEMI forecasts a YOY growth of 4.37% to USD105.31 billion (RM480.77 billion)³ and a YOY growth of 17.87% to USD124.13 billion (RM566.69 billion)³ in 2025, reaching a new high in the global semiconductor equipment manufacturing sales value, supported by both front-end and back-end segments.

The growth of global semiconductor equipment manufacturing is expected to be driven by the following factors:

- Growth in the semiconductor industry:** As a supporting industry to the semiconductor industry, the demand for semiconductor equipment is driven by the growth in the semiconductor industry. In 2023, the World Semiconductor Trade Statistics (“WSTS”) estimates global semiconductor sales to decline by 9.40% to USD520.13 billion (RM2.37 trillion) due to the decrease in sales in the integrated circuit (“IC”) segment, in response to rising inflation rates and weakening demand in end-markets. Moving forward, in 2024, WSTS forecasts a 13.12% YOY upsurge in the global semiconductor market, reaching a sales value of USD588.36 billion (RM2.69 trillion) as the IC segment is projected to undergo a significant recovery. Further, SMITH ZANDER expects the global semiconductor market to reach USD650.43 billion (RM2.97 trillion) in 2025 with a YOY increase of 10.55%.
- Growth in the E&E industry:** The E&E industry is an important end-user industry driving the demand for semiconductors, which in turn, supports the demand for semiconductor equipment. According to the German Electrical and Electronic Manufacturers’ Association, the global E&E industry grew from EUR4.42 trillion (RM21.06 trillion)⁴ in 2018 to EUR5.71 trillion (RM26.44 trillion)⁵ in 2022 at a CAGR of 6.61%, and the global E&E industry is expected to further grow YOY by approximately 8.93% to EUR6.22 trillion (RM30.70 trillion)⁶ in 2023. In 2024, the German Electrical and Electronics Manufacturer’s Association forecasts the global E&E industry to undergo a YOY growth of approximately 3.05% to EUR6.41 trillion (RM31.64 trillion)⁶. Further, SMITH ZANDER expects the global E&E industry to reach EUR6.60 trillion (RM32.58 trillion)⁶ with a YOY growth of approximately 2.96% in 2025.
- Continuous technological advancements leading to innovation in end-user products:** The E&E industry experiences continuous developments in terms of the end-user products manufactured. Rapid technological developments within the E&E industry will continue to promote new product innovation in the market as industry players need to ensure their products remain competitive. This will therefore drive investments in more machinery and equipment, including semiconductor equipment.

(Source: IMR Report)

³ Exchange rate from USD to RM in 2023, 2024 and 2025 was converted based on the average annual exchange rate in 2023, extracted from published information from BNM at USD1 = RM4.5653.

⁴ Exchange rate from EUR to RM in 2018 was converted based on average annual exchange rate in 2018, extracted from published information from BNM at EUR1 = RM4.7643.

⁵ Exchange rate from EUR to RM in 2022 was converted based on average annual exchange rate in 2022, extracted from published information from BNM at EUR1 = RM4.6296.

⁶ Exchange rate from EUR to RM in 2023, 2024 and 2025 was converted based on average annual exchange rate in 2023, extracted from published information from BNM at EUR1 = RM4.9359.

8.4 Prospects of our Group

Our Group currently has two (2) business segments, namely the aerospace and the equipment segments. Our Group's aerospace segment principally manufactures and sells vital aircraft components such as engine casings and engine nacelle beams, while our equipment segment provides an array of equipment engineering solutions i.e. precision machining, sheet-metal fabrication, surface treatment, system integration and automation solutions mainly for the semiconductor industry.

Our Group provides dedicated end-to-end manufacturing solutions on critical engine casings, engine nacelle beams and other related equipment parts through our Group's aerospace business segment. In line with the recent recovery of global air passenger travel to close to the pre-COVID-19 levels, the increase in demand for aircraft was for a broad range of commercial and business aircrafts, with the strongest recovery for the single-aisle aircraft of Airbus 320neo and Boeing 737 Max aircrafts. The production rates of these twin-aisle aircrafts are expected to continue to pick up in the coming year as well. We are optimistic that our Group's aerospace business segment is well positioned to benefit from the recovery of the aerospace sector and improve our Group's profitability going forward. This is in line with our goal to increase our Group's aerospace revenue contribution to balance our Group's revenue mix. In 2023, we set up our fourth plant in Ban Bueng, Thailand, for the production of engine casings in anticipation of the recovery of aircraft production deliveries by Airbus and Boeing.

Since the FYE 31 March 2020, our Group's equipment segment has grown significantly, boosted by the growth in the semiconductor sector worldwide. Our Group's revenue from the equipment segment was RM489.09 million, RM701.79 million, RM895.86 and RM1,116.27 million for the past four (4) FYE 31 March 2020, 31 March 2021, 31 March 2022, 31 March 2023, respectively. Despite the challenges posed by the COVID-19 pandemic, our Group's equipment business remained profitable, benefiting from the growth of cloud computing, 5G telecommunications, artificial intelligence and digitalisation, which in turn fuelled strong demand for semiconductor chips and storage devices globally. We are actively working with our Group's equipment segment customers to support their growing needs as well as introducing new product lines to meet our Group's strategic and growth expectations.

In supporting our Group's future growth, we have started expanding our production capacity of our Group's equipment segment in Thailand in response to our Group's customers' demand, forecasts and commitments. In 2022, we have set up a new plant at Ayutthaya, Thailand, which has gone into its second year of operation as at the LPD. In 2023, we successfully added another two (2) new plants (one in Ayutthaya and one in Ban Bueng) which are expected to start production in 2024. With the expansion in Thailand, our Group's total floor space for our equipment segment has increased from approximately 350,000 square feet to approximately 606,000 square feet.

The Acquisition is undertaken by our Company with the objective to enhance our Group's revenue and earnings base as Aviatron which is mainly involved in the manufacturing of engine nacelle beams, is also well poised to benefit from the recovery of aircraft production deliveries by Airbus and Boeing. From a longer term perspective, the addition of Aviatron to our Group will allow us to explore further opportunities for the manufacturing of engine nacelle beams for other aircraft models as well as other aircraft structure products.

Further, our Company intends to preserve, grow and continue the operations of Aviatron subsequent to the completion of the Acquisition. Our Company anticipates that Aviatron will remain profitable in view that the global air passenger market has been experiencing a robust recovery from the COVID-19 pandemic as set out in Section 8.2 of this Abridged Prospectus. Additionally, the Acquisition would also give rise to synergies between Aviatron and our Company, as mentioned in Section 5.5 of this Abridged Prospectus.

Upon the completion of the Acquisition, with the inclusion of Aviatron's existing floor space, our Group will be able to increase our floor space for the manufacture of aerospace products from approximately 240,000 square feet to approximately 449,000 square feet.

As mentioned in Section 8.2 of this Abridged Prospectus, the growth of the aerospace manufacturing industry is driven by the aerospace industry, which is driven by the demand for air travel. IATA estimates that the global number of air passengers will increase to 4.50 billion in 2023 with a YOY growth of 33.93%. IATA expects the global number of air passengers to return to pre-COVID-19 levels in 2024, reaching 4.95 billion with a YOY growth of 10.00%, which surpasses the global number of air passengers in 2019. Further, in 2024, SEMI forecasts a YOY growth of 4.37% to USD105.31 billion (RM480.77 billion) and a YOY growth of 17.87% to USD124.13 billion (RM566.69 billion) in 2025, reaching a new high in the global semiconductor equipment manufacturing sales value, supported by both front-end and back-end segments as set out in Section 8.3 of this Abridged Prospectus.

In view of the above, our Board is optimistic that our Group will be able to capitalise on the recovery and growth of the aerospace manufacturing industry backed by the expected increase in the global number of aircraft delivered from 1,372 units in 2023 to 1,777 units in 2024 and 2,075 units in 2025 resulting from the recovery of air travel demand as mentioned in Section 8.2 of this Abridged Prospectus, as well as on the expected growth in the global semiconductor equipment manufacturing sales value which is expected to reach a new high of USD124.13 billion (RM566.69 billion) in 2025, supported by both front-end and back-end segments as set out in Section 8.3 of this Abridged Prospectus.

9. EFFECTS OF THE CORPORATE EXERCISES

9.1 Share capital

The Acquisition will not have any effect on the substantial shareholders' shareholding as the Acquisition does not involve any issuance of new SAMEE Shares.

The pro forma effects of the Rights Issue on the issued share capital of our Company are as follows:

| | <u>No. of Shares</u> | <u>RM</u> |
|---|---------------------------|---------------------------|
| As at the LPD | 541,589,428 | 214,784,016 |
| To be issued pursuant to the Rights Issue | 135,397,357 | 487,430,485 |
| Enlarged number of SAMEE Shares and issued share capital | <u>676,986,785</u> | <u>702,214,501</u> |

9.2 NA and gearing

For illustrative purpose, based on the latest unaudited consolidated statement of financial position of SAMEE as at 30 September 2023 and assuming that the Corporate Exercises had been effected on that date, the pro forma effects of the Corporate Exercises on the NA attributable to owners of our Company per SAMEE Share and gearing of our Group are as follows:

| | <u>Unaudited as at 30 September 2023</u> | <u>(A) After the Rights Issue</u> | <u>(B) After (A) and the Acquisition</u> | <u>(C) After (A), (B) and the utilisation of proceeds</u> |
|---------------------------------------|--|---|--|---|
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Share capital | 214,784 | 702,214 | 702,214 | 702,214 |
| Employees' share grant scheme reserve | 1,002 | 1,002 | 1,002 | 1,002 |
| Hedging reserve | (860) | (860) | (860) | (860) |
| Translation reserve | 161,160 | 161,160 | 161,160 | 161,160 |

| | (A) | (B) | (C) | |
|--|---|-------------------------------|----------------------------------|---|
| | Unaudited as at 30 September 2023 | After the Rights Issue | After (A) and the Acquisition | After (A), (B) and the utilisation of proceeds |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Retained earnings | 513,054 | 513,054 | 513,054 | ⁽⁵⁾ 509,054 |
| NA attributable to owners of our Company/ Total equity | 889,140 | 1,376,570 | 1,376,570 | 1,372,570 |
| Number of SAMEE Shares in issue ('000) | 541,589 | 676,986 | 676,986 | 676,986 |
| NA attributable to owners of our Company per SAMEE Share (RM) ⁽¹⁾ | 1.64 | 2.03 | 2.03 | 2.03 |
| Interest-bearing borrowings | 510,063 | 510,063 | 510,063 | ⁽⁶⁾ 426,458 |
| Cash and bank balances | 39,443 | 526,873 | 326,524 | 41,325 |
| Gross gearing (times) ⁽²⁾ | 0.57 | 0.37 | 0.37 | 0.31 |
| Net gearing (times) ⁽³⁾ | 0.53 | ⁽⁴⁾ Not applicable | 0.13 | 0.28 |

Notes:

- (1) Computed based on NA attributable to owners of our Company divided by number of SAMEE Shares in issue.
- (2) Computed based on interest-bearing borrowings divided by NA attributable to owners of our Company.
- (3) Computed based on interest-bearing borrowings less cash and bank balances divided by NA attributable to owners of our Company.
- (4) Not applicable as our Group would be in a net cash position after taking into account the proceeds from the Rights Issue.
- (5) After deducting estimated expenses of approximately RM4.00 million in relation to the Corporate Exercises.
- (6) Assuming our Group will repay RM83.61 million in bank borrowings after taking into consideration the Vendor's Advances which remain outstanding and owing to the Vendor by Aviatron together with interest accrued thereon as at 31 March 2023 of RM197.59 million. For information purposes, the quantum for the repayment of bank borrowings above differs from Section 4 of this Abridged Prospectus as the maximum amount of the Vendor's Advances together with the interest accrued thereon assumed to be repaid by our Company for the purposes of showing the pro forma effects has to be based on the outstanding amount as at 31 March 2023 of RM197.59 million based on Aviatron's audited financial statements for the FYE 31 March 2023. In view that the Vendor's Advances together with interest accrued thereon as at LPD is RM198.74 million, the difference of RM1.15 million (RM198.74 million less RM197.59 million) is assumed to be utilised for the repayment of bank borrowings.

9.3 Substantial shareholders' shareholdings

The Acquisition will not have any effect on the substantial shareholders' shareholding as the Acquisition does not involve any issuance of new SAMEE Shares.

The pro forma effect of the Rights Issue on the substantial shareholders' shareholding based on the Register of Substantial Shareholders of our Company as at the LPD are as follows:

Assuming all Entitled Shareholders and/or their renounee(s)/transferee(s) subscribe in full for their respective entitlements under the Rights Issue

| | As at the LPD | | | | After the Rights Issue | | | |
|---------|---------------|-------|----------------------------|-------|------------------------|-------|----------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| SAMPL | 338,462,704 | 62.49 | - | - | 423,078,380 | 62.49 | - | - |
| Accuron | - | - | ⁽¹⁾ 338,462,704 | 62.49 | - | - | ⁽¹⁾ 423,078,380 | 62.49 |
| Temasek | - | - | ⁽²⁾ 338,462,704 | 62.49 | - | - | ⁽²⁾ 423,078,380 | 62.49 |

Notes:

- (1) Deemed interested by virtue of its shareholding in SAMPL pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of its shareholding in Accuron pursuant to Section 8(4) of the Act. SAMPL and Accuron are independently-managed Temasek portfolio companies and Temasek is not involved in their business or operating decisions. Accuron is a wholly-owned subsidiary of Temasek and Temasek's sole shareholder is the Singapore Minister for Finance, a body corporate pursuant to the Singapore Minister for Finance (Incorporation) Act 1959.

Assuming none of the Entitled Shareholders and/or their renounee(s)/transferee(s) subscribes for their respective entitlements under the Rights Issue and only SAMPL subscribes in full for its entitlement as well as apply and subscribe for the maximum number of Undertaking Shares

| | As at the LPD | | | | After the Rights Issue | | | |
|---------|---------------|-------|----------------------------|-------|------------------------|-------|----------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| SAMPL | 338,462,704 | 62.49 | - | - | 473,860,061 | 70.00 | - | - |
| Accuron | - | - | ⁽¹⁾ 338,462,704 | 62.49 | - | - | ⁽¹⁾ 473,860,061 | 70.00 |
| Temasek | - | - | ⁽²⁾ 338,462,704 | 62.49 | - | - | ⁽²⁾ 473,860,061 | 70.00 |

Notes:

- (1) Deemed interested by virtue of its shareholding in SAMPL pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of its shareholding in Accuron pursuant to Section 8(4) of the Act. SAMPL and Accuron are independently-managed Temasek portfolio companies and Temasek is not involved in their business or operating decisions. Accuron is a wholly-owned subsidiary of Temasek and Temasek's sole shareholder is the Singapore Minister for Finance, a body corporate pursuant to the Singapore Minister for Finance (Incorporation) Act 1959.

9.4 Earnings and EPS

The Corporate Exercises are not expected to have any material impact on the earnings of our Group and EPS for the FYE 31 March 2024 as the Corporate Exercises are only expected to be completed in the first quarter of 2024.

For illustrative purposes only, based on the latest unaudited consolidated financial statements of our Company for the 6-month FPE 30 September 2023, the pro forma effects of the Corporate Exercises on the earnings of our Group and EPS are as follows:

| | <u>RM'000</u> |
|--|---------------|
| Profit attributable to the owners of our Company for the 6-month FPE 30 September 2023 | 53,162 |
| Add : Aviatron's PAT for the 6-month FPE 30 September 2023 | 6,120 |
| Add : Interest saving for from repayment of the Vendor's Advances (net of tax) ⁽¹⁾ | 5,756 |
| Add : Interest saving for from repayment of bank borrowings (net of tax at 24%) ⁽²⁾ | 1,888 |
| Pro forma profit attributable to the owners of our Company after the Corporate Exercises for the 6-month FPE 30 September 2023 | <u>66,927</u> |
| Number of SAMEE Shares in issue ('000): | |
| - Before the Corporate Exercises | 541,589 |
| - After the Corporate Exercises | 676,986 |
| EPS (sen): | |
| - Before the Corporate Exercises | 9.82 |
| - After the Corporate Exercises | 9.89 |

Notes:

- (1) *Based on the actual interest charged by the Vendor to Aviatron in the 6-month FPE 30 September 2023.*

The interest saving from the repayment of Vendor's Advances was arrived at as follows:

$$\begin{aligned} & \text{Actual interest charged} - (\text{Actual interest charged} - \text{interest exempted from tax}^*) \times \text{corporate tax rate} \\ & = \text{RM6.15 million} - (\text{RM6.15 million} - \text{RM4.51 million}) \times 24\% \\ & = \text{RM5.76 million} \end{aligned}$$

* *Aviatron was granted an income tax exemption for the approved promoted activities in 2017 for a period of 10 years effective from 1 April 2014 as determined by the Ministry of Investment, Trade and Industry of Malaysia with a possible extension for a period of 5 years, subject to certain conditions being complied with. Thus, the interest savings are related to the approved promoted activities which are exempted from tax.*

After Aviatron becomes our Company's subsidiary upon the completion of the Acquisition, any inter-company transactions including the interest payment by Aviatron to SAMEE will be eliminated on consolidation. Accordingly, at Group level, there will be a reduction in interest expense which is shown as interest savings to our Group.

- (2) *Based on the repayment of bank borrowings of approximately RM82.42 million which has an average interest rate of approximately 6.03% per annum for the 6-month FPE 30 September 2023.*

The interest saving from repayment of bank borrowings was arrived at as follows:

$$\begin{aligned} & (\text{Amount of bank borrowings to be repaid} \times \text{interest rate}) \times (1 - \text{corporate tax rate}) \\ & = (\text{RM82.42 million} \times 6.03\%) \times (1 - 24\%) / 2 \\ & = \text{RM1.88 million} \end{aligned}$$

Moving forward, the Rights Issue is expected to contribute positively to SAMEE's consolidated earnings for the ensuing financial years, when the benefits of the proposed utilisation of proceeds are realised.

9.5 Convertible securities

As at the LPD, our Company does not have any outstanding convertible securities.

10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working capital and sources of liquidity

Our Group's working capital is funded through existing cash and bank balances, cash generated from operating activities and credit facilities from financial institutions.

As at the LPD, our Group's cash and bank balances stood at RM72.48 million and our Group has unutilised credit facilities of RM539.10 million.

Apart from the sources of liquidity described above, our Group does not have access to other material unused sources of liquidity as at the LPD.

Our Board has confirmed that, after taking into consideration the existing cash and bank balances, cash generated from operating activities, available credit facilities and the proceeds to be raised from the Rights Issue, the Acquisition as well as the material commitment as disclosed in Section 10.4 of this Abridged Prospectus, our Group has sufficient working capital for a period of 12 months from the date of this Abridged Prospectus.

10.2 Borrowings

As at the LPD, our Group's total outstanding borrowings (all of which are interest-bearing) are as follows:

| Borrowings | USD'000 | RM'000 |
|--|----------------|----------------|
| <u>Short term borrowings – variable rate</u> | | |
| Term loans | 1,630 | 7,553 |
| Revolving credits | 66,620 | 308,584 |
| Trust receipts/Promissory notes | 27,847 | 128,985 |
| <u>Long term borrowings – variable rate</u> | | |
| Term loans | 4,413 | 20,440 |
| Total | 100,510 | 465,562 |

The borrowings of our Group are mainly used for the purchase of properties, machineries, equipment, raw materials and overheads. Our Group has not defaulted on payments of either interest and/or principal sums on any borrowings for the past one (1) financial year and the subsequent financial period up to the LPD.

10.3 Contingent liabilities

Our Board confirms that as at the LPD, there are no contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or NA of our Group.

10.4 Material commitments

Our Board confirms that as at the LPD, there are no material commitments incurred or known to be incurred by our Group which may have a material impact on the profits or NA of our Group, save as disclosed below:

| | |
|--|--------|
| Capital commitments mainly for acquisition of machineries and equipment ⁽¹⁾ as well as warehouse automation hardware and system | 43,935 |
|--|--------|

Note:

- (1) *Mainly for the purchase of milling machines and flexible manufacturing system used in our Group's manufacturing process.*

Our Group will fund the abovementioned material commitments through internally-generated funds and/or bank borrowings.

10.5 Material transactions

Our Board confirms that save for the Corporate Exercises, there are no other transactions which may have a material effect on our Group's operations, financial position and results since the date of announcement of our Group's latest unaudited financial report for the quarter ended 30 September 2023.

11. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES AS WELL AS EXCESS RIGHTS SHARES APPLICATIONS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR/HIS RIGHTS ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE RSF. YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY. IN ACCORDANCE WITH SECTION 232(2) OF THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

ACCEPTANCE OF AND/OR PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WHICH DO NOT CONFORM STRICTLY TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE RSF OR THE NOTES AND INSTRUCTIONS PRINTED THEREIN OR WHICH ARE ILLEGIBLE MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

11.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares that you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Provisional Rights Shares, as well as to apply for Excess Rights Shares if you choose to do so.

This Abridged Prospectus and the RSF are also available at the registered office of our Company, our Share Registrar or on Bursa Securities' website at <https://www.bursamalaysia.com>.

11.2 NPA

The Provisional Rights Shares are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

11.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Rights Shares and the Excess Rights Shares application is on **Friday, 9 February 2024 at 5.00 p.m.**, being the Closing Date.

We shall make an announcement on Bursa Securities in relation to the outcome of the Rights Issue after the Closing Date.

11.4 Methods of acceptance and application

You may subscribe for the Provisional Rights Shares as well as apply for Excess Rights Shares, if you choose to do so, using either of the following methods:

| Method | Category of Entitled Shareholders |
|---------------------------------------|--|
| RSF | All Entitled Shareholders |
| Electronic Application ⁽¹⁾ | All Entitled Shareholders |
| Bursa Anywhere ⁽²⁾ | All Entitled Shareholders who have registered for Bursa Anywhere |
| NRS | Authorised Nominee who has subscribed for NRS |

Notes:

(1) *The following surcharge per Electronic Application via ATM will be charged by the Participating Financial Institutions:*

- (i) *Public Bank Berhad – RM4.00; and*
- (ii) *Affin Bank Berhad – RM4.00*

The following processing fee per Electronic Application via internet financial services website will be charged by the respective Participating Financial Institutions:

- (i) *Public Bank Berhad (<https://www.pbepbank.com>) – RM4.00; and*
- (ii) *Affin Bank Berhad (<https://www.affinbank.com.my>) – RM4.00*

(2) *A processing fee of RM2.00 per Electronic Application via Bursa Anywhere will be charged.*

11.5 Procedures for full acceptance and payment

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES, EXCESS RIGHT SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/TRANSFeree(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR PROVISIONAL RIGHTS SHARES ARE SET OUT IN THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN. IN ACCORDANCE WITH THE CMSA, THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

YOU AND/OR YOUR RENOUNCEE(S)/TRANSFeree(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

11.5.1 By way of RSF

Acceptance of and payment for the Provisional Rights Shares must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances and/or payments which do not strictly conform to the terms of this Abridged Prospectus, the NPA and RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Board. Our Share Registrar will not contact you, your renounee(s)/transferee(s) (if applicable) for such acceptances.

If you and/or your renouncee(s)/transferee(s) (if applicable) wish to accept either in full or in part of the Provisional Rights Shares of your entitlement, please complete Part I(A) and Part II of the RSF in accordance with the notes and instructions contained in the RSF. Each RSF that is completed and signed together with the relevant payment **(together with an additional payment of RM10.00 being the payment for stamp duty)** must be sent to our Share Registrar using the reply envelope provided (at your own risk) by **ORDINARY POST, COURIER or DELIVERED BY HAND** to the address stated below:

**Securities Services (Holdings) Sdn. Bhd.
(Registration No. 197701005827 (36869-T))**

Suite 18.05, MWE Plaza
No.8, Lebuhr Farquhar
10200 George Town, Penang
Tel No.: 604 – 263 1966
Fax No.: 604 – 262 8544

so as to arrive **not later than the Closing Date** being the last time and date for acceptance and payment for the Provisional Rights Shares.

If you and/or your renouncee(s)/transferee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/or your renouncee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbrokers, Bursa Securities' website (<https://www.bursamalaysia.com>), our Share Registrar at the address stated above or at our Company's registered office.

One (1) RSF can only be used for acceptance of Provisional Rights Shares standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Rights Shares standing to the credit of more than one (1) CDS Account(s). If successful, the Rights Shares subscribed for will be credited into the respective CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

The minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share. However, you and/or your renouncee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares comprises 100 Rights Shares, respectively. Fractions of Rights Shares, if any, shall be disregarded, and dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares allotted to you and/or your renouncee(s)/transferee(s) (if applicable) is not received by our Share Registrar by the **Closing Date**, you and/or your renouncee(s)/transferee(s) (if applicable) will be deemed to have declined the Provisional Rights Shares and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Provisional Rights Shares are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares to the applicants who have applied for the Excess Rights Shares in the manner as set out in Section 11.9.1 of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reason.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM (TOGETHER WITH AN ADDITIONAL PAYMENT OF RM10.00 BEING THE PAYMENT FOR STAMP DUTY) FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S) OR MONEY ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "SAMEE RIGHTS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR BY THE CLOSING DATE.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF. NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPACHED BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED OR ALLOWED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPACHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE). NO PHYSICAL SHARE CERTIFICATE WILL BE ISSUED.

11.5.2 By way of Electronic Application

All Entitled Shareholders who have bank account(s) with the Participating Financial Institutions may apply for the Rights Shares by way of Electronic Application

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs and internet financial services website of the Participating Financial Institutions before making an Electronic Application.

The procedures for Electronic Applications at the ATMs and internet financial services website of the Participating Financial Institutions are set out on the ATM screens and internet financial services website of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Applications are set out below. Please read carefully the terms of this Abridged Prospectus, the Steps and the Terms and Conditions of Electronic Applications set out in Section 11.5.2(ii) of this Abridged Prospectus before making an Electronic Application.

You must have an account with a Participating Financial Institution and an ATM card issued by a Participating Financial Institution or with access to internet financial services with Public Bank Berhad at <https://www.pbebank.com> or Affin Bank Berhad at <https://www.affinbank.com.my>.

You are advised to read and understand this Abridged Prospectus BEFORE making the application.

You shall apply for the Rights Shares via the ATM or internet financial services website of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are as set out in Section 11.5.2 of this Abridged Prospectus.

Upon the completion of your Electronic Application transaction via ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or our Share Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

For application via internet financial services website, a message from the Participating Financial Institutions pertaining to the payment status will appear on the screen of the website through which the online payment for the Provisional Rights Shares is being made. Subsequently, the Participating Financial Institutions shall confirm that the said application has been completed, via the confirmation screen in respect of your application ("**Confirmation Screen**") on their website. You are advised to print out the Confirmation Screen for your reference and record.

YOU MUST ENSURE THAT YOU USE THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN MAKING AN ELECTRONIC APPLICATION. IF YOU OPERATE A JOINT BANK ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTIONS, YOU MUST ENSURE THAT YOU ENTER THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

(i) Participating Financial Institutions

Electronic Applications may be made through an ATM or internet financial services websites of the following Participating Financial Institutions and their branches within Malaysia:

- (a) Public Bank Berhad; and
- (b) Affin Bank Berhad.

(ii) Terms and conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing therein:

- (a) You are required to confirm the following statements and undertake that the following information given are true to contract:
 - (aa) You have attained 18 years of age as at the Closing Date;
 - (bb) You have read the Abridged Prospectus and understood and agreed with the terms and conditions of the application; and

- (cc) You give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institutions, their respective agents and any third party involved in facilitating the application/ refunds, to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134(1)(a) of Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Provisional Rights Shares as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the ATM or screen of financial services websites of the Participating Financial Institutions through which the Electronic Application is being made, will be rejected.
- (d) You agree and undertake to subscribe for or purchase and to accept the number of Provisional Rights Shares applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the predesignated keys (or buttons)) of the number of Provisional Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Provisional Rights Shares that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institutions.

- (e) By making and completing your Electronic Application, you, if successful, request and authorise our Company to credit the Provisional Rights Shares allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository and you irrevocably agree that if:
- (aa) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or
- (bb) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institutions or Bursa Depository for the Provisional Rights Shares applied for or for any compensation, loss or damage relating to the application for the Provisional Rights Shares.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institutions at the time you make your Electronic Application shall be true and correct, and our Company, make our Share Registrar, the relevant Participating Financial Institutions and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (i) By making and completing an Electronic Application, you agree that:
 - (aa) In consideration of our Company agreeing to allow and accept your application for the Provisional Rights Shares via the Electronic Application facility established by the Participating Financial Institutions at their perspective ATMs and financial services websites, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
 - (bb) Our Company, the Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or any cause beyond our control;
 - (cc) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for the Provisional Rights Shares for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Provisional Rights Shares; and
 - (dd) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these terms/ instructions.
- (k) Notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the correspondence address as show on Bursa Depository's record at your own risk within the timelines as follows:
 - (aa) Successful application – a notice of allotment will be despatched within eight (8) Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities; or

- (bb) Unsuccessful/ partial successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note if the terms and conditions as stated in Section 11.5.2(ii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

11.5.3 By way of Bursa Anywhere

All Entitled Shareholders who are individuals and have bank account(s) in Malaysia and who have registered for Bursa Anywhere and subscribed for e-Dividend service may apply for the Rights Issue by way of Bursa Anywhere mobile application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, notices, terms and conditions for Bursa Anywhere before making an application.

The procedures for submitting an application at Bursa Anywhere are set out on the Bursa Anywhere mobile application screens. Please read carefully the terms of this Abridged Prospectus, the Steps and the Terms and Conditions as set out in Section 11.5.3(ii) of this Abridged Prospectus before making an application.

You are advised to read and understand this Abridged Prospectus BEFORE making the application.

Upon completion of your application transaction via Bursa Anywhere, you will receive a push notification from Bursa Anywhere and a message in your Bursa Anywhere account inbox on the request of your Rights Shares subscription. The notification message is only a record of the completed transaction at Bursa Anywhere.

(i) Procedures for submitting an application through Bursa Anywhere:

- (a) Launch the Bursa Anywhere application on your handphone and login using your username and password.
- (b) Upon successful login, choose the "My Services" at the bottom of the screen and then select "Corporate Action" and then "eRights".
- (c) Next, select "Submit Application", and you will see a screen that informs you to agree with the Terms & Conditions and Notices that governs your Rights Shares application via Bursa Anywhere.
- (d) Click on the hyperlink of Terms & Conditions and Notices. You must read and understand the Terms & Conditions and Notices before you click "Agree" to proceed to the next page.
- (e) Click "Agree" to proceed to a landing page for you to select the Rights Shares that you would like to subscribe to.
- (f) Select the Rights Issue that you want to apply.

- (h) You are also required to click on the hyperlink to the “Declaration”. Read and understand the clauses of the “Declarations”.
- (i) Upon the completion of the above, at the bottom of the Rights Issue detail page you are required to swipe the toggle to the right to indicate that you have read and understood the Abridged Prospectus as well as accepted and made the declarations stated in the “Declaration”.
- (j) Next, select the CDS account for your Rights Shares subscription and click “NEXT”.
- (k) You will come to a page for you to fill up for entitled and excess Rights Shares subscription. You have the options to select either “Entitle only”, “Excess only” and “Entitled & Excess” for your Right Securities subscription.
- (l) Select the subscription type, enter the number of units that you would like to subscribe. Click “NEXT” once you complete the required information.
- (m) You will come to a “Preview” page, where it displays the following information of your subscription.
 - units and Ringgit amount of your Rights Shares subscriptions
 - Subscription Fee (charged by Bursa Malaysia)
 - Tax, if applicable
 - Stamp duty, if applicable
- (n) Check the summary information on the “Preview” page. Click “CONFIRM” at the bottom of the same page, if the information is correct.
- (o) Next, you will receive a six-digit SMS TAC verification code via your mobile phone (the mobile number that you registered with Bursa Anywhere).
- (p) You are required to key-in and submit the verification code.
- (q) Upon successful validation of the verification code, you will be led to the Payment Gateway for payment.
- (r) You are required to select the bank for your Rights Shares subscription payment. (IMPORTANT NOTE: You are required to use the bank account that you have registered for Bursa Depository's e-Dividend service. Your subscription will be rejected if another bank account is used for payment. You will be notified if your subscription is rejected. Your subscription monies will be refunded within three (3) working days, to your subscription bank account that you have just subscribed.
- (s) You will be brought to your selected bank login page for payment.
- (t) Once payment is made successfully via your selected bank, you will be brought to the “Thank You” page, which displays your bank transaction details.
- (u) Click “DONE” at the bottom, you will be led back to the My Service landing page.
- (v) You will receive a push notification message in your Bursa Anywhere account inbox.
- (w) You can make multiple applications during the subscription period subject to the maximum quantity you are entitled.

(ii) Terms and conditions of applications via Bursa Anywhere

- (a) The electronic copy of the Abridged Prospectus is available at the “Prospectus” landing page of “Corporate Announcement” at Bursa Securities’ website and can be accessed via the hyperlink in Bursa Anywhere. You have read the Abridged Prospectus prior to making an investment decision and should make the investment decision based on the Abridged Prospectus rather than on advertising or promotional materials. The securities offered are offered by our Company solely on the basis of the information contained in the Abridged Prospectus.
- (b) Our Company has appointed Bursa Depository to provide eRights Services via Bursa Anywhere. Bursa Depository is not responsible for, has not authorised and shall not be deemed to have authorised the contents of the electronic copy of Abridged Prospectus and therefore, shall not have any liability in respect of the electronic copy of Abridged Prospectus or the application submitted by way of Bursa Anywhere.
- (c) The physical printed copy of the Abridged Prospectus is available upon request from our Company at the location specified in the Abridged Prospectus during the offer period.
- (d) You may also obtain a physical printed copy of the Abridged Prospectus from the participating organisation(s) set out in the respective Abridged Prospectus.
- (e) Payment of subscription to the Rights Issue via Bursa Anywhere is required to be made from your e Dividend bank account. Failing which, the request of the eRights application will be rejected.
- (f) By submitting an eRights application from Bursa Anywhere, then you confirm that:
- You have read and understood the contents of the Abridged Prospectus;
 - You have read and agreed to be bound by these terms and conditions and notices for application of Rights Issue and the terms and conditions of Bursa Anywhere;
 - You are eligible to apply for the Right Securities in Malaysia or in jurisdictions where the securities offering is intended to be available;
 - You irrevocably consent to the receipt of any cash payment or refund in relation to the eRights application to be made via direct credit into the eDividend bank account; and
 - You agree to give irrevocable consent to Bursa Depository to disclose your information, including bank account information, which are necessary or expedient to the relevant entities involved in facilitating the payment of any cash payments or refunds via direct credit into eDividend bank account in relation to the application.
- (g) Applications shall close at the Closing Date or such later date and time as our Board may decide and announce.
- (h) An application is deemed to be received by Bursa Anywhere only upon its completion, that is, when you have:

- successfully made full subscription payment via the payment gateway; and
 - received an email indicating that the application has been submitted to our Company and/or our Share Registrar
- (i) You are advised to print out and retain a copy of the Transaction Records for record purposes. The Transaction Records are only a record of the completed transactions received at Bursa Anywhere and not a record of the receipt of the application or any data relating to such as application by the Issuer or our Share Registrar. No application or monies can be accepted electronically in respect of the securities offered once the offer closes on the Closing Date.
- (j) Upon your receipt of the Transaction Record, cancellation of the application will not be allowed.
- (k) Bursa Depository shall not be liable for any applications made through any alternative methods of application.
- (l) If Bursa Depository has any reason to believe that the electronic copy of the Abridged Prospectus or processes for collection and handling of applications via Bursa Anywhere have been tampered with, Bursa Depository may reject the application and Bursa Depository shall not be liable for such rejection.
- (m) No securities will be allotted or issued on the basis of the Abridged Prospectus after the Closing Date. Bursa Depository, Bursa Securities and Bursa Malaysia Berhad do not guarantee any allotment of securities as a result of the application via Bursa Anywhere and are not responsible for any non-allotment of Rights Shares or part thereof by our Company pursuant to the application via Bursa Anywhere.
- (n) Any request for any refunds related to the allotment of Rights Shares must be referred to our Company.
- (o) No refund for any subscription fee charged by Bursa Depository and applicable tax (if any), will be made to you if your subscription is rejected by our Share Registrar.
- (p) The electronic copy of Abridged Prospectus made available on the Bursa Securities' website after the Closing Date as described in the terms and conditions is made available solely for informational and archiving purposes.
- (q) Risk of submitting the application from Bursa Anywhere:
- (aa) By submitting an application from Bursa Anywhere, you agree to assume the risks associated with conducting transactions online, including risks of electrical, electronic, technical and mobile-related faults and breakdowns, faults with mobile applications, problems occurring during data transmission, mobile security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of Bursa Depository, and/or our Company. You acknowledge that the aforementioned events may result in (i) interruption, transmission blackout or delayed transmission; and/or (ii) incorrect data transmission due to the public nature of the Internet and agrees to bear such risks.

The applicant agrees that neither Bursa Depository, Bursa Securities, Bursa Malaysia Berhad, our Company nor our Share Registrar shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data, breakdown or failure in communication facilities or due to any cause beyond their control.

- (bb) If, Bursa Depository, our Company and/or our Share Registrar does not receive your application and/or the relevant payment, or in the event that any data relating to the application is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an application. In such an event, you shall have no claim whatsoever against Bursa Depository and/or Bursa Securities and/or Company and/or our Share Registrar, in relation to the purported application.
- (r) Instead of submitting an application via Bursa Anywhere, you may alternatively submit applications through the existing manual paper-based application method as well as other means of application specified in the Abridged Prospectus, such as via ATM or internet facilities of financial institutions offering such services within Malaysia and such other methods as may from time to time be permitted by the SC.
- (s) In the event a supplementary Abridged Prospectus is issued, you are entitled to revise or withdraw your application by contacting our Share Registrar directly. Bursa Depository or Bursa Anywhere will not be able to facilitate any revision or withdrawal of the application in such circumstances.
- (t) Bursa Depository is committed to protecting the security of the applicant's personal information. It uses a variety of security technologies and procedures, to help protect the confidentiality and security of an applicant's personal information provided through Bursa Anywhere, from unauthorised access, use, or disclosure. In addition, Bursa Depository has put in place appropriate measures to minimise the risks of unauthorised access and to maintain the security of the information it collects through Bursa Anywhere.

11.5.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. All Entitled Shareholders who are Authorised Depository Agents (“ADAs”), Authorised Direct Members (“ADMs”) and nominee companies and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and user guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application:

(i) Steps for application via NRS

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and the Rights Shares Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's user guide for NRS, on the next business day after the Entitlement Date.

- (c) A notification of the delivery of the Abridged Prospectus and the Rights Shares Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, BEFORE making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue.
- (f) To apply for the Provisional Rights Shares, you will be required to submit your subscription information via Rights Shares Subscription File which is to be prepared based on the format as set out in Bursa Depository's user guide for NRS.
- (g) Once completed, you will need to submit the Rights Shares Subscription File to Bursa Depository at any time daily before 5:00 p.m., but in any event no later than the Closing Date.
- (h) Together with the Rights Shares Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
 - (aa) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed;
 - (bb) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Provisional Rights Shares which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:
 - Bank : MALAYAN BANKING BERHAD
 - Account Name : SAMEE Rights Account
 - Bank Account No. : 557380448049
- (j) Upon completion of the transfer/ payment, you may receive a transaction slip from the transacting financial institution confirming the details of your transfer/ payment. The transaction slip is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The transaction slip is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Rights Shares electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (aa) Successful application – an electronic notification will be sent to you within eight (8) Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities; or
 - (bb) Unsuccessful/ partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within 15 Market Days from the Closing Date.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown in Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Rights Shares submitted under NRS will be irrevocable upon submission of the Rights Shares Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and Conditions for application via NRS

The application via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's user guide for NRS as well as the terms and conditions appearing herein:

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134(1)(a) of Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on your Rights Shares Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights Shares that may be allotted to you.
- (c) You acknowledge that by completing and submitting the Rights Shares Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Shares allotted to you into the respective CDS Account(s) as indicated in the Rights Shares Subscription File.
- (d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:
 - (aa) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or

- (bb) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository, you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares.
- (e) By completing and submitting the Rights Shares Subscription File to Bursa Depository, you agree that:
 - (aa) In consideration of our Company agreeing to allow and accept your application for the Rights Shares via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
 - (bb) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (cc) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Shares issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and
 - (dd) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.

Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

11.6 Procedures for part acceptance by Entitled Shareholders

You are entitled to accept part of your Provisional Rights Shares provided always that the minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share. Fractions of a Rights Share arising from the Rights Issue, if any, shall be disregarded and dealt with in a fair and equitable manner as our Board deems fit and expedient and in the best interests of our Company.

You must complete both Parts I(A) and II of the RSF by specifying the number of Rights Shares which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 11.5 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Rights Shares that have not been accepted will be made available to the applicants of the Excess Shares application.

11.7 Procedures for sale or transfer of Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, you may dispose or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more person(s) through your stockbrokers for the period up to the last date and time for sale or transfer of the Provisional Rights Shares, without first having to request for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To dispose or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have disposed or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(A) and II of the RSF. Please refer to Sections 11.5 and 11.6 of this Abridged Prospectus for the procedure for acceptance and payment.

In disposing or transferring all or part of your Provisional Rights Shares, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares standing to the credit of your CDS Account that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Rights Shares may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers or from our Share Registrar, or at our Registered Office. This Abridged Prospectus and RSF are also available on the website of Bursa Securities at <https://www.bursamalaysia.com>.

11.8 Procedures for acceptance by renouncee(s)/transferee(s)

Renouncee(s)/transferee(s) (if applicable) who wish to accept the Provisional Rights Shares must obtain a copy of the RSF from their stockbrokers or our Share Registrar, or at our Registered Office or from Bursa Securities' website at <https://www.bursamalaysia.com>. Please complete the RSF and submit the same together with the remittance to our Share Registrar at the address as set out in Section 11.5.1 of this Abridged Prospectus in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Sections 11.5 and 11.6 of this Abridged Prospectus also applies to renouncee(s)/transferee(s) (if applicable) who wish to accept the Provisional Rights Shares.

RENOUNCEE(S)/TRANSFEREE(S) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

11.9 Procedures for application for Excess Rights Shares

THE PAYMENT MUST BE MADE FOR THE EXACT AMOUNT PAYABLE FOR THE EXCESS RIGHTS SHARES APPLIED FOR. ANY EXCESS OR INSUFFICIENT PAYMENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES. HOWEVER, IF YOUR EXCESS APPLICATION IS SUCCESSFUL, THE RIGHTS SHARES WILL BE CREDITED INTO YOUR CDS ACCOUNT AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED OR ALLOWED BY BURSA SECURITIES.

APPLICATIONS FOR THE EXCESS RIGHTS SHARES SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

11.9.1 Basis of allocation of the Excess Rights Shares

It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable basis in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings in our Company as per their CDS accounts as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares applied for; and
- (iv) finally, for allocation to the renouncee(s)/transferee(s) of the Entitled Shareholders (if applicable) who have applied for the Excess Rights Shares, on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares applied for.

In the event of any balance of the Excess Rights Shares which remain unallocated after steps (i), (ii), (iii) and (iv) are completed, steps (ii), (iii) and (iv) shall be repeated in the same sequence to allocate such remaining balance of the Excess Rights Shares to the Excess Rights Shares applicants until all the Excess Rights Shares are fully allocated and that or in the event of any balance Excess Rights Shares after the completion and repetition of steps (ii), (iii) and (iv), such balance unallocated Excess Rights Shares shall be allocated and issued to SAMPL pursuant to the Undertaking at the issue price of RM3.60 per Rights Share.

Nevertheless, our Board reserves the right to allocate any Excess Rights Shares applied for in such manner as it deems fit, expedient and in the best interests 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 steps (i) to (iv) above is achieved. Our Board also reserves the right at its absolute discretion to accept any application for Excess Rights Shares, in full or in part, without assigning any reason thereto.

The final basis of allocation of the Excess Rights Shares will be announced on Bursa Securities together with the result of the total valid acceptances and excess Rights Shares applications after the Closing Date.

11.9.2 By way of RSF

If you, your renouncee(s)/transferees (if applicable) wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a **separate remittance made in RM** for the full amount payable for the Excess Rights Shares applied. The completed RSF together with the payment must be received by our Share Registrar no later than the Closing Date.

PAYMENT FOR THE EXCESS RIGHTS SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 11.5 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S) OR MONEY ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "SAMEE EXCESS RIGHTS ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME IN BLOCK LETTERS, CONTACT NUMBER AND CDS ACCOUNT NUMBER TO BE RECEIVED BY OUR SHARE REGISTRAR BY THE CLOSING DATE.

THE PAYMENT MUST BE MADE FOR THE FULL AND EXACT AMOUNT PAYABLE FOR THE EXCESS RIGHTS SHARES APPLIED FOR. ANY EXCESS OR INSUFFICIENT PAYMENT MAY BE REJECTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. CHEQUES OR OTHER MODE(S) OF PAYMENT NOT PRESCRIBED HEREIN ARE NOT ACCEPTABLE.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE MADE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

APPLICANTS ARE NOT ALLOWED TO WITHDRAW THE RSF AND PAYMENT ONCE THEY HAVE BEEN LODGED WITH OUR SHARE REGISTRAR.

11.9.3 By way of Electronic Application

You and/or your renounee(s)/transferee(s) (if applicable), may apply for the Excess Rights Shares via Electronic Application in addition to your Provisional Rights Shares. If you wish to do so, you may apply for the Excess Rights Shares by following the same steps as set out in Section 11.5.2 of this Abridged Prospectus.

The Electronic Application for excess Rights Shares will be made on, subject to, the same terms and conditions appearing in Section 11.5.2 of this Abridged Prospectus. Any Rights Shares which are not taken up or not validly taken up by you and/or your renounee(s)/transferee(s) (if applicable) shall be made available for Excess Rights Shares application. It is the intention of our Board to allocate the Excess Rights Shares, if any, on a fair and equitable basis and in the priority and basis as detailed in Section 11.9.1 above.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT IF YOU HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY FOR THE PURPOSE OF CASH DIVIDEND/ DISTRIBUTION. IF YOU HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY THE REFUND WILL BE BY ISSUANCE OF CHEQUE AND SHALL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE CLOSING DATE.

11.9.4 By way of Bursa Anywhere

You and/or your renounee(s)/transferee(s) (if applicable) may apply for the Excess Rights Shares in excess of your entitlement via Bursa Anywhere mobile application in addition to your Provisional Rights Shares. If you wish to do so, you may apply for the Excess Rights Shares by following the same steps as set out in Section 11.5.3 of this Abridged Prospectus. The application for Excess Rights Shares will be made on, subject to, the same terms and conditions.

Any Rights Shares which are not taken up or not validly taken up by you and/or your renounee(s)/transferee(s) (if applicable) shall be made available for Excess Rights Shares. It is the intention of our Board to allocate the Excess Rights Shares, if any, on a fair and equitable basis and in the priority and basis as detailed in Section 11.9.1 above.

11.9.5 By way of NRS

You and/or your renounee(s)/transferee(s) (if applicable) may apply for the excess Rights Shares in excess of your entitlement via NRS in addition to your provisional allotment of Rights Shares. If you wish to do so, you may apply for the excess Rights Shares by following the same steps as set out in Section 11.5.4 of this Abridged Prospectus save and except for the amount payable to be directed to our bank account for the Excess Rights Shares applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the Rights Shares Subscription File. The details of our bank account are as follows:

Bank : MALAYAN BANKING BERHAD
Account Name : SAMEE Excess Rights Account
Bank Account No. : 557380448033

The NRS for Excess Rights Shares will be made on, subject to, the same terms and conditions appearing in Section 11.5.4 of this Abridged Prospectus.

Any provisional allotment of Rights Shares which are not taken up or not validly taken up by you and/or your renounee(s)/transferee(s) (if applicable) shall be made available for Excess Rights Shares. It is the intention of our Board to allocate the Excess Rights Shares, if any, on a fair and equitable basis and in the priority and basis as detailed in Section 11.9.1 above.

11.10 Form of issuance

Bursa Securities has already prescribed SAMEE Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, the SICDA and the Rules of Bursa Depository shall apply to all dealings in the Rights Shares.

Failure to comply with these specific instructions for application or inaccuracy in the CDS Account number may result in the application being rejected.

Your subscription for the Rights Shares shall signify your consent to receiving such Rights Shares as deposited securities that will be credited directly into your CDS Account. No physical share certificates will be issued to you under the Rights Issue.

Where the Rights Shares are provisionally allotted to the Entitled Shareholders in respect of their existing SAMEE Shares standing to the credit in their CDS Account as at the Entitlement Date, the acceptance by the Entitled Shareholders of the Provisional Rights Shares shall mean that they consent to receive such Rights Shares as prescribed or deposited securities which will be credited directly into their CDS Account.

Any person who has purchased the Provisional Rights Shares or to whom the Provisional Rights Shares has been transferred and intends to subscribe for the Rights Shares must state his or her CDS Account number in the space provided in the RSF. The Rights Shares will be credited directly as prescribed or deposited securities into his or her CDS Account upon allotment and issuance.

All Excess Rights Shares, if allotted to the successful applicant who applies for excess Rights Shares, will be credited directly as prescribed securities into his or her CDS Account. The allocation will be made on a fair and equitable basis in such manner as our Board in its absolute discretion deems fit and expedient and in the best interest of our Company, as disclosed in **Section 11.9.1** of this Abridged Prospectus. If you have multiple CDS Accounts into which the Provisional Rights Shares have been credited, you cannot use a single RSF to accept all these Provisional Rights Shares. Separate RSF(s) must be used for acceptance of Provisional Rights Shares credited into separate CDS Accounts. If successful, the Rights Shares that you subscribed for will be credited into the CDS Accounts where the Provisional Rights Shares are standing to the credit.

11.11 Notice of allotment

Within five (5) Market Days after the Closing Date, our Company will make the relevant announcement on Bursa Securities' website in relation to the subscription rate of the Rights Issue.

Upon allotment of the Rights Shares in respect of your acceptance and/or your renounee(s)/transferee(s)' acceptance (if applicable) and Excess Rights Shares application (if any), the Rights Shares shall be credited directly into the respective CDS Account where the Provisional Rights Shares were credited. A notice of allotment will be despatched to you and/or your renounee(s)/transferee(s) (if applicable) by ordinary post within eight (8) Market Days from the Closing Date or such other period as may be prescribed or allowed by Bursa Securities, to the address last shown on the Record of Depositors provided by Bursa Depository at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Issue or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you. The refund will be by credited directly into your bank account if you have provided such bank account information to Bursa Depository for the purposes of cash dividend/distribution. If you have not provided such bank account information to Bursa Depository, the refund will be made by way of issuance of cheque and will be despatched to you within 15 Market Days from the Closing Date by ordinary post to the address last shown on the Record of Depositors provided by Bursa Depository at your own risk.

Please note that a completed RSF and the payment thereof, once lodged with our Share Registrar, cannot be withdrawn subsequently.

11.12 Foreign-Addressed Shareholders

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign country or jurisdiction other than Malaysia.

The distribution of this Abridged Prospectus, the NPA and the RSF, as well as the acceptance of the Provisional Rights Shares and the subscription for or the acquisition of the Rights Shares may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain countries or jurisdiction under the relevant laws of those countries or jurisdictions.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed made or offered for acquisition or subscription of any Rights Shares, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus, the NPA and the RSF electronically or otherwise within Malaysia.

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from our Share Registrar, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

Our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia or an address for service in Malaysia if not otherwise stated on the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

A Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) may only accept or renounce all or any part of his/their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so, and our Company, our Board and officers, Maybank IB and/or the advisers named herein ("**Parties**") would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or might be subject to.

The Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) shall be solely responsible to seek advice from his/their legal and/or professional advisers as to whether the acceptance or renunciation in any manner whatsoever of his entitlement under the Rights Issue would result in the contravention of the laws of the countries or jurisdictions to which he/they is/are or might be subject to. The Parties shall not accept any responsibility or liability in the event any acceptance or renunciation made by any Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of his/their entitlements or to any net proceeds thereof.

Our Company reserves the right, in its absolute discretion, to treat any acceptances as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of Rights Shares available for excess application by other Entitled Shareholders and/or their renounee(s)/transferee(s).

Each person, by accepting the delivery of this Abridged Prospectus, the NPA and the RSF, accepting any Provisional Rights Shares by signing any of the forms accompanying this Abridged Prospectus or subscribing for or acquiring the Rights Shares, will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is or might be subject to;
- (ii) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) has complied with the laws to which the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) is or might be subject to in connection with the acceptance or renunciation of the Provisional Rights Share;

- (iii) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) is/are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;
- (v) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renounee's decision to subscribe for or purchase the Rights Shares; and
- (vi) the Foreign-Addressed Shareholder and/or his renounee(s)/transferee(s) (if applicable) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN-ADDRESSED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE TO THEM. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS ABRIDGED PROSPECTUS AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

12. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions as set out in this Abridged Prospectus, the NPA and RSF enclosed herewith.

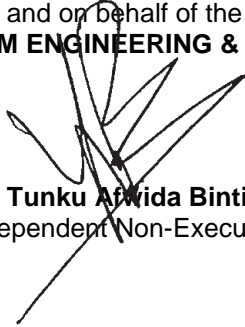
13. FURTHER INFORMATION

You are requested to refer to the enclosed appendices in this Abridged Prospectus for further information.

Yours faithfully

For and on behalf of the Board of

SAM ENGINEERING & EQUIPMENT (M) BERHAD



YM Tunku Afwida Binti Dato' Tunku Abdul Malek

Independent Non-Executive Director

APPENDIX I – INFORMATION ON AVIATRON**1. HISTORY**

Aviatron was incorporated in Malaysia on 7 January 2011 under the Companies Act, 1965 and is deemed registered under the Act.

As at the LPD, the issued share capital of Aviatron is RM30,000,000 comprising 30,000,000 Aviatron Shares.

Aviatron is principally involved in the manufacturing of aircraft structure parts and precision and engineering components. Additionally, Aviatron also provides special process services and machining services. Aviatron's principal products are engine nacelle beams which are used in Boeing and Airbus aircrafts. Aviatron commenced business in 2011 and is currently operating from its factory premises which are situated at Penang Science Park in Penang. Aviatron's raw materials are mainly sourced from US and Europe for the purpose of manufacturing its principal products above.

The principal markets for Aviatron's products and services are the US and Mexico. The breakdown of Aviatron's sales between its local and international customers for the past three (3) FYE 31 March 2021, 31 March 2022 and 31 March 2023 are as follows:

| | FYE 31 March | | | | | |
|-------------------------|---------------|---------------|---------------|---------------|----------------|---------------|
| | 2021 | | 2022 | | 2023 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Local customers | 1,849 | 2.37 | 3,449 | 3.55 | 14,307 | 11.32 |
| International customers | 76,148 | 97.63 | 93,723 | 96.45 | 112,120 | 88.68 |
| Total | 77,997 | 100.00 | 97,172 | 100.00 | 126,427 | 100.00 |

Aviatron's local customers are certain subsidiaries of our Group. Aviatron provides special process services and machining services to these subsidiaries of our Group.

Aviatron currently occupies an industrial complex (comprising a single-storey factory annexed with a double-storey office building and ancillary buildings) with an aggregate built-up area of approximately 316,000 square feet located on Plot 309 and Plot 309a, which are leased by Aviatron from Penang Development Corporation. Part of the Land and Buildings is currently being used by Aviatron for its principal activity of manufacturing of aircraft structure parts and manufacturing of precision and engineering components while a portion of the Land and Buildings is currently being rented to SAM Precision for its principal activity of fabrication of precision tools and machinery parts and manufacture of aircraft and other equipment parts, spares, components and precision engineering parts.

The annual production capacity and output of Aviatron for the past three (3) FYE 31 March 2021, 31 March 2022 and 31 March 2023, are as follows:

| | FYE 31 March | | |
|------------------------------|--------------|-------|-------|
| | 2021 | 2022 | 2023 |
| Production capacity (pieces) | 2,000 | 2,200 | 2,924 |
| Production output (pieces) | 1,048 | 1,308 | 1,767 |
| Utilisation (%) | 52.40 | 59.45 | 60.43 |

APPENDIX I – INFORMATION ON AVIATRON (Cont'd)

The low utilisation rate for the past three (3) FYE 31 March 2021, 31 March 2022 and 31 March 2023 is due to lower demand from Aviatron's customers as a result of the COVID-19 pandemic. The utilisation rate increased gradually since FYE 31 March 2021 to FYE 31 March 2023 mainly due to the gradual increase in demand from its customers as a result of the recovery of the aerospace industry which was earlier affected by the COVID-19 pandemic. The increase in production capacity in FYE 31 March 2023 was due to the increase in capacity for a newly introduced product i.e. engine nacelle beams for Airbus 220 aircraft.

Based on Aviatron's audited financial statements for the FYE 31 March 2023, Aviatron's material assets comprise the following:

| Type of asset | Audited net book value as at 31 March 2023 |
|----------------------|---|
| | RM |
| Building | 62,004,060 |
| Plant and machinery | 94,321,892 |

The key management of Aviatron is its Operation Director, Vinson Ngu Yung Hao who has been with SAMPL and its subsidiaries for more than 10 years. As disclosed in Section 5.5 of this Abridged Prospectus, Aviatron does not maintain any corporate functions in Malaysia and SAMEE's management team has been providing corporate management and administrative services to Aviatron since 2018.

2. DIRECTORS

As at the LPD, the directors of Aviatron are as follows:

| Name | Nationality |
|----------------------|--------------------|
| Timothy Tung Kin Hoe | Singaporean |
| Kong Suh Chin | Malaysian |

As at the LPD, none of the directors of Aviatron hold any Aviatron Share.

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of Aviatron and their respective direct and indirect shareholdings in Aviatron are as follows:

| Name | Country of incorporation | Direct | | Indirect | |
|-------------|-------------------------------------|---------------------------------------|----------|---------------------------------------|----------|
| | | No. of Aviatron Shares | % | No. of Aviatron Shares | % |
| SAMPL | Singapore | 30,000,000 | 100.0 | - | - |
| Accuron | Singapore | - | - | (1)30,000,000 | 100.0 |
| Temasek | Singapore | - | - | (2)30,000,000 | 100.0 |

Notes:

- (1) Deemed interested by virtue of its shareholding in SAMPL pursuant to Section 8(4) of the Act.
- (2) Deemed interested by virtue of its shareholding in Accuron pursuant to Section 8(4) of the Act. SAMPL and Accuron are independently-managed Temasek portfolio companies and Temasek is not involved in their business or operating decisions.

APPENDIX I – INFORMATION ON AVIATRON (Cont'd)**4. SUBSIDIARIES AND ASSOCIATED COMPANIES**

As at the LPD, Aviatron does not have any subsidiaries or associated companies.

5. SUMMARY FINANCIAL INFORMATION

A summary of the financial information of Aviatron based on its audited financial statements for the past three (3) FYE 31 March 2021, 31 March 2022 and 31 March 2023 as well as the unaudited results for the 6-month FPE 30 September 2022 and 30 September 2023 are as follows:

| | Audited FYE 31 March | | | Unaudited 6-month FPE 30 September | |
|---|----------------------|---------|---------|------------------------------------|---------|
| | 2021 | 2022 | 2023 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 77,997 | 97,172 | 126,427 | 58,251 | 75,805 |
| GP/(GL) | (373) | 2,401 | 11,105 | 3,941 | 13,244 |
| EBITDA ⁽¹⁾ | 25,644 | 29,566 | 40,896 | 19,250 | 25,474 |
| PBT/(LBT) | (2,335) | 477 | 7,370 | 1,909 | 7,075 |
| PAT/(LAT) | (2,561) | (1,385) | 4,977 | 1,543 | 6,120 |
| Share capital | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Shareholders' equity/NA ⁽²⁾ | 92,533 | 92,482 | 103,723 | 100,267 | 114,541 |
| GP/(GL) margin (%) | (0.48) | 2.47 | 8.78 | 6.77 | 17.47 |
| PBT/(LBT) margin (%) | (2.99) | 0.49 | 5.83 | 3.28 | 9.33 |
| PAT/(LAT) margin (%) | (3.28) | (1.43) | 3.94 | 2.65 | 8.07 |
| No. of Aviatron Shares in issue ('000) | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| NA per Aviatron Share (RM) | 3.08 | 3.08 | 3.46 | 3.34 | 3.82 |
| Net earnings/(loss) per Aviatron Share (RM) | (0.09) | (0.05) | 0.17 | 0.05 | 0.20 |
| Current ratio (times) ⁽³⁾ | 0.49 | 0.55 | 0.67 | 0.61 | 0.74 |
| Total borrowings (RM'000) ⁽⁴⁾ | 202,416 | 186,105 | 197,129 | 196,679 | 198,714 |
| Gearing (times) ⁽⁵⁾ | 2.19 | 2.01 | 1.90 | 1.96 | 1.73 |

Notes:

(1) Calculated based on the following formula:

$$EBITDA = (LAT)/PAT + finance costs + income tax expenses + depreciation + amortisation$$

(2) The movement in the shareholders' equity/ NA takes into consideration the PAT and other comprehensive income/expenses of Aviatron for the relevant financial years.

APPENDIX I – INFORMATION ON AVIATRON (Cont'd)

- (3) *Computed based on total current assets divided by total current liabilities (inclusive of the Vendor's Advances and the interest accrued thereon).*
- (4) *Includes the Vendor's Advances which are interest bearing.*
- (5) *Computed based on total borrowings divided by shareholders' equity.*

6-month FPE 30 September 2023 vs. 6-month FPE 30 September 2022

Aviatron's revenue increased by RM17.56 million or 30.15% from RM58.25 million for the 6-month FPE 30 September 2022 to RM75.81 million for the 6-month FPE 30 September 2023 mainly due to the increase in engine nacelle beam sales arising from the further recovery of the aerospace industry which was affected by the COVID-19 pandemic.

Aviatron's GP increased by RM9.30 million from RM3.94 million for the 6-month FPE 30 September 2022 to RM13.24 million for the 6-month FPE 30 September 2023 while the GP margin increased by 10.70% from 6.77% for the 6-month FPE 30 September 2022 to 17.47% for the 6-month FPE 30 September 2023 mainly due to the increase in sales as mentioned above and lower depreciation.

Aviatron's PBT margin increased by 6.05% from 3.28% for the 6-month FPE 30 September 2022 to 9.33% for the 6-month FPE 30 September 2023 mainly due to the increase in GP as mentioned above partially offset by higher interest expense.

Aviatron's PAT increased by RM4.58 million from RM1.54 million for the 6-month FPE 30 September 2022 to RM6.12 million for the 6-month FPE 30 September 2023 mainly due to the increase in engine nacelle beam sales arising from the further recovery of the aerospace industry which was affected by the COVID-19 pandemic.

The increase in PAT was partially offset by the higher interest expense due to increase in interest rate.

Aviatron's PAT margin increased by 5.42% from 2.65% for the 6-month FPE 30 September 2022 to 8.07% for the 6-month FPE 30 September 2023 mainly due to the increase in PBT margin as mentioned above.

FYE 31 March 2023 vs. FYE 31 March 2022

Aviatron's revenue increased by RM29.26 million or 30.11% from RM97.17 million for the FYE 31 March 2022 to RM126.43 million for the FYE 31 March 2023 mainly due to the increase in engine nacelle beam sales arising from the further recovery of the aerospace industry which was earlier affected by the COVID-19 pandemic.

Aviatron's GP increased by RM8.70 million from RM2.40 million for the FYE 31 March 2022 to RM11.10 million for the FYE 31 March 2023 while the GP margin increased by 6.31% from 2.47% for the FYE 31 March 2022 to 8.78% for the FYE 31 March 2023 mainly due to the increase in sales as mentioned above.

Aviatron's PBT margin increased by 5.34% from 0.49% for the FYE 31 March 2022 to 5.83% for the FYE 31 March 2023 mainly due to the increase in GP as mentioned above partially offset by higher interest expense.

Aviatron's PAT increased by RM6.36 million from a LAT of RM1.38 million for the FYE 31 March 2022 to a PAT of RM4.98 million for the FYE 31 March 2023 mainly due to the following:

- (i) the increase of engine nacelle beam sales arising from the further recovery of the aerospace industry which was earlier affected by the COVID-19 pandemic;
- (ii) the increase in other income arising from higher chip sales due to higher sales;

APPENDIX I – INFORMATION ON AVIATRON (Cont'd)

The increase in PAT was partially offset by the higher interest expense due to increase in interest rate.

Aviatron's PAT margin increased by 5.37% from a LAT margin of 1.43% for the FYE 31 March 2022 to a PAT margin of 3.94% for the FYE 31 March 2023 mainly due to the increase in PBT margin as mentioned above.

FYE 31 March 2022 vs. FYE 31 March 2021

Aviatron's revenue increased by RM19.17 million or 24.58% from RM78.00 million in the FYE 31 March 2021 to RM97.17 million for the FYE 31 March 2022 mainly due to the increase in the sales of engine nacelle beam arising from the gradual recovery of the aerospace industry which was earlier affected by the COVID-19 pandemic.

Aviatron's GP increased by RM2.77 million from a GL of RM0.37 million for the FYE 31 March 2021 to a GP of RM2.40 million for the FYE 31 March 2022 while the GP margin increased by 2.95% from a GL margin of 0.48% for the FYE 31 March 2021 to a GP margin of 2.47% for the FYE 31 March 2022 mainly due to the increase in sales as mentioned above.

Aviatron's PBT margin increased from by 3.48% from a LBT margin of 2.99% for the FYE 31 March 2021 to a PBT margin of 0.49% for the FYE 31 March 2022 mainly due to the increase in GP as mentioned above.

Aviatron's LAT decreased by RM1.18 million or 45.92% from a LAT of RM2.56 million for the FYE 31 March 2021 to a LAT of RM1.38 million for the FYE 31 March 2022 mainly due to:

- (i) the increase in the sales of engine nacelle beam arising from the gradual recovery of the aerospace industry which was earlier affected by the COVID-19 pandemic; and
- (ii) the decrease in interest expense due to lower borrowings.

The decrease in LAT was partially offset by higher provision for expected credit loss due to higher trade receivables arising from higher sales and higher tax expense due to deferred tax on temporary differences.

Aviatron's LAT margin decreased by 1.85% from a LAT margin of 3.28% for the FYE 31 March 2021 to a LAT margin of 1.43% for the FYE 31 March 2022 mainly due to the increase in PBT margin as mentioned above and higher deferred tax expense.

6. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**6.1 Material commitments**

As at the LPD, there are no material commitments incurred or known to be incurred by Aviatron which may have a material impact on the profits or NA of Aviatron.

6.2 Contingent liabilities

As at the LPD, there are no contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or NA of Aviatron.

7. MATERIAL CONTRACTS

Aviatron has not entered into any material contracts (not being a contract entered into in the ordinary course of business) within the two (2) years immediately preceding the date of this Abridged Prospectus.

APPENDIX I – INFORMATION ON AVIATRON *(Cont'd)*

8. MATERIAL LITIGATION

Aviatron has confirmed that as at the LPD, it is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on its financial position or business and that there are no proceedings pending or threatened against Aviatron or of any facts likely to give rise to any proceedings which may materially and adversely affect its financial position or business.

APPENDIX II – INFORMATION ON OUR COMPANY**1. INCORPORATION OF OUR COMPANY**

Our Company was incorporated in Malaysia under the Companies Act 1965 (and deemed registered under the Act) on 30 April 1994 as a public limited company under the name LTK Industrial Berhad and subsequently changed our name to our present name, SAM Engineering & Equipment (M) Berhad on 22 September 2010. Our Company was listed on the Second Board of Kuala Lumpur Stock Exchange (now known as Bursa Securities) in 1995 and was transferred to the Main Board of Kuala Lumpur Stock Exchange (now known as Bursa Securities) in 1999. Our Company is currently listed on the Main Market of Bursa Securities.

2. BOARD OF DIRECTORS

The details of our Board as at the LPD are set out in the table below:

| Name (Designation) | Age | Address | Nationality |
|---|------------|---|--------------------|
| Tan Kai Hoe (Non-Independent Non-Executive Chairman) | 57 | 7, Belimbing Avenue 349879 Singapore | Singaporean |
| Peter Lim Hee Seng (Executive Director and Chief Executive Officer) | 61 | Blk 7, Rivervale Crescent #15-18, 545085 Singapore | Singaporean |
| Shum Sze Keong (Non-Independent Non-Executive Director) | 61 | 17 Cove Drive, Marina Collection #04-31, 098329 Singapore | Singaporean |
| Datuk Dr. Wong Lai Sum (Independent Non-Executive Director) | 68 | No. 1, SS 3/58 University Garden 47300 Petaling Jaya Selangor | Malaysian |
| YM Tunku Afwida Binti Dato' Tunku Abdul Malek (Independent Non-Executive Director) | 58 | No. 7, Jalan TR 9/6 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor | Malaysian |
| Suresh Natarajan (Independent Non-Executive Director) | 62 | 82, Dedap Road 809485 Singapore | Singaporean |
| Ng Chee Kiet (Independent Non-Executive Director) | 54 | No. 18, Jalan Megah 2/1 Taman Megah 2 43200 Cheras Selangor | Malaysian |

3. SHARE CAPITAL

As at the LPD, the issued share capital of our Company is RM214,784,015.82 comprising 541,589,428 SAMEE Shares. Our Company does not have any treasury shares as at the LPD.

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 9.3 of this Abridged Prospectus for information on the substantial shareholders' shareholdings before and after the Rights Issue.

5. DIRECTORS' SHAREHOLDINGS

Save for Peter Lim Hee Seng, none of the Directors have any direct and/or indirect shareholding in our Company as the LPD. The pro forma effects of the Rights Issue on the shareholdings of Peter Lim Hee Seng in our Company are as follows:

Assuming all the Entitled Shareholders and/or their renouncee(s)/transferee(s) subscribe in full for their respective entitlements under the Rights Issue

| | As at the LPD | | | | After the Rights Issue | | | |
|--------------------|---------------|------|---------------|------|------------------------|------|---------------|------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| Peter Lim Hee Seng | 653,600 | 0.12 | - | - | 817,000 | 0.12 | - | - |

Notes:

(1) Based on the issued share capital of 541,589,428 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 676,986,785 Shares pursuant to the Rights Issue.

Assuming none of the Entitled Shareholders and/or their renouncee(s)/transferee(s) subscribes for their respective entitlements under the Rights Issue and only SAMPL subscribes in full for its entitlement as well as apply and subscribe for the Excess Rights Shares

| | As at the LPD | | | | After the Rights Issue | | | |
|--------------------|---------------|------|---------------|------|------------------------|------|---------------|------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | (1)% | No. of Shares | (1)% | No. of Shares | (2)% | No. of Shares | (2)% |
| Peter Lim Hee Seng | 653,600 | 0.12 | - | - | 653,600 | 0.10 | - | - |

Notes:

(1) Based on the issued share capital of 541,589,428 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 676,986,785 Shares pursuant to the Rights Issue.

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)**6. HISTORICAL FINANCIAL INFORMATION**

A summary of the financial information of our Group based on our audited financial statements for the past three (3) FYE 31 March 2021, 31 March 2022 and 31 March 2023 as well as the latest announced unaudited interim financial reports for the quarter ended 30 September 2023 and 30 September 2022 are as follows:

Historical financial performance

| | Audited | | | Unaudited | |
|--|---------------|----------------|----------------|--------------------------|---------------|
| | FYE 31 March | | | 6-month FPE 30 September | |
| | 2021 | 2022 | 2023 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 873,681 | 1,147,645 | 1,445,358 | 760,491 | 736,506 |
| Cost of sales | (786,856) | (1,018,883) | (1,277,305) | (669,395) | (628,478) |
| GP | 86,825 | 128,762 | 168,053 | 91,096 | 108,028 |
| Other operating income | 26,405 | 25,681 | 27,679 | 10,613 | 21,043 |
| Distribution expenses | (1,221) | (2,298) | (3,748) | (1,647) | (1,908) |
| Administrative expenses | (31,069) | (42,473) | (57,014) | (25,789) | (34,111) |
| Net gain/(loss) on impairment of financial instruments and contract assets | 8,121 | 537 | 596 | 785 | (818) |
| Other operating expenses | (4,438) | (7,339) | (5,545) | (5,492) | (7,525) |
| Interest income | 41 | 28 | 111 | 15 | 45 |
| Finance costs | (2,816) | (2,447) | (15,161) | (3,399) | (15,387) |
| PBT | 81,848 | 100,451 | 114,971 | 66,182 | 69,367 |
| Tax expenses | (22,149) | (24,996) | (26,122) | (15,712) | (16,205) |
| PAT / profit for the year attributable to the owners of our Company | 59,699 | 75,455 | 88,849 | 50,470 | 53,162 |
| GP margin (%) | 9.94 | 11.22 | 11.63 | 11.98 | 14.67 |
| PAT margin (%) | 6.83 | 6.57 | 6.15 | 6.64 | 7.22 |
| Weighted average no. of SAMEE Shares in issue ('000) | 540,668 | 541,388 | 541,507 | 541,426 | 541,589 |
| Basic/diluted earnings per SAMEE Share (sen) | 11.04 | 13.94 | 16.41 | 9.32 | 9.82 |
| Dividend (RM) | 19,951 | 14,929 | 18,949 | - | - |

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)**Historical financial position**

| | Audited | | | Unaudited | |
|---|----------------|------------------|------------------|------------------|------------------|
| | 31 March | | | 30 September | |
| | 2021 | 2022 | 2023 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current assets | 374,369 | 369,436 | 563,980 | 422,391 | 603,643 |
| Current assets | 561,631 | 837,725 | 1,043,657 | 1,023,330 | 1,150,654 |
| Total assets | 936,000 | 1,207,161 | 1,607,637 | 1,445,721 | 1,754,297 |
| Share capital | 212,731 | 213,967 | 214,784 | 214,784 | 214,784 |
| Reserves | 413,713 | 480,718 | 600,080 | 563,628 | 674,356 |
| Equity attributable to owners of our Company | 626,444 | 694,685 | 814,864 | 778,412 | 889,140 |
| Non-current liabilities | 47,241 | 48,190 | 113,149 | 49,765 | 61,872 |
| Current liabilities | 262,315 | 464,286 | 679,624 | 617,544 | 803,285 |
| Total liabilities | 309,556 | 512,476 | 792,773 | 667,309 | 865,157 |
| Total equity and liabilities | 936,000 | 1,207,161 | 1,607,637 | 1,445,721 | 1,754,297 |

Historical cash flow

| | Audited | | | Unaudited | |
|---|---------------|---------------|-----------------|--------------------------|---------------|
| | FYE 31 March | | | 6-month FPE 30 September | |
| | 2021 | 2022 | 2023 | 2022 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Net cash (used in) / from: | | | | | |
| Operating activities | 86,788 | (52,191) | (32,436) | (50,269) | 51,919 |
| Investing activities | (50,185) | (34,620) | (222,433) | (85,716) | (40,537) |
| Financing activities | (21,586) | 95,204 | 224,552 | 94,044 | (4,175) |
| Net (decrease) / increase in cash and cash equivalents | 15,017 | 8,393 | (30,317) | (41,941) | 7,207 |
| Cash and cash equivalents at beginning of year / period | 14,792 | 16,107 | 31,063 | 31,063 | 21,045 |
| Effect of exchange rate fluctuations | (13,702) | 6,563 | 20,299 | 35,675 | 11,191 |
| Cash and cash equivalents at end of year / period | 16,107 | 31,063 | 21,045 | 24,797 | 39,443 |

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)**6-month FPE 30 September 2023 vs. 6-month FPE 30 September 2022**

Our Group's revenue decreased by RM23.98 million or 3.15% from RM760.49 million for the 6-month FPE 30 September 2022 as compared to RM736.51 million for the 6-month FPE 30 September 2023 mainly due to the lower revenue from the equipment segment which is in turn due to the decrease in sales to data storage customers, resulting from the weakened demand in the hard disk drive industry arising from the drop in demand of personal computers. The lower revenue was partially offset by favourable foreign exchange translation from the appreciation of the USD against RM.

The decrease in our Group's revenue was partially offset by the higher revenue from the aerospace segment arising from increase in sales due to the higher demand for engine casing and aerostructure products resulting from the further recovery of the aerospace industry which was affected by the COVID-19 pandemic as well as favourable foreign exchange translation from the appreciation of the USD against RM.

Our Group's PAT increased by RM2.69 million or 5.33% from a PAT of RM50.47 million for the 6-month FPE 30 September 2022 as compared to a PAT of RM53.16 million for the 6-month FPE 30 September 2023 mainly due to the increase in PAT from the aerospace segment arising from the increase in sales as mentioned above and government grant received from the Singapore government for productivity improvements via automation, advanced manufacturing capabilities and digitalisation.

The increase in PAT was partially offset by the decrease in PAT from the equipment segment arising from decrease in demand as mentioned above, higher finance costs due to increase in bank borrowings to finance the expansion of our Group's equipment business in Thailand and increase in interest rates.

Our Group recorded a net increase in cash and cash equivalents of RM7.21 million for the 6-month FPE 30 September 2023 mainly due to the profit generated in the financial period which was partially offset by the increase in working capital requirement arising from the higher revenue from the aerospace segment as mentioned above and purchase of machines and equipment mainly for the expansion of our Group's equipment business in Thailand.

FYE 31 March 2023 vs. FYE 31 March 2022

Our Group's revenue increased by RM297.71 million or 25.94% from RM1,147.65 million for the FYE 31 March 2022 as compared to RM1,445.36 million for the FYE 31 March 2023 mainly due to the following:

- (i) higher revenue from the equipment segment arising from increase in sales to the semiconductor customers resulting from the strong demand for semiconductor chips which is in turn due to the increased demand for consumer electronics and favourable foreign exchange translation from the appreciation of the USD against RM; and
- (ii) higher revenue from the aerospace segment arising from increase in sales due to the higher demand for the engine casing and aerostructure products resulting from the gradual recovery of the aerospace industry which was earlier affected by the COVID-19 pandemic and favourable foreign exchange translation from the appreciation of the USD against RM.

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)

Our Group's PAT increased by RM13.39 million or 17.74% from a PAT of RM75.46 million for the FYE 31 March 2022 as compared to a PAT of RM88.85 million for the FYE 31 March 2023 mainly due to following:

- (i) increase in PAT from the equipment segment arising from the higher revenue as mentioned above which was partially offset by costs associated with the expansion of our Group's equipment segment in Thailand, escalation of manpower costs mainly due to increase in wages as well as higher interest expense incurred due to increase in borrowings and interest rates; and
- (ii) increase in PAT from the aerospace segment arising from higher revenue as mentioned above which was partially offset by higher utility expenses mainly due to the increase in electricity rate in Singapore.

Our Group recorded a net decrease in cash and cash equivalents of RM30.32 million for the FYE 31 March 2023 mainly due to the profit generated in the financial year and drawdown of bank borrowings which were offset by the increase in working capital requirement arising from the higher revenue from both the equipment and aerospace segment as mentioned above and purchase of plants and equipment mainly for the expansion of our Group's equipment business in Thailand.

FYE 31 March 2022 vs. FYE 31 March 2021

Our Group's revenue increased by RM273.97 million or 31.36% from RM873.68 million for the FYE 31 March 2021 as compared to RM1,147.65 million for the FYE 31 March 2022 mainly due to the following:

- (i) higher revenue from the equipment segment arising from increase in sales to the semiconductor and data storage customers resulting from strong demand for semiconductor chips and storage devices due to the increased demand for consumer electronics; and
- (ii) higher revenue from the aerospace segment arising from increase in sales due to the higher demand for the engine casing and aerostructure products resulting from the gradual recovery of the aerospace industry which was affected by the COVID-19 pandemic.

Our Group's PAT increased by RM15.76 million or 26.40% from a PAT of RM59.70 million in FYE 31 March 2021 as compared to a PAT of RM75.46 million for the FYE 31 March 2022 due to following:

- (i) increase in PAT from the equipment segment arising from increase in sales as mentioned above which was partially offset by higher manpower costs mainly due to increase in wages as well as costs associated with the expansion of our Group's equipment segment in Thailand; and
- (ii) decrease in LAT from the aerospace segment arising from increase in sales as mentioned above which was partially offset by lower government grants related to wage subsidy for COVID-19 and higher manpower costs mainly due to increase in wages.

Our Group recorded an increase in cash and cash equivalents of RM14.96 million for the FYE 31 March 2022 mainly due to the profit generated in the financial year and drawdown of bank borrowings which was partially offset by the increase in working capital requirement arising from the higher revenue from both the equipment and aerospace segment as mentioned above and purchase of machines and equipment mainly for capacity expansion of our Group's equipment business.

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Abridged Prospectus are as follows:

| | <u>High</u> <u>(RM)</u> | <u>Low</u> <u>(RM)</u> |
|--------------------|----------------------------|---------------------------|
| <u>2023</u> | | |
| January | 5.17 | 4.65 |
| February | 5.28 | 4.39 |
| March | 4.94 | 4.50 |
| April | 4.70 | 4.38 |
| May | 4.68 | 3.71 |
| June | 4.94 | 4.48 |
| July | 5.10 | 4.53 |
| August | 5.00 | 4.64 |
| September | 4.79 | 4.25 |
| October | 4.48 | 4.30 |
| November | 4.45 | 4.16 |
| December | 4.36 | 3.96 |

Last transacted market price on 22 September 2023, being the last Market Day immediately prior to the first announcement of the Corporate Exercises

4.70

Last transacted market price on 19 January 2024, being the Market Day immediately prior to the ex-date of the Rights Issue (RM)

3.93

Last transacted market price on the LPD

4.00

(Source: Bloomberg)

8. OPTION TO SUBSCRIBE FOR SHARES

As at the LPD, no option to subscribe for any securities of our Company has been granted or is entitled to be granted to any person.

9. MATERIAL CONTRACTS

Our Board confirmed that as at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group during the 2 years preceding the date of this Abridged Prospectus save as disclosed below:

- (i) the SSA. As at the LPD, the Acquisition is pending completion; and

APPENDIX II – INFORMATION ON OUR COMPANY (Cont'd)

- (ii) sale and purchase agreement dated 29 August 2022 entered into between SAM Precision (Thailand) Limited (“**SPTL**”) and T.M.C Industrial Public Company Limited for the acquisition of two (2) pieces of freehold land located at 88/22 Moo 2 Tambon Nong Chak, Amphoe Ban Bueng, Chonburi, Thailand with an area of approximately 57-3-17 rai (or approximately 92,468 square metres in area) together with two (2) factories erected thereon, two (2) 5-tonne cranes and its hoists, all the rails and structures related to or in connection with the overhead cranes, and all other fixtures, fittings, equipment and tangible personal property in the factories apart from those identified in the sales and purchase agreement, for a total purchase consideration of THB660,000,000 (equivalent to approximately RM88,343,640, computed based on the exchange rate of THB100.00 : RM13.3854, being the middle rate prevailing at 5.00 p.m. on the LPD, as published by BNM). The transaction has been completed in accordance with the terms and conditions of the said sale and purchase agreement on 15 December 2022.

10. MATERIAL LITIGATION

Our Board confirmed that as at the LPD, neither our Company nor its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of our Group and our Board confirmed that there are no proceedings pending or threatened against our Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

APPENDIX III – VALUATION LETTER



19 January 2024

SAM Engineering & Equipment (M) Berhad
Plot 17, Hilir Sungai Keluang Tiga
Bayan Lepas Free Industrial Zone Phase IV
11900 Bayan Lepas, Penang
Malaysia

Attention: The Board of Directors

**Deloitte Corporate Advisory
Services Sdn. Bhd.**
(199901012610)

Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur

P.O. Box 11151
50736 Kuala Lumpur
Malaysia

Tel: +60 3 7610 8888
Fax: +60 3 7726 8986
www.deloitte.com/my

Dear Sirs,

VALUATION LETTER – VALUATION OF 100% EQUITY INTEREST IN AVIATRON (M) SDN. BHD.

1 Introduction

Deloitte Corporate Advisory Services Sdn. Bhd. (“DCAS”) has been engaged by SAM Engineering & Equipment (M) Berhad (“SAMEE” or the “Client”) to perform a valuation (the “Services”) with regards to 100% equity interest in Aviatron (M) Sdn. Bhd. (“Aviatron” or the “Target”) in connection with the acquisition of 100% equity interest in Aviatron (the “Acquisition”) based on terms and conditions as set out in the letter of engagement dated 29 May 2023 and addendum dated 18 January 2024 (collectively known as “Engagement Letter”), and a letter of representation on the assumptions dated 19 January 2024.

2 Terms of Reference

DCAS has been appointed to conduct a valuation on the Target in connection with the Acquisition.

This valuation letter (“Valuation Letter” or “Letter”) is prepared in respect of the valuation of 100% equity interest in Aviatron in relation to the Acquisition and is included in the abridged prospectus in relation to the rights issue (“Abridged Prospectus”). The rights issue refers to the renounceable rights issue of 135,397,357 new SAMEE shares to be issued by SAMEE pursuant to the rights issue (“Rights Shares”) at the issue price of RM3.60 per Rights Share on the basis of one (1) Rights Share for every four (4) existing SAMEE shares held as at the entitlement date. The latest financial statements used in the valuation is the audited financial statements (“AFS”) for the financial year ended 31 March (“FY”) 2023.

Save and except for the purpose stated above, this Valuation Letter cannot be used or relied upon for any other purpose and/or by any other person including, without limitation, any of the shareholders, employees, directors as individuals, investors or any other person.

For the avoidance of doubt, the Client is solely responsible for determining the price range of which negotiations shall occur with respect to the Acquisition and ultimately the price to be paid in connection with the Acquisition. DCAS will not render any advice as to whether, or at what price the Acquisition should be transacted.

APPENDIX III – VALUATION LETTER (Cont'd)



2 Terms of Reference (cont'd)

This Valuation Letter and the data on which this Letter is prepared is not intended to form the only basis of any decision made in relation to the Acquisition. Furthermore, this Letter does not contain all the information necessary to fully evaluate the Acquisition.

In addition to this valuation, other Deloitte network firms in Malaysia are also providing advisory services to SAMEE and Aviatron, and we are not aware of any conflicts to the Services. Other than the existing relationship as set out above, DCAS has had no involvement in any other aspects pertaining to the Acquisition. DCAS does not, by this Letter or otherwise, advise, recommend, evaluate, comment or form any judgment or opinion on the legal, commercial or financial rationale, merits or risks in relation to the Acquisition or the relative merits of the Acquisition as compared to any alternative transactions previously considered by the Client or that otherwise may be available to the Client in the future or on the future growth prospects or earnings potential of the Target. Such advice, recommendation, evaluations, comments, judgment or opinion are and remain the sole responsibility of the Board of Directors of SAMEE and other advisors engaged for the purpose.

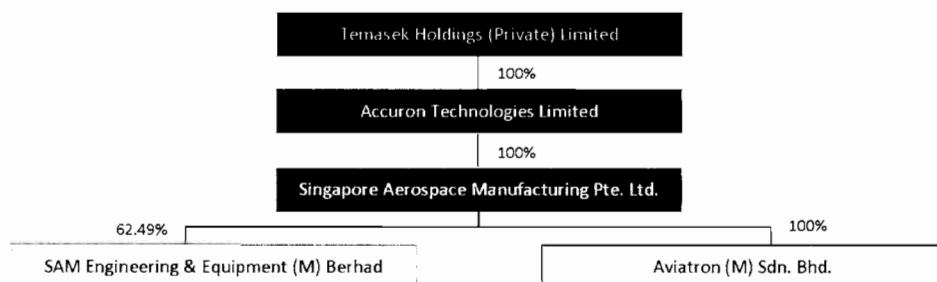
The Client has confirmed that to the best of their knowledge and belief, the information in relation to the financials, operations and any other information of the Target provided to DCAS are accurate in all material respects, that the Client has made available to DCAS all significant information relevant to the valuation of which the Client has knowledge and that they are not aware of any material matters relevant to DCAS' terms of reference which have been excluded. The Client has read this Valuation Letter and agreed to DCAS' key bases and assumptions in connection with this engagement.

DCAS does not guarantee or warrant the achievability of the financial projections provided by the Target. Financial projections are inherently uncertain and are based on estimations of future events that cannot be assured and could be based on certain assumptions that may not materialise. Accordingly, actual results can be significantly different from those projected. Hence, the valuation may be materially or adversely affected should the actual results differ from the bases and assumptions which the valuation was based upon.

3 Background Information of the Target

On 25 September 2023, Maybank Investment Bank Berhad announced, on behalf of the board of directors of SAMEE that SAMEE had entered into a conditional share sale agreement with Singapore Aerospace Manufacturing Pte. Ltd. in relation to the Acquisition.

Aviatron is principally engaged in manufacturing of aircraft structure parts and engineering components, with its principal place of business located at Penang. The shareholding structure as at 31 March 2023 is summarised as below:



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

APPENDIX III – VALUATION LETTER (Cont'd)

Deloitte.

4 Valuation Bases and Approaches

4.1 Subject of Valuation

The subject of valuation covers 100% equity interest in Aviatron and is valued on marketable and control basis.

4.2 Date of Valuation

The valuation is carried out based on an agreed valuation date of 31 March 2023 ("Valuation Date").

As of the date of this Letter, DCAS is not aware of any event or fact that will materially affect the valuation of the Target.

4.3 Standard of Value

The standard of value that applies to this valuation is market value, which is defined by International Valuation Standards effective 31 January 2022, as an estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.

4.4 Valuation Currency

The currency for the valuation is prepared in United States Dollar ("USD").

4.5 Methods of Valuation

The following common valuation methods have been considered in deriving the range of market value of Aviatron:

- i. Income approach – The income approach bases value on the estimated future cash flows which Aviatron is expected to generate. The Discounted Cash Flows ("DCF") method, based on projections by management of Aviatron ("Management");
- ii. Market approach – The market approach estimates value based on market prices of comparable companies and/or actual comparable transactions, adjusted for differences between the subject company and comparable companies. Guideline Public Company Method ("GPCM") and Guideline Transaction Method ("GTM") are used to estimate value based on comparable listed companies and market price of similar transactions. The enterprise value ("EV") over earnings before interest, tax, depreciation and amortisation ("EBITDA") ("EV/EBITDA") multiples of the guideline public companies ("GPC") and guideline transactions ("GT") are used as key valuation metrics to form the range of value; and
- iii. Asset approach – The general principle behind the asset approach is the value of an enterprise is equivalent to the values of its individual assets net of its liabilities.

APPENDIX III – VALUATION LETTER (Cont'd)



4.6 Key Bases

The key bases and assumptions adopted in the valuation of Aviatron are as follows:

- i. The valuation is based on generally accepted valuation procedures and practices that rely on the use of assumptions and considerations of uncertainties that cannot be easily quantified or ascertained;
- ii. The analysis leading to DCAS' valuation presents an assessment based on DCAS' best professional judgment and experience. The Client should note that there would usually be differences between the projections and the actual results because events and circumstances frequently do not occur as expected and these differences may be material;
- iii. By its very nature, DCAS' valuation work cannot be regarded as an exact science and the conclusions arrived in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. Whilst DCAS consider the valuation to be both reasonable and defensible based on the information available to DCAS, others may place a different value on the Target;
- iv. In arriving at the valuation of the Target, DCAS has relied on the information and data supplied by the Client and the Target. DCAS is not required to and has not carried out an audit on the financial statements or the underlying assumptions to the projections;
- v. DCAS has made necessary enquiries on the information provided including the Target's projections. DCAS has not verified the information or materials provided during the performance of the Services;
- vi. The audited financial statements of the Target for the FY2018 to FY2023 provide a true and fair view of the Target's financial position and financial performance;
- vii. The findings and assumptions of the valuation have been discussed with SAMEE prior to finalisation, we understand that SAMEE is agreeable to and responsible for the assumptions the projection relied on;
- viii. The valuation has been carried out on the basis that the Target is and will continue as a going concern;
- ix. There are no undisclosed actual or contingent assets or liabilities which would have a material effect on the financial position of the Target;
- x. There will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rates of taxation and other lending guidelines which will affect the activities of the Target;
- xi. Due to rounding, the numbers presented throughout this Valuation Letter may not add up precisely to the totals provided; and
- xii. The following sources of information were considered in this valuation:
 - Management accounts of Aviatron from FY2018 to FY2023;
 - AFS of Aviatron from FY2018 to FY2023;
 - 5-year financial projections of Aviatron from FY2024 to FY2028;
 - Discussions with the Client and Management; and
 - Published market information from the public domain.

APPENDIX III – VALUATION LETTER (Cont'd)

Deloitte.

4.7 Key assumptions

Revenue

- Revenue stream of Aviatron is segregated into two segments, namely aerospace business and non-aerospace business.

Aerospace business

- The aerospace business refers to the manufacturing of nacelle beams for three aircraft engines models, namely Boeing 787 ("B787"), Airbus 350 ("A350"), and Airbus 220 ("A220"). It is expected to contribute about 98.0% to the total projected revenue between FY2024 and FY2028.
- The products of Aviatron are mainly distributed to the United States ("US") and Mexico. As such, USD has been used as the functional currency given that USD is the primary economic environment in which the Target operates. This is consistent with the disclosure in the AFS of the Target.
- Aviatron has entered into long term contracts for more than 20 years with its customers since its inception in 2010. These revenue contracts will be due for renewal in 2030 and 2031. It is important to highlight that there are only two external customers.
- Management is of the view that its customers are likely to renew the contracts given its track records for quality control and the fact that Aviatron is the sole manufacturer of nacelle beams for A350, B787 and A220 in the US market.
- The revenue is projected to grow at a compound annual growth rate of 10.2% between FY2023 and FY2028 due to recovery of the aviation industry from the pandemic and therefore higher demands for the nacelle beams for aircrafts are expected.

Non-aerospace business

- The non-aerospace business relates to the provision of machining services to its related parties.
- The revenue is projected to contribute about 2.0% to the total projected revenue between FY2024 and FY2028.

Cost and EBITDA

- The cost of sales mainly consists of material cost, sub-contract cost, overhead cost, direct labour and other cost which are directly attributed to the generation of revenue.
- The operating expenses mainly consist of selling and distribution expenses, and administrative expenses.
- The projected EBITDA margin ranges from 29.5% to 32.3% between FY2024 and FY2028.

Others

- Tax expense is calculated based on statutory tax rate of 24.0% in Malaysia. Aviatron has been granted a tax exemption by Malaysian Investment Development Authority ("MIDA") for 10 years from April 2014. However, the projection has not considered the tax exemption for the remaining one year before the expiry of the tax exemption because the fulfillment of the compliance conditions by Aviatron is still being assessed by MIDA.

APPENDIX III – VALUATION LETTER (Cont'd)

Deloitte.

4.7 Key assumptions (cont'd)

Others (cont'd)

- Capital expenditure is projected at 6.0% to 8.0% of the projected revenue for gradual replacement of machineries.
- The working capital requirements of Aviatron have been assumed as follows:
 - Trade receivable turnover days between 150 and 180 days;
 - Trade payable turnover days between 15 and 20 days;
 - Inventory turnover days between 110 and 120 days; and
 - Operating cash requirements based on 2 weeks of the projected operating expenses.
- The terminal cash flow is projected to grow in perpetuity after FY2028, using the terminal year growth rate of 3.1%, as derived from the long-term growth rates in the Global Market Forecast 2022 by Airbus and the Commercial Market Outlook 2022-2041 by Boeing, both published in 2022.
- Weighted average cost of capital (“WACC”) ranging from 10.0% to 11.0% is adopted as the discount rate. Amongst others, the key assumptions adopted in estimating the WACC are as follows:
 - i. Risk-free rate of 3.8%;
 - ii. Equity risk premium of 5.9%;
 - iii. Pre-tax cost of debt of 5.6%;
 - iv. Debt-to-capital ratio of 36.9%; and
 - v. Appropriate size and company-specific risk premium.

4.8 Income approach

In summary, the breakdown of the valuation of the Target using the income approach is as follows:

| | Discount rates | Low range (USD mil) | High range (USD mil) |
|---|----------------|------------------------|-------------------------|
| EV | 10.0% – 11.0% | 77.3 | 87.8 |
| Adjustment for: | | | |
| Net debt adjustment* | | (43.9) | (43.9) |
| Rental income from building leasing** | | 8.0 | 8.0 |
| Valuation of 100% equity interest (marketable and control basis) | | 41.5 | 52.0 |

Notes:

* The figures are based on audited financial statements of Aviatron as of 31 March 2023.

** Around 25% of the building owned by Aviatron is currently rented to a related party, SAM Precision (M) Sdn Bhd. The tenancy covers an area of approximately 107,325 square feet and is based on tenancy agreement of 3 years commencing from 1 September 2022 and expiring on 31 August 2025. The tenancy agreement is assumed to be renewed continuously upon its expiry. The rental income is treated as non-business income in addition to the EV and it is based on the present value on the stream of income that Aviatron will continue to receive.

Due to rounding, the numbers presented in the table may not add up precisely to the totals provided.

APPENDIX III – VALUATION LETTER (Cont'd)

Deloitte.

4.8 Income approach (cont'd)

Based on the income approach, the valuation of 100% equity interest in the Target, on a marketable and control basis, ranges from **USD41.5 mil to USD52.0 mil**.

4.9 Market approach

4.9.1 GPCM

Under the GPCM, the observed EV/ Forward 2-Year ("FY2") EBITDA multiples from GPC as enclosed in the Appendix 1, ranges from 5.9 to 8.0 times after a size discount, to derive the valuation range. The FY2 EBITDA refers to the projected EBITDA of Aviatron for FY2025.

Aviatron is expected to recover to its pre-pandemic revenue level in FY2025 and therefore the projected FY2 EBITDA is used as a proxy. Correspondingly, EV/FY2 EBITDA multiple is used.

| | Low range (USD mil) | High range (USD mil) |
|---|------------------------|-------------------------|
| EV/FY2 EBITDA multiple (Times) | 5.9x | 8.0x |
| FY2 EBITDA | 12.2 | 12.2 |
| Indicated EV | 71.8 | 97.9 |
| Adjustment for: | | |
| Net debt adjustment* | (43.9) | (43.9) |
| Rental income from building leasing** | 8.0 | 8.0 |
| Valuation of 100% equity interest (marketable and control basis) | 36.0 | 62.1 |

Notes:

* and ** denote the same explanation as the table in Section 4.8.

Due to rounding, the numbers presented in the table may not add up precisely to the totals provided.

Based on the GPCM under the market approach, the valuation of 100% equity interest in the Target, on a marketable and control basis, ranges from **USD36.0 mil to USD62.1 mil**.

4.9.2 GTM

Under the GTM, the observed EV/Last twelve months ("LTM") EBITDA multiples from GT as enclosed in the Appendix 2, ranges from 6.8 to 9.7 times after a size discount, are applied to the estimated EBITDA of Aviatron to derive the valuation range. The LTM multiples are used, instead of FY2 multiples, as the FY2 multiples are unavailable for the GTM.

The estimated EBITDA is based on present value ("PV") of the projected FY2 EBITDA of Aviatron as at the Valuation Date using the same discount rate under the income approach. The projected FY2 EBITDA of Aviatron is used as a proxy on the basis that Aviatron is projected to recover to its pre-pandemic revenue level in FY2025.

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APPENDIX III – VALUATION LETTER (Cont'd)

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4.9.2 GTM (cont'd)

| | Low range (USD mil) | High range (USD mil) |
|---|------------------------|-------------------------|
| FY2 EBITDA | 12.2 | 12.2 |
| PV factor (based on WACC of 10.0% to 11.0%) | 0.855 | 0.867 |
| PV of FY2 EBITDA | 10.4 | 10.5 |
| EV/LTM EBITDA multiple (Times) | 6.8x | 9.7x |
| Indicated EV | 70.8 | 102.8 |
| Adjustment for: | | |
| Net debt adjustment* | (43.9) | (43.9) |
| Rental income from building leasing** | 8.0 | 8.0 |
| Valuation of 100% equity interest (marketable and control basis) | 35.0 | 67.0 |

Notes:

* and ** denote the same explanation as the table in Section 4.8.

Due to rounding, the numbers presented in the table may not add up precisely to the totals provided.

Based on the GTM under the market approach, the valuation of 100% equity interest in the Target, on a marketable and control basis, ranges from **USD35.0 mil to USD67.0 mil**.

4.10 Asset approach

As at the Valuation Date, the net assets of Aviatron was reported at USD27.7 mil after fair valuation of its fixed assets.

5 Key risk factors

This section highlights some of the key risk factors that should be noted from the projections provided by the Target:

i. Recovery of demands for nacelle beams in FY2025

The Target is expected to recover to its pre-pandemic revenue in FY2025 which is in line with the overall increase in demands for nacelle beams post-pandemic. However, there is no certainty that the speed of recovery would be in line with the projection by the Target.

ii. Ability to renew and secure the customer contracts after its expiration

The revenue contracts between the Target and its customers are due for renewal in 2030 and 2031. Even though Management is of the view that the renewal of the customer contracts are highly probable, there is still an uncertainty that the Target may not be able to renew the existing revenue contracts in the future.

iii. Ability to achieve the projected growth and margin

The Target is expected to further increase its revenue and margin between FY2024 and FY2028 due to utilisation optimisation in production and operating cost rationalisation. However, there is no guarantee on the achievability of the projected growth and margin.

APPENDIX III – VALUATION LETTER (Cont'd)

Deloitte.

6 Conclusion

Based upon and subject to the foregoing and other information used in the preparation of this Letter, DCAS has estimated the value of 100% equity interest in the Target, on a marketable and control basis, ranges from **USD41.5 mil to USD52.0 mil**.

The valuation above is based on a number of assumptions set out in the previous sections. As with all assumptions, there are inherent uncertainties and there can be no guarantee that the assumptions will be achieved. The valuation range should be considered together with the key bases and assumptions adopted.

7 Restriction

This Valuation Letter is prepared strictly and solely for inclusion in the Abridged Prospectus. The valuation of 100% equity interest in the Target should be considered in the context of the entirety of this Letter. Save for the purpose of public inspection in relation to the Acquisition and other public documents to be made in accordance with the rules and regulations set out by the relevant authorities, this Letter may not be reproduced, disseminated or quoted for any other purpose without DCAS' prior written consent.

This Letter is governed by, and should be construed in accordance with, the laws of Malaysia, and are strictly limited to the matters stated herein. DCAS reserves the right to amend this Letter in terms of its format and contents before providing our consent.

Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Letter, in whole or in part, contrary to the provision set out in this Letter and our Engagement Letter.

Neither DCAS nor any of its members or employees undertakes responsibilities arising in any way whatsoever to any person in respect of this Letter, including any error or omission therein, however caused, as a result of the unauthorised circulation, publication, reproduction or use of this Letter, or any part hereof.

We are under no obligation to update this Letter in respect of events or information that came to our attention subsequent to the date of this letter.

Yours faithfully,

DELOITTE CORPORATE ADVISORY SERVICES SDN. BHD.



Leonard Woo
Executive Director



Op Siew Choo
Executive Director

encl.

Appendix 1: Guideline Public Companies

Appendix 2: Guideline Transactions

APPENDIX III – VALUATION LETTER (Cont'd)

Deloitte.

Appendix 1 – Guideline Public Companies

| No. | Name | Country | Business description |
|-----|---|---------------|--|
| 1 | AAR Corp. | United States | AAR Corp. provides products and services to commercial aviation, government, and defense markets worldwide. |
| 2 | Aecc Aero Science and Technology Co., Ltd. | China | Aecc Aero Science and Technology Co., Ltd. engages in the research, manufacture, process, maintenance, and sale of aero engines and parts in China. |
| 3 | AECC Aviation Power Co., Ltd. | China | AECC Aviation Power Co., Ltd. designs, develops, produces, maintains, and sells large and medium-sized military and civilian aircraft engines in China. |
| 4 | Aerospace Industrial Development Corporation | Taiwan | Aerospace Industrial Development Corporation engages in the development, manufacturing, integration, assembly, and testing and verification of aircraft systems and parts in Taiwan and internationally. |
| 5 | AeroSpace Technology of Korea Inc. | South Korea | AeroSpace Technology of Korea Inc. manufactures and sells aircraft parts in South Korea. |
| 6 | Chaheng Precision Co., Ltd. | Taiwan | Chaheng Precision Co., Ltd. engages in the design, manufacturing, processing, and trading of aerospace industry components in the United States, France, Taiwan, the Mainland of China, and internationally. |
| 7 | Chengdu ALDAviation Manufacturing Corporation | China | Chengdu ALD Aviation Manufacturing Corporation engages in the research, development, manufacture, and sale of aircraft parts, aero-engine parts, and aerospace large structural parts in China. |
| 8 | Drewloong Precision, Inc. | Taiwan | Drewloong Precision, Inc. produces and sells aero structural and engine parts, landing gear parts, and special tools to aircraft manufacturers. |
| 9 | FACC AG | Austria | FACC AG, together with its subsidiaries, develops, produces, and maintains aircraft components and systems worldwide. |
| 10 | Figeac Aero Société Anonyme | France | Figeac Aero Société Anonyme manufactures, supplies, and sells equipment and sub-assemblers for aeronautics sector in France. |
| 11 | Hizeaero Co., Ltd. | South Korea | Hizeaero Co., Ltd. engages in the manufacture and sale of aerospace structures in South Korea. |
| 12 | Kencoa Aerospace Corporation | South Korea | Kencoa Aerospace Corporation provides aerospace products for OEM and top-tier customers in South Korea and the United States. |
| 13 | Magellan Aerospace Corporation | Canada | Magellan Aerospace Corporation, through its subsidiaries, engineers and manufactures aeroengine and aerostructure components for aerospace markets in Canada, the United States, and Europe. |

Note: Some of the GPCs above do not have information as of Valuation Date.

Source: Capital IQ

APPENDIX III – VALUATION LETTER (Cont'd)



Appendix 1 – Guideline Public Companies (cont'd)

| No. | Name | Country | Business description |
|-----|-----------------------------------|---------------|--|
| 14 | Safran SA | France | Safran SA, together with its subsidiaries, engages in the aerospace and defense businesses worldwide. |
| 15 | Spirit AeroSystems Holdings, Inc. | United States | Spirit AeroSystems Holdings, Inc. engages in the design, engineering, manufacture, and marketing of commercial aerostructures worldwide. |

Note: Some of the GPCs above do not have information as of Valuation Date.

Source: Capital IQ

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APPENDIX III – VALUATION LETTER (Cont'd)



Appendix 2 – Guideline Transactions

| No. | Transaction year | Acquiree | Acquirer | Deal size (USD'mil) | Acquiree Country | Percent sought |
|-----|------------------|--|---|---------------------|------------------|----------------|
| 1 | 2022 | Sumitomo Precision Products Co., Ltd. | Sumitomo Corporation | 254.96 | Japan | 56.2% |
| 2 | 2022 | Air Affairs (Australia) Pty. Ltd. | QinetiQ Group plc | 34.53 | Australia | 100.0% |
| 3 | 2021 | JEP Holdings Ltd. | UMS Holdings Limited | 34.42 | Singapore | 13.1% |
| 4 | 2021 | Société Anonyme Belge de Constructions Aéronautiques | Sabena Aerospace SA; Federal Holding and Investment Company | 198.03 | Belgium | 96.9% |
| 5 | 2020 | Ellison Surface Technologies, Inc | Bodycote plc | 200.00 | United States | 100.0% |
| 6 | 2019 | Agiliteam SARL | Jinpao Precision Industry Co., Ltd. | 6.73 | France | 100.0% |
| 7 | 2019 | Tarpey Harris Ltd | Vision Technologies Aerospace Incorporated | 19.39 | United Kingdom | n/a |
| 8 | 2018 | ASCO Industries NV | Spirit Aerosystems Holdings Inc | 650.00 | Belgium | n/a |

Source: Capital IQ, Mergermarket

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APPENDIX IV – ADDITIONAL INFORMATION

1. CONSENTS

The written consents of our Principal Adviser, solicitors, company secretaries, Share Registrar, Reporting Accountants, Independent Valuer and Independent Market Researcher for the Rights Issue for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

Bloomberg has given and has not subsequently withdrawn its written consent before the date of issue of this Abridged Prospectus with the inclusion of its name as the source of our historical share prices as disclosed in this Abridged Prospectus and all references thereto in the form and context in which they are included in this Abridged Prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Suite 18.05, MWE Plaza, No. 8, Lebuq Farquhar, 10200 George Town, Penang during normal business hours from Monday to Friday (except public holidays) for a period of six (6) months from the date of this Abridged Prospectus:

- (i) the Constitution of our Company;
- (ii) the Undertaking referred to in Section 3 of this Abridged Prospectus;
- (iii) the Valuation Letter referred to in Section 5.2 of this Abridged Prospectus;
- (iv) the IMR Report referred to in Sections 8.2 and 8.3 of this Abridged Prospectus;
- (v) all the material contracts referred to in Section 9 of Appendix II of this Abridged Prospectus; and
- (vi) the letters of consent referred to in Section 1 of Appendix IV of this Abridged Prospectus.

3. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Abridged Prospectus, together with the NPA and RSF, and they collectively and individually accept full responsibility for the completeness and accuracy of the information contained therein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

Maybank IB, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue.