

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF LEFORM BERHAD (“LEFORM” OR “COMPANY”) DATED 26 OCTOBER 2022 (“ELECTRONIC PROSPECTUS”)

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

Website

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

Availability and Location of Printed Prospectus

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

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

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to Malaysian law. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, Directors, Promoters, Selling Shareholder, Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent named in the Electronic Prospectus have not authorised and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

Close of Application

Applications for the IPO Shares will open at **10.00 a.m.** on **26 October 2022** and will close at **5.00 p.m.** on **11 November 2022**. Any change to the timetable will be advertised by the Company in a widely circulated Bahasa Malaysia and English newspaper within Malaysia, and an announcement of such changes would be made to the Website accordingly.

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

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

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

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



www.leformgroup.com.my

PROSPECTUS

LEFORM BERHAD

(Registration No. 199501001582 (330776-K)) (Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)



LEFORM BERHAD

(Registration No. 199501001582 (330776-K))

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

INITIAL PUBLIC OFFERING (“**IPO**”) IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED SHARE CAPITAL OF LEFORM BERHAD (“**LEFORM**”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) COMPRISING:

- (A) A PUBLIC ISSUE OF 311,013,000 NEW ORDINARY SHARES IN LEFORM (“**SHARE(S)**”) OR (“**ISSUE SHARE(S)**”) IN THE FOLLOWING MANNER:
- (I) 74,051,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - (II) 29,620,000 ISSUE SHARES RESERVED FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
 - (III) 22,215,000 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INSTITUTIONAL AND/OR SELECTED INVESTORS;
 - (IV) 185,127,000 ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY, MALAYSIA;

AND

- (B) AN OFFER FOR SALE OF 74,051,000 EXISTING ORDINARY SHARES IN LEFORM (“**OFFER SHARE(S)**”) BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INSTITUTIONAL AND/OR SELECTED INVESTORS;

AT AN ISSUE PRICE/OFFER PRICE OF RM0.23 PER ISSUE SHARE/OFFER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent



MIDF Amanah Investment Bank Berhad

(Registration No. 197501002077(23878-X))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Bursa Securities has approved the listing of and quotation for Leform’s entire enlarged issued share capital on the ACE Market of Bursa Securities and this prospectus has been registered by Bursa Securities. The approval of the listing of and quotation for Leform’s entire enlarged issued share capital on the ACE Market of Bursa Securities by Bursa Securities and registration of this Prospectus should not be taken to indicate that Bursa Securities recommends the offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of our Shares being offered for investment.

Bursa Securities is not liable for any non-disclosure on the part of Leform and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 37.

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

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

PROSPECTUS

THIS PROSPECTUS IS DATED
26 OCTOBER 2022

RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND THE SELLING SHAREHOLDER (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THAT THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

MIDF AMANAH INVESTMENT BANK BERHAD (“**MIDF INVESTMENT**”), BEING OUR PRINCIPAL ADVISER, SPONSOR, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING OUR IPO.

STATEMENTS OF DISCLAIMER

APPROVAL HAS BEEN OBTAINED FROM BURSA SECURITIES ON 8 SEPTEMBER 2022 FOR THE LISTING OF AND QUOTATION FOR OUR SHARES. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, LEFORM OR OUR SHARES.

THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS (AS DEFINED HEREIN), ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES OF MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

OTHER STATEMENTS

YOU SHOULD NOTE THAT YOU MAY SEEK RECOURSE UNDER SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“**CMSA**”) FOR BREACHES OF SECURITIES LAWS INCLUDING ANY STATEMENT IN THIS PROSPECTUS THAT IS FALSE, MISLEADING, OR FROM WHICH THERE IS A MATERIAL OMISSION; OR FOR ANY MISLEADING OR DECEPTIVE ACT IN RELATION TO THIS PROSPECTUS OR THE CONDUCT OF ANY OTHER PERSON IN RELATION TO OUR GROUP (AS DEFINED HEREIN).

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

OUR SHARES ARE CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL (“**SAC**”) OF THE SC. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THE PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SAC OF THE SC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

THIS PROSPECTUS HAS BEEN PREPARED IN THE CONTEXT OF AN IPO UNDER THE LAWS OF MALAYSIA, AND OUR IPO WILL NOT BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA OR TO PERSONS WHO ARE SUBJECT TO THE LAWS OF ANY COUNTRY OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED AND APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA. OUR IPO TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA. WE AND OUR PRINCIPAL ADVISER HAVE NOT AUTHORISED AND TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OR INVITATION TO SUBSCRIBE OR PURCHASE, ANY SECURITIES UNDER OUR IPO IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH AN OFFER IS NOT AUTHORISED OR LAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF OUR IPO SHARES (AS DEFINED HEREIN) IN CERTAIN JURISDICTION MAY BE RESTRICTED BY LAW. PERSONS WHO MAY BE IN POSSESSION OF THIS PROSPECTUS ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

WE WILL NOT MAKE OR BE BOUND TO MAKE ANY ENQUIRY BEFORE ANY ACCEPTANCE IN RESPECT OF OUR IPO AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA. WE WILL NOT ACCEPT ANY LIABILITY WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION WITH IT. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER OUR IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR OUR SHARES WOULD BE IN COMPLIANCE WITH THE TERMS OF OUR IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED TO. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THIS IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA CONNECTED TO IT.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR OUR IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. OUR SHARES ARE ISSUED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. WE AND OUR PRINCIPAL ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION, WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

ELECTRONIC PROSPECTUS

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE PROSPECTUS REGISTERED WITH BURSA SECURITIES.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) IS SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU DOUBT THE VALIDITY OR THE INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US OR THE ISSUING HOUSE (AS DEFINED HEREIN), A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THIS PROSPECTUS REGISTERED WITH BURSA SECURITIES SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD-PARTY INTERNET SITES (REFERRED TO AS "**THIRD-PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD-PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- I. WE AND OUR PRINCIPAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD-PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD-PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD-PARTY INTERNET SITES;
- II. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD-PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD-PARTY INTERNET SITES. WE AND OUR PRINCIPAL ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD-PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- III. ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD-PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:

- I. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OBTAINED FROM THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND SUBSEQUENTLY, COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- II. WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULTS ON YOUR OR ANY THIRD-PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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INDICATIVE TIMETABLE

The indicative timetable for our IPO is set out below:

Events	Date
Opening of application for our IPO Shares	26 October 2022
Closing of application for our IPO Shares	11 November 2022
Balloting of applications for our Issue Shares	15 November 2022
Allotment/transfer of our IPO Shares to successful applicants	21 November 2022
Listing	22 November 2022

If there are any changes to this timetable, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia, and make an announcement of such changes to Bursa Securities' website accordingly.

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DEFINITIONS

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

“ACE Market”	: ACE Market of Bursa Securities
“Act”	: Companies Act 2016 as amended from time to time and any re-enactment thereof
“ADA(s)”	: Authorised Depository Agent(s)
“AGM”	: Annual general meeting
“Application(s)”	: The application for the Issue Shares by way of Application Form or Electronic Share Application or Internet Share Application
“Application Form(s)”	: Application form(s) for the application of the Issue Shares accompanying this Prospectus
“ATM(s)”	: Automated teller machine(s)
“Authorised Financial Institution(s)”	: Authorised financial institution(s) participating in the Internet Share Application in respect of the payments for the Issue Shares
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of our Company
“Bonus Issue”	: Bonus issue of 71,500,000 Shares on the basis of 11 new Shares for every 1 existing Share by way of capitalisation of the retained earnings of RM71,500,000 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))
“CAGR”	: Compounded annual growth rate
“CDS”	: Central Depository System
“CDS Account(s)”	: Securities account(s) 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
“CMSA”	: Capital Markets and Services Act 2007 as amended from time to time and any re-enactment thereof
“Constitution”	: Constitution of our Company
“COVID-19”	: Novel coronavirus disease, a type of infectious respiratory disease which first broke out in 2019
“Depository Rules”	: Rules of Bursa Depository and any appendices thereto as amended from time to time

DEFINITIONS (Cont'd)

“Director(s)”	:	Director(s) of our Company and has the meaning given to it in Section 2(1) of the CMSA
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“Electronic Prospectus”	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium
“Electronic Share Application(s)”	:	Application(s) for the Issue Shares through a Participating Financial Institution’s ATMs
“Eligible Person(s)”	:	Collectively, the eligible Directors and employees of our Group as well as persons who have contributed to the success of our Group and who are eligible to participate in our IPO
“EPF”	:	Employees Provident Fund Board
“EPS”	:	Earnings per share
“Financial Years and Period Under Review”	:	Collectively, the past 3 FYEs 2019, 2020 and 2021, and FPE 2022
“FPE”	:	Financial period ended 30 June
“FYE”	:	Financial year ended/ending 31 December, as the case may be
“GP”	:	Gross profit
“IFRS”	:	International Financial Reporting Standards
“ICR” or “Sterling”	:	Sterling Business Alignment Consulting Sdn Bhd (Registration No. 200401015607 (654110-P)), the governance, risk and internal control consultant appointed for our IPO
“IMR” or “Providence”	:	Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A)), the independent market researcher appointed for our IPO
“Industry Overview” or “IMR Report”	:	Independent Market Research Report titled “The Steel industry in Malaysia” prepared by Providence, as set out in Section 7 of this Prospectus
“Internet Participating Financial Institution(s)”	:	Participating financial institution(s) for the Internet Share Application
“Internet Share Application”	:	Application for the Issue Shares through an Internet Participating Financial Institution
“IPO”	:	Initial public offering comprising the Public Issue and the Offer for Sale
“IPO Share(s)”	:	Collectively, the Issue Share(s) and the Offer Share(s)
“Issue Price” or “Offer Price” or “IPO Price”	:	The issue price/offer price of RM0.23 per Issue Share/Offer Share

DEFINITIONS (Cont'd)

“Issue Share(s)”	: 311,013,000 new Leform Share(s) to be issued pursuant to the Public Issue
“Issuing House” or “MIH”	: Malaysian Issuing House Sdn Bhd (Registration No. (199301003608 (258345-X))
“Leform” or our “Company”	: Leform Berhad (Registration No. 199501001582 (330776-K))
“Leform Share(s)” or “Share(s)”	: Ordinary share(s) in our Company
“Leform Group” or “Group”	: Leform and its subsidiaries, collectively
“Listing”	: Admission to the Official List and the listing of and quotation for our entire enlarged issued share capital on the ACE Market
“Listing Requirements”	: ACE Market Listing Requirements of Bursa Securities
“LAT”	: Loss after taxation
“LBT”	: Loss before taxation
“LPD”	: 26 September 2022, being the latest practicable date prior to the registration of this Prospectus
“Malaysian Public”	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated and organised under the laws of Malaysia
“Market Day(s)”	: A day(s) on which Bursa Securities is open for trading of securities
“MCO”	: The nationwide Movement Control Order imposed by the Malaysian Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of the Covid-19 pandemic. The MCO was first implemented on 18 March 2020 and unless otherwise specified, references to MCO in this Prospectus include all the subsequent stages of MCO
“MIDF Investment” or “Principal Adviser” or “Sponsor” or “Sole Underwriter” or “Sole Placement Agent”	: MIDF Amanah Investment Bank Berhad (Registration No. 197501002077 (23878-X))
“MITI”	: Ministry of International Trade and Industry, Malaysia
“MT”	: Metric Ton
“NA”	: Net assets
“NBV”	: Net book value
“N.E.C”	: Not elsewhere classified

DEFINITIONS (Cont'd)

“NRP”	:	The National Recovery Plan is a plan announced by the Malaysian Government to control the COVID-19 pandemic. It involves various phases to ease restrictions in Malaysia to progressively reopen the economy and society towards the new normal
“Offer for Sale”	:	Offer for sale of 74,051,000 Offer Shares at the Offer Price by the Selling Shareholder by way of private placement to identified institutional and/or selected investors
“Offer Share(s)”	:	74,051,000 existing Leform Share(s) to be offered by the Selling Shareholder pursuant to the Offer for Sale
“Official List”	:	A list specifying all securities listed on Bursa Securities
“Participating Institution(s)”	Financial :	Participating financial institutions for the Electronic Share Application
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PE Multiple”	:	Price-to-earnings multiple
“Pink Application Form(s)”	:	Application form(s) for the application of IPO Shares by our Eligible Person(s) accompanying this Prospectus
“Pink Form Allocation”	:	Allocation of 29,620,000 Issue Shares reserved for application by our Eligible Persons, which forms part of our Public Issue
“Pre-IPO Exercise”	:	Collectively, the Bonus Issue, the Share Split and the Share Transfer
“Promoter(s)” or “Specified Shareholder(s)”	:	Collectively or individually, Law Kok Thye and Tianwen Holdings
“Prospectus”	:	This prospectus dated 26 October 2022 issued by our Company in respect of our IPO
“Prospectus Guidelines”	:	Prospectus Guidelines issued by the SC
“Public Issue”	:	Public issue of 311,013,000 Issue Shares at the Issue Price, comprising the following: <ul style="list-style-type: none"> (a) 74,051,000 Issue Shares made available for application by the Malaysian Public, of which 37,025,500 Issue Shares are set aside for Bumiputera individuals, companies, societies, co-operatives and institutions; (b) 29,620,000 Issue Shares reserved for application by our Eligible Persons; (c) 22,215,000 Issue Shares by way of private placement to identified institutional and/or selected investors; and (d) 185,127,000 Issue Shares by way of private placement to identified Bumiputera investors approved by the MITI
“SAC”	:	Shariah Advisory Council of the SC
“SC”	:	Securities Commission Malaysia

DEFINITIONS (Cont'd)

“Selling Shareholder”	:	Law Kok Thye undertaking the Offer for Sale as follows:									
		% of the enlarged issued shares after our IPO									
		<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: right;">No. of Offer Shares</th> <th style="text-align: right;"></th> </tr> </thead> <tbody> <tr> <td>Law Kok Thye</td> <td style="text-align: right;">74,051,000</td> <td style="text-align: right;">5.0</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black;">74,051,000</td> <td style="text-align: right; border-top: 1px solid black;">5.0</td> </tr> </tbody> </table>	Name	No. of Offer Shares		Law Kok Thye	74,051,000	5.0	Total	74,051,000	5.0
Name	No. of Offer Shares										
Law Kok Thye	74,051,000	5.0									
Total	74,051,000	5.0									
“Share Registrar” “Boardroom”	or	Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))									
“Share Split”	:	Share split involving the subdivision of 78,000,000 Shares after the Bonus Issue into 1,170,000,000 Shares									
“Share Transfer”	:	Transfer of 357,600,000 Shares, representing 30.6% of our issued shares of 1,170,000,000 Shares after the Bonus Issue and the Share Split, for RM0.23 per Share, satisfied by the allotment and issuance of new shares in Tianwen Holdings at an issue price of RM1.00 per share, from Law Kok Thye to Tianwen Holdings in conjunction with the IPO									
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991									
“SOCSCO”	:	Social Security Organisation, Malaysia, also known as PERKESO (Pertubuhan Keselamatan Sosial)									
“sq ft”	:	Square feet									
“Tianwen Holdings”	:	Tianwen Holdings Sdn Bhd (Registration No. 199601025816 (398168-W))									
“Underwriting Agreement”	:	Underwriting agreement dated 21 September 2022 between our Company and the Sole Underwriter in relation to the Public Issue									
“White Application Form(s)”	:	Application form(s) for the application of Issue Shares by the Malaysian Public accompanying this Prospectus									

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DEFINITIONS (Cont'd)

OUR SUBSIDIARIES

“Leform Marketing”	: Leform Marketing Sdn Bhd (formerly known as Tianwen Marketing Sdn Bhd) (Registration No. 199501003011 (332205-K))
“Leform Metal”	: Leform Metal Sdn Bhd (formerly known as Tianwen Metal Sdn Bhd) (Registration No. 200001017160 (519767-U))
“Leform Service”	: Leform Steel Service Centre Sdn Bhd (formerly known as Tianwen Steel Service Sdn Bhd) (Registration No. 200001014983 (517589-T))
“Leform Steel Mill”	: Leform Steel Mill Sdn Bhd (formerly known as Tianwen Steel Mill Sdn Bhd) (Registration No. 200601022939 (742693-X))
“Leform Steel Pipes”	: Leform Steel Pipes Sdn Bhd (formerly known as Tianwen Steel Pipes Sdn Bhd) (Registration No. 199301000915 (255652-M))
“Leform Transport”	: Leform Transport Sdn Bhd (Registration No. 200701011175 (769178-T))
“LF Engineering”	: LF Engineering Sdn Bhd (Registration No. 200301029367 (631787-W))
“LF Metal”	: LF Metal Sdn Bhd (Registration No. 200001017414 (520021-P))

OUR OPERATING LOCATIONS

“Lot 4306 – 4309”	: PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan
“Lot 4306 – 4312”	: Collectively, Lot 4306 – 4309 and Lot 4310 – 4312
“Lot 4310 – 4312”	: PT16077, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan
“Lot 858”	: Lot 858, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan
“Plant 1”	: Headquarters, steel pipe processing facility and warehouse storage facility located at Lot 4306 – 4309
“Plant 2”	: Steel pipe and flat steel pipe processing facility located at Lot 4310 – 4312
“Plant 3”	: Steel pipe and flat steel pipe processing facility and warehouse storage facility located at Lot 858

CURRENCIES

BND	: Brunei Dollar
RM and sen	: Ringgit Malaysia and sen respectively
SGD	: Singapore Dollar
USD	: United States Dollar

GLOSSARY OF TERMS

The following commonly used terms in our Group's business and operations shall apply throughout this Prospectus unless the term is defined otherwise or the context otherwise requires:

- Cold-rolled steel coils or sheet : Steel coil or sheet that is made from a hot-rolled steel coil or sheet. The steel coil or sheet has been re-rolled at room temperature to achieve exact dimensions and better surface qualities
- Electro galvanised and galvanised steel coil or sheet : Steel coil or sheet that is coated with an additional layer of zinc coating to protect the outer layer
- Electric Resistance Welded ("ERW") : A process which involves the usage of heat generated electric current that is applied to the edges of steel sheets to form a permanent closure. The heat from the electric current will melt the edges so that the edges are welded together without requiring additional fillers and materials (such as welding wires and electrodes, oxygen and hydrogen)
- End-user industries : The industries that are utilising the steel products as raw materials in their manufacturing processes
- Flat steel products : For the purposes of this Prospectus, flat steel products refer to slitted steel coils and steel sheets
- Hot-rolled steel coil or sheet : Steel coil or sheet that has been roll-pressed at high temperatures
- Malleable : Capable of being reshaped when an external force is applied
- Mother coil : A steel sheet which is either cold-rolled or hot-rolled, and has not been slitted or sheared into smaller sheets. This coil has been rolled and wounded up, and is used as raw material in our Group's manufacturing process
- Slitted steel coil : Finished steel sheets that have been slitted, rolled and wounded up
- Steel product : For the purposes of this Prospectus, steel products refer to steel pipes and guardrails and/or flat steel products
- Steel sheet : Steel sheets that are cut to size, according to our customer's request and specifications

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PRESENTATION OF INFORMATION AND FORWARD-LOOKING STATEMENTS

Words incorporating 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. References to persons shall include natural persons, firms, companies, body corporates and corporations.

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

References to “our Company” or “the Company” or “Leform” in this Prospectus are made to Leform Berhad (Registration No. 199501001582 (330776-K)), references to “our Group” or “the Group” or “Leform Group” are made to our Company and our subsidiaries and references to “we” or “us” or “our” or “ourselves” are made to our Company, and where the context requires, our Company and our subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. In particular, certain information in this Prospectus is extracted or derived from report(s) provided by Providence for inclusion in this Prospectus. We have appointed Providence to provide an independent market and industry review relating to an overview of the industry in which we operate in. In compiling their data for the review, Providence relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. You should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on it.

Any discrepancy in the tables between the amounts listed and the totals in this Prospectus are due to rounding.

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

PRESENTATION OF INFORMATION AND FORWARD-LOOKING STATEMENTS (Cont'd)

Forward-looking statements can be identified by the use of forward-looking terminology such as the words “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “aim”, “forecast”, “may”, “will”, “would”, and “could” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- i. demand for our services;
- ii. our business strategies;
- iii. our management’s plans and objectives for future operations;
- iv. our financial position; and
- v. our future earnings, cash flows and liquidity.

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

- i. the general economic, business, social, political and investment environment in Malaysia; and
- ii. government policy, legislation and regulation affecting us or the industry in which we operate.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in **Section 4** of this Prospectus on risk factors and **Section 11.3** of this Prospectus on management’s discussion and analysis of financial condition and results of operations. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of the IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions under Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus) and Rules 3.12D and 3.12E of the Listing Requirements.

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CORPORATE DIRECTORY**DIRECTORS**

Name/(Designation)	Gender	Address	Nationality
Datuk Seri Akhil Bin Bulat (<i>Independent Non-Executive Chairman</i>)	Male	No. 12, Jalan Melawati 5A River View Kemensah Taman Melawati 53000 Kuala Lumpur	Malaysian
Law Kok Thye (<i>Managing Director</i>)	Male	31, Jalan RP 11/6 Rawang Taman Rawang Perdana 48000 Rawang Selangor	Malaysian
Chua Leng Leek (<i>Independent Non-Executive Director</i>)	Female	2, Jalan Anggerik Doritis 31/129, Kota Kemuning 40460 Shah Alam Selangor	Malaysian
Lai Chin Yang (<i>Independent Non-Executive Director</i>)	Male	51, Jalan Sarjana 5 Taman Connaught Cheras 56000 Kuala Lumpur	Malaysian
Lee Wee Leng (<i>Independent Non-Executive Director</i>)	Female	35, Jalan BK5C/2A Bandar Kinrara Puchong 47180 Puchong Selangor	Malaysian
Phang Yew Cheong @ Phang Yew Choong (<i>Non-Independent Executive Director</i>)	Male	13-2, Jalan PJU 10/18A Sutera Damansara 47830 Petaling Jaya Selangor	Malaysian
Esmariza Binti Ismail (<i>Non-Independent Executive Director</i>)	Female	No. 17, Jalan Pulau Angsa U10/36C, Bandar Nusa Rhu 40170 Shah Alam Selangor	Malaysian

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CORPORATE DIRECTORY (Cont'd)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Chua Leng Leek	Chairman	Independent Non-Executive Director
Lai Chin Yang	Member	Independent Non-Executive Director
Lee Wee Leng	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Lee Wee Leng	Chairman	Independent Non-Executive Director
Chua Leng Leek	Member	Independent Non-Executive Director
Lai Chin Yang	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Lai Chin Yang	Chairman	Independent Non-Executive Director
Chua Leng Leek	Member	Independent Non-Executive Director
Lee Wee Leng	Member	Independent Non-Executive Director

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CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES

: Tai Yit Chan
Professional qualification: Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**") Chartered Secretary
(MAICSA No. 7009143)
(SSM Practicing Certificate No 202008001023)

Tan Ai Ning
Professional qualification: MAICSA Chartered Secretary
(MAICSA No. 7015852)
(SSM Practicing Certificate No 202008000067)

Boardroom Corporate Services Sdn Bhd
(Registration No. 196001000110 (3775-X))
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Tel : (03) 7890 4800
Fax : (03) 7890 4650

REGISTERED OFFICE

: 12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

HEADQUARTERS

: PT16077 & PT16078, Jalan Kesidang 4
Kawasan Perindustrian Sungai Choh
48200 Serendah
Selangor
Tel : (03) 6099 0666
Fax : (03) 6099 0696
Website : www.leformgroup.com.my
Email : sales@leformgroup.com.my

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CORPORATE DIRECTORY (Cont'd)

AUDITORS AND REPORTING ACCOUNTANTS : Crowe Malaysia PLT
(Registration No. 201906000005 (LLP0018817-LCA) & AF 1018)
Level 16, Tower C
Megan Avenue 2
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (03) 2788 9999
Fax : (03) 2788 9998

Partner in charge: Ho Yen Ling
Malaysian Institute of Accountants Membership No. CA 33989
Approval No. 03378/06/2024 J

LEGAL ADVISER : Rahmat Lim & Partners
Suite 33.01, Level 33
The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel : (03) 2299 3888
Fax : (03) 2287 1616

**PRINCIPAL ADVISER, SPONSOR
SOLE UNDERWRITER AND SOLE
PLACEMENT AGENT** : MIDF Amanah Investment Bank Berhad
(Registration No. 197501002077(23878-X))
Level 21, Menara MIDF
No. 82, Jalan Raja Chulan
50200 Kuala Lumpur

Tel : (03) 2173 8888
Fax : (03) 2173 8277

SHARE REGISTRAR : Boardroom Share Registrars Sdn Bhd
(Registration No. 199601006647 (378993-D))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya, Selangor

Tel : (03) 7890 4700
Fax : (03) 7890 4670

CORPORATE DIRECTORY (Cont'd)

**INDEPENDENT
RESEARCHER**

MARKET : Providence Strategic Partners Sdn Bhd
(Registration No. 201701024744 (1238910-A))
67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya, Selangor

Tel : (03) 7625 1769

Person in charge: Melissa Lim Li Hua
*Bachelor of Commerce (Double major in Marketing and
Management) from Murdoch University, Australia*

**GOVERNANCE,
INTERNAL
CONSULTANT**

**RISK AND
CONTROL** : Sterling Business Alignment Consulting Sdn Bhd
(Registration No. 200401015607 (654110-P))
Unit C3A02, Level 4, Lobby 1, Block C
Damansara Intan
No 1, Jalan SS20/27
47400, Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7662 8010

ISSUING HOUSE

: Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor
Tel : (03) 7890 4700
Fax : (03) 7890 4670

LISTING SOUGHT

: ACE Market

SHARIAH STATUS

: Approved by the Shariah Advisory Council of the SC

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1. INTRODUCTION

1.1 Approvals and conditions

(i) Bursa Securities

Bursa Securities had, vide its letter dated 8 September 2022, approved our admission to the Official List and listing of and quotation for our entire enlarged issued share capital of 1,481,013,000 Shares on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

Details of conditions imposed	Status of compliance
(i) Submit the following information in respect of the moratorium on the shareholdings of the Promoters to Bursa Depository: <ul style="list-style-type: none"> - Name of shareholders; - Number of shares; and - Date of expiry of the moratorium for each block of shares; 	Complied
(ii) Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
(iii) The Bumiputera equity requirements for public listed companies as approved/ exempted by the SC including any conditions imposed thereon;	Complied
(iv) To make the relevant announcement pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
(v) To furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Leform on the first day of Listing;	To be complied
(vi) In relation to the public offering to be undertaken by Leform, to announce at least 2 market days prior to the listing date, the result of the offering including the following: <ul style="list-style-type: none"> - Level of subscription of public balloting and placement; - Basis of allotment/allocation; - A table showing the distribution for placement tranche as per the format in Appendix I of Bursa Securities' approval; and - Disclosure of placees who become substantial shareholders of Leform arising from the IPO, if any. The overall distribution of Leform's securities shall be properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied
(vii) Leform/ MIDF Investment to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Leform to the Official List.	To be complied

1. INTRODUCTION**(ii) SC**

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

The SC had, vide its letter dated 14 September 2022, approved the resultant equity structure of Leform pursuant to the Listing under the equity requirements for public listed companies, subject to the following conditions:

Details of conditions imposed		Status of compliance
(i)	Leform allocating Shares equivalent to 12.5% of its enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by the MITI	To be complied
(ii)	Leform is to make available at least 50.0% of the shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing	To be complied

The effects of the Listing on our equity structure are set out as follows:-

Category of shareholders	As at 28 February 2022		After the Listing	
	No. of Shares	% of no. of issued shares	No. of Shares	% of no. of issued shares
Bumiputera				
- Bumiputera investors approved by the MITI	-	-	185,127,000 ⁽¹⁾	12.5
- Bumiputera public investors via balloting	-	-	37,025,500 ⁽¹⁾	2.5
Total Bumiputera	-	-	222,152,500	15.0
Non-Bumiputera	6,500,000	100.0	1,258,860,500	85.0
Malaysians	6,500,000	100.0	1,481,013,000	100.0
Foreigners	-	-	-	-
Total	6,500,000	100.0	1,481,013,000	100.0

Note:

(1) Based on the assumption that shares offered to Bumiputera investors to be approved by the MITI and Bumiputera public investors via balloting are fully subscribed.

(iii) SAC

The SAC had, vide its letter dated 26 April 2022, classified our securities as Shariah-compliant based on our audited financial statements for the FYE 31 December 2021.

(iv) MITI

The MITI had, vide its letter dated 25 May 2022, taken note and had no objection to the listing of our Company on the ACE Market.

1. INTRODUCTION (Cont'd)

1.2 Moratorium on our shares

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

- (i) the moratorium applies to the entire shareholdings of our Specified Shareholders for a period of 6 months from the date of our admission to the Official List of the ACE Market ("**First 6-Month Moratorium**");
- (ii) upon the expiry of the First 6-Months Moratorium, we must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45% of the total number of issued ordinary shares (adjusted for any bonus issue or subdivision of shares) remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and
- (iii) upon the expiry of the Second 6-Months Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of our Shares held under moratorium.

Details of our Specified Shareholders and their Shares which will be subject to moratorium are as follows:

Specified Shareholders	Shares under moratorium for Year 1				Shares under moratorium for Year 2		Shares under moratorium for Year 3	
	Shares under the First 6-Months Moratorium		Shares under the Second 6-Months Moratorium		No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)
	No. of Shares ('000)	(%) ⁽¹⁾	No. of Shares ('000)	(%) ⁽¹⁾				
Law Kok Thye	340,549	23.0	-	-	-	-	-	-
Tianwen Holdings	755,400	51.0	666,456	45.0	444,304	30.0	222,152	15.0
Total	1,095,949	74.0	666,456	45.0	444,304	30.0	222,152	15.0

Note:

(1) Based on our enlarged issued shares of 1,481,013,000 Shares after our IPO.

In addition, our Specified Shareholders have also provided an undertaking that they will comply with the moratorium conditions relating to the sale of the Shares as set out above.

The ultimate shareholder of Tianwen Holdings, namely Law Kok Thye, has also undertaken not to sell, transfer or assign his entire shareholdings in Tianwen Holdings during the moratorium period.

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2. PROSPECTUS SUMMARY

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

2.1 Principal details of our IPO

Our IPO comprises the following:

(a) Public Issue and Offer for Sale

	No. of IPO Shares	Percentage of our enlarged issued shares (%)
Public Issue		
(i) Malaysian Public		
(a) Bumiputera individuals, companies, societies, co-operatives and institutions	37,025,500	2.5
(b) Non-Bumiputera individuals, companies, societies, co-operatives and institutions	37,025,500	2.5
(ii) Eligible Persons	29,620,000	2.0
(iii) Private placement to identified institutional and/or selected investors	22,215,000	1.5
(iv) Private placement to identified Bumiputera investors approved by the MITI	185,127,000	12.5
	311,013,000	21.0
Offer for Sale		
Private placement to identified institutional and/or selected investors	74,051,000	5.0
	74,051,000	5.0
Total	385,064,000	26.0
IPO Price / Offer Price (RM)	0.23	

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

(b) Moratorium on our Shares

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders. Further details of the moratorium are set out in **Section 1.2** of this Prospectus.

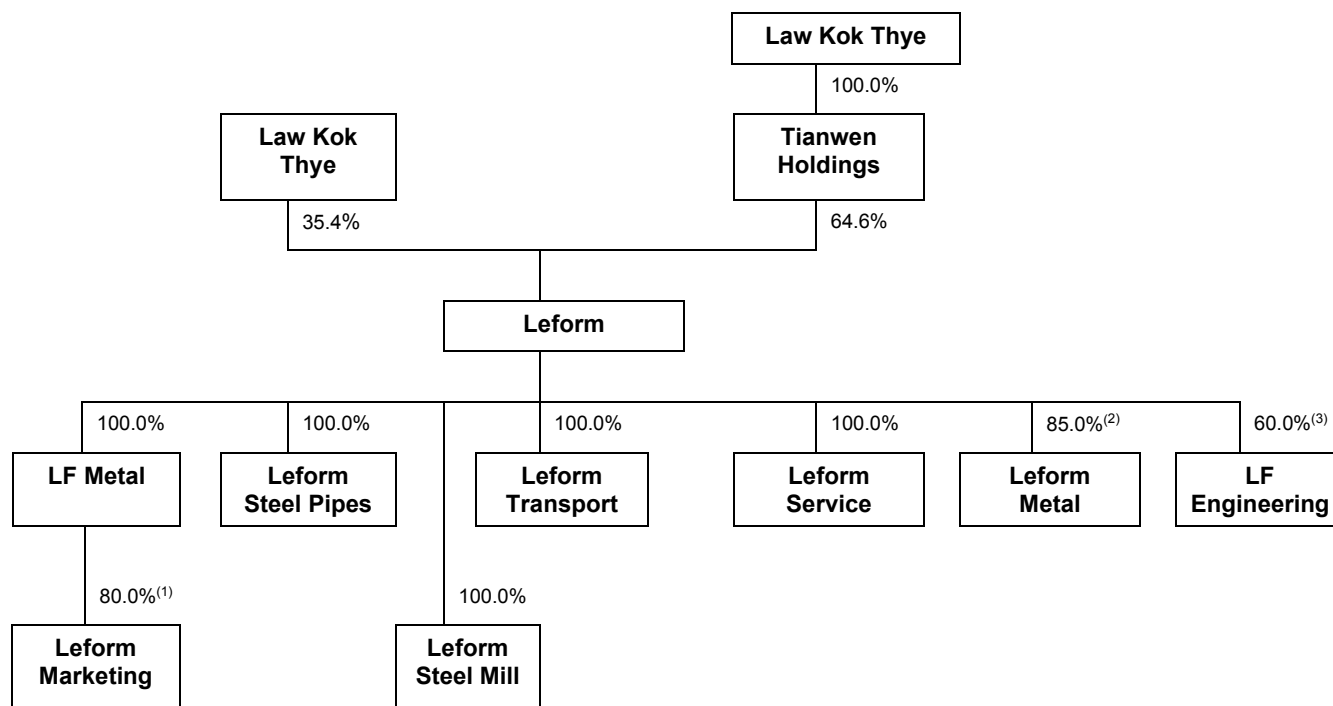
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2. PROSPECTUS SUMMARY (Cont'd)

2.2 History and business

Our Company was incorporated in Malaysia on 14 January 1995 as a private limited company under the name of Leform Sdn Bhd. On 14 January 2022, our Company converted into a public company and assumed the name Leform Berhad.

Our Group structure before the IPO is set out below:



Notes:

- (1) 20% of the issued share capital of Leform Marketing is held by Chai Chang Wai, who is also a director of Leform Marketing and an employee of our Group.
- (2) 15% of the issued share capital of Leform Metal is held by Yau Kwai Lin, who is also a director of Leform Metal and an employee of our Group.
- (3) 40% of the issued share capital of LF Engineering is held by Lam Chung Ming, who is also a director of LF Engineering and an employee of our Group.

Our Group is principally involved in manufacturing of and trading in steel products. Our Group's headquarters and processing facilities are based in Malaysia and for the Financial Years and Period Under Review, our sales are primarily generated from Malaysia. Our sales from Malaysia contributed approximately 97.2%, 95.2%, 97.0% and 98.4% of our Group's revenue for the Financial Years and Period Under Review, respectively. Our Group also exports our products to international markets such as New Zealand, Singapore and Cambodia.

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2. PROSPECTUS SUMMARY (Cont'd)

Our Group's business model is illustrated in the diagram below:

PRINCIPAL ACTIVITY	MANUFACTURING		TRADING
PRODUCTS	Steel pipes and guardrails	Flat steel products (slitted steel coil and sheets)	Various steel products (including slitted steel coils and sheets)
CUSTOMER SEGMENTS	<ul style="list-style-type: none"> • Building material or steel trading companies • End-customers (Manufacturers and contractors) 		
MANUFACTURING PROCESSES	ERW	Steel slitting and shearing	-
COMPETITIVE STRENGTHS	<ul style="list-style-type: none"> • We have a wide range of steel pipes, guardrails and flat steel products that can cater for various end-user industry applications • Our Group's processing facilities are well equipped • We are committed to producing quality steel products • We have integrated operations in producing steel pipes, from production of materials to delivery of finished products • We have an experienced and technically strong key senior management team 		

A breakdown of our Group's revenue by business segment is as follows:

	Audited				Unaudited				Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	(RM '000)	%	(RM '000)	%	(RM '000)	%	(RM '000)	%	(RM '000)	%
Manufacturing:	264,946	76.9	281,446	79.3	295,047	78.9	161,379	79.4	167,161	78.3
Steel pipes	124,840	36.2	137,638	38.8	156,512	41.8	74,171	36.5	84,085	39.4
Guardrails	24,607	7.2	24,113	6.8	23,889	6.4	12,003	5.9	13,069	6.1
Flat steel products	115,499	33.5	119,695	33.7	114,646	30.7	75,205	37.0	70,007	32.8
Trading	79,621	23.1	73,263	20.7	78,865	21.1	41,950	20.6	46,468	21.7
Transportation ⁽¹⁾	14	_(2)	5	_(2)	62	_(2)	22	_(2)	42	_(2)
Total revenue	344,581	100.0	354,714	100.0	373,974	100.0	203,351	100.0	213,671	100.0

Notes:

(1) Transportation services were charged for the transportation of our Group's finished steel products. This was not deemed as a principal activity of our Group.

(2) Negligible

Please refer to **Section 6** of this Prospectus for further details on our history and business.

2. PROSPECTUS SUMMARY (Cont'd)

2.3 Competitive strengths

Our competitive strengths are summarised as follows:

(i) **We have a wide range of steel products that can cater for various end-user industry applications**

We offer our customers, comprising building material and steel trading companies, manufacturers and contractors, a wide and complementary range of steel products that are suitable for use in various end-user industry applications including the furniture, construction and industrial product manufacturing industries. The various end-user industry applications for our products serve to provide better demand for our products and provide us with opportunities to further enlarge our customer base. Our ability to serve our customers across different types of end-user industry applications also enables us to diversify our business risk, thus reducing the risk of dependency on a particular industry's performance.

(ii) **Our Group's processing facilities are well equipped**

Over the years, we have acquired various automated machineries and equipment. There are 17 pipe mills machines, 3 guardrail machines, 3 slitting machines and 4 shearing machines that are operational as at the LPD. With more machineries and equipment as well as storage area, we can cater for more orders and manufacture in large volumes. This in turn provides us with benefits such as competitive pricing when procuring our supplies, improvement in efficiency in producing our products, and the flexibility of manufacturing various sizes of steel products simultaneously.

(iii) **We are committed to producing quality steel products**

We put in place various quality control measures throughout our entire processes, as described in **Section 6.8** of this Prospectus. All of our steel products conform to the Japanese Industrial Standards or equivalent standards, which is typically a requirement requested by our local and international customers. Currently, we are accredited with the ISO 9001:2015 certification by TuV Nord Group in recognition of our consistency in our processes in producing and delivering quality steel pipes products for the automotive parts and furniture industries as well as for general usage.

(iv) **We have integrated operations in producing steel pipes, from production of materials to delivery of finished products**

Our steel pipes require the use of slitted steel coils and sheets. We slit and shear steel coils and sheets to size, and these slitted steel coils and sheets can be utilised in the manufacturing of our steel pipes. We benefit from manufacturing our own slitted steel coils and sheets as we can procure a larger quantity of supplies, thus providing us with competitive pricing, and we can have control over the supplies, this provides us with a consistent supply of supplies and lessens the lead time required to fulfil our customers' orders. Further, we have an in-house delivery team to handle the delivery of our finished products to our customers. This allows us to have better control over our lead time and to provide prompt deliveries to our customers.

(v) **We have an experienced and technically-strong key senior management team**

Our growth thus far has been, largely driven by Mr. Law Kok Thye, who has 32 years of experience in the steel industry and he is supported by our key senior management personnel who are all qualified professionals with knowledge and experience in their respective areas of the steel industry. Our key senior management team's leadership, and strong technical and industry experience, have enabled us to identify new growth opportunities for the sustainability of our business.

Please refer to **Section 6.6** of this Prospectus for further information on our competitive strengths.

2. PROSPECTUS SUMMARY (Cont'd)

2.4 Future plans and strategies

Our future plans and strategies are summarised as follows:

(i) **We intend to relocate our headquarters and workers' accommodation and expand our warehouse storage facility**

At present, our Group's existing headquarters, processing facilities and warehouse in Serendah, Selangor have a total built-up area of 316,459 sq ft. In anticipation of increasing number of orders from customers arising from anticipated growth in demand for steel products, our Group intends to expand our warehouse storage facility to cater for growth in our production output by constructing a new facility with additional warehouse storage. As at the LPD, our warehouse storage facility with a total built-up area of 157,776 sq ft can fit up to 161,372 MT of steel products, and our Group has utilised up to 84.1%, 76.4% and 95.4% of the storage space area during the FYE 2020, FYE 2021 and FPE 2022, respectively. The proposed new facility, located adjacent to one of our existing processing facilities, will have a total built-up area of 285,547 sq ft and will comprise our new headquarters and workers' accommodation, and additional warehouse storage facility. We intend to relocate our existing headquarters and workers' accommodation to the proposed new facility. The additional warehouse storage facility will expand our storage space capacity by 93.2% for us to cater for higher production volume, and allow us to consolidate our delivery operations and loading onto our lorry transport at a "one stop centre". Our present headquarters and warehouse storage facility will continue to serve as our operational office and warehouse.

(ii) **We intend to expand our range of steel pipes to include thicker gauge steel pipes**

At present, we manufacture steel pipes (which have a thickness of approximately 4mm or less) used for light industrial purposes such as in the manufacturing of automotive seats and furniture or as scaffolding or light structures in construction. As part of our expansion plan, we intend to expand our range of steel pipes to include thicker gauge steel pipes. These thicker gauge steel pipes will have a thickness of between 4mm and 5mm and can be used for applications that require steel pipes with higher tensile strength such as in the construction of temporary structures. This would not only be a new revenue stream but will also enable us to expand our customer base. We plan to begin manufacturing these thicker gauge steel pipes once our proposed new facility is complete in the second quarter of 2025.

Please refer to **Section 6.24** of this Prospectus for further information on our future plans and strategies.

2.5 Risk factors

Before investing in our Shares, you should carefully consider, along with the other matters set out in this Prospectus, the risks and investment considerations. The following are some of the key risks affecting our business, operations and industry in which we operate:

(i) **We are subject to fluctuations in global steel prices**

Our Group's materials comprise mother coils which mainly consist of cold-rolled steel coils, hot-rolled steel coils and galvanised steel coils. The price of our materials fluctuates according to global steel prices which are driven by factors such as global economic conditions, factors affecting supply and demand for steel as well as factors affecting the steel industry supply chain including prices of materials for the production of steel. We are generally able to quote our selling prices based on global steel prices, and hence we are able to pass on the costs of increase in materials to our customers. In the event that we are unable to pass on the increase in materials costs to our customers, we will have to bear the increasing costs, and this may have a material impact on our financial performance. Conversely, a fall in global steel prices could also impact our selling prices, which could impact our profitability.

2. PROSPECTUS SUMMARY (Cont'd)**(ii) We may not be able to secure funding, especially on terms acceptable to us, to meet our capital requirements**

Our ability to secure external funding is subject to various uncertainties, including our future results of operations, financial conditions and cash flows, the performance of the Malaysian economy and the market for our products. There is no guarantee that any funding, either on a short-term or long-term basis, will be made available to us on terms acceptable to us or at all. Our operations have been funded through existing cash and bank balances, cash generated from our operations, credit extended by our suppliers and external sources of funds such as term loans, bank overdraft and trade facilities such as bankers' acceptances and trust receipts as well as lease liabilities under hire purchase arrangement. As at the LPD, we have secured banking facilities (excluding lease liabilities) up to a limit of RM313.4 million, of which RM195.5 million has been utilised. Moving forward, if we are unable to secure adequate funding, or funding is only available on unfavourable terms, meeting our capital needs or taking advantage of business opportunities or responding to competitive pressures may become a hurdle, which may lead to material and adverse effects on our business operations and financial performance.

(iii) We may face disruptions in our processing facilities and business operations

Our manufacturing activities are dependent on the continued operation of our processing facilities which require the use of machinery and equipment such as pipe mills as well as slitting and shearing machineries and equipment. Our processing facilities and machineries and equipment are subject to unanticipated failures, damages and/or circumstances such as fire outbreaks, power outages, natural disasters, outbreak of diseases, as well as breakdowns, failures and sub-standard performance of our machineries and equipment. These unexpected events may cause interruptions in, or prolonged suspension of, all or part of our manufacturing activities, as well as damage or destruction of all or part of our processing facilities. Our processing facilities are also dependent on continuous supply of electricity. Any prolonged interruptions in our operations will affect our production schedules and timely delivery of our products, which may cause cancellation of orders and adversely impact our industry reputation and relationships with our customers.

(iv) We rely on the leadership and direction of our Executive Directors and our key senior management for the continuing success of our Group

Our Group's success is reliant on the leadership capabilities and the direction of our Managing Director, Law Kok Thye and our key senior management team. Our Managing Director has 32 years of experience garnered through his career in the steel industry. Further, our key senior management team comprises professionals from various backgrounds and expertise. Our key senior management personnel have an average of 27 years of working experience in their respective fields, including in the steel industry. A loss of our key senior management personnel without a suitable replacement would have a negative effect on our ability to compete in the industry.

(v) The absence of long-term contracts may result in fluctuations in our Group's financial performance

We generally do not enter into any long-term contracts with our customers. Our orders are primarily secured by way of purchase orders issued by our customers on a project-to-project or an as-needed basis. The absence of long-term contracts may result in the fluctuation of our Group's revenue and overall business performance. While our Group continuously seeks to maintain and strengthen existing business relationships and establish relationship with new customers to expand our network, any adverse economic conditions or slowdowns in the industries in which our customers operate, may negatively impact our sales, which may subsequently lead to material and adverse effects on our Group's financial performance and business operations.

2. PROSPECTUS SUMMARY (Cont'd)**(vi) We may face credit risks**

Our Group's revenue is dependent on our customers' ability to pay us. We are therefore exposed to credit risks arising from trade receivables which may arise from circumstances or events which are beyond our control and/or are difficult to anticipate or detect such as an economic downturn or slowdown. In the event of a significant delay or default in payment by our customers, we will have to provide for impairment loss on trade receivables or write off trade receivables as bad debts, which may adversely affect our financial performance.

(vii) We are subject to foreign exchange fluctuations which may impact the costs of our materials

We source cold-rolled steel coils, hot-rolled steel coils and galvanised steel coils from both local suppliers and foreign suppliers based in Singapore, Taiwan and Indonesia. Our purchases of such materials are denominated in RM and USD. Our purchases denominated in USD for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 were RM164.5 million (56.2%), RM80.1 million (36.5%), RM137.3 million (45.5%) and RM153.7 million (62.8%) respectively. Thus, any significant fluctuations in these foreign exchange rates may affect our Group's financial performance. In particular, a depreciation of the RM against the USD will lead to higher costs of raw materials in RM, which in turn may reduce our GP margin if we are unable to pass on these costs to our customers in a timely manner.

Please refer to **Section 4** of this Prospectus for further details on our risk factors.

2.6 Our Directors and key senior management

Our Directors and key senior management are set out as follows:

Name	Designation
<u>Directors</u>	
Datuk Seri Akhil Bin Bulat	Independent Non-Executive Chairman
Law Kok Thye	Managing Director
Chua Leng Leek	Independent Non-Executive Director
Lai Chin Yang	Independent Non-Executive Director
Lee Wee Leng	Independent Non-Executive Director
Phang Yew Cheong @ Phang Yew Choong	Non-Independent Executive Director
Esmariza Binti Ismail	Non-Independent Executive Director
<u>Key senior management</u>	
Law Kok Thye	Managing Director
Phang Yew Cheong @ Phang Yew Choong	Executive Director / Group Adviser
Esmariza Binti Ismail	Executive Director / Human Resource Manager
Hong Ka Hock	General Manager
Ng Tiong Lim	Chief Financial Officer
Lee Li Wah	Plant Manager
Surian A/L Krishnan	Senior Accounts Manager

Please refer to **Sections 8.2** and **8.4** of this Prospectus for further details of our Directors and key senior management.

2. PROSPECTUS SUMMARY (Cont'd)

2.7 Our Promoters and substantial shareholders

Our Promoters and substantial shareholders, as well as their respective shareholdings in our Company, are set out as follows:

Promoters and substantial shareholders	Nationality/ Country of incorporation	As at 31 December 2019, 2020 and 2021				Before the IPO				After the Share Transfer				After the Offer for Sale			
		Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	% ⁽¹⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽²⁾	No. of Shares ('000)	% ⁽³⁾	No. of Shares ('000)	% ⁽³⁾
Law Kok Thye	Malaysian	4,290	66.0	2,210 ⁽⁴⁾	34.0 ⁽⁴⁾	772,200	66.0	397,800 ⁽⁴⁾	34.0 ⁽⁴⁾	414,600	35.4	755,400	64.6 ⁽⁴⁾	340,549	23.0	755,400 ⁽⁴⁾	51.0 ⁽⁴⁾
Tianwen Holdings	Malaysia	2,210	34.0	-	-	397,800	34.0	-	-	755,400	64.6	-	-	755,400	51.0	-	-
Total		6,500	100.0			1,170,000	100.0			1,170,000	100.0			1,095,949	74.0		

Notes:

- (1) Based on our issued shares of 6,500,000 Shares as at 31 December 2019, 2020 and 2021.
- (2) Based on our issued shares of 1,170,000,000 Shares as at the LPD after the Bonus Issue and Share Split.
- (3) Based on our enlarged issued shares of 1,481,013,000 Shares after our IPO.
- (4) Deemed interested by virtue of his shareholding in Tianwen Holdings pursuant to Section 8 of the Act.

Please refer to **Section 8.1** of this Prospectus for further details of our Promoters and substantial shareholders.

2. PROSPECTUS SUMMARY (Cont'd)**2.8 Use of proceeds**

The total gross proceeds of approximately RM71.5 million from the Public Issue will be utilised by our Group in the following manner:

Details of use	Estimated timeframe for use upon Listing	(RM'000)	Percentage of gross proceeds (%)
Construction of new headquarters, warehouse storage facility and workers' accommodation	Within 18 months	30,038	42.0
Repayment of bank borrowings	Within 10 months	14,385	20.1
Working capital	Within 12 months	21,910	30.6
Estimated listing expenses	Within 3 months	5,200	7.3
		71,533	100.0

Our Company will not receive any proceeds from the Offer for Sale as such proceeds will go directly to our Selling Shareholder. The gross proceeds from the Offer for Sale is approximately RM17.0 million based on the Offer Price of RM0.23 per Offer Share.

Please refer to **Section 3.7** of this Prospectus for further details on the use of proceeds from the Public Issue.

2.9 Financial highlights

The historical financial information presented below should be read in conjunction with the management's discussion and analysis of financial condition and results of operations as set out in **Section 11.3** of this Prospectus and the Accountants' Report, together with its related notes and assumptions as set out in **Section 12** of this Prospectus.

Historical consolidated financial information

The following table sets out a summary of our consolidated statements of profit or loss and other comprehensive income for Financial Years and Period Under Review which have been extracted from the Accountants' Report.

	Audited			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Continuing operation					
Revenue	344,581	354,714	373,974	203,351	213,671
GP	21,293	31,200	79,889	43,803	25,357
PBT	1,213	10,661	61,873	35,257	16,651
(LAT)/PAT	(1,631)	7,137	45,410	27,623	12,166
GP margin (%) ⁽¹⁾	6.2	8.8	21.4	21.5	11.9
PBT margin (%) ⁽²⁾	0.4	3.0	16.5	17.3	7.8
(LAT)/PAT margin (%) ⁽³⁾	(0.5)	2.0	12.1	13.6	5.7
Diluted EPS (sen) ⁽⁴⁾	(0.1)	0.4	3.0	1.8	0.8

Notes:

(1) Calculated based on GP divided by revenue.

2. PROSPECTUS SUMMARY (Cont'd)

- (2) PBT margin are calculated based on the PBT from continuing operations for the respective financial years and period divided by revenue.
- (3) (LAT)/PAT margin are calculated based on the (LAT)/PAT from continuing operations for the respective financial years and period divided by revenue.
- (4) Calculated based on (LAT)/PAT attributable to owners of our Company from continuing operations divided by our enlarged number of 1,481,013,000 Shares in issue after our IPO.

2.10 Dividend policy

For information purposes, dividends declared by our Group during the Financial Years and Period Under Review are as follows:

	Audited			
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	FPE 2022 (RM'000)
Dividends declared	-	2,000	3,000	-
(LAT)/PAT attributable to owners of the Company	(1,704)	6,579	44,495	12,187
Dividend payout ratio (%)	-	30.4	6.7	-

We do not intend to declare any dividend prior to our Listing. Subject to the factors outlined in **Section 11.18** of this Prospectus and taking into account our historical average annualised dividend payout ratio, upon Listing, our Group shall endeavor to maintain a dividend payout ratio of not less than 20% of our annual audited net earnings. Any dividends declared will be subject to the recommendation of our Board and any final dividends declared will be subject to the approval of our shareholders at our AGM.

Please refer to **Section 11.18** of this Prospectus for further details on our dividend policy.

2.11 Impact of COVID-19

Throughout 2020 and 2021, the Malaysian Government had implemented several phases of MCOs to curb the spread of the COVID-19 pandemic in Malaysia. Some of these MCO phases involved the restriction or temporary disruptions of all business activities except those involved in essential services. During the MCO, we were subject to temporary disruptions and restrictions in terms of workforce capacity. Since 10 October 2021, we have resumed all business activities at our headquarters and processing facilities.

Impact of COVID-19 on our supply chain

Throughout 2020 and 2021, we did not experience any delays in receiving supplies from our suppliers.

Impact of COVID-19 on our financial performance

Despite lower volume of steel products sold between April 2020 and May 2020 due to the MCOs, there was a higher overall volume of orders for steel pipes, guardrails and flat steel products in the FYE 2020. As such, our Group's overall revenue recorded an increase of RM10.1 million or 2.9%, from RM344.6 million in the FYE 2019 to RM354.7 million in the FYE 2020. In the FYE 2021, average selling prices of our steel products increased significantly, in line with a rise in global steel prices as indicated in the IMR report. Accordingly, our Group's overall revenue recorded an increase from RM354.7 million in FYE 2020 to RM374.0 million in FYE 2021. Our overall GP margin increased from 6.2% in the FYE 2019 to 8.8% in the FYE 2020, and increased from 8.8% in the FYE 2020 to 21.4% in the FYE 2021.

Please refer to **Section 6.25** of this Prospectus for further details on the impact of the COVID-19 on our business and operations.

3. DETAILS OF OUR IPO

3.1 Opening and closing of applications

Application for our IPO Shares will open at 10.00 a.m. on 26 October 2022 and will remain open until 5.00 p.m. on 11 November 2022. Late applications will not be accepted.

3.2 Indicative timetable

The indicative timetable for our IPO is set out below:

Events	Date
Opening of application for our IPO Shares	26 October 2022
Closing of application for our IPO Shares	11 November 2022
Balloting of applications for our Issue Shares	15 November 2022
Allotment/transfer of the IPO Shares to successful applicants	21 November 2022
Listing	22 November 2022

If there are any changes to this timetable, we will advertise a notice of the changes in a widely circulated English and Bahasa Malaysia newspaper within Malaysia, and make an announcement of such changes to Bursa Securities' website accordingly.

3.3 Details of our IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions as set out in **Section 3.3.3** of this Prospectus:

	No. of IPO Shares	Percentage of our enlarged issued share capital (%)
Public Issue		
(i) Malaysian Public		
(a) Bumiputera individuals, companies, societies, co-operatives and institutions	37,025,500	2.5
(b) Non-Bumiputera individuals, companies, societies, co-operatives and institutions	37,025,500	2.5
(ii) Eligible Persons	29,620,000	2.0
(iii) Private placement to identified institutional and/or selected investors	22,215,000	1.5
(iv) Private placement to identified Bumiputera investors approved by the MITI	185,127,000	12.5
	311,013,000	21.0
Offer for Sale		
Private placement to identified institutional and/or selected investors	74,051,000	5.0
	74,051,000	5.0
Total	385,064,000	26.0

3. DETAILS OF OUR IPO (Cont'd)**3.3.1 Public Issue**

We are offering 311,013,000 Issue Shares at an Issue Price of RM0.23 payable in full on application, representing approximately 21.0% of our enlarged issued share capital after the IPO, in the following manner:

(i) Malaysian Public

74,051,000 Issue Shares, representing 5.0% of the enlarged issued share capital of our Company, will be made available for application by the Malaysian Public, of which 37,025,500 Issue Shares, representing 2.5% of the enlarged issued share capital of our Company, are set aside for Bumiputera individuals, companies, societies, co-operatives and institutions. Any Issue Shares not subscribed for by such Bumiputera investors will be made available for application by other Malaysian investors.

(ii) Eligible Persons

29,620,000 Issue Shares, representing 2.0% of the enlarged issued share capital of our Company (“**Pink Form Shares**”) have been reserved and set aside for the Eligible Persons under the Pink Form Allocation.

The details of the number of Pink Form Shares set aside for the Eligible Persons are as follows:

Eligible Persons	Number of Eligible Persons	Aggregate number of Pink Form Shares allocated
Directors of our Company ⁽¹⁾	6	2,200,000
Eligible employees of our Group ⁽²⁾	79	4,428,000
Persons who have contributed to our success ⁽³⁾	92	22,992,000
Total	177	29,620,000

Notes:

- (1) The criteria for allocation to our Directors is based on, amongst others, their respective roles and responsibilities in, and contribution to our Group. The number of Pink Form Shares to be allocated to our Directors are set out as follows:

Name	Designation	No. of Pink Form Shares
<i>Datuk Seri Akhil Bin Bulat</i>	<i>Independent Non-Executive Chairman</i>	<i>350,000</i>
<i>Chua Leng Leek</i>	<i>Independent Non-Executive Director</i>	<i>350,000</i>
<i>Lai Chin Yang</i>	<i>Independent Non-Executive Director</i>	<i>350,000</i>
<i>Lee Wee Leng</i>	<i>Independent Non-Executive Director</i>	<i>350,000</i>
<i>Phang Yew Cheong @ Phang Yew Choong</i>	<i>Non-Independent Executive Director</i>	<i>400,000</i>
<i>Esmariza Binti Ismail</i>	<i>Non-Independent Executive Director</i>	<i>400,000</i>
Total		2,200,000

- (2) The basis and criteria for allocation of the Pink Form Shares to our eligible employees, as approved by our Board, is based on, amongst others, the following factors:

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

3. DETAILS OF OUR IPO (Cont'd)

(ii) the number of Pink Form Shares allocated to the eligible employees is based on their staff grade, length of service, past performance and level of contributions made to our Group, including any other factors considered relevant to our Board; and

(iii) the eligible employee must be at least 18 years of age.

The allocation to our eligible employees includes the allocation to the following key senior management:

Name	Designation	No. of Pink Form Shares
<i>Hong Ka Hock</i>	<i>General Manager</i>	<i>200,000</i>
<i>Ng Tiong Lim</i>	<i>Chief Financial Officer</i>	<i>200,000</i>
<i>Lee Li Wah</i>	<i>Plant Manager</i>	<i>200,000</i>
<i>Surian A/L Krishnan</i>	<i>Senior Accounts Manager</i>	<i>200,000</i>
Total		800,000

(3) The allocation to persons who have contributed to our success, as approved by our Board, is determined based on amongst others, the length of business relationship with our Group, their current and past contributions and support to our Group. The persons who have contributed to our success may include our customers, suppliers and business associates.

(iii) Private placement to identified institutional and/or selected investors

22,215,000 Issue Shares, representing approximately 1.5% of the enlarged issued share capital of our Company, allocated by way of private placement to identified institutional and/or selected investors.

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

185,127,000 Issue Shares, representing approximately 12.5% of the enlarged issued share capital of our Company, allocated by way of private placement to identified Bumiputera investors approved by the MITI.

Any Issue Shares not taken up by the Malaysian Public or Eligible Persons under the Pink Form Allocation will be subject to the clawback and reallocation as set out in **Section 3.3.3** of this Prospectus, and the balance thereof will be underwritten. Please refer to **Section 3.9** of this Prospectus for further details of our underwriting arrangement. Applicants who subscribe for the Pink Form Shares under **Section 3.3.1(ii)** above may also apply for the Issue Shares available under the Malaysian Public.

Save for the allocation made available for application by Eligible Persons as disclosed in **Section 3.3.1(ii)** above, it is not known to our Company as to whether any of our substantial shareholders, Directors or member of the key senior management have the intention to apply for the Issue Shares allocated for the Malaysian Public.

Meanwhile, the 22,215,000 Issue Shares under **Section 3.3.1(iii)** above will be placed out to institutional and/or selected investors identified by our Sole Placement Agent. These Issue Shares will be subject to irrevocable undertakings to be procured from such investors.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5.0% of our IPO Shares.

3. DETAILS OF OUR IPO (Cont'd)

3.3.2 Offer for Sale

Our Selling Shareholder is offering for sale an aggregate of 74,051,000 Offer Shares at an Offer Price of RM0.23 per Offer Share, representing approximately 5.0% of the enlarged issued share capital of our Company, by way of private placement to identified institutional and/or selected investors.

Details of our Selling Shareholder and Shares offered for sale are set out as follows:

Name and address	Nature of relationship	Before the IPO		Shares offered pursuant to the Offer for Sale			After the Offer for Sale and the IPO ⁽⁴⁾	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	
Law Kok Thye 31, Jalan RP 11/6 Rawang Taman Rawang Perdana 48000 Rawang, Selangor	Our Managing Director, Promoter and substantial shareholder	414,600,000 ⁽³⁾	35.4	74,051,000	6.3	340,549,000	23.0	
Total		414,600,000	35.4	74,051,000	6.3	340,549,000	23.0	

Notes:

- (1) Based on our issued shares of 1,170,000,000 Shares as at the LPD after the Bonus Issue and Share Split.
- (2) Based on our enlarged issued share capital of 1,481,013,000 Shares after the IPO.
- (3) After the Pre-IPO Exercise.
- (4) Assuming all 74,051,000 Offer Shares are fully placed out to identified institutional and/or selected investors.

The Offer Shares under the Offer for Sale will be placed out by our Sole Placement Agent.

3. DETAILS OF OUR IPO (Cont'd)

3.3.3 Clawback and reallocation

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

- (i) In the event there are Issue Shares not subscribed by the Malaysian Public, the remaining portion will be made available for application by way of private placement to identified institutional and/or selected investors under **Section 3.3.1(iii)** of this Prospectus and identified Bumiputera investors approved by the MITI under **Section 3.3.1(iv)** of this Prospectus;
- (ii) In the event of over-subscription by the Malaysian Public and a corresponding under-subscription under **Sections 3.3.1(ii)** and **3.3.1(iii)** of this Prospectus, the remaining portion will be clawed back and re-allocated to the Malaysian Public to increase participation of retail investors;
- (iii) If the Issue Shares allocated to identified Bumiputera investors approved by the MITI ("**MITI Tranche**") are not fully subscribed, the remaining portion will be clawed back and re-allocated to identified Malaysian institutional investors under **Section 3.3.1(iii)** of this Prospectus. If after the aforementioned reallocation, there is still under-subscription for the MITI Tranche, the Issue Shares will be clawed back from the MITI Tranche and re-allocated firstly, to the Bumiputera Malaysian Public, and thereafter to the Malaysian Public;
- (iv) Any Pink Form Shares not taken up by the Eligible Persons will be made available for application by the other Eligible Persons who have applied for excess IPO Shares in addition to their allocated Pink Form Shares ("**Excess IPO Shares**"). Such Excess IPO Shares will be allocated on a fair and equitable basis in the following priority:
 - (a) firstly, allocation on a pro-rata basis based on the number of Excess IPO Shares applied for; and
 - (b) secondly, to minimise odd lots;
- (v) Should there be any balance of Excess IPO Shares after **Section 3.3.3(iv)** of this Prospectus, such balance may be allocated to the Malaysian Public; and
- (vi) If the Offer Shares under **Sections 3.3.2** of this Prospectus are under-subscribed, the remaining portion will be clawed back and reallocated to the Malaysian Public and identified Bumiputera investors approved by the MITI under **Section 3.3.1(iv)** of this Prospectus.

The clawback and reallocation shall not apply in the event of over-subscription under **Sections 3.3.1(i), 3.3.1(ii), 3.3.1(iii), 3.3.1(iv)** and **Section 3.3.2** of this Prospectus.

Any Issue Shares not applied for after being subject to the clawback and reallocation provisions above shall be underwritten by the Sole Underwriter.

The basis of allocating the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities as well as to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Board.

3. DETAILS OF OUR IPO (Cont'd)**3.3.4 Share capital**

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

	No. of Shares	(RM)
Issued share capital before the IPO	1,170,000,000	78,000,000
To be issued under the Public Issue	311,013,000	68,982,990 ⁽¹⁾
Enlarged issued share capital upon Listing	1,481,013,000	146,982,990
Shares to be offered under Offer for Sale	74,051,000	17,031,730
IPO Price per Share		0.23
Market capitalisation upon Listing (based on IPO Price and our enlarged number of issued shares after our IPO)		340,632,990
Pro forma NA per Share (based on the pro forma consolidated statement of financial position as at 30 June 2022 after the IPO and subsequent utilisation of proceeds from our Public Issue)		0.17 ⁽²⁾

Notes:

- (1) Calculated based on the IPO Price and after deducting the estimated listing expenses of approximately RM2.6 million which is directly attributable to the Public Issue and deducted against the share capital of our Company.
- (2) The pro forma NA per Share is the portion attributable to the owners of our Company.

3.3.5 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism (in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008) for our IPO.

3.3.6 Classes of shares and ranking

There is only 1 class of shares in our Company, namely ordinary shares.

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

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

Subject to any special rights (amongst others, taking priority over the Shares of our Company in terms of the distribution of dividends or other profits) attaching to any Shares which we may issue in the future, our shareholders are, in proportion to the amount paid on the Shares held by them, entitled to share in the profits paid out by us in the form of dividends or other distributions. Similarly, if our Company is liquidated, our shareholders are entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

3. DETAILS OF OUR IPO (Cont'd)

At any general meeting of our Company, each shareholder is entitled to vote in person, by proxy, by attorney or by other duly authorised representative. Any resolution set out in the notice of any general meeting, or in any notice of resolution, is to be voted by poll. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held or represented. A proxy may but need not be a member of our Company. On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote.

3.3.7 Minimum level of subscription

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

Under the Listing Requirements, we are required to have a minimum of 25.00% of our enlarged issued share capital held by at least 200 public shareholders, each holding not less than 100 Shares at the point of our Listing.

If the aforesaid public shareholding spread requirement is not met, our Company may not be permitted to proceed with the Listing. In such event, we will return in full all monies paid in respect of all applications (without interest or any share of revenue or benefits arising therefrom) within 14 days.

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3. DETAILS OF OUR IPO (Cont'd)

3.4 Basis of arriving at the price of our IPO Shares

3.4.1 IPO Price

Our IPO Price of RM0.23 per IPO Share was determined and agreed upon between our Directors, Selling Shareholder and our Principal Adviser, after taking into consideration the following factors:

- (i) our Group's EPS of 3.0 sen and 1.6 sen per Share for the FYE 2021 and annualised FPE 2022 based on our Group's PAT attributable to owners of our Company from continuing operations of RM44.5 million and RM12.2 million for FYE 2021 and FPE 2022 respectively and our enlarged issued share capital of 1,481,013,000 Shares after our IPO, which translate into a price-to-earnings multiple of 7.7 times and 14.4 times respectively;
- (ii) our financial performance and operating history as described in **Sections 11** and **6** of this Prospectus;
- (iii) the proforma consolidated NA as at 30 June 2022 after the IPO and subsequent to the utilisation of proceeds from our Public Issue of approximately 17 sen per Share based on our enlarged issued share capital of 1,481,013,000 Shares;
- (iv) our competitive advantages and key strengths as outlined in **Section 6.6** of this Prospectus;
- (v) our future plans and strategies as outlined in **Section 6.24** of this Prospectus;
- (vi) the overview and future outlook of the industry which we operate in, as described in the Industry Overview in **Section 7** of this Prospectus; and
- (vii) the prevailing market conditions which include the current capital market trends and investors' sentiment.

Applicants are reminded to consider the risk factors before deciding to invest in our IPO Share. Further details of the risk factors concerning our Shares are set out in **Section 4.3** of this Prospectus.

3.4.2 Market capitalisation upon Listing

Based on our IPO Price of RM0.23 per IPO Share and our enlarged issued share capital of 1,481,013,000 Shares after our IPO, our market capitalisation upon Listing is RM340.6 million.

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3. DETAILS OF OUR IPO (Cont'd)

3.5 Objectives of our IPO

The purposes of our IPO are as follows:

- (i) to provide an opportunity for the Malaysian Public, including our eligible Directors, key senior management and employees as well as persons who have contributed to the success of our Group to participate in our equity;
- (ii) to enable our Group to raise funds for the purposes specified in **Section 3.7** of this Prospectus;
- (iii) to enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue further growth opportunities as and when they arise; and
- (iv) to gain recognition through our listing status which will enhance our Group's reputation in the marketing of our products and services, retention of our employees, expand our customer base and to attract new employees.

3.6 Dilution

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

The following table illustrates the dilution on a per Share basis:

	Details	(RM)
IPO Price	(A)	0.23
Audited consolidated NA per Share as at 30 June 2022 after the Pre-IPO Exercise but before Public Issue	(B)	0.15 ⁽¹⁾
Proforma consolidated NA per Share as at 30 June 2022 after the Pre-IPO Exercise, Public Issue and utilisation of IPO proceeds	(C)	0.17 ⁽²⁾
Increase in the proforma consolidated NA per Share to existing shareholders	(C - B)	0.02
Dilution in the proforma consolidated NA per Share to new public investors	(A - C)	0.06
Dilution in the proforma consolidated NA per Share to new public investors as a percentage of the IPO Price	(A - C)/(A)	26.1%

Notes:

- (1) The audited consolidated NA per Share is the portion attributable to the owners of our Company.
- (2) The pro forma NA per Share is the portion attributable to the owners of our Company.

Save for the issuance of Shares to our Promoters, and the transfer of Shares by Law Kok Thye to Tianwen Holdings pursuant to the Pre-IPO Exercise (details of which are set out in **Section 5.1.1** of this Prospectus), there has been no direct acquisition and/or subscription of any existing Shares in our Company by our Directors, key senior management, substantial shareholders or persons connected with them, or in which they have the right to acquire, during the past 3 years prior to the date of this Prospectus.

3. DETAILS OF OUR IPO (Cont'd)

3.7 Use of proceeds

The total gross proceeds from the Public Issue will amount to RM71.5 million based on the IPO Price. We expect the proceeds to be utilised by our Group in the following manner:

Details of use	Estimated timeframe for use upon Listing	(RM'000)	Percentage of gross proceeds (%)
Construction of new headquarters, warehouse storage facility and workers' accommodation	Within 18 months	30,038	42.0
Repayment of bank borrowings	Within 10 months	14,385	20.1
Working capital	Within 12 months	21,910	30.6
Estimated listing expenses	Within 3 months	5,200	7.3
Total		71,533	100.0

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3. DETAILS OF OUR IPO (Cont'd)

Details of our use of gross proceeds from our IPO are as follows:

3.7.1 Construction of new headquarters, warehouse storage facility and workers' accommodation

Our Group intends to allocate approximately RM30.0 million from the IPO proceeds towards the construction of a new facility which is envisaged to comprise a 4-storey office building, 2 units of 2-storey warehouse storage facility and a 5-storey workers' accommodation, with a total built-up area of 285,547 sq ft, on our Group's vacant land located at Lot 859, Mukim of Serendah, District of Hulu Selangor, Selangor ("**Lot 859**"). Lot 859 is adjacent to one of our existing processing facilities in Serendah, Selangor, and measures 397,484 sq ft. Our existing headquarters, production facilities and warehouse storage facilities are located on 3 plots of our land in Serendah, Selangor, with an aggregate total built-up area of 316,459 sq ft.

Although we have sufficient processing facilities to cater for increasing orders for steel pipes and flat steel products, our production output has been limited by the storage space at our existing warehouse storage facilities at our headquarters. Our Group intends to increase our storage space to allow for more room to store products which are made in advance of orders, to improve our delivery to our customers and allow us to procure steel materials before any anticipated price increases to achieve better GP margins. As at the LPD, our warehouse storage facilities with a total built-up area of 157,776 sq ft can fit up to 161,372 MT of steel products, and our Group has utilised up to 84.1%, 76.4% and 95.4% of the storage space area during the FYE 2020, FYE 2021 and FPE 2022, respectively. Our steel pipe manufacturing has utilised 44.5%, 32.3% and 32.0% of the machine operational capacity during the FYE 2020, FYE 2021 and FPE 2022, respectively, and our flat steel product manufacturing has utilised 30.2%, 18.0% and 11.7% of the machine operational capacity during the FYE 2020, FYE 2021 and FPE 2022, respectively. Please refer to **Section 6.14** of this Prospectus for further details on our current operational capacities and output.

As at the LPD, we house 107 workers at 48 units of 2-storey container accommodation with facilities comprising, among others, a guard house, an open garage and a canteen located at Lot 4314, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor. We have obtained Certificate for Accommodation issued by the Department of Labour for the accommodation. Moving forward, we intend to relocate our headquarters and workers' accommodation to the new facility which will also serve as our central warehouse providing us with additional warehouse storage space. Our present facility will continue to be our operational office and warehouse.

The proposed new facility is an expansion of our existing headquarters and will allow the following:

- expand our storage space capacity by 93.2% which would allow us to cater for higher production volume. Currently, we have sufficient machineries and equipment, including 2 installed but unutilised pipe mills. Our production volume is presently being constrained by limited storage space production personnel that we employ and downtime for the maintenance of the machines. With the increased storage space, our maximum storage capacity will increase from 161,372 MT to 311,720 MT. Thus, with the additional warehouse storage facility, we will be able to increase the utilisation rates of our machineries and operate at full capacity of 290,813 MT per year;
- higher operational efficiency as we will be able to:
 - (a) turn the facility into a "one stop centre" which can consolidate our delivery operations and loading onto our lorry transport; and

3. DETAILS OF OUR IPO (Cont'd)

- (b) systematically store our materials and finished products according to type, without stacking them or mixing them;
- enable us to expand our range of products that we manufacture to include thicker gauge pipes (as elaborated below in **Section 6.24 (ii)** of this Prospectus);
 - larger room that can accommodate up to 400 workers as our operations expand, which would enable us to hire more production personnel and also promote the wellbeing of our workers; and
 - enable us to cater for unanticipated surge in purchase orders or selling prices. We can purchase higher volume of materials when we anticipate global steel prices to increase significantly in order to improve our profit margins. We can also improve our lead time as we can store products that were manufactured in advance, in order to promptly deliver products to our customers.

The following are the estimated breakdown of our proposed new facility:

Existing headquarters, production facilities and warehouse		Proposed new facility (based on preliminary assessments with design consultants)	
Area	Size (sq ft)	Area	Size (sq ft)
Office space	10,800	Office space	59,814
Warehouse storage facilities	157,776	Warehouses storage facility	194,173
Processing facilities	147,883	-	-
		Workers' accommodation	31,560
Total Size (sq ft)	316,459	Total Size (sq ft)	285,547

Our Group has received conditional approvals including the planning permission, for the road and drainage plan and the building plan for the construction of the new facility from the Hulu Selangor District Council (“HSDC”) since September 2020. On 16 March 2022, our Group had submitted the revised layout and building plans for the new facility to the HSDC for endorsement. On 11 May 2022, our Group had been requested to resubmit the revised layout and building plans based on the feedback received from the HSDC. On 2 August 2022, our Group resubmitted the revised layout and building plans to the HSDC based on its feedback. We expect to receive the endorsed revised layout and building plans by the mid-October 2022. Lex-bridge Engineering was engaged in the preliminary construction works (i.e. installing barbed wire along metal sheet fencing) at Lot 859 in 2019. As the building plan is yet to be approved, no appointment of a contractor/engineer is finalised. Aside from the initial clearing of the land at Lot 859, Lex-bridge Engineering is not involved with the development of the plot of land and the appointment of the contractor/engineer for the construction of the new facility will be done through an open tender. In the meantime, our contractors are preparing the bill of quantities for the tender process for the construction of our new facility which will take place after the HSDC approves the revised layout and building plans for the new facility. Upon completion of the tender process, our Group expects to commence the construction of the new facility by the fourth quarter of 2022.

3. DETAILS OF OUR IPO (Cont'd)

The breakdown of estimated costs and timeframe for the construction of our new facility is set out as follows:

Date	Event	Estimated costs (RM'000)
By fourth quarter of 2022	- Commencement of the construction of the new facility	
	(i) Preliminary and earthworks	1,745
	(ii) Piling works	2,020
	(iii) Building construction and architecture works	16,560
	(iv) Mechanical and electrical works	7,070
	(v) External works	2,643
		30,038
By end of first quarter of 2024	- Completion of construction of the new facility	
By third quarter of 2024	- Target submission of the application for certificate of completion and compliance (or its equivalent)	
	- Target submission of application to obtain the necessary licence, approvals or permits required for the commencement of operations at the new facility ⁽¹⁾	
By first quarter of 2025	- Expected approval and issuance of certificate of completion and compliance (or its equivalent)	
	- To obtain the necessary licence, approvals or permits required for the commencement of operations at the new facility ⁽¹⁾	
By second quarter of 2025	- Commencement of operations at new facility	

Note:

- (1) Comprises the business premises and advertisement licences required for the new facility as well as the other relevant permits/approvals from the relevant authorities including the Certificate for Accommodation for the workers' accommodation.

If the actual costs of construction for the new facility are higher than the estimated amount as set out above, the deficit will be funded by our internal funds, bank borrowings and/or out of the portion from the IPO proceeds allocated for working capital. Conversely, if the actual costs for the construction of the new facility are lower than the estimated amount as set out above, the excess will be utilised for general working capital requirements of our Group.

As at the LPD, we have not incurred costs for the construction of the new facility. In the event that the construction of new facility commences earlier than the timeframe set out above, such expenses incurred for the construction will be funded from our internal funds until the IPO proceeds are available, and we shall be reimbursed from the IPO proceeds after our Listing.

3. DETAILS OF OUR IPO (Cont'd)

3.7.2 Repayment of bank borrowings

As at the LPD, our outstanding total bank borrowings stood at RM198.61 million, comprising amongst others the following term loans being all our outstanding term loans obtained before 2021, which we intend to repay using our IPO proceeds. We plan to repay our outstanding term loans as they have long-term tenure. Our other facilities such as hire purchase facilities and trade facilities are short-term in nature. In addition, we obtained a term loan facility in 2021 under the Danajamin Prihatin Guarantee Scheme introduced by the Malaysian Government during the COVID-19 period ("**Danajamin Prihatin Facility**"), and a term loan facility in 2022 to part finance the purchase of Lot 857, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan ("**Lot 857 Facility**"). We do not intend to repay these facilities using our IPO proceeds for the following reasons:

- (1) the Danajamin Prihatin Facility is a working capital facility which will be converted into a revolving credit facility in the future
- (2) we obtained the Lot 857 Facility recently in September 2022.

Financial Institution	Purpose	Type of Facility	Interest Rate (%)	Amount Outstanding (to be repaid) (RM'000)	Maturity Date
HSBC Amanah Malaysia Berhad	Refinancing of a term loan for the purchase of our land at Lot 4306 – 4309 from a financial institution	Term loan	4.38	2,136	April 2026
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd	To redeem an existing term loan from a financial institution for the purchase of our land at Lot 859, and balance as general working capital	Term loan	3.85	809	December 2027
AmBank (M) Berhad (" Ambank ")	Part financing of the construction of a factory / office at Lot 858	Term loan	3.95	7,913	May 2033
Ambank	For redeeming our land at Lot 858	Term loan	3.95	919	March 2028
Ambank	Part financing of the Level Term Assurance and for working capital	Term loan	3.60	1,110	July 2025
Public Bank Berhad (" PBB ")	Part financing for the purchase of our property with address No. 12A, Jalan Majestic 2, Project Majestic @ Rawang, 48000 Rawang, Selangor	Term loan	3.17	313	January 2025
PBB	Part financing for the purchase of our property with address 08-02 H Residence, 46 Jalan Kelawai, 10250 Penang	Term loan	3.27	1,185	May 2035
				14,385	

In the event the amount outstanding to be repaid for the bank borrowings is lesser than the amount allocated for the repayment of bank borrowings from our IPO proceeds, such surplus will be allocated to our working capital.

The proceeds earmarked for the repayment of bank borrowings amounting to RM14.38 million are expected to have a positive financial impact on our Group with an estimated interest savings of approximately RM2.50 million based on the effective rate of each respective facility which represents an average rate of approximately 3.74%.

3. DETAILS OF OUR IPO (Cont'd)**3.7.3 Working capital**

We expect our working capital requirements to increase in tandem with the expected growth in scale of our operations from anticipated growth in demand for steel products. In addition, as the global steel price is expected to rise, we require more funds to purchase our materials. As such, we have allocated approximately RM21.9 million from our IPO proceeds towards our working capital requirements, which include the following:

Details	(RM'000)
Purchase of hot-rolled coils, cold-rolled coils and slitted steel coils	21,910
Total	21,910

For the FYE 2021 and FPE 2022, material costs in particular slitted steel coils are the main component of our cost of sales in our manufacturing segment, representing approximately 91.9% and 93.1% of the total cost of sales for our manufacturing activities and they are expected to increase in line with the expansion of our manufacturing capacity.

3.7.4 Estimated listing expenses

The estimated expenses and fees incidental to our Listing amounting to RM5.2 million shall be borne by our Company, the details of which are as follows:

Expenses	(RM'000)
Professional fees	2,527
Estimated Brokerage, placement fees and to cover any fees or levies chargeable in respect of underwriting commission under the underwriting agreement	1,968
Regulatory fees	96
Other fees and expenses, which includes printing and advertising	78
Contingencies and other incidental expenses in connection with the IPO which includes travelling, roadshow expenses, translation fees, public or investor relation consultant, service tax, and funds reserved for contingency purposes	531
Total	5,200

If the actual listing expenses are higher than the estimated amount as set out above, the deficit will be funded out of the portion from the IPO proceeds allocated for working capital. Conversely, if the actual listing expenses are lower than the estimated amount, the excess will be utilised for the general working capital requirements of our Group.

We intend to place the proceeds raised from the Public Issue or the balance thereof as deposits with licensed financial institutions or short-term money market instruments prior to the use of our IPO proceeds for the above intended purposes.

Our Company will not receive any proceeds from the Offer for Sale as such proceeds will go directly to our Selling Shareholder. This gross proceeds from the Offer for Sale is approximately RM17.0 million based on the Offer Price of RM0.23 per Offer Share. Our Selling Shareholder shall bear all the expenses including the registration and transfer fees, placement fees and miscellaneous expenses relating to the Offer for Sale, which is estimated to be approximately RM0.3 million.

3. DETAILS OF OUR IPO (Cont'd)

3.8 Brokerage, underwriting commission and placement fee

(i) Brokerage

We will pay brokerage fees in respect of the Issue Shares under the Public Issue, at the rate of 1% of the Issue Price in respect of all successful applications which bear the stamp of the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House. The brokerage is subject to SST.

(ii) Underwriting commission

As stipulated in the Underwriting Agreement, we will pay the underwriting commission at the rate of 2% of the total value of the underwritten Shares based on the Issue Price. The underwriting commission is subject to SST.

(iii) Placement fee

Our Sole Placement Agent, MIDF Investment, has agreed to place out 22,215,000 Issue Shares to identified institutional and/or selected investors as set out in **Section 3.3.1(iii)** of this Prospectus, 185,127,000 Issue Shares to identified Bumiputera investors approved by the MITI as set out in **Section 3.3.1(iv)** of this Prospectus, as well as 74,051,000 Offer Shares to identified institutional and/or selected investors. We will pay our Sole Placement Agent a placement fee at the rate of 2% of the total value of the 207,342,000 Issue Shares at the Issue Price to be placed out by our Sole Placement Agent.

The Selling Shareholder will pay MIDF Investment a placement fee at the rate of 2% (exclusive of applicable tax) of the total value of the 74,051,000 Offer Shares at the Offer Price to be placed out by our Sole Placement Agent.

3.9 Underwriting arrangement

We have entered into the Underwriting Agreement with the Sole Underwriter to underwrite 74,051,000 Issue Shares under the Public Issue as set out in **Section 3.3.1(i)** of this Prospectus, and 29,620,000 Pink Form Shares under the Pink Form Allocation as set out in **Section 3.3.1(ii)** of this Prospectus and 46,281,750 Issue Shares under the Private Placement to identified Bumiputera investors approved by the MITI as set out in **Section 3.3.1(iv)** of this Prospectus, all of which are subject to the clawback and reallocation provisions as set out in **Section 3.3.3** of this Prospectus.

The salient terms of the Underwriting Agreement are set out as follows:

(The capitalised terms used in this section shall have the respective meanings as ascribed in the Underwriting Agreement or as defined herein unless the context otherwise requires)

“Closing Date”

means the last day and time for the acceptance of and payment for the retail offering in accordance with the Prospectus and the Application Form or any such date as may be extended from time to time by the Company with the agreement of the Sole Underwriter in writing;

3. DETAILS OF OUR IPO (Cont'd)

“Material Effect”	Adverse	means a material adverse effect on:
		(a) the condition (financial or otherwise), earnings, business or operations of the Company or the Group Companies, taken as a whole; or
		(b) the ability of the Company to perform in any material respect its respective obligations under this Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Sole Underwriter may at any time before the listing date by notice in writing to our Company terminate the Underwriting Agreement upon the occurrence of any of the following:-

- (i) the IPO is stopped or delayed by our Company for any reason whatsoever (unless such delay has been approved by the Sole Underwriter);
- (ii) there occurs any misrepresentation or breach of warranties or failure to perform the undertakings by our Company set out in the Underwriting Agreement in any material respect;
- (iii) Bursa Securities suspends or revokes any approval for the IPO or makes any ruling (or revokes any ruling previously made), the effect of which is to prevent the IPO and the Listing;
- (iv) trading of all securities on Bursa Securities has been suspended or materially limited on, or by Bursa Securities, as the case may be;
- (v) any new law or regulation or change in law, directive, policy or ruling in Malaysia which in the reasonable opinion of the Sole Underwriter (after having consulted our Company) may prejudice the success of the Listing or which would have or the effect of making it impracticable to enforce contracts to allot the shares or making any obligation under the Underwriting Agreement incapable of performance in accordance with its terms;
- (vi) there shall have been any other material adverse change in national monetary, financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market or currency exchange rates or foreign exchange controls) conditions which in the reasonable opinion of the Sole Underwriter (after having consulted our Company) is likely to have a Material Adverse Effect. For the avoidance of doubt, if the FTSE Bursa Malaysia Kuala Lumpur Composite Index (“**Index**”) is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (i) on or after the date of the Underwriting Agreement; and
 - (ii) prior to the Closing Date,

lower than 85% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remain at or below that level for at least 3 consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
- (vii) our Company withholds any material information from the Sole Underwriter which, in the reasonable opinion of the Sole Underwriter (after having consulted our Company), is likely to have a Material Adverse Effect;

3. DETAILS OF OUR IPO (Cont'd)

- (viii) there shall have occurred any outbreak or escalation of hostilities, epidemic, acts of terrorism, acts of God, accidents or interruptions, or any calamity or crisis or other event or series of events in the nature of force majeure that, in the reasonable opinion of the Sole Underwriter (after having consulted our Company), makes it impracticable or inadvisable to proceed with the offer, sale or delivery of the Issue Shares on the terms and in the manner contemplated in each Offer Documents;
- (ix) any government requisition or other occurrence of any nature whatsoever in the reasonable opinion of the Sole Underwriter (after having consulted our Company), is likely to have a Material Adverse Effect; or
- (x) the Listing does not take place within 3 months from the date of the Underwriting Agreement or such other extended date as may be agreed by the Sole Underwriter.

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, THE FOLLOWING RISK FACTORS (WHICH MAY OCCUR EITHER INDIVIDUALLY OR IN COMBINATION, AT THE SAME TIME OR AROUND THE SAME TIME) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP BEFORE INVESTING IN OUR SHARES.

If you are in any doubt to the information contained in this section, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

4.1 Risks relating to our business

4.1.1 We are subject to fluctuations in global steel prices

Our Group's materials comprise mother coils which mainly consist of cold-rolled steel coils, hot-rolled steel coils and galvanised steel coils. These materials are the largest component in our Group's cost of sales, comprising between 90.1% and 93.1% of our Group's total cost of sales during the Financial Years and Period Under Review.

The price of our materials fluctuates according to global steel prices. Fluctuations in global steel prices are driven by factors such as global economic conditions, factors affecting supply and demand for steel as well as factors affecting the steel industry supply chain including prices of materials for the production of steel.

For instance, the global steel prices declined in 2019 due to the United States-China trade war which led to an oversupply of steel products in Asia, including Malaysia, and this had led to lower demand for locally produced steel products, particularly steel pipes, and lower steel prices. In the same year, there was also lower demand from end-user industries such as the automotive and construction industries as a result of an economic slowdown. During the first half of 2020, global steel prices continued to decline as there was less demand from end-user industries due to the national lockdown policies imposed globally to curb the COVID-19 pandemic.

Global steel prices began to increase from September 2020 to April 2022 as a result of an increase in prices of materials (namely iron ore, coal and scrap) due to a global supply chain disruption as there were stricter regulations on steel production, removal of export rebates in China, and increase in energy prices. Further, the re-opening of the economy after the national lockdown policies was lifted spurred demand for steel products from end-user industries, and this further contributed to the rise in global steel prices. Global steel prices began to fall in May 2022 as there was lower demand for steel products from China after several cities in China, including Beijing and Shanghai, underwent lockdown policies to achieve the "zero COVID" status.

We are generally able to quote our selling prices based on global steel prices, and hence we are able to pass on the costs of increase in materials to our customers. In the event that we are unable to pass on the increase in materials costs to our customers, we will have to bear the increasing costs, and this may have a material impact on our financial performance. Conversely, a fall in global steel prices could also impact our selling prices, which could impact our profitability if we are unable to procure mother coils and steel products at suitable prices.

Further, due to the nature of our business, we are required to keep sufficient inventory to provide timely delivery to our customers as well as to stay competitive. In the event that we purchase mother coils when steel prices are unfavourable, this may increase our cost of sales which would consequently affect our financial performance.

4. RISK FACTORS (Cont'd)

In this regard, we typically aim to lower the average cost of our materials by increasing our purchases of materials during periods where the cost of materials is low. This enables us to remain competitive. Nevertheless, there can be no assurance that the steel prices will not fluctuate which may subject us to an exceptional write down in the carrying amount of our inventories to the net realisable values, or lower profitability, which in turn may have an adverse effect on our financial performance.

In light of the fall in global steel prices, our Group's GP margin was 6.2% in the FYE 2019, which contributed to a LAT of RM1.6 million in the financial year. Although global steel prices continued to fall in the FYE 2020, we managed to procure mother coils at lower prices than in the FYE 2019 and thus, our GP margins in the FYE 2020 improved to 8.8%. Accordingly, our PAT increased to RM7.1 million in the FYE 2020.

As a result of global steel prices increasing significantly in the FYE 2021, our GP margins grew to 21.4% in the financial year. This was because we were not only able to pass on the increase in material cost to our customers, but also had lower carrying cost of our mother coils as we had purchased our materials at lower price before the significant increase in mother coil price in the FYE 2021.

As global steel prices began to fall since May 2022, there is a decline in the NA attributable to the owners of our Company from RM179.3 million as at the FPE 2022 to RM174.2 million as at 31 August 2022. This was due to lower profit margin arising from higher weighted average price of materials. Despite the lower selling price, our management has proceeded to conduct such sales to generate cash for our operational needs. At the same time, we were able to dispose and replenish our current inventories to lower down our weighted average cost of inventories.

Our Group adopts weighted average price to value our inventory and cost of sales. The weighted average price of mother coils in our inventory as at 31 December 2020 was RM2,438 per MT which increased to RM4,519 per MT as at 31 December 2021. The weighted average price of mother coils in our inventory as at 30 June 2022 was RM4,190 per MT. The volume of mother coils in our inventory as at 31 December 2020, 31 December 2021 and 30 June 2022 were 19,146 MT, 16,572 MT and 32,795 MT respectively. As at the LPD, the volume of mother coils held by our Group was 27,695 MT at the weighted average price of RM4,249 per MT.

We have been carefully monitoring the global steel prices and planning our inventory. However, there is no assurance that our operating results will not be affected by any major fluctuations in global steel prices as steel materials constitute a large proportion of our Group's cost of sales.

4.1.2 We may not be able to secure funding, especially on terms acceptable to us, to meet our capital requirements

Our ability to secure external funding is subject to various uncertainties, including our future results of operations, financial conditions and cash flows, the performance of the Malaysian economy and the market for our products, the cost of financing and the condition of financial markets, and the continuing willingness of banks to provide loans. There is no guarantee that any funding, either on a short-term or long-term basis, will be made available to us on terms acceptable to us or at all. Our operations have been funded through existing cash and bank balances, cash generated from our operations, credit extended by our suppliers and external sources of funds such as term loans, bank overdraft and trade facilities such as bankers' acceptances and trust receipts as well as lease liabilities under hire purchase arrangement. As at the LPD, we have secured banking facilities (excluding lease liabilities) up to a limit of RM313.4 million, of which RM195.5 million has been utilised.

Moving forward, if we are unable to secure adequate funding, or funding is only available on unfavourable terms, meeting our capital needs or taking advantage of business opportunities or responding to competitive pressures may become a hurdle, which may lead to material and adverse effects on our business operations and financial performance.

4. RISK FACTORS (Cont'd)

4.1.3 We may face disruptions in our processing facilities and business operations

Our manufacturing activities are dependent on the continued operation of our processing facilities. Our manufacturing activities at our processing facilities require the use of machinery and equipment such as pipe mills as well as slitting and shearing machineries and equipment. Our processing facilities and machineries and equipment are subject to unanticipated failures, damages and/or circumstances such as fire outbreaks, power outages, natural disasters, outbreak of diseases, as well as breakdowns, failures and sub-standard performance of our machineries and equipment. As an effort to overcome such risks, our Group has scheduled a regular maintenance for our machineries and equipment as precautionary step to minimise the risk of any disruptions in the business operations of our Group. In addition, our Group also ensures that all of our major and vital machineries and equipment are insured for any potential losses or damages that may occur.

These unexpected events may cause interruptions in, or prolonged suspension of, all or part of our manufacturing activities, as well as damage or destruction of all or part of our processing facilities. In addition, as our processing facilities are dependent on continuous supply of electricity, any major disruptions to the supply of electricity may result in interruptions in our operations. Any prolonged interruptions in our operations will affect our production schedules and timely delivery of our products, which may cause cancellation of orders and adversely impact our industry reputation and relationships with our customers.

As at the LPD, we have not experienced any past incidence or unanticipated failures or damages sustained during our operations which led to major interruptions in our operations. We have, however, faced disruptions during the first MCO that was implemented in 2020 to curb the spreading of the COVID-19 pandemic. In line with the restrictions put in place during the first MCO, we were not allowed to operate for 35 days. Nevertheless, our financial performance was not impacted during the FYE 2020 as our revenues continued to increase from RM344.6 million in the FYE 2019 to RM354.7 million in the FYE 2020. After the total lockdown and Phase 1 of the NRP was implemented on 1 June 2021, we were also not allowed to operate for 34 days in line with restrictions put in place. Despite this, our revenue recorded an increase of RM19.3 million or 5.4% from RM354.7 million in the FYE 2020 to RM374.0 million in the FYE 2021.

Notwithstanding the above, there can be no assurance that we will not experience any prolonged disruptions to our operations that would adversely impact our business and financial performance.

4.1.4 We rely on the leadership and direction of our Executive Directors and our key senior management for the continuing success of our Group

Our Group's success is reliant on the leadership capabilities and the direction of our Managing Director, Law Kok Thye and our key senior management team comprising our Non-Independent Executive Directors, Phang Yew Cheong @ Phang Yew Choong and Esmariza Binti Ismail; our General Manager, Hong Ka Hock; our Chief Financial Officer, Ng Tiong Lim; our Plant Manager, Lee Li Wah; and our Senior Accounts Manager, Surian A/L Krishnan.

Our Managing Director has 32 years of experience garnered through his career in the steel industry. Further, our key senior management team comprises professionals from various backgrounds and expertise. Our key senior management personnel have an average of 27 years of working experience in their respective fields, including in the steel industry.

Our Group has put in place succession planning and has also taken the necessary measures such as providing career development, and fair and adequate compensation, to attract and retain our Directors and key senior management personnel. However, there is no guarantee that we will be able to attract and retain such personnel.

A loss of our key senior management personnel without a suitable replacement would have a negative effect on our ability to compete in the industry. As at the LPD, we have not experienced any departure of our key senior management which has had a material adverse effect on our operations in the past.

4. RISK FACTORS (Cont'd)

4.1.5 The absence of long-term contracts may result in fluctuations in our Group's financial performance

We generally do not enter into any long-term contracts with our customers. Our orders are primarily secured by way of purchase orders issued by our customers on a project-to-project or an as-needed basis. As such, the product specifications requested by our customers often change depending on the customer's need, and the products purchased by our customers are not tied to a particular price.

The absence of long-term contracts may result in the fluctuation of our Group's revenue and overall business performance. While our Group continuously seeks to maintain and strengthen existing business relationships and establish relationship with new customers to expand our network, any adverse economic conditions or slowdowns in the industries in which our customers operate, may negatively impact our sales, which may subsequently lead to material and adverse effects on our Group's financial performance and business operations.

4.1.6 We may face credit risks

Our Group's revenue is dependent on our customers' ability to pay us. We generally provide our customers with credit periods that range from 14 to 90 days. We are therefore exposed to credit risks arising from trade receivables which may arise from circumstances or events which are beyond our control and/or are difficult to anticipate or detect such as an economic downturn or slowdown. In the event of a significant delay or default in payment by our customers, we will have to provide for impairment loss on trade receivables or write off trade receivables as bad debts, which may adversely affect our financial performance.

For the Financial Years and Period Under Review, our trade receivables turnover days are 52 days, 71 days, 73 days and 62 days respectively, and have been within the credit term period granted to our customers that range from 14 days to 90 days. However, there is no assurance that we will not encounter significant impairment losses or bad debts in the future.

4.1.7 We are subject to foreign exchange fluctuations which may impact the costs of our materials

We source cold-rolled steel coils, hot-rolled steel coils and galvanised steel coils from both local suppliers and foreign suppliers based in Singapore, Taiwan and Indonesia. Our purchases of such materials are denominated in RM and USD. Thus, any significant fluctuations in these foreign exchange rates may affect our Group's financial performance.

The following is our Group's breakdown of purchases made in RM and USD during the Financial Years and Period Under Review:

	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
RM	128,420	43.8	139,561	63.5	164,454	54.5	67,000	55.1	91,078	37.2
USD	164,510	56.2	80,127	36.5	137,337	45.5	54,571	44.9	153,656	62.8
Total purchases	292,930	100.0	219,688	100.0	301,791	100.0	121,571	100.0	244,734	100.0

As our sales are transacted predominantly in RM whereby approximately 95.3% to 98.4% of our sales are generated locally for the Financial Years and Period Under Review, a depreciation of the RM against the USD will lead to higher costs of materials in RM, which in turn may reduce our GP margin if we are unable to pass on these costs to our customers in a timely manner.

For the Financial Years and Period Under Review, we have not incurred any losses from fluctuations in foreign exchange rates save for FYE 2020 where there was a realised loss on foreign exchange amounting to RM0.5 million. Notwithstanding this, there is no assurance any future fluctuations in foreign exchange rates will not have any material and adverse impact on our financial performance.

4. RISK FACTORS (Cont'd)

4.1.8 We may not have sufficient insurance to cover all losses or liabilities that may occur due to our business operations

We have secured insurances to cover against various risks, including natural disasters, burglary or accidents that may occur during our business operations. As at the LPD, the total sum insured for the respective insurance policies purchased for our operations are set out as follows:

Insurance policy	Sum insured (RM'000)
Industrial fire policy	14,000
Commercial fire policy	70,162
Commercial burglary policy	500
Special all risk policy	34,765
Public liability policy	300
Fidelity guarantee policy	150
Goods in transit policy	300
Mortgage home policy	768
Total	120,945

Notwithstanding the insurance coverage taken up by our Group for our inventories, building, machinery and equipment, our insurance coverage may not cover certain types of losses that are not insurable and not economically insurable such as wars, riots, acts of terrorism, acts of God and outbreaks of diseases. Any losses or damages in excess of our insured limits or in areas in which we were not completely insured, could have a negative effect on our business, financial performance and of our operations. Further, any insurance claims records may affect our insurance premiums charged to us subsequently by our respective insurers and this may impact our financial performance.

4.1.9 We have high inventory holding cost

Due to our position as an intermediary between the steel mills and our customers, we are required to keep sufficient inventory to provide timely delivery to our customers as well as to stay competitive. In order to ensure that our inventory is sufficient, we review our supply level and inventory ageing analysis on a weekly basis. Inventory ageing analysis is conducted to ensure that we have sufficient inventory to process and manufacture steel products for our customers within a set period of time. Taking into consideration feedback from our production, procurement and finance departments, our Managing Director will approve the replenishment of stocks and impairment of slow moving stocks.

Our inventory average turnover period for the Financial Years and Period Under Review is between 126 days and 149 days, which is in line with the industry norm of between 4 to 6 months. The cost of inventory holdings in our warehouse may affect our cost of sales and consequently affect our profit margins.

Any increase in our cost of sales will lead to a lower profitability and will affect our financial performance negatively. In addition, in the event that the steel prices are unfavourable, we may experience a write down in the carrying amount of our inventories to the net realisable values which may lead to material and adverse effects on our financial performance. In this regard, we typically aim to lower the average cost of our materials by increasing our purchases of materials during periods where the cost of the materials is low. This enables us to remain competitive and maintain our profit margins. Nevertheless, there can be no assurance that the steel prices will not fluctuate which may subject us to an exceptional write down in the carrying amount of our inventories to the net realisable values, which in turn may have material and adverse effects on our financial performance.

4. RISK FACTORS (Cont'd)

4.2 Risks relating to the industry in which our Group operates

4.2.1 We are subject to political, regulatory and economic risks

The steel industry is global in nature as demand and supply of steel products as well as steel prices are generally impacted by global conditions. Thus, changes in political, economic and regulatory conditions in Malaysia as well as globally may materially and adversely affect the demand and supply of steel products as well as steel prices. This would consequently impact the overall financial performance of our business.

Amongst the political, economic and regulatory uncertainties that may affect our business operations and financial performance include:

- political and economic instability, including global and regional macroeconomic disruptions such as natural calamities, pandemics and epidemics or other risks related to countries where we procure our materials;
- unfavourable changes in government policies such as introduction of new regulations, including trade protection measures, sanctions and subsidies; and
- risks with respect to social and political crisis resulting from riots, terrorism, war or civil unrest.

The Russia-Ukraine war which began in February 2022 has the potential to escalate further and this could result in elevated geopolitical instability, trade restrictions, sanctions, disruptions to global supply chains, and a potential adverse impact on markets and a downturn in the global economy. Since Russia's invasion of Ukraine, the European Union, United Kingdom and United States of America and several other countries imposed a variety of sanctions with respect to certain regions of Ukraine, Russia and various Russia friendly countries, which may have an impact on the regional and global economic environment and our Group's business and operations.

As at the LPD, we have not experienced any material impact of the Russia-Ukraine war on our Group's business and operations as we do not directly source materials or sell steel products from/to these countries or other countries in the Europe region.

Nevertheless, global steel prices is expected to increase as the Russia-Ukraine war will lead to lower supply of steel products. This is because the Russia-Ukraine war have led to an increase in prices of electricity, thus causing steel mills in Europe to shut down their operations. The shutdown of these steel mills in Europe is expected to lead to a shortage in steel products. Coupled with the growing demand for steel products from the local automotive and construction industries, this is expected to cause global steel prices to increase.

There can be no assurance that any adverse political, economic and regulatory conditions in Malaysia will not materially affect our business operations and financial performance. In relation to our suppliers, there can also be no assurance that any adverse political, economic and regulatory conditions in countries in which they operate will not materially affect our business operations and financial performance.

4.2.2 We are dependent on foreign workers in our operations

We are dependent on foreign workers in our operations. As at the LPD, our Group consists of 96 local employees and 107 foreign employees. Our foreign workers are primarily from Bangladesh, Nepal, Cambodia and Myanmar. We are therefore vulnerable to changes in the availability and costs of employing foreign workers.

4. RISK FACTORS (Cont'd)

As the standard of living in Malaysia improves, hiring of local production workers for manufacturing operations have become increasingly difficult and will likely become worse in the future. In addition, the costs of foreign labour may continue to increase in the future. In March 2016, the Malaysian Government implemented a new levy rate for foreign workers within the Peninsular Malaysia only, where the levy rate for manufacturing, construction and services sectors was increased to RM1,850. Any further increase in levy rate for foreign workers will lead to an increase in costs of labour which will consequently increase our cost of sales.

Any changes in labour and immigration policies and regulations, and visa restrictions on foreign workers will lead to disruption to our business operations. The supply of foreign workers in Malaysia is subject to the labour and immigration policies and regulations imposed by the Malaysian Government from time to time. Due to Malaysia's strict immigration policies and regulations including the imposition of levy rate and quota for foreign workers, the inflow of foreign workers into the country is limited. Thus, we may face shortage in employing foreign workers to meet the manpower requirements needed for our production and business activities.

In 2020, the Malaysian Government announced the first MCO in March 2020 as an effort to curb the spread of the COVID-19 pandemic, which led to the closure of non-essential businesses as well as the closure of borders. This subsequently led to the ban of entry of foreign workers since June 2020 in order to prioritise jobs for locals. The ban of entry of foreign workers consequently led to labour shortages in the country for industries that are heavily dependent on foreign workers such as the construction and manufacturing industries. However, in October 2021, the Malaysian Government lifted the 16-month long ban as an attempt to meet demand for foreign labour and to jump start the Malaysian economy.

With the rising demand for foreign labour as a result of the circumstances described above, we cannot assure that we can continually attract and retain our current foreign workers at the level of wages currently offered by us. Any increase in competition for foreign workers, may result in higher labour wages which may subsequently lead to adverse effects to our financial performance in the event that we are unable to pass on the increase in labour costs to our customers.

In addition, shortage of foreign workers to meet our operational requirements may lead to delays or cancellations of orders placed by our customers or even increase in labour costs, which would have material adverse effects on our business operations.

In an effort to provide a more conducive working environment for our workers, we are constructing a workers' accommodation and we intend to relocate our workers to the new facility by the second quarter of 2025 (further details are elaborated in **Section 6.24** of the Prospectus).

However, there is no assurance that any shortages or changes in labour and immigration policies and regulations, and visa restrictions on foreign workers will not affect our Group's business operations and financial performance in the future.

4.2.3 Competition risk

Our Group competes with industry players involved in the manufacturing and trading of steel pipes, slitted coils and sheets, as listed in the IMR Report in **Section 7** of this Prospectus. We compete with these industry players in terms of products pricing, product range and quality, service offerings, ability to deliver in a timely manner and availability of stock, amongst others.

Apart from the existing industry players, we may also face competition from new industry players. The barrier of entry to the steel manufacturing industry is high. This is due to steel manufacturing requiring high capital expenditures to cover the costs of setting up manufacturing facilities, machinery and equipment as well as inventory storage. Thus, in the event new industry players have the ability to secure sufficient capital and sales orders to sustain its business operations for long periods and compete with the existing players in the market, we are likely to face competition from these new industry players.

4. RISK FACTORS (Cont'd)

Competition faced from other industry players may lead to material and adverse effects on our Group's profitability and financial performance as we may be forced to offer more competitive prices in order to secure sales orders.

In addition, as our products need to maintain the required standard, we strive to maintain the quality of our products in accordance with the specifications required by our customers. Further, it is vital that we are able to consistently deliver our products to our customer in a timely manner without delays.

Our Group strives to ensure that we continue to meet the above quality requirements to stay competitive in the steel manufacturing industry. Failure to do so may lead to material and adverse effects on our Group's track record and industry reputation, which may lead to loss of business to our competitors, which would subsequently affect our overall business performance and our financial performance.

4.2.4 We are subject to changes in import duty regulations in the steel industry

The steel industry in Malaysia is subject to the Malaysian Government regulations on the imposition of import duties. Import duty for hot-rolled steel coils, cold-rolled steel coils and galvanised steel coils purchased overseas is levied at up to 15.0% as at the LPD.

Currently, our Group enjoys certain import duty exemptions for hot rolled steel coils used in the production of slitted coils and sheets, mild steel tubes pipes and hollow section (collectively, "**finished products**") based on an approval permit issued by the MITI pursuant to Section 14(2) of the Customs Act 1967. The salient terms of the approval permit include the finished products must only be marketed in Malaysia (excluding export market and free zones and licensed manufacturing warehouses) and the finished products comprising slitted coils and sheets must only be marketed to customers approved by the MITI. The approval permit is valid from 3 July 2022 until 2 July 2023.

Other players in our industry may apply to the MITI for similar import duty exemptions for hot-rolled steel coils subject to conditions as may be imposed by the MITI, considering hot-rolled steel coils are not produced locally.

We also enjoy import duty exemptions for cold-rolled steel coils which are purchased from ASEAN countries based on the current steel policy of the Malaysian Government. Such import duty exemptions are similarly available to other players in our industry. Given that the import duty exemptions are available to all industry players, we believe that any withdrawal of the import duty exemptions will affect all industry players who are currently benefitting from such exemptions. This in turn may, result in adjustments to the market selling prices across the industry when the affected industry players pass on the increase in costs of materials to their customers.

In the FPE 2022, 100% of our imported materials from overseas suppliers were subject to import duty, however, all of these materials were exempted from import duty based on the approval permit and current steel policy as described above. Accordingly, our Group did not pay any import duties in the FPE 2022.

Further, our Group may be subject to anti-dumping duties for cold-rolled steel coils and galvanised steel coils, depending on the steel mills from which they are procured and the specification of the coils. Our Group has paid anti-dumping duties at a rate of 3.8% during the FYE 2019, FYE 2020 and FYE 2021. Our Group has not paid anti-dumping duties during the FPE 2022 as no supplies were sourced by our Group from millers of which such duties were applicable.

There is no assurance that we will be able to maintain the relevant import duty exemptions. If we are unable to maintain the relevant import duty exemptions, we would need to incur additional import duties for the import of hot rolled steel coils, which will increase the cost of our materials.

4. RISK FACTORS (Cont'd)

Further, any of the following regulatory changes to the steel industry such as the tightening or imposition of the following trade restrictions may lead to an increase of cost of imported materials, and in turn, materially and adversely affect the steel industry in Malaysia:

- removal of current import duty exemptions for hot-rolled steel coils. In such event, the prices will be determined based on the domestic and international market; and
- removal of current import duty exemption for cold-rolled steel coils which are purchased from ASEAN countries.

The tightening or imposition of the restrictions described above is expected to lead to an increase in the cost of our imported materials. While we may source materials from local suppliers, these restrictions would equally affect the local suppliers who are in the same industry as us. In such circumstances, we will be required to continue to import materials from our existing overseas suppliers and be subject to higher prices of materials.

Generally, we will pass any additional costs arising from import duty including anti-dumping duties to our customers. However, if we are unable to pass on such costs to our customers, our cost of sales will increase, and in turn, affect our Group's financial performance.

4.3 Risks relating to our Shares

4.3.1 There has been no prior market for our Shares

Prior to this Public Issue, there has been no prior market for our Shares. The listing of and quotation for our Shares on the ACE Market provides no assurance that an active market for the trading of our Shares will develop. Further, there can be no assurance that the IPO Price which has been determined after taking into consideration the factors as set out in **Section 3.4** of this Prospectus will correspond to the price at which our Shares will be traded on the ACE Market upon or subsequent to our Listing.

4.3.2 Our Listing is exposed to the risk that it may be aborted or delayed

There may be a delay in, or termination of, our Listing. The occurrence of certain events, including the following, may cause a delay in, or termination of, our Listing:

- (i) the Sole Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein;
- (ii) our inability to meet the minimum public spread requirement under the Listing Requirements of having at least 25.0% of the total number of our Shares for which our Listing is sought being in the hands of at least 200 public shareholders holding at least 100 Shares each at the point of our Listing; or
- (iii) the revocation of the approvals from the relevant authorities for our Listing for whatever reason.

Where prior to the issuance and allotment of our Issue Shares:

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and we or such other person who received the monies shall repay all monies paid in respect of the applications for our Issue Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (ii) our Listing is aborted, investors will not receive any of our Issue Shares, all monies paid in respect of all applications for our Issue Shares will be refunded free of interest.

4. RISK FACTORS (Cont'd)

Where subsequent to the issuance and allotment of our Issue Shares:

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our Issue Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either:
 - (a) the consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
 - (b) a solvency statement from our Directors.

4.3.3 The trading price of our Shares following our Listing may be volatile

The performance of Bursa Securities is heavily reliant on external factors such as the performance of the regional and world bourses and the inflow and our flow of foreign funds. The performance is also very much dependent on internal factors such as economic and political conditions of the country as well as the potential for growth in various sectors of the economy. These factors would affect the volatility of trading volumes as witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate drastically and rapidly in response to several factors including some of which are beyond our control:

- Changes in our results and operations;
- Success or failure in our key senior management team in the implementation of business growth strategies;
- Involvement in litigation;
- Fluctuations in stock market prices and volume;
- Changes in conditions affecting the industry, prevailing local and global economic conditions or stock market sentiments or other events or factors;
- Changes in securities analysts' recommendations, perceptions or estimates of our financial performance; or
- Additions or departure of key personnel.

4.3.4 We may not be able to pay dividends to our shareholders

We may choose to pay dividends out of cash generated from our operations after setting aside the necessary funds for capital expenditure and working capital as well as after taking into account applicable restrictive covenants under our financing documents. Dividend payments are not guaranteed, and our Board may decide, in its sole and absolute discretion, at any time and for any reason, not to pay dividends if it is not in the best interest of our Company. There can also be no assurance that future dividends declared by our Board or any of our subsidiaries, if any, will not differ materially from our historical dividend levels.

4. RISK FACTORS (Cont'd)

For details on our dividend policy and the dividend which we declared and paid for the Financial Years and Period Under Review, please refer to **Section 11.18** of this Prospectus. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected.

Furthermore, our Group has entered into facility agreements which contain negative and financial covenants and hence, the inability of our Group to comply with any of these covenants may affect our ability to pay dividends unless approval is obtained from the relevant financial institution.

In addition, our payment of dividends may adversely affect our ability to fund unexpected capital expenditures as well as our ability to make interest and principal repayments on any outstanding borrowing that we may have outstanding at the time. As a result, we may be required to borrow additional money or raise capital by issuing equity securities, which may not be on favourable terms or available at all. Further, if we incur new borrowings after our Listing, we may be subject to additional covenants restricting our ability to pay dividends.

4.4 Other risks

4.4.1 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO

Our Promoters will hold in aggregate 74.0% of our enlarged issued shares upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as have voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations.

4.4.2 Forward-looking/prospective statements in this Prospectus may not be achievable

Certain statements or expectations or forecasts in this Prospectus are based on historical data which may not be reflective of our future results. Forward-looking statements in this Prospectus are based on assumptions and subject to uncertainties and contingencies.

As such, such prospective statements or expectations should not be regarded as a representation and warranty by our Group, Principal Adviser and other advisers that the plans and objectives of our Group will be achieved.

Although we believe that the expectation reflected in such future statements are reasonable at this time, there can be no assurance that such prospective statements or expectations or forecasts will materialise and actual results may deviate significantly. Such deviation may have a material and adverse effect on us.

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5. INFORMATION ON OUR GROUP

5.1 Our Company

Our Company (Registration No.: 199501001582 (330776-K)) was incorporated in Malaysia on 14 January 1995 as a private limited company under the name Leform Sdn Bhd. On 14 January 2022, our Company converted into a public company and assumed the name Leform Berhad. Our principal place of business is at PT16077 and PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan.

Our Company is principally involved in manufacturing of steel products. Through our subsidiaries, we are also principally involved in the manufacturing of and trading in steel pipes, guardrails and flat steel products. Further details on our business activities are set out in **Section 6** of this Prospectus.

Our Company has undertaken the Pre-IPO Exercise in preparation for the Listing:

5.1.1 Pre-IPO Exercise

The Pre-IPO Exercise comprises the following:

(i) Bonus issue

The Bonus Issue was undertaken on the basis of 11 new Shares for every 1 existing Share held by our shareholders. The Bonus Issue was capitalised from the retained earnings of our Company of RM71,500,000, which resulted in 71,500,000 new Shares being issued.

After the Bonus Issue, the total number of Shares in issue increased by 71,500,000 Shares from 6,500,000 Shares to 78,000,000 Shares and the shareholding structure of our Company before and after the Bonus Issue is as follows:

	Before the Bonus Issue		After the Bonus Issue	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Law Kok Thye	4,290	66.0	51,480	66.0
Tianwen Holdings	2,210	34.0	26,520	34.0
	6,500	100.0	78,000	100.0

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5. INFORMATION ON OUR GROUP (Cont'd)**(ii) Share split**

After the completion of the Bonus Issue, our Company has undertaken a subdivision of our Shares in issue after the Bonus Issue of 78,000,000 Shares into 1,170,000,000 Shares.

After the Share Split, our Company has 1,170,000,000 Shares in issue and the shareholding structure of our Company before and after the Share Split is as follows:

	Before the Share Split		After the Share Split	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Law Kok Thye	51,480	66.0	772,200	66.0
Tianwen Holdings	26,520	34.0	397,800	34.0
	78,000	100.0	1,170,000	100.0

(iii) Share Transfer

Upon completion of the Share Split, Law Kok Thye has transferred 357,600,000 Shares owned by him to Tianwen Holdings for RM0.23 per Share, satisfied by the allotment and issuance of new shares in Tianwen Holdings at an issue price of RM1.00 per share. The Share Transfer is carried out for Law Kok Thye’s future legacy planning and does not result in any change in shareholding in Tianwen Holdings.

	Before the Share Transfer		After the Share Transfer	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Law Kok Thye	772,200	66.0	414,600	35.4
Tianwen Holdings	397,800	34.0	755,400	64.6
	1,170,000	100.0	1,170,000	100.0

5.1.2 Share capital

Save for the issuance of new Shares pursuant to the Bonus Issue for a consideration of RM71,500,000 comprising 71,500,000 Shares and thereafter a subdivision of our Shares into 1,170,000,000 Shares on 19 September 2022 and 20 September 2022 respectively, there is no change in our issued share capital for the Financial Years and Period Under Review and up to the LPD.

None of our Shares were issued at a discount on special terms or based on instalment payment terms.

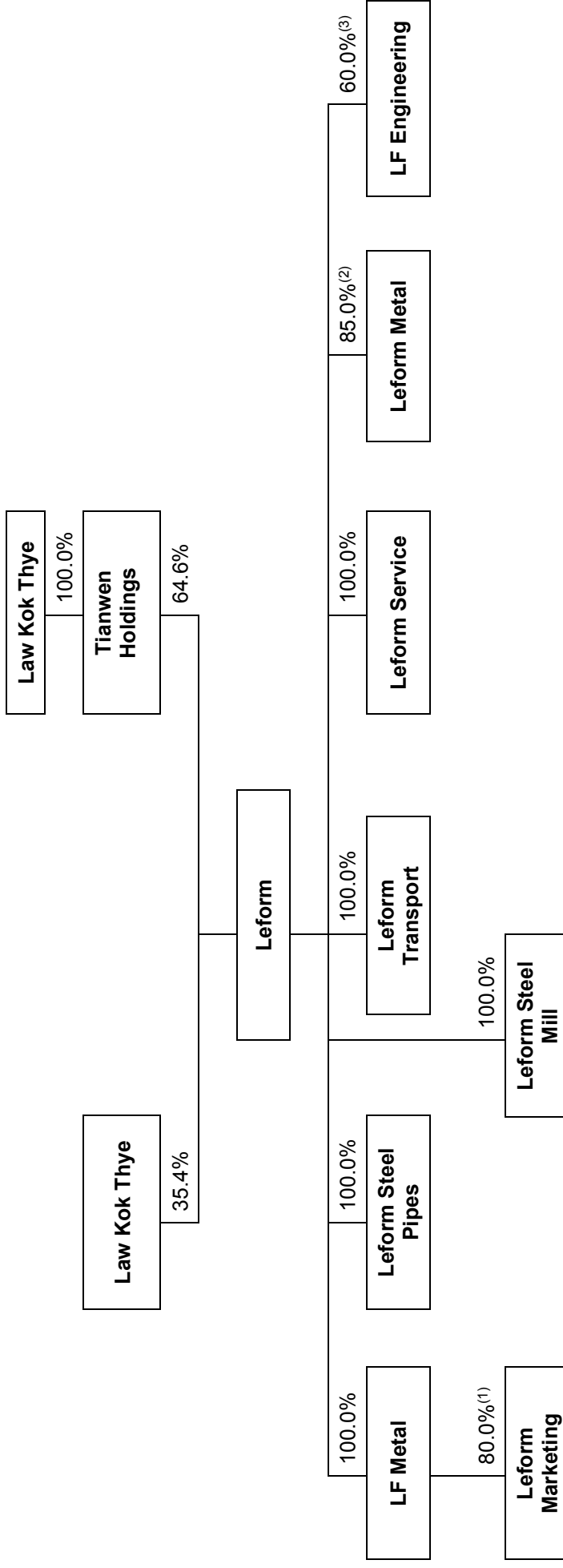
Upon completion of our IPO, our enlarged share capital will increase to RM146,982,990 comprising 1,481,013,000 Shares after deducting the estimated listing expenses of approximately RM2.6 million directly attributable to the Public Issue.

As at the LPD, we do not have any outstanding warrants, options, convertible securities or uncalled capital in respect of the Shares in our Company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.2 Our Group structure

Before the IPO

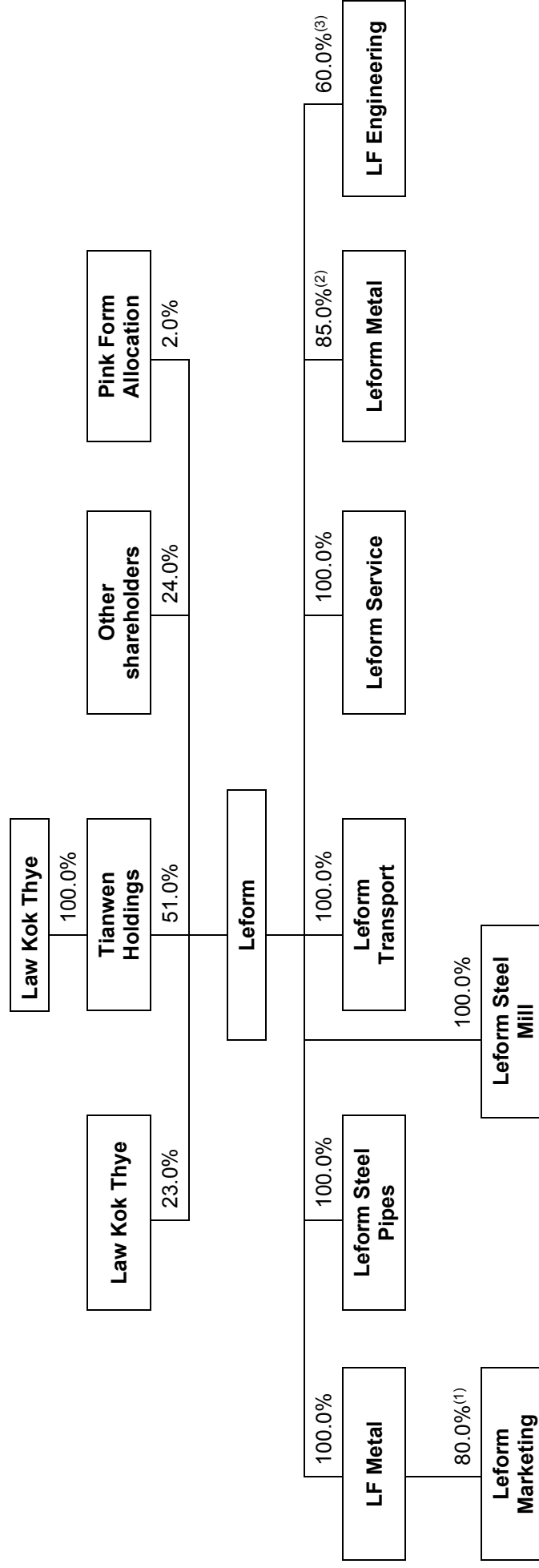


Notes:

- (1) 20% of the issued share capital of Leform Marketing is held by Chai Chang Wai, who is also a director of Leform Marketing and an employee of our Group.
- (2) 15% of the issued share capital of Leform Metal is held by Yau Kwai Lin, who is also a director of Leform Metal and an employee of our Group.
- (3) 40% of the issued share capital of LF Engineering is held by Lam Chung Ming, who is also a director of LF Engineering and an employee of our Group.

5. INFORMATION ON OUR GROUP (Cont'd)

After the IPO



Notes:

- (1) 20% of the issued share capital of Leform Marketing is held by Chai Chang Wai, who is also a director of Leform Marketing and an employee of our Group.
- (2) 15% of the issued share capital of Leform Metal is held by Yau Kwai Lin, who is also a director of Leform Metal and an employee of our Group.
- (3) 40% of the issued share capital of LF Engineering is held by Lam Chung Ming, who is also a director of LF Engineering and an employee of our Group.

5. INFORMATION ON OUR GROUP (Cont'd)**5.3 Our subsidiaries**

The details of our subsidiaries as at the LPD are as follows:

Name and company number	Date and country of incorporation	Share capital (RM)	Our equity interest (%)	Principal activities
Leform Steel Mill Sdn Bhd (200601022939 (742693-X))	31 July 2006 (Malaysia)	100,000	100	Dormant ⁽¹⁾ .
Leform Steel Pipes Sdn Bhd 199301000915 (255652-M)	7 January 1993 (Malaysia)	850,000	100	Trading in steel pipes ⁽³⁾
Leform Steel Service Centre Sdn Bhd 200001014983 (517589-T)	21 June 2000 (Malaysia)	2,000,002	100	Trading in steel products
Leform Transport Sdn Bhd 200701011175 (769178-T)	11 April 2007 (Malaysia)	250,000	100	To carry on the business of transport and carrier
LF Metal Sdn Bhd 200001017414 (520021-P)	12 July 2000 (Malaysia)	2,000,000	100	Trading in steel products
Leform Metal Sdn Bhd 200001017160 (519767-U)	11 July 2000 (Malaysia)	700,000	85	Dormant ⁽²⁾ . Previously trading in steel products
Leform Marketing Sdn Bhd 199501003011 (332205-K)	27 January 1995 (Malaysia)	500,000	80	Trading of steel pipes and flat steel products ⁽³⁾
LF Engineering Sdn Bhd 200301029367 (631787-W)	20 October 2003 (Malaysia)	2,500,000	60	Manufacturing of guardrails ⁽³⁾

Notes:

- (1) The intended principal activity of Leform Steel Mill was manufacturing of other basic iron and steel products. While Leform Steel Mill obtained a manufacturing licence issued by MITI for the manufacturing of cold-rolled steel strip in coil at Lot 859 effective 14 October 2009, Leform Steel Mill has not commenced any manufacturing activities since the effective date of the manufacturing licence. We plan to explore opportunities in steel manufacturing activities in the future for Leform Steel Mill. Leform Steel Mill will remain dormant until then.
- (2) Leform Metal owns 4 properties in Rawang, Selangor as set out in **Section 6.23** of this Prospectus as at the LPD. Leform Metal will be struck off upon disposal of these properties in the future. We plan to dispose of the properties by the end of 2022 and distribute the proceeds to the shareholders of Leform Metal namely Leform and Yau Kwai Lin. It is intended that the proceeds distributed to Leform will be used as our working capital.

5. INFORMATION ON OUR GROUP (Cont'd)

(3) The effective date for change of principal activities was on 10 August 2022.

5.4 Information on our subsidiaries**(i) Leform Marketing**

Leform Marketing was incorporated in Malaysia under the Act as a private limited company under the name Menang Timur Sdn Bhd and subsequently changed its name to Tianwen Marketing Sdn Bhd on 2 June 1998. On 11 January 2022, Leform Marketing assumed its present name.

Leform Marketing is principally involved in the trading of steel pipes and flat steel products. The principal place of business of Leform Marketing is at PT16077 and PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan.

The issued share capital of Leform Marketing is RM500,000 comprising 500,000 ordinary shares. There has been no change in the issued share capital of Leform Marketing for the Financial Years and Period Under Review and up to the LPD.

None of the shares in Leform Marketing issued in the Financial Years and Period Under Review and up to the LPD were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, Leform Marketing is our 80%-owned subsidiary via LF Metal and 20% of the issued share capital of Leform Marketing comprising 100,000 ordinary shares in Leform Marketing ("**Leform Marketing Shares**") is held by Chai Chang Wai. Further details on investments by Chai Chang Wai in Leform Marketing are set out below.

Date	Event	No. of Leform Marketing Shares held by Chai Chang Wai at such time
31 March 2004	Acquisition of 30,000 Leform Marketing Shares by Chai Chang Wai from Law Kok Thye	30,000
27 May 2005	Subscription for 20,000 Leform Marketing Shares by Chai Chang Wai	50,000
2 April 2007	Disposal of 50,000 Leform Marketing Shares by Chai Chang Wai to Law Kok Thye	-
1 August 2008	Acquisition of 50,000 Leform Marketing Shares by Chai Chang Wai from Law Kok Thye	50,000
24 March 2021	Acquisition of 50,000 Leform Marketing Shares by Chai Chang Wai from Leform Metal	100,000

The directors of Leform Marketing are Law Kok Thye and Chai Chang Wai. Chai Chang Wai is responsible for business development including maintaining business relationships with customers and co-ordinating sales effort with his team members and other departments in Leform. Chai Chang Wai's direct participation as shareholder in Leform Marketing is to motivate him to continue building the business for Leform Marketing which he has been involved in for 19 years since 2003. As at the LPD, Leform Marketing does not have any subsidiary or associate company.

As at the LPD, Leform Marketing does not have any outstanding warrants, options, convertible securities and uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)**(ii) Leform Metal**

Leform Metal was incorporated in Malaysia under the Act as a private limited company under the name Anggun Suci Sdn Bhd and subsequently changed its name to Tianwen Metal Sdn Bhd on 17 October 2002. On 11 January 2022, Leform Metal assumed its present name. The principal place of business of Leform Metal is at PT16077 and PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan.

Leform Metal is dormant as at the LPD, and was involved in the trading in steel products. Leform Metal owns 4 properties in Rawang, Selangor and our Group plans to dispose the properties by end of 2022 and distribute the proceeds from the disposal to the shareholders of Leform Metal namely Leform and Yau Kwai Lin. Leform Metal will be struck off upon the disposal of these properties.

The issued share capital of Leform Metal is RM700,000 comprising 700,000 ordinary shares. There has been no change in the issued share capital of Leform Metal for the Financial Years and Period Under Review and up to the LPD.

None of the shares in Leform Metal issued in the Financial Years and Period Under Review and up to the LPD were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, Leform Metal is our 85%-owned subsidiary and 15% of the issued share capital of Leform Metal comprising 105,000 ordinary shares in Leform Metal ("**Leform Metal Shares**") is held by Yau Kwai Lin. Further details on investments by Yau Kwai Lin in Leform Metal are set out below.

Date	Event	No. of Leform Metal Shares held by Yau Kwai Lin at such time
2 October 2002	Acquisition of 1 Leform Metal Share by Yau Kwai Lin from Ng Kian Heng	1
13 August 2003	Subscription for 24,999 Leform Metal Shares by Yau Kwai Lin	25,000
15 July 2004	Subscription for 57,500 Leform Metal Shares by Yau Kwai Lin	82,500
25 August 2005	Subscription for 7,500 Leform Metal Shares by Yau Kwai Lin	90,000
3 December 2007	Subscription for 15,000 Leform Metal Shares by Yau Kwai Lin	105,000

The directors of Leform Metal are Law Kok Thye and Yau Kwai Lin. Yau Kwai Lin was responsible for the business development of Leform Metal before Leform Metal became dormant in 2019. He is currently responsible for the operations of Leform Transport and store operations of Leform. As at the LPD, Leform Metal does not have any subsidiary or associate company.

As at the LPD, Leform Metal does not have any outstanding warrants, options, convertible securities and uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Leform Steel Mill

Leform Steel Mill was incorporated in Malaysia under the Act as a private limited company under the name Tianwen Steel Mill Sdn Bhd. On 17 February 2022, Leform Steel Mill assumed its present name. Leform Steel Mill is dormant as at the LPD. Leform Steel Mill obtained a manufacturing licence issued by MITI for the manufacturing of cold-rolled steel strip in coil at Lot 859 effective 14 October 2009. Leform Steel Mill, however, has not commenced any manufacturing activities since the effective date of the manufacturing licence and will remain dormant until an opportunity arises for Leform Steel Mill to carry out steel manufacturing activities in the future.

The issued share capital of Leform Steel Mill is RM100,000 comprising 100,000 ordinary shares. There has been no change in the issued share capital of Leform Steel Mill for the Financial Years and Period Under Review and up to the LPD.

None of the shares in Leform Steel Mill issued in the Financial Years and Period Under Review and up to the LPD were issued at a discount, on special terms or based on instalment payment terms.

Leform Steel Mill is our wholly-owned subsidiary. The director of Leform Steel Mill is Law Kok Thye. As at the LPD, Leform Steel Mill does not have any subsidiary or associate company.

As at the LPD, Leform Steel Mill does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iv) Leform Steel Pipes

Leform Steel Pipes was incorporated in Malaysia under the Act as a private limited company under the name Champion Arch Sdn Bhd and subsequently changed its name to HM Metal Stamping Sdn Bhd on 3 July 2000 and Tianwen Steel Pipes Sdn Bhd on 28 August 2001. On 11 January 2022, Leform Steel Pipes assumed its present name.

Leform Steel Pipes is principally involved in the trading of steel pipes. The principal place of business of Leform Steel Pipes is at PT16077 and PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan.

The issued share capital of Leform Steel Pipes is RM850,000 comprising 850,000 ordinary shares. There has been no change in the issued share capital of Leform Steel Pipes for the Financial Years and Period Under Review and up to the LPD.

None of the shares in Leform Steel Pipes issued in the Financial Years and Period Under Review and up to the LPD were issued at a discount, on special terms or based on instalment payment terms.

Leform Steel Pipes is our wholly-owned subsidiary. The director of Leform Steel Pipes is Law Kok Thye. As at the LPD, Leform Steel Pipes does not have any subsidiary or associate company.

As at the LPD, Leform Steel Pipes does not have any outstanding warrants, options, convertible securities and uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)

(v) Leform Service

Leform Service was incorporated in Malaysia under the Act as a private limited company under the name Kemaman Steel Pipes Sdn Bhd and subsequently changed its name to Tianwen Steel Service Centre Sdn Bhd on 27 February 2003. On 11 January 2022, Leform Service assumed its present name.

Leform Service is principally involved in the trading of steel products. The principal place of business of Leform Service is at PT16077 and PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan.

The issued share capital of Leform Service is RM2,000,002 comprising 2,000,002 ordinary shares. There has been no change in the issued share capital of Leform Service for the Financial Years and Period Under Review and up to the LPD.

None of the shares in Leform Service issued in the Financial Years and Period Under Review and up to the LPD were issued at a discount, on special terms or based on instalment payment terms.

Leform Service is our wholly-owned subsidiary. The director of Leform Service is Law Kok Thye. As at the LPD, Leform Service does not have any subsidiary or associate company.

As at the LPD, Leform Service does not have any outstanding warrants, options, convertible securities and uncalled capital.

(vi) Leform Transport

Leform Transport was incorporated in Malaysia under the Act as a private limited company under its present name.

Leform Transport is principally involved in the business of transport and carrier. The principal place of business of Leform Transport is at PT16077 and PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan.

The issued share capital of Leform Transport is RM250,000 comprising 250,000 ordinary shares. There has been no change in the issued share capital of Leform Transport for the Financial Years and Period Under Review and up to the LPD.

None of the shares in Leform Transport issued in the Financial Years and Period Under Review and up to the LPD were issued at a discount, on special terms or based on instalment payment terms.

Leform Transport is our wholly-owned subsidiary. The director of Leform Transport is Law Kok Thye. As at the LPD, Leform Transport does not have any subsidiary or associate company.

As at the LPD, Leform Transport does not have any outstanding warrants, options, convertible securities and uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)**(vii) LF Engineering**

LF Engineering was incorporated in Malaysia under the Act as a private limited company under the name Tianwen Trading Sdn Bhd and subsequently changed its name to Tianwen Tubes Sdn Bhd on 3 August 2011. On 20 January 2016, LF Engineering assumed its present name.

LF Engineering is principally involved in the manufacturing of guardrails. The principal place of business of LF Engineering is at PT16077 and PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan.

The issued share capital of LF Engineering is RM2,500,000 comprising 2,500,000 ordinary shares. Save as disclosed below, there has been no change in the issued share capital of LF Engineering for the Financial Years and Period Under Review and up to the LPD:

Date of allotment	No. of shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				(RM)	No. of Shares
1 July 2019	500,000*	Capital	Cash	2,500,000	2,500,000

Note:

* 500,000 shares in LF Engineering were issued to the shareholders of LF Engineering, namely Leform (300,000 shares) and Lam Chung Ming (200,000 shares).

None of the shares in LF Engineering issued in the Financial Years and Period Under Review and up to the LPD were issued at a discount, on special terms or based on instalment payment terms.

As at the LPD, LF Engineering is our 60%-owned subsidiary and 40% of the issued share capital of LF Engineering comprising 1,000,000 ordinary shares in LF Engineering ("**LF Engineering Shares**") is held by Lam Chung Ming. Further details on investments by Lam Chung Ming in LF Engineering are set out below.

Date	Event	No. of LF Engineering Shares held by Lam Chung Ming at such time
1 August 2017	Acquisition of 200,000 LF Engineering Shares by Lam Chung Ming from Law Kok Thye	200,000
23 August 2017	Subscription for 200,000 LF Engineering Shares by Lam Chung Ming	400,000
2 October 2017	Subscription for 400,000 LF Engineering Shares by Lam Chung Ming	800,000
1 July 2019	Subscription for 200,000 LF Engineering Shares by Lam Chung Ming	1,000,000

The directors of LF Engineering are Law Kok Thye and Lam Chung Ming. Lam Chung Ming is responsible for the marketing, production and business development functions in LF Engineering. Lam Chung Ming's direct participation as shareholder in LF Engineering is to motivate him to continue building the business for LF Engineering. As at the LPD, LF Engineering does not have any subsidiary or associate company.

As at the LPD, LF Engineering does not have any outstanding warrants, options, convertible securities and uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)

(viii) LF Metal

LF Metal was incorporated in Malaysia under the Act as a private limited company under its present name.

LF Metal is principally involved in trading of steel products. The principal place of business of LF Metal is at PT16077 and PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan.

The issued share capital of LF Metal is RM2,000,000 comprising 2,000,000 ordinary shares. There has been no change in the issued share capital of LF Metal for the Financial Years and Period Under Review and up to the LPD.

None of the shares in LF Metal issued in the Financial Years and Period Under Review and up to the LPD were issued at a discount, on special terms or based on instalment payment terms.

LF Metal is our wholly-owned subsidiary. The director of LF Metal is Law Kok Thye. As at the LPD, save for Leform Marketing, an 80%-subsidiary of LF Metal, LF Metal does not have any subsidiary or associate company.

As at the LPD, LF Metal does not have any outstanding warrants, options, convertible securities and uncalled capital.

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6. BUSINESS OVERVIEW

6.1 Our background and history**6.1.1 Overview**

Our Company was incorporated in Malaysia under the Act on 14 January 1995 as a private limited company under the name Leform Sdn Bhd and was subsequently converted into a public limited company on 14 January 2022 to facilitate our listing on the ACE Market.

Our Company and our subsidiaries are principally involved in the manufacturing of and trading in steel products. Our products are used in various end-user industries including furniture, construction as well as industrial product manufacturing industries (which include automotive parts and telecommunication tower pole part manufacturing).

Our Group's headquarters and processing facilities are based in Malaysia and for the Financial Years and Period Under Review, our sales are primarily generated from Malaysia. Our Group also exports our products to international markets such as New Zealand, Singapore and Cambodia. Our customer base encompasses building material or steel trading companies as well as manufacturers and contractors.

6.1.2 History and key milestones

Leform was set up in 1995 by 2 individuals and subsequently underwent several changes in shareholdings. All of the shareholders of Leform between 1995 and 2002 have no family relationships with our Group's Promoters, substantial shareholders, Directors and key senior management. Between 1995 and 2002, Leform was involved in the trading of steel products.

In January 2003, our Promoter, Executive Director and Managing Director, Law Kok Thye, acquired 80.0% equity interest from the then shareholder and director, Lim Song Kah, and was appointed as a director. After Law Kok Thye became a shareholder, the existing shareholders and/or directors, i.e. Lim Song Kah and Chai Kee Chong continued to hold equity interest in our Company until May 2005 and October 2008, respectively. On 5 May 2005, Lim Song Kah sold his remaining equity interest in Leform to Wee Min Heng, who subsequently sold his equity interest in Leform to Chai Li Wei on 17 May 2005. On 28 December 2007, Chai Li Wei sold all his equity interest in our Company to Tianwen Holdings, an investment holding company wholly owned by Law Kok Thye. On 31 October 2008, Chai Kee Chong sold all his equity interest in our Company to Tianwen Holdings and on the same date Law Kok Thye acquired 100% equity interest in our Company based on his aggregate direct and indirect shareholdings in Leform.

The history of our Group can be traced back to when Law Kok Thye acquired equity shareholding in Leform Steel Pipes in September 2001, and we commenced our business activities in the trading of steel pipes in 2002. In 2003, we commenced our operations in steel products manufacturing when Law Kok Thye became a substantial shareholder in Leform. While our business activities have been focused on steel products manufacturing since then, we continued our business in trading of steel products to complement our manufacturing segment.

6. BUSINESS OVERVIEW (Cont'd)

The key milestones for our Group are set out below:

Year	Key milestones
2003	<ul style="list-style-type: none"> We leased a processing facility at Jalan Kapar, Klang, which had a total built-up area of 35,000 sq ft, and commenced our operations in the manufacturing of steel pipes. At the time, our processing facility had 3 pipe mills with total annual production capacity of approximately 11,323 MT. We secured our first sale of manufactured steel pipes.
2005	<ul style="list-style-type: none"> We acquired a land plot in Serendah, Selangor, i.e. Lot 4309, which is presently one of land plots where our headquarters and processing facilities are located.
2006	<ul style="list-style-type: none"> We expanded our production capacity at our processing facility at Jalan Kapar, Klang, when we purchased 3 additional pipe mills. As a result of the expansion, our total annual production capacity for steel pipes increased from approximately 11,323 MT to approximately 21,369 MT. We acquired 3 plots land in Serendah, Selangor, i.e. Lot 4306, 4307 and 4308, which are among the land plots where our present headquarters and processing facilities are located. These land plots, together with Lot 4309, were later amalgamated into a single land plot (presently known as PT 16078)
2007	<ul style="list-style-type: none"> We acquired 2 plots of land in Serendah, Selangor, i.e. Lot 4311 and Lot 4312, which are among the plots of land where our existing processing facilities are located. We incorporated Leform Transport to undertake the delivery of our steel products in-house.
2008	<ul style="list-style-type: none"> We purchased 2 additional pipe mills to expand our production capacity at our processing facility at Jalan Kapar, Klang. As a result of our expansion, our total annual production capacity increased from approximately 21,369 MT to approximately 39,341 MT. We began to expand our product offering to include flat steel products. We acquired our first slitting machine to produce slitted steel coils which had an annual production capacity of approximately 32,760 MT. We secured our first order for slitted steel coils. We began to utilise the slitted steel coils in our production of steel pipes, thus allowing us to have better control over our supplies. We acquired 1 plot of land in Serendah, Selangor, i.e. Lot 4310, which is one of the land plots where our existing processing facilities are located. This land plot, together with Lot 4311 and Lot 4312, were later amalgamated into a single land plot (presently known as PT 16077)
2009	<ul style="list-style-type: none"> We completed the construction of a processing facility at PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan ("Plant 1"), and relocated our operations to the premises. Plant 1 has a total built-up area of approximately 60,951 sq ft.

6. BUSINESS OVERVIEW (Cont'd)

Year	Key milestones
	<ul style="list-style-type: none"> We purchased 1 additional pipe mill with a capacity of approximately 9,984 MT for Plant 1, which increased our total annual production capacity for steel pipes from approximately 39,341 MT to approximately 49,325 MT.
2010	<ul style="list-style-type: none"> We purchased 1 additional pipe mill with a capacity of approximately 1,622 MT for Plant 1, which increased our total annual production capacity for steel pipes from approximately 49,325 MT to approximately 50,947 MT. We obtained the ISO 9001:2008 certification (now known as ISO 9001:2015) from TuV Nord Cert GmbH. We acquired 1 plot of land in Serendah, Selangor, i.e. Lot 858.
2011	<ul style="list-style-type: none"> We completed the construction of an additional processing facility at PT16077, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan ("Plant 2"), which was then used as our processing facility for the manufacturing of flat steel products. Plant 2 has a total built-up area of approximately 36,298 sq ft. We relocated our existing slitting machine to Plant 2, while Plant 1 was solely used for the manufacturing of steel pipes. We began to manufacture steel sheets when we acquired our first shearing machine with a capacity of approximately 11,482 MT. We purchased 1 additional pipe mill with a capacity of approximately 5,990 MT for Plant 1, which increased our total annual production capacity for steel pipes from approximately 50,947 MT to approximately 56,937 MT. We purchased 1 additional slitting machine with a capacity of approximately 28,080 MT for Plant 2, which increased our total annual production capacity for slitted steel coils from 32,760 MT to approximately 60,840 MT.
2013	<ul style="list-style-type: none"> We purchased 1 additional pipe mill with a capacity of approximately 11,232 MT for Plant 1, which increased our total annual production capacity for steel pipes from approximately 56,937 MT to approximately 68,169 MT.
2014	<ul style="list-style-type: none"> We purchased 1 additional pipe mill with a capacity of approximately 2,995 MT for Plant 1, which increased our total annual production capacity for steel pipes from approximately 68,169 MT to approximately 71,164 MT.
2015	<ul style="list-style-type: none"> We purchased 1 additional pipe mill with a capacity of approximately 3,245 MT for Plant 1, which increased our total annual production capacity for steel pipes from approximately 71,164 MT to approximately 74,409 MT. We also purchased 2 additional shearing machines with a total capacity of approximately 30,264 MT for Plant 2, which increased our total annual production capacity for steel sheets from approximately 11,482 MT to approximately 41,746 MT.

6. BUSINESS OVERVIEW (Cont'd)

Year	Key milestones
2016	<ul style="list-style-type: none"> We purchased 1 additional shearing machine with a capacity of approximately 31,200 MT for Plant 2, which increased our total annual production capacity for steel sheets from approximately 41,746 MT to approximately 72,946 MT. We secured our first order for guardrails through LF Engineering.
2017	<ul style="list-style-type: none"> We completed the construction of an additional processing facility at Lot 858, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan ("Plant 3"), which had a total built-up area of 50,634 sq ft. This processing facility is used for manufacturing steel pipes, slitted steel coils and steel sheets. Plant 3 later ceased its operations in 2021 and was used as a warehouse storage facility.
2018	<ul style="list-style-type: none"> Our steel pipes were first approved by the Construction Industry Development Board ("CIDB") to be used as scaffolding in the construction industry.
2019	<ul style="list-style-type: none"> We commenced our operations in Plant 3 where we manufacture steel pipes, slitted steel coils and steel sheets. We purchased and began operating an additional pipe mill with a capacity of approximately 16,474 MT for Plant 3. We also began operating an additional pipe mill with a capacity of approximately 17,472 MT for Plant 3. This increased our total annual production capacity for steel pipes from approximately 74,409 MT to approximately 108,355 MT. We also shifted 2 shearing machines from Plant 1 to Plant 3. We began operating 1 additional slitting machine with a capacity of approximately 29,952 MT for Plant 2, which increased our total annual production capacity for slitted steel coils from 60,840 MT to approximately 90,792 MT. Our guardrails were approved by the CIDB to be used in the construction of highways.
2020	<ul style="list-style-type: none"> An additional pipe mill with a capacity of approximately 18,720 MT for Plant 3 was operational. This increased our annual production capacity for steel pipes from approximately 108,355 MT to approximately 127,075 MT.
2022	<ul style="list-style-type: none"> Plant 3 resumed its operations as a processing facility in July 2022.

6. BUSINESS OVERVIEW (Cont'd)

6.2 Our principal activities and products

Our Group is principally involved in the following business segments:

- (i) manufacturing of steel products; and
- (ii) trading in steel products.

The following diagram illustrates our Group's business model:

PRINCIPAL ACTIVITY	MANUFACTURING		TRADING
PRODUCTS	Steel pipes and guardrails	Flat steel products (slitted steel coil and sheets)	Various steel products (including slitted steel coils and sheets)
CUSTOMER SEGMENTS	<ul style="list-style-type: none"> • Building material or steel trading companies • End-customers (Manufacturers and contractors) 		
MANUFACTURING PROCESSES	ERW	Steel slitting and shearing	-
COMPETITIVE STRENGTHS	<ul style="list-style-type: none"> • We have a wide range of steel pipes, guardrails and flat steel products that can cater for various end-user industry applications • Our Group's processing facilities are well equipped • We are committed to producing quality steel products • We have integrated operations in producing steel pipes, from production of materials to delivery of finished products • We have an experienced and technically strong key senior management team 		

6.2.1 Our principal activities

(i) Manufacturing of steel products

We manufacture steel products such as steel pipes and guardrails, as well as flat steel products such as slitted steel coils and sheets. All of our steel products conform to the Japanese Industrial Standards ("JIS") or equivalent standards. JIS is coordinated by the Japanese Industrial Standards Committee and published throughout the Japanese Standards Association. JIS or its equivalent standards denote the steel grade used and is typically a requirement requested by our local and international customers.

(a) Steel pipes and guardrails

Steel pipes are long, hollow-shaped steel products that are used in manufacturing and construction. We specialise in the manufacturing of steel pipes using the ERW process. The ERW process involves the usage of heat generated electric current that is applied to the edges of steel sheets to form a permanent closure. The heat from the electric current will melt the edges so that the edges are welded together without requiring additional fillers and materials (such as welding wires and electrodes, oxygen and hydrogen).

6. BUSINESS OVERVIEW (Cont'd)

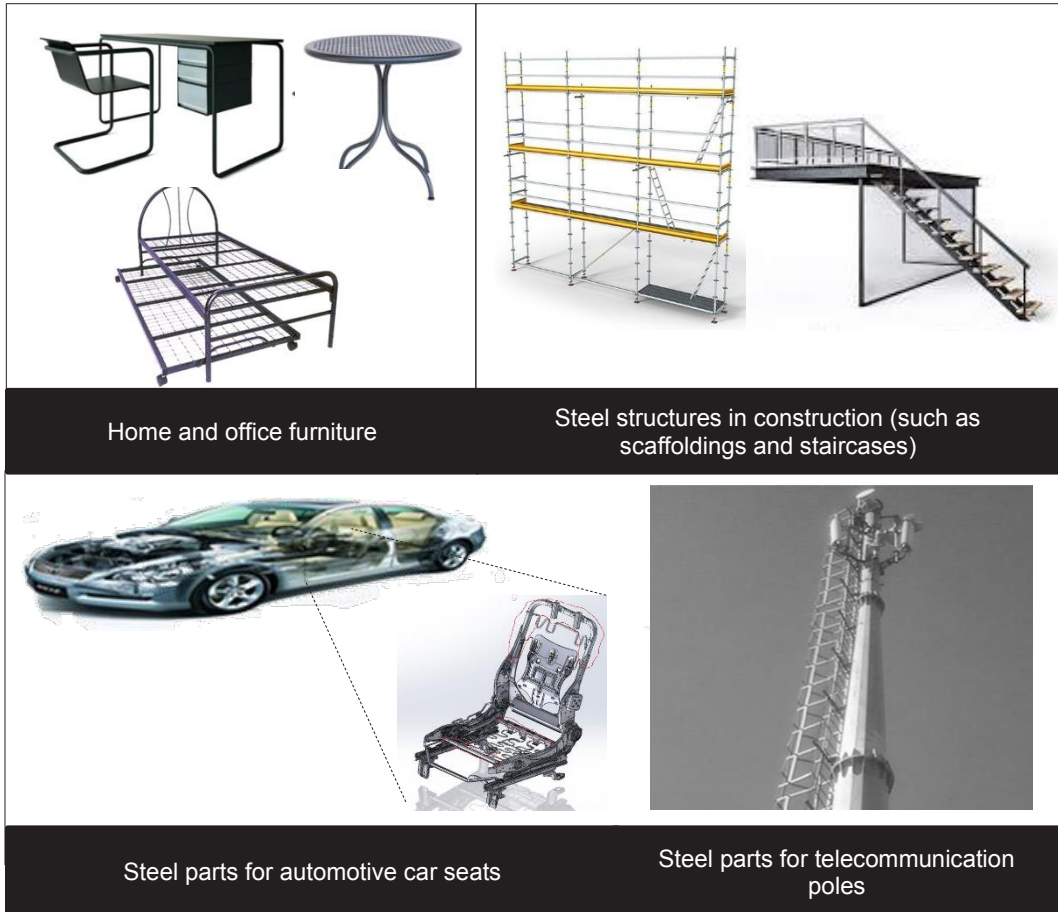
The benefits of using the ERW process are as follows:

- no need for fillers and materials, thus improving cost efficiency of production;
- automated processes which enhance efficiency and allow for mass production; and
- less emissions of harmful gas, thus improving working conditions and is environment friendly.

Meanwhile, guardrails are made from slitted steel coils that are used to create a boundary as a means to prevent or deter access to the other side.

Our Group manufactures and sells a wide range of steel products that are largely used in various end-user industries including the furniture manufacturing industry, the construction industry as well as the industrial product manufacturing industry (which includes automotive parts and telecommunication tower pole part manufacturing).

The illustrations below are examples of the products manufactured using our Group's steel products:



Home and office furniture

Steel structures in construction (such as scaffoldings and staircases)

Steel parts for automotive car seats

Steel parts for telecommunication poles

6. BUSINESS OVERVIEW (Cont'd)

(b) Flat steel products

We are also involved in the manufacturing of flat steel products. We have the capability to provide 2 main types of flat steel products, which are slitted steel coils and steel sheets. Slitted steel coils are long pieces of finished steel sheets that have been rolled and wound up, while steel sheets are small pieces of steel that are cut to size, according to our customer's request and specifications. Upon request, we are able to provide our customers with customised flat steel products which will cater to their product specifications and requirements, as well as packaging options.


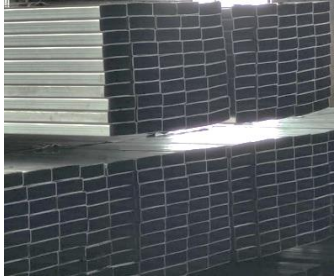
Our Group's range of flat steel products can be used in a wide variety of end-user industries including furniture, construction and industrial product manufacturing (such as automotive parts).

(ii) Trading of steel products




We also purchase and resell certain steel products to provide a broader range of products to our customers. This is because there are certain ranges of product specifications that we do not manufacture. For the Financial Years and Period Under Review, we have been involved in the trading of various steel products, including slitted steel coils and sheets.

6.2.2 Our products

Our range of steel products are as follows:

Products	Description
<p data-bbox="288 1070 518 1099">Round steel pipes</p> 	<p data-bbox="662 1070 1358 1256">Round steel pipes are cylindrical-shaped steel pipes. These steel pipes are typically made from hot rolled steel pipes and cold rolled steel pipes, and do not have any coatings. Our Group also offers pre-coated pipes where the mother coils used for production are pre-coated with zinc for protection against corrosion.</p> <p data-bbox="662 1290 1358 1384">The usages for these pipes range from furniture manufacturing to industrial product manufacturing, such as automotive parts and telecommunication pole parts.</p>
<p data-bbox="288 1413 555 1442">Steel hollow sections</p> 	<p data-bbox="662 1413 1358 1599">Steel hollow sections are square or rectangular shaped steel pipes. They are typically used where aesthetics are important, such as in furniture and construction of structures. Further, steel hollow sections are also used for lightweight industrial structures and hand railings for construction.</p>



6. BUSINESS OVERVIEW (Cont'd)

Products	Description
<p>Oval steel pipes and ellipse steel pipes</p> 	<p>Oval steel pipes and ellipse steel pipes have a slightly flatter shape, compared to round steel pipes. These pipes are required to conform to design preference for an aesthetic outlook. These pipes are used for furniture manufacturing, and industrial products manufacturing such as automotive parts.</p>
<p>Gate channel, trolley track and u-channel</p> 	<p>These steel products are rolled steel formed into U or C shaped and have unwelded ends. Gate channels are used as tracks for collapsible gates in construction sites, while trolley tracks are used to guide trolleys and carts at construction sites. The u-channels are typically used as railings for stairs and escalators.</p>
<p>Guardrails</p> 	<p>Guardrails are typically formed from slitted steel coils. They are used in construction of a boundary as a means to prevent or deter access from one side of the road or bridge to another.</p>

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6. BUSINESS OVERVIEW (Cont'd)

Our range of flat steel products are as follows:

Products	Description
<p>Slitted steel coils</p> 	<p>There are various types of slitted steel coils including:</p> <ul style="list-style-type: none"> • electro galvanised and galvanised steel coils with an additional layer of zinc coating to protect the outer layer; • hot-rolled pickled and oiled steel coils which refer to steel that has been roll-pressed at high temperatures and spun into coils; and • cold-rolled steel coils which refer to hot-rolled steel coils that have been re-rolled at room temperature to achieve exact dimensions and better surface qualities. <p>The usages for these slitted steel coils are wide including for furniture manufacturing, construction and industrial products manufacturing (such as automotive parts).</p>
<p>Steel sheets</p> 	<p>There are various types of steel sheets including:</p> <ul style="list-style-type: none"> • electro galvanised and galvanised steel sheets with an additional layer of zinc coating to protect the outer layer; • hot-rolled pickled and oiled steel sheets which refer to steel that has been roll-pressed at high temperatures; and • cold-rolled steel sheets which refer to hot-rolled steel coils that have been re-rolled at room temperature to achieve exact dimensions and better surface qualities. <p>The usages for these steel sheets are wide including in furniture, construction, and industrial products manufacturing (such as automotive parts).</p>

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6. BUSINESS OVERVIEW (Cont'd)**6.3 Our principal business location**

Our Group currently operates from the following locations, at properties owned by our Group:

No.	Description and existing use as at the LPD	Title identification/ Postal address
1.	Headquarters	PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan ("Lot 4306-4309")
2.	Steel pipe processing facility for ERW pipe milling and warehouse storage facility	PT16077 and PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan ("Lot 4306-4312")
3.	Flat steel products processing facility for steel slitting and shearing activities, and warehouse storage facility	PT16077, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan ("Lot 4310-4312")
4.	Steel pipe processing facility for ERW pipe milling, flat steel products processing facility for steel slitting and shearing activities, and warehouse storage facility	Lot 858, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan ("Lot 858")

6.4 Our revenue breakdown**(i) Revenue by products/services**

Our Group's main business activities is in the manufacturing of steel products comprising steel pipes, guardrails and flat steel products. Our Group is also involved in trading of steel products, which is deemed complementary to our manufacturing segment.

Our Group's manufacturing segment generated 76.9%, 79.3%, 78.9% and 78.3% while our Group's trading segment generated 23.1%, 20.7%, 21.1% and 21.7% in the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively. Our Group's revenue breakdown by segment is as illustrated below:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
Manufacturing:	264,946	76.9	281,446	79.3	295,047	78.9	167,161	78.3
Steel pipes	124,840	36.2	137,638	38.8	156,512	41.8	84,085	39.4
Guardrails	24,607	7.2	24,113	6.8	23,889	6.4	13,069	6.1
Flat steel product	115,499	33.5	119,695	33.7	114,646	30.7	70,007	32.8
Trading	79,621	23.1	73,263	20.7	78,865	21.1	46,468	21.7
Transportation⁽¹⁾	14	-(2)	5	-(2)	62	-(2)	42	-(2)
Total revenue	344,581	100.0	354,714	100.0	373,974	100.0	213,671	100.0

Notes:

- (1) Transportation services were charged for the transportation of our Group's finished steel products. This was not deemed as a principal activity of our Group.
- (2) Negligible

6. BUSINESS OVERVIEW (Cont'd)**(ii) Revenue by geographical location**

For the Financial Years and Period Under Review, our Group's sales are primarily generated from Malaysia. Our Group also exports our steel products to international markets such as New Zealand, Singapore and Cambodia. Our Group secured a large order for a project in Cambodia in FYE 2020 and generated revenues of RM9.2 million from Cambodia in the financial year. The project has been completed in FYE 2021 and we have not generated revenue from Cambodia since then. Our Group's revenue by geographical location is as follows:

Country	Audited							
	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
Local sales:								
Malaysia	334,801	97.2	337,694	95.2	362,796	97.0	210,161	98.4
International sales:								
New Zealand	5,854	1.7	4,745	1.3	9,856	2.6	3,510	1.6
Cambodia	-	-	9,163	2.6	162	0.1	-	-
Singapore	2,748	0.8	1,308	0.4	-	-	-	-
Others ⁽¹⁾	1,178	0.3	1,804	0.5	1,160	0.3	-	-
Total Revenue	344,581	100.0	354,714	100.0	373,974	100.0	213,671	100.0

Note:

(1) Others are revenue generated from Brunei, South Korea, Sri Lanka and Thailand.

6.5 Material investments and divestitures**(a) Capital expenditures**

Our capital expenditure for the Financial Years and Period Under Review, as well as for the period from 1 July 2022 up until the LPD are as follows:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022	From 1 July 2022 up until the LPD
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Investment in subsidiaries					
Purchase of shares from MI	-	-	6	-	-
Sub-total	-	-	6	-	-
Property, plant and equipment					
Properties	-	-	241	19	7,841
Plant and machineries	68	270	210	-	-
Office equipment	55	53	35	84	2
Motor vehicles	-	97	346	-	-
Furniture and fittings	-	-	4	26	-
Computers	5	11	-	7	4
Workers' accommodation	-	-	-	22	-

6. BUSINESS OVERVIEW (Cont'd)

	FYE 2019	FYE 2020	FYE 2021	FPE 2022	From 1 July 2022 up until the LPD
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Renovations	52	1,879	-	-	-
Tools and equipment	432	743	638	57	24
Electrical fittings	23	110	673	61	-
Construction-in-progress	1,171	351	225	146	52
Sub-total	1,806	3,514	2,372	422	7,923
Right-of-use assets					
Motor vehicles	1,367	2,195	5,626	-	403
Plant and machineries	6,423	190	-	-	-
Sub-total	7,790	2,385	5,626	-	403
Investment properties					
Building	1,035	-	-	-	-
Sub-total	1,035	-	-	-	-
Total	10,631	5,899	8,004	422	8,326

Our material capital expenditure above was mainly financed via a combination of internally-generated funds and bank borrowings.

Our material capital expenditure for the Financial Years and Period Under Review and as at the LPD mainly comprises investments in properties, plant and equipment, tools and equipment, motor vehicles, furniture and fittings, computers, workers' accommodation as well as renovation and construction works.

For the FYE 31 December 2019, our capital expenditure of RM10.6 million was mainly for the purchase of machinery and equipment amounting to RM6.4 million, purchase of 5 motor vehicles amounting to RM1.4 million which consists of 3 cars for our Managing Director and employees for business purpose to meet our customers, bankers and suppliers, as well as 2 delivery trucks for operational use to deliver our steel products to customers, purchase of construction materials amounting to RM1.2 million, and acquisition of a property for investment (which is currently vacant) amounting to RM1.0 million.

For the FYE 31 December 2020, our capital expenditure of RM5.9 million was mainly for the purchase of 10 motor vehicles for operational use amounting to RM2.2 million, which consists of 6 cars for our Group's employees for business purposes to meet our customers and suppliers, 3 delivery trucks for delivering our steel products and 1 pickup truck for general usage, renovation works of our headquarters and warehouse storage facility amounting to RM1.9 million, as well as acquisition of supporting machinery, tools and equipment such as forklifts and cranes and maintenance costs amounting to RM1.0 million.

For the FYE 31 December 2021, our capital expenditure of RM8.0 million was mainly for the purchase of 10 motor vehicles which are cars purchased for our Managing Director and employees for our Group's business purposes to meet our Group's customers, bankers, and suppliers amounting to RM6.0 million, purchase of machinery and equipment replacement parts amounting to RM0.8 million, and electrical fittings amounting to RM0.7 million.

6. BUSINESS OVERVIEW (Cont'd)

For the FPE 2022, our capital expenditure of RM0.4 million was mainly for the preliminary planning and development costs for our warehouse storage facility amounting to RM0.1 million, purchase of an uninterrupted power supply system and teleconference equipment amounting to RM0.1 million, expenditure on electrical fittings amounting to RM0.1 million which includes installation of electrical fencing surrounding our workers' accommodation as well as repair works for our fire protection system, and purchase of machinery replacement parts amounting to RM0.1 million. The preliminary planning and development costs for our warehouse of RM0.1 million was funded via our internally-generated fund.

On 24 March 2022, our Company entered into a sale and purchase agreement for the acquisition of a parcel of vacant land measuring approximately 2.5 hectares located at Lot 857, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan ("Lot 857"), which is adjacent to our current facility at Lot 858 for a total cash consideration of approximately RM7.8 million of which will be funded by bank borrowings. The purchase consideration was determined after taking into account indicative valuation of the land provided by the financial institution financing the acquisition, as advised by its valuer. A valuation has been conducted by an independent valuer for the purpose of financing. The sale and purchase of Lot 857 was completed on 15 September 2022. Our Group decided to acquire Lot 857 given its location is adjacent to our Lot 858 and Lot 859 and its sizeable area of approximately 2.5 hectares which may be used to cater for our Group's future expansion plan. Currently, we plan to use the vacant land as temporary parking space for our delivery trucks.

In FYE 2021, we disposed a property comprising a factory erected on a piece of land of measuring approximately 0.4 hectares for RM6.5 million. The property was disposed because of the size and location of the land, which would have low utilisation for our Group's future expansion.

For the period from 1 July 2022 up to the LPD, other than the purchase for Lot 857, our capital expenditure of RM0.5 million was mainly for the purchase of a car for our Group's employees for business purposes to meet our customers and suppliers amounting to RM0.4 million, preliminary planning and development costs for our warehouse storage facility amounting to RM0.05 million which was funded via internally generated funds, and purchase of machinery and equipment components amounting to RM0.02 million.

(b) Capital Divestitures

	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FPE 2022</u>	<u>From 1 July 2022 up until the LPD</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Subsidiaries (disposal price)					
Disposal of a subsidiary	-	-	1,050	-	-
Partial disposal of a subsidiary share	-	-	270	-	-
Sub-total	-	-	1,320	-	-
Property, plant and equipment and right-of-use assets (Disposal value)					
Freehold land and buildings	-	-	6,500	2,658	-
Plant and machineries	-	508	-	-	-
Motor vehicles	40	15	1,739	29	-

6. BUSINESS OVERVIEW (Cont'd)

	FYE 2019	FYE 2020	FYE 2021	FPE 2022	From 1 July 2022 up until the LPD
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Renovations	-	200	-	-	-
Sub-total	40	723	8,239	-	-
Total	40	723	9,559	2,687	-

Our material capital divestiture for the Financial Years and Period Under Review and as at the LPD mainly comprises divestitures in subsidiaries, properties, plant and machineries, motor vehicles and construction materials.

For the FYE 31 December 2019, our capital divestiture of RM0.4 million was solely for the disposal of 6 motor vehicles.

For the FYE 31 December 2020, our capital divestiture of RM0.7 million was mainly for the disposal of supporting equipment such as cranes and grinders amounting to RM0.3 million, and disposal of a property amounting to RM0.2 million.

For the FYE 31 December 2021, our capital divestiture of RM9.6 million was mainly for the disposal of property amounting to RM6.5 million that was close to the market value of the property as appraised by an independent valuer, disposal of Lex-bridge Industries Sdn Bhd (formerly known as Tianwen Industries Sdn Bhd) amounting to RM1.1 million to Lex-bridge Engineering Sdn Bhd ("**Lex-bridge Engineering**"), as well as disposal of 16 cars amounting to RM1.7 million, of which some have been replaced by new motor vehicles acquired as described in **Section 6.5(a)** above.

Our Group decided to dispose Lex-bridge Industries Sdn Bhd as the company is mainly involved in the recovery of second graded pipes and such business was not in line with our Group's other business and our future endeavour to focus on our current core business. Following the disposal, Tianwen Industries Sdn Bhd changed its name to Lex-bridge Industries Sdn Bhd on 18 October 2021.

The current shareholder of Lex-bridge Industries Sdn Bhd, Lex-bridge Engineering, was incorporated in Malaysia under the Act as a private limited company on 2 March 1995. Lex-bridge Engineering is principally involved in providing electrical, machineries and engineering work services as at 27 June 2022.

The issued share capital of Lex-bridge Engineering is RM760,000 comprising 760,000 ordinary shares as at 27 June 2022.

The directors and shareholders of Lex-bridge Engineering are Ng Chee Hong and Tey Hock Chye, who each hold 10% and 90% of the issued share capital of Lex-bridge Engineering respectively as at 27 June 2022.

For the FPE 2022, our capital divestiture of RM2.7 million was mainly for the construction materials that was previously purchased for our warehouse storage facility. These construction materials are no longer required as we intend to engage a contractor for the construction activities of the warehouse storage facility and who will be tasked to procure construction materials. Initially, we intended to purchase on our own building materials and engage a contractor separately via tendering process to undertake the construction works. Nevertheless, we subsequently decided to appoint a contractor on a supply and build basis so that the contractor can undertake the procurement of building materials as well as construction works as this could potentially reduce the overall construction cost. This is because the contractor may be able to purchase the building materials at a relatively lower price due to bulk purchase discount provided to the contractor. The disposal was at a gain of approximately RM1.4 million.

As at the LPD, there was no material capital divestiture.

6. BUSINESS OVERVIEW (Cont'd)**(c) Material plans to construct, expand or improve property, plant and equipment**

As at the LPD, our Group intends to relocate our headquarters and workers' accommodation and expand our warehouse storage facility to a larger facility in Serendah, Selangor. Further details are as illustrated in **Section 6.24 (i)** of this Prospectus.

6.6 Competitive strengths**(i) We have a wide range of steel products that can cater for various end-user industry applications**

We offer our customers, which comprise building material and steel trading companies, manufacturers and contractors, a wide and complementary range of steel products that are suitable for use in various end-user industry applications.

Our broad range of products currently serves a wide range of end-user industry applications as follows:

Industry	Applications
Furniture	Home and office furniture including tables, chairs, racks and beds
Construction	Scaffolding, staircases and temporary steel structures
Industrial product manufacturing	Automotive parts and telecommunication tower pole parts

The various end-user industry applications for our products serve to provide better demand for our products and provide us with opportunities to further enlarge our customer base.

Our ability to serve our customers across different types of end-user industry applications also enables us to diversify our business risk, thus reducing the risk of dependency on a particular industry's performance. In addition, this capability also presents us with a large pool of opportunities to tap into and allows our Group's business model to be resilient to withstand challenging market conditions.

(ii) Our Group's processing facilities are well equipped

Over the years, we have acquired various automated machineries and equipment. There are 17 pipe mill machines, 3 guardrail machines, 3 slitting machines and 4 shearing machines that are operational as at the LPD.

With more machineries and equipment as well as storage area, we can cater for more orders and manufacture in large volumes. This in turn provides us with the following benefits:

- competitive pricing when procuring supplies from our suppliers;
- improve our efficiency in producing our products; and
- flexibility of manufacturing various sizes of steel products simultaneously. It takes approximately 8 hours to change the settings of our machineries and equipment to accommodate manufacturing of steel products in different sizes. Having multiple machineries and equipment will allow us to have several production lines to produce different types of product sizes, without having to constantly change the settings of our machineries and equipment.

6. BUSINESS OVERVIEW (Cont'd)

Further, our pipe mill machines utilise the ERW process in the manufacturing of our steel pipes. This allows us to improve our cost efficiency of production as we can mass produce without the use of additional fillers and materials (such as welding wires and electrodes, oxygen and hydrogen). The ERW process also has low emissions of harmful gasses, thus improving our working conditions.

(iii) We are committed to producing quality steel products

Our Group constantly strives to maintain the quality of our products so as to remain competitive and to instil customers' confidence in our products. We also put in place various quality control measures throughout our entire processes, as described in **Section 6.8** of this Prospectus.

All of our steel products conform to the Japanese Industrial Standards or equivalent standards, which is typically a requirement requested by our local and international customers.

Currently, we are accredited with the ISO 9001:2015 certification by TuV Nord Cert GmbH in recognition of our consistency in our processes in producing and delivering quality steel pipes for the automotive parts and furniture industries as well as for general usage. This certification enhances our reputation and provides our customers with assurance and confidence that our products adhere to internationally-recognised quality compliance standards and processes.

As a testament to our consistent quality and standard, we have a relatively low product return rate. For the Financial Years and Period Under Review, we have a product return rate of less than 1.0% of our total production output of steel pipes.

(iv) We have integrated operations in producing steel pipes, from production of materials to delivery of finished products

Our steel pipes require the use of slitted steel coils and sheets. We slit and shear steel coils and sheets to size, and these slitted steel coils and sheets can be utilised in the manufacturing of our steel pipes.

The benefits of manufacturing our own slitted steel coils and sheets are as follows:

- we can procure a larger quantity of supplies, thus providing us with competitive pricing when procuring supplies; and
- we have control over the supplies for our steel pipes as we can easily slit and shear the slitted steel coils and sheets to the sizes required. This provides us with a consistent supply of supplies and lessens the lead time required to fulfil our customers' orders.

Further, we have an in-house delivery team to handle the delivery of our finished products to our customers. As at the LPD, we have 25 trucks and a delivery team comprising 9 personnel. By handling our own delivery, we have better control over our lead time and can provide prompt deliveries to our customers.

(v) We have an experienced and technically-strong key senior management team

Our growth thus far has been, largely driven by Mr. Law Kok Thye, who has 32 years of experience in the steel industry. In addition, he is supported by our key senior management personnel who are all qualified professionals with knowledge and experience in their respective areas of the steel industry.

6. BUSINESS OVERVIEW (Cont'd)

The knowledge and understanding of our key senior management team is crucial in determining the type and volume of steel products to be procured and manufactured, in relation to market demand for steel products and steel prices. Further, their leadership, coupled with strong technical and industry experience, has enabled us to identify new growth opportunities for the sustainability of our business. Our key senior management team is supported by a team of experienced and committed staff, including managers and supervisors.

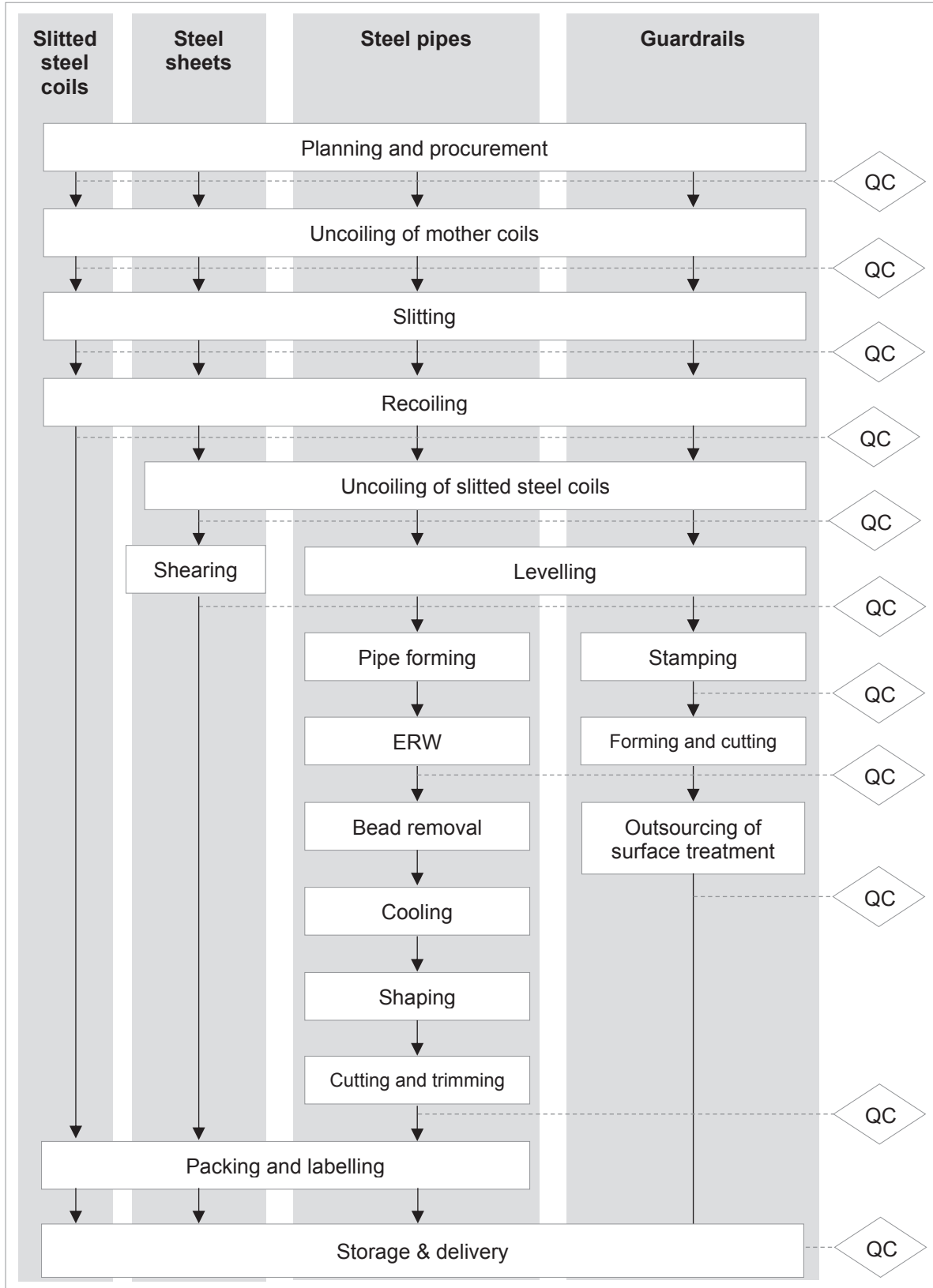
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6. BUSINESS OVERVIEW (Cont'd)

6.7 Operational process flow

Steel product manufacturing

Our operational process flow for the manufacturing of steel products is as follows:



6. BUSINESS OVERVIEW (Cont'd)

(a) Planning and procurement

We are able to project our production for our general products, i.e. steel products that are standard and do not require customisation. However, for products requiring different specifications based on a customer's request, our Group is not able to budget for the production of such products and can only produce based on purchase orders from our customers. As such, our planning department will discuss and confirm the planning schedule on a weekly basis based on anticipated demand and customers' orders.

Based on the planning schedule, our planning department will first check the stock inventory to ascertain whether the mother coils in the warehouse storage facility meet the specifications of our customers, or are sufficient for the customers' order. We have implemented a set of inventory standard operational procedures which guide systematic planning, accurate recording, controlling and monitoring of our inventory. Coils are selected and issued on the first in, first out (FIFO) basis.

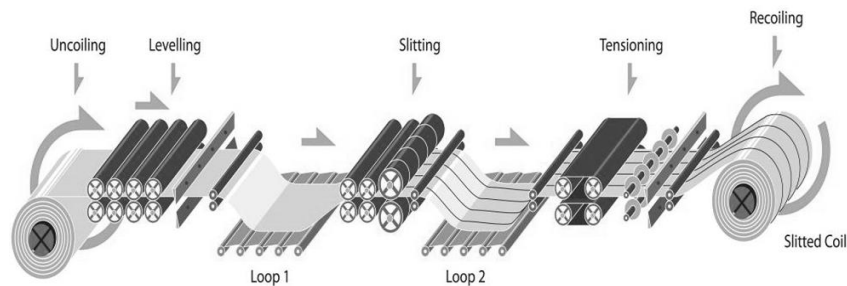
If stock is available at the warehouse storage facility, they will then proceed with the planning schedule for the production team to proceed with manufacturing activities. We have an internal meeting on a weekly basis to ascertain the volume of stock for mother coils that should be maintained for the week. The volume of stock maintained is dependent on the volume of orders received and steel prices.

If stock is not available at the warehouse storage facility, we will arrange for the procurement of the mother coils via bulk order. Upon receipt of the mother coils, the store team will carry out visual inspections on every coil to ensure that there are no obvious physical damages, and that the specifications and volume ordered are as per our purchase order.

Slitted steel coils manufacturing process

The slitted steel coils manufacturing process involves the processes described in (i) to (iv) below:

Prior to manufacturing of slitted steel coils, the mother coils will undergo the following processes:



(i) Uncoiling of mother coils

Firstly, our store team will retrieve the mother coils from the warehouse storage facility. The coils are selected and inspected by our store team to ensure that they are the correct coils in terms of specification, material, size and thickness as per the production schedule.

Then, the mother coil will be inserted into the uncoiler to be uncoiled. While the coil is being uncoiled, our production team will adjust the settings of the slitting machine according to the production specification as per the schedule. Upon uncoiling, the coil is fed into the leveller to be levelled. This will ensure that the coil is uniformly flattened.

6. BUSINESS OVERVIEW (Cont'd)

After uncoiling, the mother coil will automatically be fed into the slitting machine.

(ii) Slitting

The slitting process will cut the mother coil lengthwise to produce slitted steel coils with smaller width according to our Group's or customer's requirements.

Before proceeding with the entire slitting process, an inspection will be carried out on the first feet of slitted steel coil to ensure that they are slitted according to the production specifications. This inspection involves the measurement of the length, width and thickness of the slitted steel coil and ensuring that the slitted steel coil is properly aligned. Our production personnel will also conduct a visual check to ensure that there are no physical defects such as dents, burrs, scratches or rusts.

Upon slitting, the coils are fed into a tension section of the slitting machine to be pulled. This will cause the coils to have a flat clean finish.

(iii) Recoiling

The slitted steel coil will be automatically fed into the hydraulic press recoiler section of the slitting machine to be recoiled, and the final product is called "slitted steel coil". Inspections will be conducted to ensure that the slitted steel coils adhere to the production specifications, and there are no physical defects on the slitted steel coils.

(iv) Packing and labelling

Slitted steel coils that are sold to customer will then be packed and labelled awaiting storage or delivery to the customer.

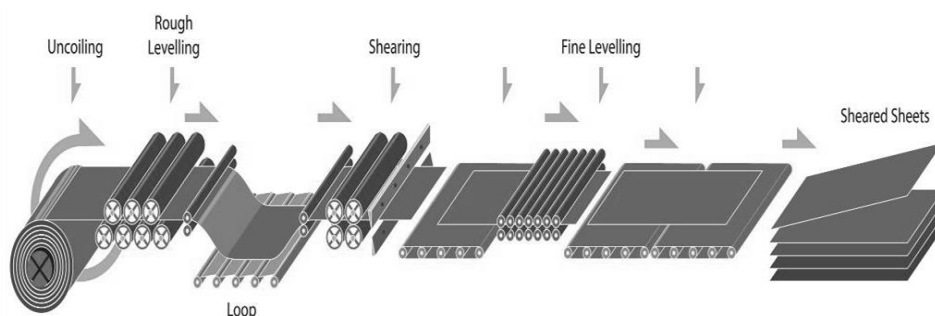
(b) Uncoiling of slitted steel coils

Where a customer places an order for steel sheets, steel pipes or guardrails, our store team will retrieve the required slitted steel coils from the warehouse storage facility in accordance with the production schedule. Our store personnel will do a visual check on the slitted steel coils by referring to the label on the slitted steel coils to ensure the specifications (in terms of material, thickness and width) and slitted steel coils serial numbers are as per the production schedule. Thereafter, the slitted steel coils will be transferred to either the shearing machine or pipe mill for the production team to carry out the shearing or pipe manufacturing processes.

Steel sheets manufacturing process

The steel sheet manufacturing process involves the processes described in (c) and (d) below:

(c) Shearing



6. BUSINESS OVERVIEW (Cont'd)

The steel sheets manufacturing process involves our production personnel carrying out the continuous shearing process. The shearing process will cut the slitted steel coil across the width to produce sheets of varying lengths according to the production schedule.

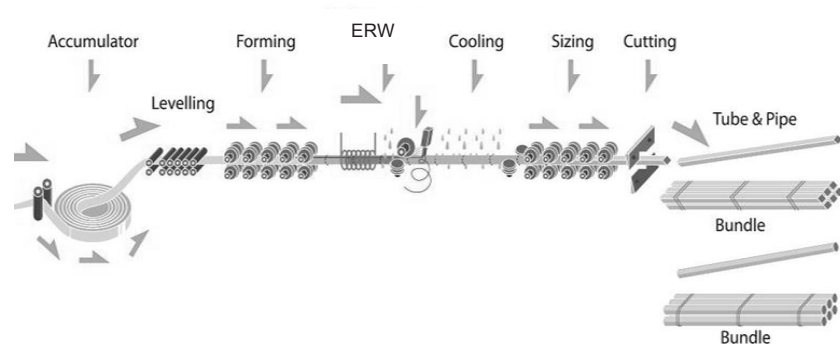
They will then conduct an inspection on the sheared steel to ensure the length, width and thickness of the sheared steel sheets meet the specifications, the sheared steel sheets are properly aligned and that there are no physical defects such as dents, burrs, scratches or rusts.

(d) Packing and labelling

Then, the steel sheets are either packed and labelled awaiting storage or delivery to the customer.

Steel pipes manufacturing process

The steel pipe manufacturing process involves the processes described in (e) to (l) below:



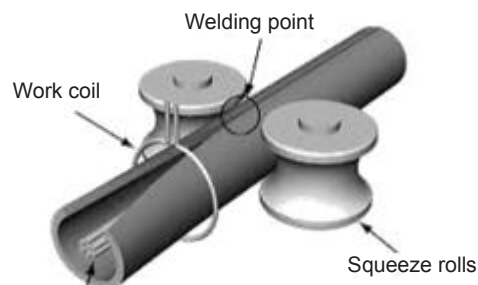
(e) Levelling

The slitted steel coils are fed into an accumulator or hoop cage. This will ensure that the coils are levelled out to form flattened steel sheets.

(f) Pipe forming

The flattened sheets will then be automatically fed into the forming section of the pipe mill. At this stage, rollers are used to form the steel sheets into cylindrical shaped steel with open edges.

(g) ERW



Thereafter, the cylindrical shaped steel will be fed into an ERW transistor high frequency carbon steel welding section of the pipe mill machine via the work coil. The work coil will charge electric current to heat the edges of the cylindrical shaped steel. The heat will force the edges together to form a seamless bond without requiring additional welding fillers, thereby producing a hollow-shaped steel pipe.

6. BUSINESS OVERVIEW (Cont'd)

Our Quality Control (“QC”) and production teams will test the first batch of steel pipes to assess the strength of the welding. Thereafter, they will inspect and test each new batch of steel pipes, to ensure that the quality of the steel pipes meets the specifications set out by the customer. This involves testing of selected pipes to ensure that the steel pipes adhere to customer specifications as noted in the production schedule, especially in terms of welding strength.

(h) Bead removal

The steel pipes will then undergo the bead removal process. This process is carried out to remove or trim excess material or welding residue left behind by the ERW process.

(i) Cooling

Thereafter, the steel pipes will be cooled down to prepare for the sizing and cutting process. This process is crucial to ensure that the pipes maintain their size, because the pipes are more malleable while they are hot.

(j) Shaping

After cooling, the steel pipes will undergo the shaping process to be formed into the required shapes. This process is to ensure that the outside dimension, shape and thickness is as per our Group’s or the customer’s requirements. An inspection will be performed to ensure that the dimension, shape and thickness of the pipes meet the required specifications.

Depending on the customer’s request, a zinc coating process may be carried out after the welding process.

(k) Cutting and trimming

After the shaping process, the steel pipes will be cut into the specific length based on our Group’s or the customer’s requirements, and will undergo the trimming process to ensure that there are no sharp edges or excess material. An inspection will be performed to ensure that the pipe length meets the required specifications.

(l) Packing and labelling

Upon trimming of the steel pipes, the steel pipes will be packed securely in bundles by our Group’s packing team. Once securely packaged, we will then label the products according to specification, material, size, length and quantity per bundle before being stored in the warehouse storage facility awaiting delivery to the customer.

Guardrails manufacturing process

The guardrails manufacturing process involves the processes described in (m) to (p) below:

(m) Levelling

The slitted steel coils will be fed through the levelling section of the guardrail machine. This will ensure that the coils are levelled out to form flattened steel sheets.

(n) Stamping

The flattened steel sheets will then be punched with holes in a continuous forming process. The holes will later be used to fit with post and packer to enable the joining of multiple guardrails together.

Upon stamping, a selected stamped steel sheet in every bundle will be inspected to check that the size, quantity and location of the holes are accurate.

6. BUSINESS OVERVIEW (Cont'd)

(o) Forming and cutting

The stamped steel sheets will then be fed into the forming section of the guardrail machine. At this stage, rollers are used to form the stamped steel sheets into corrugated beams with open edges. Thereafter, the corrugated beams will undergo cutting to the required length as per our Group's or customer's order.

Prior to surface treatment, an inspection will be conducted on selected corrugated beams in every bundle to ensure that it is the required shape and size as per our Group's or customer's order.

(p) Outsourcing of surface treatment

The galvanising process is outsourced to a third-party service provider. Galvanising prevents rust and abrasions, as well as extends the life of the steel surface.

Upon surface treatment, an inspection will be conducted on selected treated guardrails in every batch to ensure that the quality of the surface treatment is acceptable and the guardrails are free of any physical damages. The guardrails will be packed and labelled for storage in the warehouse storage facility awaiting delivery to the customer.

	<u>FYE 2019</u> <u>(RM'000)</u>	<u>FYE 2020</u> <u>(RM'000)</u>	<u>FYE 2021</u> <u>(RM'000)</u>	<u>FPE 2022</u> <u>(RM'000)</u>
Subcontractor costs for galvanising process	5,650	2,720	3,240	3,243

As it is a requirement for our products to undergo the galvanising process, our Group will continue to engage the third-party contractor for the galvanising process in the future as it is a specialised process and we have no intention to invest in the necessary equipment and personnel in the short-term.

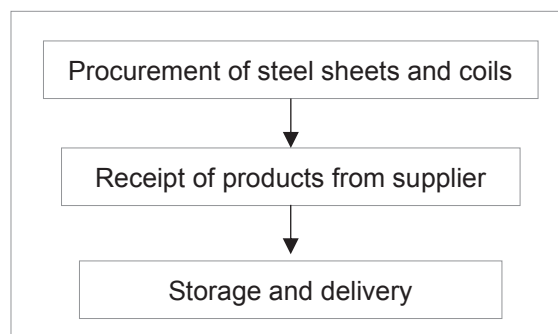
Aside from the above-mentioned, our Group does not engage in third-party contractors for other circumstances.

(q) Storage and delivery

Our Group's store team will ensure that the correct amount and specifications of steel products are loaded into the delivery trucks. They will also inspect the steel products to ensure that they are free of any physical damages. Our delivery team will manage the delivery of steel products to the customer's premises.

Trading of steel products

The operational process flow for the trading of steel products upon the receipt of a purchase order, is as follows:



6. BUSINESS OVERVIEW (Cont'd)

(a) Procurement of steel sheets and coils

Upon receipt of an order from our customer for steel products with specifications that are not manufactured by us, our Group's purchasing department will place an order with our suppliers accordingly.

(b) Receipt of product from supplier

Upon receipt of the products, our store team will conduct inspections to ensure the quantity and specifications of the products are as per the customer's purchase order. We will inform the supplier if the products fail to meet our quality inspections. If it is determined that the product is not usable, we will receive monetary compensation from the supplier.

(c) Storage and delivery

The products will then be stored at our processing facility awaiting delivery to the customer.

6.8 Quality assurance and quality control

We place emphasis on the consistent quality of our products to ensure customer satisfaction and secure repeat orders.

Essentially, our Group has adopted the following approach to ensure that quality standards are maintained at all times:

- implementation of a quality management system ("QMS") which is established based on ISO 9001:2015. Regular internal as well as external audits are conducted to ensure compliance with the QMS;
- compliance with technical requirements according to JIS steel standards or equivalent standards;
- inspection of our steel products for defects at different intervals of manufacturing activities; and
- periodic sampling of manufacturing products for quality inspections.

In order to maintain high standards of quality, quality control procedures are implemented throughout the manufacturing process in order to ensure the quality and timely delivery of the steel products are offered to customers. Our Group's QC procedures include:

Process flow stage	Applicable products	QC procedure
Planning and procurement	<ul style="list-style-type: none"> • Slitted steel coils • Steel sheets • Steel pipes • Guardrails 	All mother coils received are inspected to ensure: <ul style="list-style-type: none"> • specifications and volume match the purchase order; and • no physical damages such as dents and damaged packaging.
Uncoiling of mother coils	<ul style="list-style-type: none"> • Slitted steel coils • Steel sheets • Steel pipes • Guardrails 	All mother coils are inspected to ensure that it is the correct coil in terms of specification, material, size and thickness as per the production schedule.

6. BUSINESS OVERVIEW (Cont'd)

Process flow stage	Applicable products	QC procedure
Slitting	<ul style="list-style-type: none"> • Slitted steel coils • Steel sheets • Steel pipes • Guardrails 	<p>Inspection is conducted on the first feet of slitted steel coil to ensure:</p> <ul style="list-style-type: none"> • the slitted steel coils are as per the customer's specifications as per the production schedule; • the slitted steel coils are slitted in the correct size, in terms of its specification, length, width, thickness and diagonal; and • no visible physical defects are detected including dents, burrs, scratches or rust.
Recoiling	<ul style="list-style-type: none"> • Slitted steel coils • Steel sheets • Steel pipes • Guardrails 	<p>Inspections are conducted to ensure:</p> <ul style="list-style-type: none"> • the slitted steel coils are as per the production schedule; and • no visible physical defects on the slitted steel coils.
Uncoiling of slitted steel coils	<ul style="list-style-type: none"> • Steel sheets • Steel pipes • Guardrails 	<p>All slitted steel coils are inspected to ensure:</p> <ul style="list-style-type: none"> • specifications, material, thickness, width and slitted steel coil serial number are as per the production schedule; and • no visible physical defects are detected including dents, burrs, scratches or rust.
Shearing	<ul style="list-style-type: none"> • Steel sheets 	<p>Inspections are conducted to ensure:</p> <ul style="list-style-type: none"> • specifications, length, width, thickness and diagonal are as per our Group's or customers' requirements; and • no visible physical defects are detected including dents, burrs, scratches, or rust
Levelling	<ul style="list-style-type: none"> • Steel pipes • Guardrails 	<p>Inspections are performed to ensure that the slitted steel coils are levelled.</p>
ERW	<ul style="list-style-type: none"> • Steel pipes 	<p>Testing is conducted on selected steel pipes to assess the strength of the welding.</p> <p>Inspections are conducted during the welding process to ensure:</p> <ul style="list-style-type: none"> • steel pipes adhere to customer specifications as per the production schedule, especially in terms of welding strength; • flattening test is carried out to test the deformation ability; and • flaring test is done to verify the quality of weld seam. <p>Additional tests, upon customer request, including but not limited to:</p> <ul style="list-style-type: none"> • tensile test is conducted to test the strength of the product, whereby controlled tension is applied to the sample; and • bending test is conducted to test the product's ductility and resistance to fracture. This test is carried out by using a bend test machine to bend the sample at midpoint and to check for occurrences of fractures in the sample.

6. BUSINESS OVERVIEW (Cont'd)

Process flow stage	Applicable products	QC procedure
Shaping	<ul style="list-style-type: none"> • Steel pipes 	Inspections to ensure that the outside dimension, shape and thickness is as per our Group's or customer's requirements
Cutting and trimming	<ul style="list-style-type: none"> • Steel pipes 	Inspections to ensure pipe length is based on our Group or customers' requirements
Stamping	<ul style="list-style-type: none"> • Guardrails 	Selected stamped steel sheets in every bundle will be inspected to check that the size, quantity and location of the holes are accurate.
Forming and cutting	<ul style="list-style-type: none"> • Guardrails 	Inspections will be conducted on selected corrugated beams in every bundle to ensure that it is the required shape and size as per our Group's or customer's requirements.
Outsourcing of surface treatment	<ul style="list-style-type: none"> • Guardrails 	Inspections will be conducted on selected guardrails in every batch to ensure: <ul style="list-style-type: none"> • quality of the surface treatment is acceptable; and • free of any physical damages.
Storage and delivery	<ul style="list-style-type: none"> • Slitted steel coils • Steel sheets • Steel pipes • Guardrails 	Final inspection on the steel product prior to delivery to ensure: <ul style="list-style-type: none"> • correct volume and specifications of products are delivered to customers as per their purchase orders; and • free of any physical damages.

In order to maintain quality standards, we implement Quality Assurance/QC procedures that meet international standards. Presently, our Group complies with the following international standard:

Standard/Certificate	Certification body	Issuance date / Expiry date	Scope/Description of certification
ISO 9001: 2015 Quality Management Systems	TuV Nord Cert GmbH	5 July 2022 / 4 July 2025	For the manufacture of steel pipes, hollow sections for general usage, furniture tubes and automotive tubes

6.9 Technology used

Our Group utilises the following technology for our manufacturing activities:

(i) ERW

We specialise in the manufacturing of steel pipes using the ERW. The ERW process involves the usage of an electric current that is applied to the edges of steel sheets to form a permanent closure. The heat from the electric current will melt the edges so that the edges can join seamlessly without requiring additional fillers to form a hollow-shaped pipe.

(ii) Fully automated equipment with high performance Programmable Logic Controller ("PLC")

The equipment for all our manufacturing lines are equipped with high performance PLCs which enable full automation of the production process, high-speed production and precision control over the quality of products produced.

6. BUSINESS OVERVIEW (Cont'd)

6.10 Insurance policies

We have purchased insurance policies to cover a variety of risks that are relevant to our business needs and operations and customary in our industry, such as fire, flood, burglary, public liability and freight insurance for our operations. These insurance policies have specifications and insured limits that we believe are appropriate taking into consideration our risk levels and exposure to such loss, the cost of such insurance, applicable regulatory requirements and the prevailing industry practice in Malaysia.

6.11 Research and development activities

Due to the nature of our business, we do not undertake any research and development activities.

6.12 Business development and marketing activities

As at the LPD, our sales and marketing department comprises 18 marketing personnel based in our headquarters in Serendah, Selangor.

We have 2 types of customer segments:

- (i) building materials or steel trading companies, who are involved in the trading of steel products to the end-users, i.e. furniture manufacturers, construction product manufactures and contractors as well as other steel based product manufacturers such as automotive parts and telecommunication pole parts; and
- (ii) end-customers, comprising manufacturers and contractors who use steel products in their operational processes. These end-customers generally comprise manufacturers of steel products such as steel infrastructure pipes, scaffolding and vehicles as well as contractors requiring the use of steel products to construct steel based structures.

Our Group has initiated the following marketing strategies to sustain and expand our business:

- (i) obtaining sales from personal and professional referrals. Over the years, we have an established network of customers and associates. These customers and associates routinely refer new business to us by 'word of mouth' due to their trust in our products and services;
- (ii) appointing 2 external marketing agents to provide marketing coverage in the southern region of Peninsular Malaysia;
- (iii) understanding our customers' demand trend and matching our purchases, production and inventories to their trend in order to ensure prompt and reliable supply;
- (iv) monitoring our competitors' pricing to ensure our products are competitively priced;
- (v) continuous provision of customer service including after-sales service and positioning ourselves as a supplier of quality products to foster customer loyalty; and
- (vi) maintaining our corporate website, <https://www.leformgroup.com.my/>, which provides information on our Group and details of our products and services.

As indicated above, we have 2 external marketing agents namely Jaya A/L G. Moganpillay and Moganpillay A/L Gurusampillay, who have a network of clientele in the southern region of Peninsular Malaysia. Premised on this, we seek to leverage on their clientele network to expand our marketing coverage in the region.

6. BUSINESS OVERVIEW (Cont'd)

The contributions of sale to our Group by our external marketing agents for the Financial Years and Period Under Review are as follows:

	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FPE 2022</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
Contribution of sale to our Group	7,960	11,020	15,909	8,135

As at the LPD, our Group has no plan to appoint external marketing agents in other regions locally or internationally. However, our Group is open to explore potential business opportunities should it arise.

6.13 Types, sources and availability of supplies

Our supplies generally include materials such as mother coils which mainly comprise hot-rolled steel coils, cold-rolled steel coils and galvanised steel coils. We have not experienced any shortage in supplies or difficulties in obtaining these supplies.

Our supplies are largely sourced locally. We also procure our supplies from international markets such as Singapore, Taiwan and Indonesia. During the FPE 2022, we procure more supplies from overseas suppliers as they were able to offer these supplies at a relatively more competitive prices as compared to the prices offered by local suppliers.

Our Group's purchases of supplies by country for the Financial Years and Period Under Review are as follows:

	Audited							
	<u>FYE 2019</u>		<u>FYE 2020</u>		<u>FYE 2021</u>		<u>FPE 2022</u>	
	<u>RM ('000)</u>	<u>%</u>	<u>RM ('000)</u>	<u>%</u>	<u>RM ('000)</u>	<u>%</u>	<u>RM ('000)</u>	<u>%</u>
Malaysia	129,771	44.3	139,561	63.5	164,454	54.5	91,078	37.2
Singapore	34,721	11.9	14,562	6.6	70,995	23.5	37,620	15.4
Taiwan	41,149	14.0	10,688	4.9	40,270	13.3	81,358	33.2
Indonesia	19,931	6.8	11,062	5.0	25,697	8.6	2,006	0.8
South Korea	57,223	19.5	42,012	19.2	375	0.1	32,240	13.2
Others ⁽¹⁾	10,135	3.5	1,803	0.8	-	-	432	0.2
Total purchases	<u>292,930</u>	<u>100.0</u>	<u>219,688</u>	<u>100.0</u>	<u>301,791</u>	<u>100.0</u>	<u>244,734</u>	<u>100.0</u>

Note:

(1) Others include Japan, Hong Kong and China

6.14 Operational capacities and output

The following sets out our Group's production capacity and utilisation rates:

Steel pipes and guardrails

The production capacity and utilisation rates for steel pipes and guardrails for the FYE 2019 to FYE 2021 and FPE 2022 based on 8 operating hours a day are set out below:

	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FPE 2022⁽⁴⁾</u>
Maximum capacity ⁽¹⁾	98,283 MT ⁽³⁾	127,075 MT	127,075 MT	63,537 MT
Actual output ⁽²⁾	57,423 MT	56,605 MT	41,049 MT	20,327 MT
Utilisation rate	58.4%	44.5%	32.3%	32.0%

Notes:

(1) Maximum annual capacity is calculated based on the following key assumptions:

6. BUSINESS OVERVIEW (Cont'd)

- (a) Machines are running at standard speed to produce average type of product.
- (b) Machines running for 8 hours a day, 312 days a year.
- (c) Although the machines may operate for more than 8 hours a day depending on the production schedule, the maximum annual capacity for the production of steel pipes and guardrails are limited by:
 - the existing number of production personnel we employ; and
 - downtime for maintenance of the machines.
- (2) Actual output is based on number of units manufactured and may differ from number of units sold. Actual output refers to the volume of products manufactured during the financial period whereas number of units sold refers to the volume of products sold which may not correspond to actual output volume as it may include inventory stocks of steel products.
- (3) A pipe mill was only operational beginning September 2019.
- (4) Capacity for FPE 2022 is based on the 6-month period ended 30 June 2022.

The production capacity and utilisation rates for steel pipes and guardrails for the FYE 2019 to FYE 2021 and FPE 2022 based on 24 operating hours a day are set out below:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022 ⁽⁴⁾
Maximum capacity ⁽¹⁾	206,360 MT ⁽³⁾	266,857 MT	266,857 MT	133,428 MT
Actual output ⁽²⁾	57,423 MT	56,605 MT	41,049 MT	20,327 MT
Utilisation rate	27.8%	21.2%	15.4%	15.2%

Notes:

- (1) Maximum annual capacity is calculated based on the following key assumptions:
 - (a) Machines are running at standard speed to produce average type of product.
 - (b) Machines running for 24 hours a day, 312 days a year.
 - (c) There are no limitations to the number of hours the machines can operate on a daily basis, save for downtime for maintenance of the machines.
- (2) Actual output is based on number of units manufactured and may differ from number of units sold. Actual output refers to the volume of products manufactured during the financial period whereas number of units sold refers to the volume of products sold which may not correspond to actual output volume as it may include inventory stocks of steel products.
- (3) A pipe mill was only operational beginning September 2019.
- (4) Capacity for FPE 2022 is based on the 6-month period ended 30 June 2022.

Actual output of steel pipes and guardrails experienced a marginal decline of 1.4% despite an increase from sale of steel pipes and guardrails of 8.2% between the FYE 2019 and FYE 2020 due to inventories stored from the previous financial year. Meanwhile, actual output for flat steel products increased by 23.5%, which is in line with the growth in revenue from flat steel products of 3.6% between the FYE 2019 and FYE 2020.

Despite the declining trend of our production output for steel pipes and guardrails as well as flat steel products, our Group's revenues generated from these product segments increased due to an increase in average selling prices between the FYE 2020 and the FYE 2021. The higher average selling prices in the FYE 2021 was a result of a global supply chain disruption, removal of export rebates in China, and increase in energy prices, as well as the re-opening of the economy after the national lockdown policies was lifted in FYE 2021. This had led to reduced actual output as well as lower sales volume of steel products sold in the FYE 2021. In addition, as our Group's working capital remained relatively constant for the Financial Years and Period Under Review, our Group reduced the volume of materials purchased in line with higher material costs.

6. BUSINESS OVERVIEW (Cont'd)**Flat steel products**

The production capacity and utilisation rates for flat steel products for the FYE 2019 to FYE 2021 and FPE 2022 based on 8 operating hours a day are set out below:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022 ⁽⁴⁾
Maximum capacity ⁽¹⁾	152,506 MT ⁽³⁾	163,738 MT	163,738 MT	81,869 MT
Actual output ⁽²⁾	40,083 MT	49,515 MT	29,551 MT	9,581 MT
Utilisation rate	26.3%	30.2%	18.0%	11.7%

Notes:

- (1) Maximum annual capacity is calculated based on the following key assumptions:
 - (a) Machines are running at standard speed to produce average type of product.
 - (b) Machines running for 8 hours a day, 312 days a year.
 - (c) Although the machines may operate for more than 8 hours a day depending on the production schedule, the maximum annual capacity for the production of flat steel products are limited by:
 - the existing number of production personnel we employ; and
 - downtime for maintenance of the machines.
- (2) Actual output is based on number of units manufactured and may differ from number of units sold. Actual output refers to the volume of products manufactured during the financial period whereas number of units sold refers to the volume of products sold which may not correspond to actual output volume as it may include inventory stocks of steel products.
- (3) A slitting machine was only operational beginning May 2019.
- (4) Capacity for FPE 2022 is based on the 6-month period ended 30 June 2022.

The production capacity and utilisation rates for flat steel products for the FYE 2019 to FYE 2021 and FPE 2022 based on 24 operating hours a day are set out below:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022 ⁽⁴⁾
Maximum capacity ⁽¹⁾	267,846 MT ⁽³⁾	294,054 MT	294,054 MT	147,027 MT
Actual output ⁽²⁾	40,083 MT	49,515 MT	29,551 MT	9,581 MT
Utilisation rate	15.0%	16.8%	10.0%	6.5%

Notes:

- (1) Maximum annual capacity is calculated based on the following key assumptions:
 - (a) Machines are running at standard speed to produce average type of product.
 - (b) Machines running for 24 hours a day, 312 days a year.
 - (c) There are no limitation to the number of hours the machines can operate on a daily basis, save for downtime for maintenance of the machines.
- (2) Actual output is based on number of units manufactured and may differ from number of units sold. Actual output refers to the volume of products manufactured during the financial period whereas number of units sold refers to the volume of products sold which may not correspond to actual output volume as it may include inventory stocks of steel products.
- (3) A slitting machine was only operational beginning May 2019.
- (4) Capacity for FPE 2022 is based on the 6-month period ended 30 June 2022.

6. BUSINESS OVERVIEW (Cont'd)**Storage space**

Our processing facility is limited by the volume of products that can be stored. The maximum capacity and utilisation rates of the storage space at our processing facility are set out below:

	FYE 2019	FYE 2020	FYE 2021	FPE 2022
Maximum storage capacity ⁽¹⁾	137,919 MT	161,372 MT	161,372 MT	80,686 MT
- Raw material	55,167	64,548	64,548	32,274
- Finished products	82,752	96,824	96,824	48,412
Storage utilisation volume ⁽²⁾	136,199 MT	135,793 MT	123,218 MT	76,971 MT
- Raw material	53,891	45,642	39,601	42,734 ⁽³⁾
- Finished products	82,308	90,151	83,617	34,237 ⁽³⁾
Utilisation rate	98.8%	84.1%	76.4%	95.4%
- Raw material	97.7%	70.7%	61.4%	132.4%
- Finished products	99.5%	93.1%	86.4%	70.7%

Notes:

- (1) Maximum storage capacity is calculated based on maximum volume of products that can be stored in the storage space during a financial year or financial period.
- (2) Storage utilisation volume was calculated based on total use of storage space during a financial year or financial period.
- (3) Storage space for finished products was used to accommodate storage of raw materials.

6.15 Key machinery and equipment

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

Machinery and equipment	Functions	No. of units	Average age (years)	NBV as at FPE 2022 (RM'000)
Pipe mill machines	To perform steel pipes manufacturing processes such as forming, ERW, cooling, shaping, cutting and trimming	19 ⁽¹⁾	11	7,321
Guardrail machines	To manufacture guardrails	3	4	1,238
Slitting machines	For cutting slitted steel coils	3	9	2,116
Shearing machines	For cutting slitted steel coils and sheets	4	7	658
Total				11,333

Note:

- (1) Our Group owns 19 pipe mills. However only 17 are operational and are in use, while 2 pipe mills are installed but not in use. The 2 pipe mills are not in use as our Group's current machines provide sufficient capacity to meet the production demand. These 2 machines were initially purchased due to their low price and will be used in the future when needed.

6.16 Seasonality

We do not experience any seasonality and cyclicalities in our business in the manufacturing of and trading in steel products.

6. BUSINESS OVERVIEW (Cont'd)**6.17 Employees**

As at the LPD, we have 203 employees, all of whom are permanent employees located in Malaysia. A summary of our Group's total employees as at the FYE 2021 and the LPD is set out below:

Departments	No. of employees	
	FYE 2021	As at the LPD
Directors and key senior management	7	7
Finance, human resources and administration	22	25
Logistics	15	12
Production	140	136
Planning	4	2
Sales and marketing	11	18
Procurement	3	3
Total	202	203

As at the LPD, our Group consists of 96 local employees and 107 foreign employees. All of our foreign employees are contractual employees and hold valid employment passes which are renewable annually.

In June 2020, Malaysia's Minister of Human Resources announced a hiring freeze on foreign workers. As we had sufficient production personnel to carry out our manufacturing processes, we were not affected by the said hiring freeze. Since 15 February 2022, the Ministry of Human Resources has enabled applications for the recruitment of foreign workers. Moving forward, we intend to enhance our attractiveness as an employer to local employees by improving our workers' accommodation (as illustrated in **Section 6.24 (i)** of this Prospectus). We expect to be able to attract more local employees to join our production department. None of our employees are members of any union nor have there been any major industrial disputes in the past.

6.18 Major customers

Our top 5 major customers for the Financial Years and Period Under Review are as follows:

FYE 2019

Major customers	Products sold	Sales (RM'000)	% of total revenues	Length of business relationship as at the LPD (years)
Tai Hoe Hardware Sdn Bhd ⁽¹⁾	Steel pipes and sheets	24,648	7.1	15
Noblelift Malaysia Sdn Bhd ⁽²⁾	Steel pipes, sheets and coils	21,223	6.2	8
Metro Supplies Marketing Sdn Bhd ⁽¹⁾	Steel pipes and sheets	17,340	5.0	14
Pipeworks Sdn Bhd ⁽³⁾	Steel sheets and coils	13,295	3.9	4
Rawang Machinery Sdn Bhd ⁽¹⁾	Steel pipes and sheets	12,759	3.7	14
Total revenues		89,265⁽⁴⁾	25.9	

6. BUSINESS OVERVIEW (Cont'd)**FYE 2020**

Major customers	Products sold	Sales (RM'000)	% of total revenues	Length of business relationship as at the LPD (years)
Tai Hoe Hardware Sdn Bhd ⁽¹⁾	Steel pipes, sheets and coils	26,514	7.5	15
Pipeworks Sdn Bhd ⁽³⁾	Steel sheets and coils	24,811	7.0	4
Metro Supplies Marketing Sdn Bhd ⁽¹⁾	Steel pipes and sheets	17,400	4.9	14
He Cheng Hardware Sdn Bhd ⁽¹⁾	Steel pipes and sheets	13,210	3.7	14
Goldirex Sdn Bhd ⁽¹⁾	Steel pipes and sheets and coil shearing services	11,902	3.4	14
Total revenues		93,837⁽⁵⁾	26.5	

FYE 2021

Major customers	Products sold	Sales (RM'000)	% of total revenues	Length of business relationship as at the LPD (years)
Tai Hoe Hardware Sdn Bhd ⁽¹⁾	Steel pipes, sheets and coils	21,795	5.8	15
Noblelift Malaysia Sdn Bhd ⁽²⁾	Steel pipes, sheets and coils	20,943	5.6	8
TG Advance Metal Sdn Bhd ⁽¹⁾	Guardrails, steel pipes, sheets and coils	18,567	5.0	4
DL Advance Metal Sdn Bhd ⁽¹⁾	Steel pipes, sheets and slitted coils	14,970	4.0	9
Metro Supplies Marketing Sdn Bhd ⁽¹⁾	Steel pipes and sheets	12,354	3.3	14
Total revenues		88,629⁽⁶⁾	23.7	

FPE 2022

Major customers	Products sold	Sales (RM'000)	% of total revenues	Length of business relationship as at the LPD (years)
Noblelift Malaysia Sdn Bhd ⁽²⁾	Steel pipes, sheets and coils	24,204	11.3	8
Pipeworks Sdn Bhd ⁽³⁾	Steel sheets and coils	16,230	7.6	4
Tai Hoe Hardware Sdn Bhd ⁽¹⁾	Steel pipes, sheets and coils	9,170	4.3	15
Metro Supplies Marketing Sdn Bhd ⁽¹⁾	Steel pipes and sheets	6,408	3.0	14
Machmar Industries Sdn Bhd ⁽⁷⁾	Steel pipes, sheets and coils	6,079	2.8	5
Total revenue		62,091⁽⁸⁾	29.0	

Notes:

- (1) Principally involved in building material and/or steel trading.
- (2) Principally involved in the manufacturing of vehicles for material handling and logistics solutions.
- (3) Principally involved in the manufacturing of steel infrastructure pipes.

6. BUSINESS OVERVIEW (Cont'd)

- (4) Our Group's total revenue for the FYE 2019 was RM344.6 million.
- (5) Our Group's total revenue for the FYE 2020 was RM354.7 million.
- (6) Our Group's total revenue for the FYE 2021 was RM374.0 million.
- (7) Principally involved in the manufacturing of racks and shelves.
- (8) Our Group's total revenue for the FPE 2022 was RM213.7 million.

Our Group has a diverse customer base comprising building material and steel trading companies as well as manufacturers and contractors. The composition of our Group's top 5 customers generally varies from year to year except for certain customers such as Tai Hoe Hardware Sdn Bhd, Metro Supplies Marketing Sdn Bhd and Noblelift Malaysia Sdn Bhd who were among our top 5 customers for the Financial Years and Period Under Review. Regardless, none of these customers contributed more than 10.0% of our Group's revenue during the Financial Years and Period Under Review save for Noblelift Malaysia Sdn Bhd, which contributed 11.3% to our Group's revenue due to a large order secured for slitted coils. Thus, our Group is not dependent on any of our major customers.

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6. BUSINESS OVERVIEW (Cont'd)**6.19 Major suppliers**

Our top 5 suppliers for the Financial Years and Period Under Review are as follow:

FYE 2019

Major suppliers	Products purchased	Purchases (RM'000)	% of total purchases	Length of business relationship as at the LPD (years)
Mycron Steel CRC Sdn Bhd	Mother coils (Cold-rolled steel coils)	45,451	15.5	15
CSC Steel Sdn bhd	Mother coils (Cold-rolled steel coils)	38,376	13.1	14
Stinko Co., Ltd	Mother coils (Hot-rolled steel coils)	30,388	10.4	5
Chung Hung Steel Corporation	Mother coils (Hot-rolled steel coils)	24,218	8.3	4
Company A*	Mother coils (Hot-rolled steel coils and galvanised steel coils)	23,241	7.9	4
Total purchases⁽¹⁾		161,674⁽²⁾	55.2	

FYE 2020

Major suppliers	Products purchased	Purchases (RM'000)	% of total purchases	Length of business relationship as at the LPD (years)
CSC Steel Sdn Bhd	Mother coils (Cold-rolled steel coils)	67,205	30.6	14
Hyosung Corporation	Mother coils (Hot-rolled steel coils)	42,012	19.1	13
Mycron Steel CRC Sdn Bhd	Mother coils (Cold-rolled steel coils)	32,389	14.7	15
Marubeni Itochu Steel (M) Sdn Bhd	Mother coils (Hot-rolled steel coils)	20,299	9.2	13
PT Krakatau Steel (PERSERO) Tbk	Mother coils (Hot-rolled steel coils)	11,062	5.0	5
Total purchases⁽¹⁾		172,967⁽³⁾	78.7**	

6. BUSINESS OVERVIEW (Cont'd)**FYE 2021**

Major suppliers	Products purchased	Purchases (RM'000)	% of total purchases	Length of business relationship as at the LPD (years)
Mycron Steel CRC Sdn Bhd	Mother coils (Cold-rolled steel coils)	60,799	20.1	15
CSC Steel Sdn Bhd	Mother coils (Cold-rolled steel coils)	57,811	19.2	14
Company A*	Mother coils (Hot-rolled steel coils and galvanised steel coils)	48,979	16.2	4
Bichain Trading Co., Ltd	Mother coils (Cold-rolled and hot-rolled steel coils)	40,173	13.3	15
Hanwa Singapore Pte Ltd	Mother coils (Cold-rolled and hot-rolled steel coils)	18,898	6.3	1
Total purchases⁽¹⁾		226,660⁽⁴⁾	75.1	

FPE 2022

Major suppliers	Products purchased	Purchases (RM'000)	% of total purchases	Length of business relationship as at the LPD (years)
Bichain Trading Co., Ltd	Mother coils (Cold-rolled and hot-rolled steel coils)	81,358	33.2	15
CSC Steel Sdn Bhd	Mother coils (Cold-rolled steel coils)	68,681	28.1	14
LianFeng International Pte Ltd	Mother coils (Hot-rolled steel coils)	30,789	12.6	3
Stinko Co Ltd	Mother coils (Hot-rolled steel coils)	17,573	7.2	5
Hyosung Corporation	Mother coils (Hot-rolled steel coils)	14,667	6.0	13
Total purchases⁽¹⁾		213,068⁽⁵⁾	87.1	

Notes:

* The name of Company A is not disclosed as our Group is bound by the confidentiality provision under the sales contract with Company A. Consent was sought by our Company but was not given by Company A for disclosing the Company A's name in the Prospectus. Company A is principally involved in wholesale trading of steel and iron ore

6. BUSINESS OVERVIEW (Cont'd)

products and is a Singapore sales office for a steel manufacturing company based in China ("**Parent Company**") which is not listed on any stock exchange. The Parent Company of Company A has market presence worldwide.

** Does not add up due to rounding.

- (1) Our Group's total purchases consists of purchase of raw materials such as coils and pipes as well as non-raw materials such as consumables and services.
- (2) Our Group's total purchases for the FYE 2019 was RM292.9 million.
- (3) Our Group's total purchases for the FYE 2020 was RM219.7 million.
- (4) Our Group's total purchases for the FYE 2021 was RM301.8 million.
- (5) Our Group's total purchases for the FPE 2022 was RM244.7 million.

In the Financial Years and Period Under Review, our Group's top 5 suppliers collectively contributed between 55.2% and 87.1% to our Group's total purchases in the respective years. Although CSC Steel Sdn Bhd and Mycron Steel CRC Sdn Bhd have consistently been amongst our Group's top 5 suppliers during the FYE 2019, FYE 2020 and FYE 2021 while CSC Steel Sdn Bhd was a top 5 supplier in FPE 2022, we are not dependent on these suppliers as we are able to procure supplies from alternative suppliers, at costs that are not expected to materially impact total purchases and financial profitability. Our Group chooses to procure from these specific suppliers in bulk in order to attain competitive pricing. We are also not dependent on any other suppliers for supplies of its cold-rolled and hot-rolled steel coils, and galvanised steel coils.

6. BUSINESS OVERVIEW (Cont'd)

6.20 Major licences and permits

As at the LPD, details of major licences and permits held by our Group are as follows:

(i) Manufacturing licences issued by MITI

We are required to, and have obtained, the manufacturing licences issued by MITI in accordance with the Industrial Co-ordination Act 1975, for all our processing facilities at Lot 4306 – 4312 and Lot 858:

No.	Company	Description of licence / approval	Approving authority	Permit Licence Registration no.	Issue date / Expiry date	Salient conditions	Status of compliance
1.	Leform	Slitting and shearing of steel sheets in coils at Lot 4306 – 4312	MITI	A016467	17 March 2011 (with effect from 15 March 2011) / Not applicable ⁽¹⁾	(a) Any sale of shares in Leform must be notified to MITI. (b) Leform is required to train Malaysian citizens so that the transfer of technology and expertise may be circulated throughout every level of the workforce.	Complied
2.	Leform	Manufacturing mild steel tubes, pipes and hollow section at Lot 4306 – 4309	MITI	A016467	29 January 2008 (with effect from 10 October 2007) / Not applicable ⁽¹⁾	(a) Any sale of shares in Leform must be notified to MITI. (b) Leform is required to train Malaysian citizens so that the transfer of technology and expertise may be circulated throughout every level of the workforce.	Complied
3.	Leform	Manufacturing mild steel tubes, pipes and hollow section and slitting and shearing of steel sheet in coils at Lot 858	MITI	A024363	4 April 2022 (with effect from 2 March 2022) / Not applicable ⁽¹⁾	(a) Any sale of shares in Leform must be notified to MITI and MIDA. (b) Leform is required to train Malaysian citizens so that the transfer of technology and expertise may be circulated throughout every level of the workforce. (c) Leform is required to comply with the Capital Investment Per Employee (CIPE) condition of at least RM140,000.00.	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	Company	Description of licence / approval	Approving authority	Permit Licence / Registration no.	Issue date / Expiry date	Salient conditions	Status of compliance
4.	LF Engineering	Manufacturing licence for guardrail system accessories at Lot 4306 – 4312	MITI	A022078	18 November 2019 (with effect from 9 August 2019) / Not applicable ⁽¹⁾	<p>(d) The total full-time workforce must comprise at least 80% Malaysians by 31 December 2022. Foreigners' salary including workers employed on an outsourcing basis are subject to current governmental policies.⁽²⁾</p> <p>(e) Leform is required to submit information relating to the investment performance and project implementation under the Industrial Co-ordination Act 1975 and Malaysian Industrial Development Authority (Incorporation) Act 1965 whenever requested by MIDA. In the event Leform fails to submit such information when requested by MIDA, Leform may be liable to a fine not exceeding RM1,000.00 or a term of imprisonment not exceeding 3 months or to both, and a sum not exceeding RM500.00 for each day during which such offence continues after conviction. In the event Leform submits false information or fails to disclose material information, Leform may be liable to a fine not exceeding RM2,000.00 or a term of imprisonment not more than 6 months or to both.</p> <p>(a) Any sale of shares in LF Engineering must be notified to MITI and MIDA.</p> <p>(b) LF Engineering is required to train Malaysians so that the transfer of technology and expertise may be circulated throughout every level of the workforce.</p> <p>(c) LF Engineering is required to comply with the Capital Investment Per Employee (CIPE) condition of at least RM140,000.00 by 2020.</p>	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	Company	Description of licence / approval	Approving authority	Permit Licence / Registration no.	Issue date / Expiry date	Salient conditions	Status of compliance
						<p>(d) The total full-time workforce must comprise at least 80% Malaysians by 31 December 2022. Foreigners' salary including workers employed on an outsourcing basis are subject to current governmental policies.⁽²⁾</p> <p>(e) LF Engineering is required to submit information relating to the investment performance and project implementation under the Industrial Co-ordination Act 1975 and Malaysian Industrial Development Authority (Incorporation) Act 1965 whenever requested by MIDA. In the event LF Engineering fails to submit such information when requested by MIDA, LF Engineering may be liable to a fine not exceeding RM1,000.00 or a term of imprisonment not exceeding 3 months or to both, and a sum not exceeding RM500.00 for each day during which such offence continues after conviction. In the event LF Engineering submits false information or fails to disclose material information, LF Engineering may be liable to a fine not exceeding RM2,000.00 or a term of imprisonment not more than 6 months or to both.</p>	

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) The manufacturing licence is not subject to any expiry date unless revoked in accordance with the Industrial Co-ordination Act 1976.
- (2) Based on a letter dated 18 July 2022 issued by MITI, the deadline for compliance of the 80:20 workforce requirement has been extended to 31 December 2024 in light of the shortage of workers affecting the manufacturing industry due to the COVID-19.

Pursuant to the Industrial Co-ordination Act 1975, a person who engages in manufacturing activity and who has shareholders' funds of RM2,500,000.00 and above or which engages 75 or more full-time employees must obtain a manufacturing licence issued by MITI. Any person who fails to comply with this requirement is guilty of an offence, and is liable on conviction to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000.00 for every day during which the default continues.

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6. BUSINESS OVERVIEW (Cont'd)

(ii) Operator licences issued by the Land Public Transport Commission (“LPTC”)

We are required to, and have obtained, the operator licences issued by LPTC in accordance with the Land Public Transport Act 2010 (“LPTA”) for us to operate or to provide goods vehicle service:

No.	Company	Description of licence / approval	Approving authority	Permit Licence Registration no.	Issue date / Expiry date	Salient conditions	Status of compliance
1.	Leform	Class A operator licence for carrying goods for hire or reward for or in connection with any trade or business carried on in Peninsular Malaysia	LPTC	330776-K(LA)	16 June 2020 (with effect from 16 June 2020) / 9 September 2023	None	Complied
2.	Leform	Class C operator licence for carrying its own goods for or in connection with any trade or business carried on in Peninsular Malaysia including Selangor, Kuala Lumpur, Negeri Sembilan, Melaka, Pahang, Perak and Johor	LPTC	330776-K(LC)	29 January 2020 (with effect from 20 January 2020) / 17 April 2025	None	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	Company	Description of licence / approval	Approving authority	Permit Licence Registration no.	Issue date / Expiry date	Salient conditions	Status of compliance
3.	LF Metal	Class A operator licence for carrying goods for hire or reward for or in connection with any trade or business carried on in Peninsular Malaysia	LPTC	520021-P(LA)	15 April 2018 (with effect from 11 April 2018) / 27 August 2023	None	Complied
4.	LF Metal	Class C operator licence for carrying its own goods for or in connection with any trade or business carried on in Peninsular Malaysia	LPTC	520021-P(LC)	15 September 2020 (with effect from 14 September 2020) / 19 December 2023	None	Complied
5.	LF Transport	Class A operator licence for carrying goods for hire and reward for or in connection with any trade or business carried on in Peninsular Malaysia	LPTC	769178-T(LA)	19 June 2020 (with effect from 17 June 2020) / 31 August 2025	None	Complied

6. BUSINESS OVERVIEW (Cont'd)

Section 51(1) of the Land Public Transport Act 2010 (“LPTA”) provides that no person can operate or provide a goods vehicle service using a class of goods vehicles for the carriage of goods, for hire or reward, or for or in connection with any trade or business, unless he holds an operator’s licence. Section 51(2) of the LPTA provides that a person is deemed to be operating or providing goods vehicle service if he uses or drives a goods vehicle himself, or employs one or more persons to use or drive a goods vehicle, to operate or provide a goods vehicle service, and he owns the said goods vehicle, or he is responsible, under any form of arrangement with the owner or lessor of the said goods vehicle to manage, maintain or operate such goods vehicle.

Section 51(7) of the LPTA provides that a company or corporation which contravenes Section 51(1) commits an offence, and will, on conviction, be liable to a fine not exceeding RM200,000.00. Section 51(5) of the LPTA provides a person, other than a company or corporation, who contravenes Section 51(1) commits an offence and will, on conviction, be liable to a fine not less than RM2,000.00 but not more than RM10,000.00 or to a term of imprisonment not exceeding 1 year or to both.

(iii) Business premises licences issued by the relevant local authorities

We are required to, and have obtained, the business premises and advertisement licences from the relevant local councils and authorities in accordance with the Local Government Act 1976 and the relevant by-laws and regulations, for all the premises occupied by our Group for our business activities, namely Lot 4306 – 4312 and Lot 858:

No.	Company	Description of licence / approval	Approving authority	Permit / Licence / Registration no.	Issue date / Expiry date
1.	Leform	Business premises and advertising licence for Lot 4306 – 4312	Hulu Selangor District Council	A37632	1 October 2021 (with effect from 9 December 2021) / 31 December 2022
2.	Leform	Business premises licence for Lot 858	Hulu Selangor District Council	A37631	1 October 2021 (with effect from 9 December 2021) / 31 December 2022
3.	LF Engineering	Business premises licence for Lot 4306 – 4312	Hulu Selangor District Council	A37630	1 October 2020 (with effect from 9 December 2021) / 31 December 2022
4.	Leform Transport	Business premises licence for Lot 4306 – 4312	Hulu Selangor District Council	A37922	7 January 2022 (with effect from 12 January 2022) / 31 December 2022
5.	Leform Marketing	Business premises licence for Lot 4306 – 4312	Hulu Selangor District Council	A37921	7 January 2022 (with effect from 12 January 2022) / 31 December 2022
6.	LF Metal	Business premises licence for Lot 4306 – 4312	Hulu Selangor District Council	A37923	7 January 2022 (with effect from 12 January 2022) / 31 December 2022

6. BUSINESS OVERVIEW (Cont'd)

No.	Company	Description of licence / approval	Approving authority	Permit / Licence / Registration no.	Issue date / Expiry date
7.	Leform Service	Business premises licence for Lot 4306 – 4312	Hulu Selangor District Council	A37924	7 January 2022 (with effect from 12 January 2022) / 31 December 2022
8.	Leform Steel Pipes	Business premises licence for Lot 4306 – 4312	Hulu Selangor District Council	A38430	11 January 2022 (with effect from 9 February 2022) / 31 December 2022

Our business premises and advertisement licences obtained for our business premises contain a condition that such licence shall be displayed at the licensed premises, which we have complied with.

Section 104 of Local Government Act 1976 provides that a local authority may, by by-law, rule or regulation prescribe for the breach of any by-law, rule or regulation a fine not exceeding RM2,000.00 or a term of imprisonment not exceeding one year or to both and in the case of a continuing offence a sum not exceeding RM200.00 for each day during which such offence is continued after conviction. The punishment for breaching any by-law, rule or regulation will differ based on the by-laws of each local municipal council.

(iv) Fire certificates

Our Group is required to and has obtained fire certificates for all the premises occupied by our Group for our business activities, namely our headquarters and 3 steel pipe and flat steel pipe processing facilities at Lot 4306 - 4312, and Lot 858.

The Fire Services Act 1988 (“**FSA**”) provides that certain designated premises require a fire certificate which is renewable annually. Section 33 of the FSA provides that where there is no fire certificate in force in respect of any designated premises, the owner of the premises is guilty of an offence, and will, on conviction, be liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 5 years or to both.

(v) Certificate for accommodation (“CFA”)

Our Group provides accommodation to our foreign workers at Lot 4314, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan (“**Lot 4314**”). We are required to, and have obtained the CFA from the Department of Labour in accordance with the Employees’ Minimum Standards of Housing, Accommodations and Amenities Act 1990, for the accommodation provided.

Section 24F of the Employees’ Minimum Standards of Housing, Accommodations and Amenities Act 1990 (“**Act 446**”) provides that an employer or a centralised accommodation provider¹ is required to ensure that every accommodation² provided for employees³ complies with the minimum standards required under the Act 446 or regulations made thereunder. The requirements include minimum living space standards and a minimum bathroom-to-employee ratio in workers’ accommodation.

¹ “centralised accommodation provider” is defined under Act 446 to mean any person who provides and manages a centralised accommodation and supervises the services provided therein for one or more employers, but does not include an employer who provides accommodations for his own employees. “centralised accommodation” is defined under Act 446 to mean any building used for the housing of employees employed by one or more employers.

² “accommodation” is defined under Act 446 to mean any permanent or temporary building or structure including any house, hut, shed or roofed enclosure used for the purpose of human habitation and includes centralised accommodation.

³ Act 446 does not apply where employees are responsible for their own accommodation.

6. BUSINESS OVERVIEW (Cont'd)

Section 24D(1) of Act 446 also provides that no accommodation shall be provided (whether as an employer or as a centralised accommodation provider) to an employee unless certified with a CFA⁴.

Section 24D(3) of Act 446 provides that an employer who fails to obtain a CFA commits an offence and will on conviction, be liable to a fine not exceeding RM50,000.00.

(vi) Certificate of fitness for occupation (“CFO”) / certificate of completion and compliance (“CCC”)

The Street, Drainage and Building Act 1974 (“**SDB Act**”) governs various matters, including in relation to buildings. The Street, Drainage and Building (Amendment) Act 2007 (“**SDB Amendment Act**”) provides that without prejudice to any penalty that may be imposed, the erection of a building without any plans and specifications approved by the local authority under the SDB Amendment Act immediately before the date of coming into operation of the SDB Amendment Act shall be subject to the provisions of the SDB Act (as if the SDB Act has not been amended by the SDB Amendment Act) provided that (i) an application for the approval of the plans and specifications of the building is made to the local authority on or after the date of coming into operation of the SDB Amendment Act; and (ii) the application referred to in paragraph (i) above is approved.

In respect of buildings erected prior to 12 April 2007:

Under the relevant by-laws, no person shall occupy or permit to be occupied any building or any part thereof, unless a CFO for such building has been issued. Failure to comply with such a requirement under the by-laws amounts to an offence under the SDB Act which carries a fine not exceeding RM10,000.00 and a further fine of RM250.00 for every day during which the offence is continued.

In respect of buildings erected on or after 12 April 2007:

Pursuant to the SDB Act (incorporating the amendments in the SDB Amendment Act), any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable to a fine not exceeding RM250,000.00 or imprisonment for a term not exceeding 10 years or both.

Our Group has obtained the CFO or CCC for all properties owned by us, where applicable, as disclosed in **Section 6.23** of this Prospectus.

Prior written approvals from local authorities for erection of a building

Pursuant to Section 70(16) of the SDB Act, any alteration to any existing building in such a manner as to involve new or partly new or increased superstructure or roof on existing walls or existing foundations, or any departure after the completion of the building in any particular form from any plan or specification approved by the local authority at any time in respect of such building, falls under the definition of “erection of a building” for the purposes of Section 70 of the SDB Act. Section 70(1) of the SDB Act provides that no person shall erect any building without the prior written permission of the local authority. Section 70(11) of the SDB Act provides that any person who makes any alteration to any building otherwise than is provided for in the SDB Act or by-laws made thereunder or without the prior written permission of the local authority shall be liable on conviction to a fine not exceeding RM25,000.00 and a Magistrate’s Court shall, on the application of the local authority, issue a mandatory order to alter the building in any way or to demolish it. Further, Section 70(13) of the SDB Act provides that any person who deviates from any plan or specification approved by the local authority without the prior written permission of the local authority or erects a

⁴ In turn, various requirements are to be met for accommodation to be eligible for a CFA, under the Employees’ Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020.

6. BUSINESS OVERVIEW (Cont'd)

building in contravention of the SDB Act or of any of the by-laws made thereunder shall be liable on conviction to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding three years or to both and shall also be liable to a further fine of one RM1,000.00 for every day during which the offence is continued after conviction.

Section 72(1) of the SDB Act provides that where the local authority is satisfied that a building has been erected or is in the course of erection or is about to be erected in contravention of Section 70 of the SDB Act or, if such building has been erected prior to the coming into force of the SDB Act, in contravention of any law then in force relating to buildings and in respect of which building approval under any law was not given subsequently, the local authority may by notice served on the owner of the land require him to do any one or more of the following acts:

- (a) to abstain from commencing or proceeding with the erection of such building;
- (b) to demolish such building within such time as the local authority may specify; and
- (c) to take steps as may be ordered by the local authority.

Our Group had obtained temporary building permits for the construction of the additional structures comprising new i-steel structures with metal deck roofing for crane equipment extension at Lot 4306 and Lot 4312, and a new steel structure with glass roofing at Lot 4309 on 5 April 2022. Our Group had also obtained a temporary building permit for the construction of our workers' accommodation at Lot 4314 in April 2022. The temporary building permits are renewable annually provided that there are no changes to the revised building plan submitted to the local authority as part of our Group's application for the permits.

The Hulu Selangor Municipal Council had on 9 February 2022 imposed a compound of RM5,000.00 for the additional structures constructed without written permission at Lot 4306- 4309, and a compound of RM5,000.00 for the additional structure constructed without written permission at Lot 4312, both in relation to the failure of our Group to obtain the written permission of the local authority before making any alteration to the existing building. Our Group had on 10 March 2022 made payment to the Hulu Selangor Municipal Council in respect of the compound for the offences above. In addition, the Hulu Selangor Municipal Council had on 9 February 2022 imposed compounds amounting to RM141,422.50 for our Group's failure to obtain written permission of the local authority before constructing our workers' accommodation at Lot 4314. Our Group had on 14 March 2022 and 30 March 2022 made payment of RM10,000.00 and RM131,422.50 respectively to the Hulu Selangor Municipal Council in respect of the compounds for the offence above.

As we have made payment to the Hulu Selangor Municipal Council to compound the offences above, the municipal council should not take any further enforcement action against Leform in respect of those offences.

Save as disclosed above, there are no other relevant laws, regulations, rules or regulatory requirements governing the conduct of our Group's business and/or environmental issue which may materially affect our Group's business or operations. As at the LPD, save as disclosed above, there is no non-compliance with such laws, regulations, rules or regulatory requirements and/or environmental issues.

6.21 Trademarks and other intellectual property rights

Our Group does not have any brand names, trademarks, patents, licence agreements and intellectual property rights.

6.22 Dependency on contracts, licences or other arrangements

Save for the major licences and permits as set out in Section 6.20 of this Prospectus, our Group is not highly dependent on any contracts, licences or other arrangements as at the LPD.

6. BUSINESS OVERVIEW (Cont'd)

6.23 Material properties

Properties owned by our Group

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

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
1.	Leform	<u>Title</u> HSD 45503, PT16078 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor <u>Postal address</u> PT16078, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan	<u>Category of land use</u> Industrial <u>Description</u> An individual factory designed comprising a storey of office building, a single storey factory, and a refuse chamber <u>Existing use</u> Headquarters, steel pipe processing facility and warehouse storage facility	193,051 / 141,696	6 April 2009	Freehold	<u>Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements</u> Express condition This land shall be used for industrial purposes <u>Restrictions in interest</u> Nil <u>Encumbrance</u> A charge registered by Leform in favour of HSBC Amanah Berhad vide presentation no. 60520/2019 on 5 July 2019 <u>Other material endorsements</u> Nil	29,512

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions/ interest Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
2.	Leform	<p>Title HSD 45479, PT16077 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor</p> <p>Postal address PT16077, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan</p>	<p>Category of land use Industrial</p> <p>Description A single storey detached factory together with a guard house</p> <p>Existing use Steel pipe and flat steel pipe processing facility</p>	130,706 / 72,000	24 October 2011	Freehold	<p><u>Express condition</u> This land shall be used for industrial purposes</p> <p><u>Restrictions</u> in interest Nil</p> <p><u>Encumbrance</u> A charge registered by Leform in favour of Citibank Berhad vide presentation no. 12711/2019 on 19 February 2019</p> <p><u>Other material endorsements</u> Nil</p>	17,237

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
3.	Leform	<p>Title GM 3398, Lot 858, Mukim Serendah, Daerah Hulu Selangor, Negeri Selangor</p> <p>Postal address Lot 858, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan</p>	<p>Category of land use Industrial</p> <p>Description A single storey detached factory with a double storey office block, a guard house, a refuse chamber and other ancillary structures</p> <p>Existing use Steel pipe and flat steel pipe processing facility and warehouse storage facility</p>	179,682 / 102,763	4 December 2017	Freehold	<p>Express condition This land shall be used for industrial building purposes</p> <p>Restrictions in interest Nil</p> <p>Encumbrances - A private caveat lodged by AmBank (M) Berhad vide presentation no. 719/2017 on 5 May 2017</p> <p>- A charge registered by Leform in favour of AmBank (M) Berhad vide presentation no. 974/2017 on 20 June 2017</p> <p>Other material endorsements Nil</p>	22,822

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
4.	Leform	<p><u>Title</u> GM 4325, Lot 859, Tempat Sungai Choh, Mukim Serendah, Daerah Hulu Selangor, Negeri Selangor</p> <p><u>Postal address</u> Lot 859, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan</p>	<p><u>Category of land use</u> Industrial</p> <p><u>Description</u> Vacant land</p> <p><u>Existing use</u> Vacant land</p>	397,479 / Not applicable	Not applicable	Freehold	<p>Express condition This land shall be used for the development of commercial building in accordance with the building plan approved by Selangor Town and Country Planning Department</p> <p>Restrictions in interest Nil</p> <p>Encumbrance A charge registered by Leform in favour of Al-Rajhi Banking & Investment Corporation (Malaysia) Bhd vide presentation no. 579/2017 on 17 April 2017</p> <p>Other material endorsements Nil</p>	19,900

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
5.	Leform	<p><u>Title</u> Geran 40090, Lot 4314, Mukim Serendah, Daerah Ulu Selangor, Negeri Selangor ("Lot 4314")</p> <p><u>Postal address</u> Lot 4314, Jalan Kesidang 4, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor Darul Ehsan</p>	<p><u>Category of land use</u> Industrial</p> <p><u>Description</u> 48 units of two storey container accommodation, a guard house, a refuse chamber, an open garage, a canteen, a store and other ancillary structures</p> <p><u>Existing use</u> Workers' accommodation</p>	43,572 / Not applicable	Not applicable ⁽¹⁾	Freehold	<p><u>Express conditions/ Restrictions in interest</u> This land shall be used for industrial purposes</p> <p><u>Restrictions in interest</u> Nil</p> <p><u>Encumbrances</u> - A private caveat lodged by OCBC Bank Berhad vide presentation no. 28768/2020 on 27 August 2020</p> <p>- A charge registered by Leform in favour of OCBC Al-Amin Bank Berhad vide presentation no. 75169/2020 on 5 November 2020</p> <p><u>Other material endorsements</u> Nil</p>	2,499

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions/ Encumbrances/ Other material endorsements	NBV as at 30 June 2022 (RM'000)
6.	Leform ⁽²⁾	<p><u>Title</u> Geran 101961, No. M1, Tingkat 8, Petak 8, Lot 2262, Bandar George Town, Seksyen 4, Daerah Timor Laut, Negeri Pulau Pinang</p> <p><u>Postal address</u> H Residence, Unit 08-2, No. 46, Jalan Kelawai, 10250 Pulau Pinang</p>	<p><u>Category of land use</u> Residential building</p> <p><u>Description</u> 4 bedroom condominium</p> <p><u>Existing use</u> Vacant</p>	4,456 / 4,370	12 April 2011	Freehold	<p><u>Express condition</u> This land shall be used for residential building purposes only</p> <p><u>Restrictions</u> _____ <u>in interest</u> Nil</p> <p><u>Encumbrance</u> Nil</p> <p><u>Other material endorsements</u> Nil</p>	2,254

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions/ interest in Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
7.	Leform	<p><u>Title</u> Geran Mukim 2127, Lot 25342, Mukim 15, Daerah Seberang Perai Selatan, Negeri Pulau Pinang</p> <p><u>Postal address</u> No 15, Lorong Tasek Harmoni 1, Taman Tasek Harmoni, 14100 Simpang Ampat, Pulau Pinang</p>	<p><u>Category of land use</u> Nili</p> <p><u>Description</u> Double storey shop office</p> <p><u>Existing use</u> Vacant</p>	1,948 / 2,576	17 November 2016	Freehold	Express condition ("First Grade") The land comprised in this title: (a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right access or use conferred by Chapter 3 of Part 3 of the Code or on the creation of a Land Administrator's right of way; and	590

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6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
							<p>(b) is subject to implied condition that land is liable to be re-entered if it is abandoned for more than 3 years, shall revert to the State only if proprietor for the time being dies without heirs; and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits.</p> <p><u>Encumbrance</u> A charge registered by Leform in favour of OCBC Al-Amin Bank Berhad vide presentation no. 0703SC201900123 on 2 October 2019.</p> <p><u>Other material endorsements</u> Nil</p>	

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
8.	Leform	<p><u>Title</u> Geran Mukim 2128, Lot 25343, Mukim 15, Daerah Seberang Perai Selatan, Negeri Pulau Pinang</p> <p><u>Postal address</u> No 17, Lorong Tasek Harmoni 1, Taman Tasek Harmoni, 14100 Simpang Ampat, Pulau Pinang</p>	<p><u>Category of land use</u> Nil</p> <p><u>Description</u> Double storey shop office</p> <p><u>Existing use</u> Vacant</p>	1,302 / 2,576	17 November 2016	Freehold	<p>Express condition First Grade) The land comprised in this title: (a) shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of a right access or use conferred by Chapter 3 of Part 3 of the Code or on the creation of a Land Administrator's right of way; and</p>	590

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6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
							(b) is subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years and shall revert to the State only if the proprietor for the time being dies without heirs; and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposits and remove it beyond the boundaries of the land).	

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6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions/ interest Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
							<p>Restrictions in interest Nil</p> <p>Encumbrance A charge registered by Leform in favour of OCBC Al-Amin Bank Berhad vide presentation no. 0703SC201900123 on 2 October 2019</p> <p>Other material endorsements Nil</p>	

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions/ Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
9.	Leform ⁽³⁾	<p><u>Title</u> Geran 149803, Lot 5804 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor</p> <p><u>Postal address</u> Lot No. 218, Jalan Ros, Bukit Beruntung Golf Resorts, 48300 Rawang, Selangor</p>	<p><u>Category of land use</u> Building</p> <p><u>Description</u> Vacant land</p> <p><u>Existing use</u> Vacant land</p>	19,429 / Not applicable	Not applicable	Freehold	<p><u>Express condition</u> This land shall be used for residential building purposes.</p> <p><u>Restrictions</u> _____ in interest Nii</p> <p><u>Encumbrance</u> A charge registered by TLH Steel Sdn Bhd in favour of Public Bank Berhad vide presentation no. 108211/2011 on 19 October 2011⁽⁵⁾</p> <p><u>Other material endorsements</u> Nii</p>	388

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
10.	Leform	<p><u>Title</u> Geran 185061, No. L33, 18141 Seksyen 18, Bandar Rawang, Daerah Gombak, Negeri Selangor</p> <p><u>Postal address</u> 12A, Jalan Majestic 2, Majestic Rawang, 48000 Rawang, Selangor</p>	<p><u>Category of land use</u> Building</p> <p><u>Description</u> Three storey link house</p> <p><u>Existing use</u> Vacant</p>	1,539 / 1,539	3 July 2019	Freehold	<p><u>Express condition</u> This land shall be used for residential purposes</p> <p><u>Restrictions in interest</u> Nil</p> <p><u>Encumbrance</u> A charge registered by Leform in favour of Public Bank Berhad vide presentation no. 7864/2020(GD) on 14 February 2020</p> <p><u>Other material endorsements</u> Nil</p>	966

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
11.	Leform	<p><u>Title</u> GM 3631, Lot 857, Tempat Sungai Chul, Mukim Serendah, Daerah Hulu Selangor, Negeri Selangor</p> <p><u>Postal address</u> Lot 857, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Choh, 48200 Serendah, Selangor</p>	<p><u>Category of land use</u> Nil</p> <p><u>Description</u> Vacant land</p> <p><u>Existing use</u> Vacant</p>	179,681 / Not applicable	Not applicable	Freehold	<p><u>Express condition</u> Nil</p> <p><u>Restrictions in interest</u> Nil</p> <p><u>Encumbrance</u> A charge registered by Leform in favour of Ambank (M) Berhad vide presentation no. 1957/2022 on 15 September 2022</p> <p><u>Other material endorsements</u> Nil</p>	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
12.	LF Metal	<p><u>Title</u> GM 3740, Lot 893, Sungei Chul, Mukim Serendah, Daerah Hulu Selangor, Negeri Selangor</p> <p><u>Postal address</u> Lot 893, Sungei Chul, Mukim Serendah, Hulu Selangor, Selangor</p>	<p><u>Category of land use</u> Agriculture</p> <p><u>Description</u> Vacant land</p> <p><u>Existing use</u> Vacant land</p>	182,405 / Not applicable	Not applicable	Freehold	<p><u>Express conditions/ Restrictions in interest</u> This land shall be used for agriculture purposes</p> <p><u>Encumbrances</u> - A private caveat registered by OCBC Al-Amin Bank Berhad vide presentation no. 1509/2019 registered on 1 October 2019</p> <p><u>Other material endorsements</u> - A charge registered by LF Metal in favour of OCBC Al-Amin Bank Berhad vide presentation no. 685/2020 registered on 11 June 2020</p> <p><u>Other material endorsements</u> Nil</p>	3,220

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
13.	LF Metal	<p><u>Title</u> Geran 337110, Lot 41293 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor</p> <p><u>Postal address</u> No. 28-G, 28-1 & 28-2, Jalan Bunga Pakma 1, Seksyen BB23, Bandar Bukit Beruntung, 48300 Rawang, Selangor</p>	<p><u>Category of land use</u> Building</p> <p><u>Description</u> An intermediate three storey terraced shop-office</p> <p><u>Existing use</u> Rented out</p>	1,539 / 4,577	14 August 2019	Freehold	<p><u>Express condition</u> This land shall be used for business purposes</p> <p><u>Restrictions in interest</u> Nil</p> <p><u>Encumbrance</u> A charge registered by LF Metal in favour of OCBC Al-Amin Bank Berhad vide presentation no. 114648/2019 registered on 6 December 2019</p> <p><u>Other material endorsements</u> Nil</p>	869

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
14.	LF Metal	<p><u>Title</u> Geran 337111, Lot 41294 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor</p> <p><u>Postal address</u> No. 29-G, 29-1 & 29-2, Jalan Bunga Pakma 1, Seksyen BB23, Bandar Bukit Beruntung, 48300 Rawang, Selangor</p>	<p><u>Category of land use</u> Building</p> <p><u>Description</u> An intermediate three storey terraced shop-office</p> <p><u>Existing use</u> Rented out</p>	1,539 / 4,577	14 August 2019	Freehold	<p><u>Express condition</u> This land shall be used for business purposes</p> <p><u>Restrictions in interest</u> Nil</p> <p><u>Encumbrance</u> A charge registered by LF Metal in favour of OCBC Al-Amin Bank Berhad vide presentation no. 114648/2019 registered on 6 December 2019</p> <p><u>Other material endorsements</u> Nil</p>	869

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions/ interest Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
15.	LF Metal	<p><u>Title</u> GRN 337112, Lot 41295 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor</p> <p><u>Postal address</u> No. 30-G, 30-1 & 30-2, Jalan Bunga Pakma 1, Seksyen BB23, Bandar Bukit Beruntung, 48300 Rawang, Selangor</p>	<p><u>Category of land use</u> Building</p> <p><u>Description</u> An intermediate three storey terraced shop-office</p> <p><u>Existing use</u> Unit No. 30-G is tenanted out whereas Units No 30-1 and 30-2 are vacant</p>	1,539 / 4,577	14 August 2019	Freehold	<p><u>Express condition</u> This land shall be used for business purposes</p> <p><u>Restrictions</u> _____ <u>in interest</u> Nil</p> <p><u>Encumbrance</u> A charge registered by LF Metal in favour of OCBC Al-Amin Bank Berhad vide presentation no. 114648/2019 on 6 December 2019</p> <p><u>Other Material Endorsements</u> Nil</p>	869

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
16.	Leform Metal	<p><u>Title</u> Geran 337115, Lot 41298 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor</p> <p><u>Postal address</u> No. 33-G, 33-1 & 33-2, Jalan Bunga Pakma 1, Seksyen BB23, Bandar Bukit Beruntung, 48300 Rawang, Selangor</p>	<p><u>Category of land use</u> Building</p> <p><u>Description</u> An intermediate three storey terraced shop-office</p> <p><u>Existing use</u> No. 33-G is rented out whereas Nos. 33-1 & 33-2 are vacant</p>	1,539 / 4,577	14 August 2019	Freehold	<p><u>Express condition</u> This land shall be used for business purposes</p> <p><u>Restrictions in interest</u> Nil</p> <p><u>Encumbrance</u> A charge registered by Leform Metal in favour of OCBC Aman Bank Berhad vide presentation no. 114616/2019 registered on 6 December 2019</p> <p><u>Other material endorsements</u> Nil</p>	869

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
17.	Leform Metal ⁽⁴⁾	<u>Master title</u> HSD 70665 PT 7910 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor <u>Postal address</u> No. 2C-1-2, Jalan Mutiara 3, Taman Rawang Mutiara, 48000 Rawang	<u>Category of land use</u> Building <u>Description</u> Stratified ground floor shop lot <u>Existing use</u> Vacant	21,521 / 1,192	13 February 2006	Freehold	<u>Express condition</u> This land shall be used for commercial business purposes <u>Restrictions in interest</u> Nii <u>Encumbrance</u> Nii <u>Other material endorsements</u> Nii	224
18.	Leform Metal ⁽⁴⁾	<u>Master title</u> HSD 70602 PT 7847 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor <u>Postal address</u> 3-3-11-B, Jalan Rawang Mutiara 1	<u>Category of land use</u> Building <u>Description</u> 1 unit of service apartment <u>Existing use</u> Vacant	21,965 / 716	13 February 2006	Freehold	<u>Express condition</u> Commercial building <u>Restrictions in interest</u> Nii <u>Encumbrance</u> Nii <u>Other material endorsements</u> Nii	51

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
19.	Leform Metal ⁽⁴⁾	<u>Master title</u> HSD 70602 PT 7847 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor <u>Postal address</u> 3-3-12-B, Jalan Rawang Mutiara 1	<u>Category of land use</u> Building <u>Description</u> 1 unit of service apartment <u>Existing use</u> Accommodation for executives	21,964 / 715.8	13 February 2006	Freehold	<u>Express condition</u> Commercial building <u>Restrictions in interest</u> Nil <u>Encumbrance</u> Nil <u>Other material endorsements</u> Nil	51
20.	Leform Marketing	<u>Title</u> Geran 337113, Lot 41296 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor <u>Postal address</u> No. 31-G, 31-1 & 31-2, Jalan Bunga Pakma 1, Seksyen BB23, Bandar Bukit Beruntung, 48300 Rawang, Selangor	<u>Category of land use</u> Building <u>Description</u> An intermediate three storey terraced shop-office <u>Existing use</u> Unit No. 31-G is rented out whereas Units No. 31-1 and 31-2 are vacant	1,539 / 4,577	14 August 2019	Freehold	<u>Express condition</u> The land shall be used for commercial purposes <u>Restrictions in interest</u> Nil <u>Encumbrance</u> A charge registered by Leform Marketing in favour of OCBC AI-Amin Bank Berhad vide presentation no. 114627/2019 registered on 6 December 2019	869

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion and compliance or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements Other material endorsements	NBV as at 30 June 2022 (RM'000)
21.	Leform Marketing ⁽⁴⁾	<u>Master title</u> HSD 70665 PT 7910 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor <u>Postal address</u> No. 2C-1-1, Jalan Mutiara 3, Taman Rawang Mutiara, 48000 Rawang	<u>Category of land use</u> Building <u>Description</u> Stratified ground floor shop lot <u>Existing use</u> Rented out	21,521 / 1,139	13 February 2006	Freehold	<u>Express condition</u> The land shall be used for commercial building purposes <u>Restrictions in interest</u> Nil <u>Encumbrance</u> Nil <u>Other material endorsements</u> Nil	232
22.	Leform Marketing ⁽⁴⁾	<u>Master title</u> HSD 70602 PT 7847 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor <u>Postal address</u> 3-3-10-B, Jalan Rawang Mutiara 1	<u>Category of land use</u> Building <u>Description</u> 1 unit of service apartment <u>Existing use</u> Accommodation for executives	21,965 / 1,139	13 February 2006	Freehold	<u>Express condition</u> Commercial building <u>Restrictions in interest</u> Nil <u>Encumbrance</u> Nil <u>Other material endorsements</u> Nil	64

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered owner / Beneficial owner	Particular of title/ Postal address	Category of land use / Description/ Existing use	Land/ Built-up area (sq ft)	Date of certificate of completion or equivalent	Land status	Express conditions/ Restrictions in interest / Encumbrances / Other material endorsements	NBV as at 30 June 2022 (RM'000)
23.	Leform Marketing ⁽⁴⁾	<u>Master title</u> HSD 70602 PT 7847 Seksyen 19, Bandar Rawang, Daerah Gombak, Negeri Selangor <u>Postal address</u> 3-3-9-B, Jalan Rawang Mutiara 1	<u>Category of land use</u> Building <u>Description</u> 1 unit of service apartment <u>Existing use</u> Vacant	21,965 / 1,139	13 February 2006	Freehold	<u>Express condition</u> Commercial building <u>Restrictions in interest</u> Nil <u>Encumbrance</u> Nil <u>Other material endorsements</u> Nil	64
24.	Leform Transport ⁽⁴⁾	<u>Master title</u> HSD 70665 PT 7910 Seksyen 19 Bandar Rawang Gombak Selangor <u>Postal address</u> Unit No 2-3-3B Phase 1 Block 2, Rawang Mutiara Business Centre, Selangor	<u>Category of land use</u> Building <u>Description</u> 1 unit of service apartment <u>Existing use</u> Accommodation for executives	21,521 / 722	13 February 2006	Freehold	<u>Express condition</u> The land shall be used for commercial building purposes <u>Restrictions in interest</u> Nil <u>Encumbrance</u> Nil <u>Other material endorsements</u> Nil	51

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Our Group has obtained the Certificate for Accommodation issued by the Department of Labour in accordance with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 for our workers' accommodation at Lot 4314. We intend to relocate our workers' accommodation to the new facility located at Lot 859, Mukim of Serendah, District of Hulu Selangor, Selangor after the new facility is completed. We currently do not have any plan for the land where the current workers' accommodation is located, after relocation of the workers' accommodation to the new facility. The future use of the land may only be decided after the relocation. Please refer to **Section 6.24** of this Prospectus for further details on the proposed relocation of our headquarters and workers' accommodation, and proposed expansion of our warehouse storage facility
- (2) The registered owner of this property is Encony Development Sdn Bhd as the strata title is yet to be transferred to Leform as the beneficial owner of this property. Our Group is in the process of registering the transfer of the strata title from Encony Development Sdn Bhd to Leform.
- (3) Leform acquired this property from TLH Steel Sdn Bhd in July 2016. The parties are in the process of registering the transfer of the land title to this property from TLH Steel Sdn Bhd to Leform as the beneficial owner of this property.
- (4) The registered owner of the master title to the land on which this property is erected is Amity Chain Sdn Bhd. The strata title to the property is yet to be issued.
- (5) TLH Steel Sdn Bhd had registered a charge over this property in favour of Public Bank Berhad for a facility, and had settled the facility in April 2016 before the sale of the property to Leform. The Form 16N Discharge of charge dated 24 December 2021 has been executed by Public Bank Berhad and the relevant parties are in the process of discharging the registered charge over this property.

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6. BUSINESS OVERVIEW (Cont'd)

6.24 Future plans and strategies**(i) We intend to relocate our headquarters and workers' accommodation, and expand our warehouse storage facility**

At present, our Group's existing headquarters, which holds our principal office, processing facilities and warehouse storage facility, in Serendah, Selangor comprises 3 plots of land with a total built-up area of 316,459 sq ft.

Although we have sufficient capacity to cater for increasing orders for steel pipes and flat steel products, our production output has been limited by the amount of storage space of our existing warehouse storage facility at our headquarters.

Our existing headquarters has warehouse storage facility constraints which will limit our ability to grow our production output. As at the LPD, our warehouse storage facility with a total built-up area of 157,776 sq ft can fit up to 161,372 MT of steel products, and our Group has utilised up to 84.1%, 76.4% and 95.4% of the storage space area during the FYE 2020, FYE 2021 and FPE 2022, respectively. Our steel pipe manufacturing has utilisation rates of 44.5%, 32.3% and 32.0% during the FYE 2020, FYE 2021 and FPE 2022, respectively and our flat steel product manufacturing has utilisation rates of 30.2%, 18.0% and 11.7% during the FYE 2020, FYE 2021 and FPE 2022, respectively.

In anticipation of increasing number of orders from customers arising from anticipated growth in demand for steel products, our Group intends to expand our warehouse storage space to cater for growth in our production output. To this end, we intend to relocate our headquarters and workers' accommodation, as well as expand our warehouse storage space in order to enable the expansion of our operations. Nonetheless, our existing headquarters and warehouse storage facilities will continue to be our operational office and warehouse.

We have an existing plot of vacant land measuring 397,484 sq ft in the District of Hulu Selangor, Selangor, i.e. Lot 859, which will be the proposed site for the new headquarters, warehouse storage facility and workers' accommodation. The plot of land is located adjacent to one of our existing processing facilities in Serendah, Selangor.

The proposed new facility will have a total built-up area of 285,547 sq ft. This will consist of a 4-storey office building, 2 units of 2-storey warehouse storage facility and a 5-storey workers' accommodation. Our Group has received conditional approvals including the planning permission from the HSDC for the road and drainage plan and the building plan for the construction of the new facility since September 2020. On 16 March 2022, our Group had submitted the revised layout and building plans for the new facility to the HSDC for endorsement. On 11 May 2022, our Group had been requested to resubmit the revised layout and building plans based on the feedback received from the HSDC.

On 2 August 2022, our Group resubmitted the revised layout and building plans to HSDC based on its feedback and we expect to receive the endorsed revised layout and building plans by the mid-October 2022.

Lex-bridge Engineering was engaged in the preliminary construction works (i.e. installing barbed wire along metal sheet fencing) at Lot 859 in 2019. As the building plan has yet to be approved, no appointment of a contractor/engineer is finalised. Aside from the initial clearing of the land at Lot 859, Lex-bridge Engineering is not involved in the development of the plot of land and the appointment of the contractor/engineer for construction of the new facility will be done through an open tender. In the meantime, our contractors are preparing the bill of quantities for the tender process for the construction of our new facility which will take place after the HSDC approves the revised layout and building plans for the new facility. Upon completion of the tender process, our Group expects to commence the construction of the new facility by the fourth quarter of 2022.

6. BUSINESS OVERVIEW (Cont'd)

An illustration of our proposed new facility is as follows:



The proposed facility will allow for the following:

- expand our storage space capacity by 93.2% which would allow us to cater for higher production volume. Currently, we have sufficient machineries and equipment, including 2 installed but unutilised pipe mills. Our production volume is presently being constrained by limited storage space, production personnel that we employ and downtime for the maintenance of the machines. Thus, with the additional warehouse storage space, we will be able to increase the utilisation rates of our machineries and operate at full capacity of 290,813MT per year;
- higher operational efficiency as we will be able to:
 - turn the facility into a “one stop centre” which can consolidate our delivery operations and loading onto our lorry transport;
 - systematically store our materials and finished products according to type, without stacking them or mixing them;
- enable us to expand our range of products that we manufacture to include thicker gauge pipes (as elaborated below in **Section 6.24 (ii)** of this Prospectus);
- larger room that can accommodate up to 400 workers as our operations expand, which would enable us to hire more production personnel and also promote the wellbeing of our workers; and
- enable us to cater for unanticipated surge in purchase orders or selling prices. We will be able to purchase higher volume of materials when we anticipate global steel prices to increase significantly in order to improve our profit margins. We can also improve our lead time as we can store products that were manufactured in advance, in order to promptly deliver products to our customers.

The key milestones for the construction of our new headquarters, warehouse storage facility and workers’ accommodation are as follows:

Date	Event
By fourth quarter of 2022	- Commencement of the construction of the new facility
By first quarter of 2024	- Completion of construction of the new facility

6. BUSINESS OVERVIEW (Cont'd)

Date	Event
By third quarter of 2024	<ul style="list-style-type: none"> - Target submission of the application for certificate of completion and compliance (or its equivalent) - Target submission of application to obtain the necessary licence, approvals or permits required for the commencement of operations at the new facility
By first quarter of 2025	<ul style="list-style-type: none"> - Expected approval and issuance of certificate of completion and compliance (or its equivalent) - To obtain the necessary licence, approvals or permits required for the commencement of operations at the new facility
By second quarter of 2025	<ul style="list-style-type: none"> - Commencement of operations at new facility

In the event of any extension or reimposition of MCO or national lockdown policies in Malaysia, this would have an impact on the timing to complete the construction of the new headquarters, warehouse storage facility and workers' accommodation.

To this end, we intend to utilise the proceeds from our Public Issue of approximately RM30.04 million which will be used to defray the construction of our new headquarters, warehouse storage facility and workers' accommodation including the preliminary and earthworks, piling works, building construction and architecture works, mechanical and electrical works and external works. This will be fully funded via the proceeds from our Public Issue as set out in **Section 3.7.1** of this Prospectus.

(ii) We intend to expand our range of steel pipes to include thicker gauge steel pipes

At present, we manufacture steel pipes (which have a thickness of approximately 4mm or less) used in the manufacturing of automotive seats and furniture or as scaffolding or stairway railings in construction. The revenue contribution from our steel pipes and guardrails to our Group's total revenue grew from 43.4% in the FYE 2019 to 48.2% in the FYE 2021. For FPE 2022, our Group's revenue contribution from steel pipes and guardrails to our total revenue remained relatively stable at 44.0%. Our steel pipes and guardrails have also in general generated higher GP margins as compared to our flat steel products and traded products throughout the Financial Years and Period Under Review.

As part of our expansion plan, we intend to expand our range of steel pipes to include thicker gauge steel pipes. These thicker gauge steel pipes will have a thickness of between 4mm and 5mm and can be used for applications that require steel pipes with higher tensile strength such as in the construction of temporary structures. This would not only be a new revenue stream but will also enable us to expand our customer base.

As at the LPD, we have 17 pipe mills that are capable of manufacturing these thicker gauge steel pipes. Our production team also has the capability to undertake the manufacturing of these products.

We have not been manufacturing these thicker gauge steel pipes in the past largely because the storage area at our processing facilities and warehouse storage facilities is insufficient to store such products. Thus, with the proposed additional warehouse storage facility we will have the necessary storage area to cater for manufacturing these thicker gauge steel pipes.

We plan to begin manufacturing these thicker gauge steel pipes once our proposed new headquarters, warehouse storage facility and workers' accommodation is complete in the second quarter of 2025. To this end, we will need to expand our production team by recruiting up to 50 workers to cater for this expansion.

6. BUSINESS OVERVIEW (Cont'd)**6.25 Interruptions to business and operations and impact of COVID-19**

Our Group has not experienced any other interruption in business that had a significant effect on our operations during the period prior to the date of this Prospectus, save for interruptions caused by the COVID-19 pandemic, as disclosed below.

Impact of COVID-19

Throughout 2020 and 2021, the Malaysian Government had implemented several phases of MCO to curb the spread of the COVID-19 pandemic in Malaysia. Some of these MCO phases involved the restriction or temporary disruptions of all business activities except those involved in essential services.

The MCO phases which had resulted in temporary interruptions to our business operations, and the details of its impact on our operations are as follows:

MCO phases	Impact on our Group's operations
First MCO (18 March 2020)	<ul style="list-style-type: none"> Our Group's employees were restricted from working from our headquarters and processing facilities.
Conditional MCO (4 May 2020 – 9 June 2020)	<ul style="list-style-type: none"> Our Group's employees were restricted from working from our headquarters and processing facilities until 22 April 2020, when we received approval from MITI; In April 2020, our Group adhered to the requirements set out by MITI where 50.0% of our workforce relating to our steel pipe manufacturing activities and certain trading activities were allowed to operate at our processing facilities while 30.0% of our workforce relating to other activities were allowed to return to our processing facilities.
Recovery MCO (10 June 2020 – 31 March 2021)	<ul style="list-style-type: none"> In July 2020, only 10.0% of our workforce relating to our steel pipe manufacturing activities were allowed to operate at our processing facilities while 60.0% of our workforce relating to our guardrail manufacturing activities were allowed to return to our processing facilities. Only 10.0% of our workforce relating to other business activities were allowed to return to work at our headquarters and processing facilities.
Total lockdown and Phase 1 of the NRP (1 June 2021)	<ul style="list-style-type: none"> Our Group's employees were restricted from working from our headquarters and processing facilities. As such, our manufacturing operations were disrupted until we received approval from MITI to return to work beginning 5 July 2021. Our Group adhered to the requirements set out by MITI where 60.0% of our workforce relating to our steel pipe manufacturing activities were allowed to operate at our processing facilities while 10.0% of our workforce relating to other activities were allowed to return to our processing facilities.
Phase 2 of the NRP	<ul style="list-style-type: none"> Our Group adhered to the requirements set out by MITI where 80.0% of our workforce were allowed to return to our processing facilities.
Since 10 October 2021	<ul style="list-style-type: none"> All of our Group's workforce has resumed business activities at our headquarters and processing facilities.

6. BUSINESS OVERVIEW (Cont'd)

Impact of COVID-19 on our supply chain

Throughout 2020 and 2021, we did not experience any delays in receiving materials from our suppliers.

Notwithstanding the MCO, we continued to secure orders from new and existing customers in Malaysia for our products in 2020 which contributed to our growth in revenue from Malaysia, from RM344.6 million in the FYE 2019 to RM354.7 million in the FYE 2020. In the FYE 2021, the increase in global steel prices enabled us to increase our average selling prices, thus enabling us to grow our revenues to RM374.0 million.

Impact of COVID-19 on our financial performance

Despite lower volume of steel products sold between April 2020 and May 2020 due to the MCO imposed by the Malaysian Government to curb the COVID-19 pandemic, there was a higher overall volume of orders for steel pipes, guardrails and flat steel products in the FYE 2020. As such, our Group's overall revenue recorded an increase of RM10.1 million or 2.9%, from RM344.6 million in the FYE 2019 to RM354.7 million in the FYE 2020.

In the FYE 2021, average selling prices of our steel products increased significantly, in line with a rise in global steel prices as indicated in the IMR report. The re-opening of the economy after the national lockdown policies (which were implemented to curb the COVID-19 pandemic) was lifted in the FYE 2021, alongside the increase in prices of materials (namely iron ore, coal and scrap), were the causes of the increase in global steel prices and our average selling prices of steel. As a result of an increase in average selling prices of our steel products, our Group's overall revenue recorded an increase from RM354.7 million in the FYE 2020 to RM374.0 million in the FYE 2021 despite a decline in sales volume of our steel products from 113,525 MT in the FYE 2020 to 83,331 MT in the FYE 2021.

Our overall GP margin increased from 6.2% in the FYE 2019 to 8.8% in the FYE 2020, and increased from 8.8% in the FYE 2020 to 21.4% in the FYE 2021.

Measures and steps taken for our business operations in response to COVID-19 pandemic

Our Group has implemented COVID-19 standard operating procedures ("SOPs") to ensure our Group's compliance with the regulations imposed by the Malaysian Government, as well as to safeguard the safety and health conditions of our employees. These COVID-19 SOPs include the following:

- (i) our employees and visitors are required to wear face masks at all times, regularly sanitise their hands, and practise social distancing;
- (ii) regular sanitisation and cleaning processes are conducted at our headquarters and warehouse storage facilities;
- (iii) all social activities involving the gathering of a group of people are prohibited;
- (iv) all employees are required to undergo a COVID-19 twice a week;
- (v) all employees are required to visit nearby clinics for diagnosis and treatment immediately if they display any COVID-19 symptoms.

In the event of an outbreak of COVID-19 at our headquarters or warehouse storage facilities, our COVID-19 SOPs include the following:

- (i) immediate suspension of operations at the affected area within our facility for the timeframe stipulated by the Ministry of Health and notifying the Ministry of Health of the outbreak;

6. BUSINESS OVERVIEW (Cont'd)

- (ii) all employees that were in close contact with the infected person(s) are to be tested for COVID-19 and practise self-quarantine;
- (iii) infected employees will be quarantined based on instructions from the Ministry of Health; and
- (iv) the facilities will be disinfected and sanitised.

Since the COVID-19 pandemic began in 2020, we have 119 employees who were infected with COVID-19, all of which occurred in 2022. These individuals were quarantined based on instructions from the Ministry of Health and allowed to return to work thereafter.

Since the implementation of the first MCO on 18 March 2020 till the LPD, our Group incurred additional cost of RM344,046 to implement precautionary measures at our premises to minimise the risk of COVID-19 infections and to comply with the SOPs imposed by the Malaysian Government. Such additional cost incurred is not expected to have a material impact on our Group's financial performance.

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