

THIS CIRCULAR TO SHAREHOLDERS OF CPE TECHNOLOGY BERHAD (“CPE TECHNOLOGY” OR “COMPANY”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



CPE TECHNOLOGY BERHAD
(Registration No.: 202101015732 (1416032-X))
(Incorporated in Malaysia under the Companies Act, 2016)

Proposed variation and extension of timeframe for the utilisation of proceeds raised from the initial public offering of CPE Technology Berhad pursuant to Paragraph 8.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Proposed Variation”)

and

Notice of extraordinary general meeting

Principal Adviser



The Extraordinary General Meeting for the Proposed Variation (“EGM”) will be held on a fully virtual basis through the online meeting platform TIIH Online via the website at <https://tiih.online> (domain registration number MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd, Malaysia on Wednesday, 2 October 2024 at 2.00 p.m. The Notice of the EGM of CPE Technology Berhad and the Form of Proxy are enclosed in this Circular.

If you are not able to participate and vote at the EGM via online, you may complete the Form of Proxy and deposit it at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on or before the date and time indicated below or at any adjournment thereof. You can also have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> before the cut-off time for the submission of Form of Proxy as mentioned below.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

The resolution set out in the Notice of EGM is to be voted by poll.

Date of Record of Depositors for the purpose of determining shareholders’ entitlement to participate, vote and speak at the EGM : Tuesday, 24 September 2024

Last day and time to submit the Form of Proxy : Monday, 30 September 2024 at 2.00 p.m.

Date and time for the EGM : Wednesday, 2 October 2024 at 2.00 p.m.

This Circular is dated 4 September 2024

Definitions

In this Circular, the following abbreviations shall have the following meanings unless stated otherwise:-

GENERAL

Board	:	Board of Directors of our Company.
Bursa Securities or Exchange	:	Bursa Malaysia Securities Berhad.
CAGR	:	Compound annual growth rate.
Circular	:	This circular to our shareholders dated 4 September 2024 in relation to the Proposed Variation.
CPE Technology or Company	:	CPE Technology Berhad.
CPE Technology Group or Group	:	CPE Technology and our Subsidiary Companies, collectively.
Director(s)	:	Director(s) of our Company.
E&E	:	Electrical and electronics.
EGM	:	Extraordinary General Meeting.
ESI	:	Engineering supporting industry.
EPS	:	Earnings per share/loss per share.
Foh Foh or Vendor	:	Foh Foh (M) Sdn. Bhd. (200701031234 (789261-V)), the vendor for Property A.
FYE(s)	:	Financial year(s) ending or ended, as the case may be.
Government	:	Government of Malaysia.
IoMT	:	Internet of Medical Things.
IoT	:	Internet of Things
IPO	:	The initial public offering of the IPO Shares in conjunction with our listing of and quotation for the entire enlarged issued share capital of our Company on the Main Market.
KAF IB or Principal Adviser	:	KAF Investment Bank Berhad.
Listing	:	The admission of CPE Technology to the Official List and the listing of and quotation for the entire enlarged issued share capital of our Company comprising 671,314,791 Shares on the Main Market.

Listing Requirements	: Main Market Listing Requirements of Bursa Securities.
LPD	: 23 August 2024, being the latest practicable date prior to this Circular.
M&E	: Machinery and equipment.
Main Market	: Main Market of Bursa Securities.
N/A	: Not applicable.
NA	: Net assets.
New Industrial Lands	: Collectively, the following:- (i) New Industrial Land 1; and (ii) New Industrial Land 2. The New Industrial Land 1 and New Industrial Land 2 are adjacent to each other.
New Industrial Land 1	: An industrial lot in Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor held under title H.S. (D) 596225, Negeri Johor, Daerah Johor Bahru, Mukim Plentong, PTD 233942 previously proposed to be acquired by our Group from Prinsip Bumijaya using the proceeds from the IPO. The land area for the New Industrial Land 1 is approximately 107,288.20 sq ft.
New Industrial Land 2	: An industrial lot in Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor held under title H.S. (D) 596226, Negeri Johor, Daerah Johor Bahru, Mukim Plentong, PTD 233943 previously proposed to be acquired by our Group from Prinsip Bumijaya using the proceeds from the IPO. The land area for the New Industrial Land 2 is approximately 105,764.03 sq ft.
New Plant(s)	: Collectively, the 2 proposed new plant(s) to be constructed by our Group on the New Industrial Lands, previously proposed to be constructed using proceeds from the IPO. These 2 new plants were previously proposed to each comprise a double-storey office building as well as a double-storey factory building, with a total built-up area of approximately 118,474 sq ft each.
Official List	: A list specifying all securities which have been admitted for listing on, and not removed from, the Main Market.
PAT	: Profit after taxation.
Plant 1	: Manufacturing plant owned by Champion PT located at No. 18, Jalan Istimewa 4, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor, Malaysia, held under title H.S. (D) 346939, Negeri Johor, Daerah Johor Bahru, Mukim Plentong, PTD 166522.
Plant 2	: Manufacturing plant owned by Champion PT located at No. 4, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor, Malaysia, held under title H.S. (D) 541153, Negeri Johor, Daerah Johor Bahru, Mukim Plentong, PTD 221505.

Plant 3	: Manufacturing plant owned by Champion C located at No. 6, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor, Malaysia, held under title H.S. (D) 541154, Negeri Johor, Daerah Johor Bahru, Mukim Plentong, PTD 221506.
Plant 4	: Manufacturing plant owned by Champion PT located at No. 5, Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor, Malaysia, held under title H.S. (D) 506800, Negeri Johor, Daerah Johor Bahru, Mukim Plentong, PTD 212911.
Plant 5	: Manufacturing plant of the Group rented by Champion PT located at No. 2, Jalan Indah Gemilang 3, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor, Malaysia, held under title H.S.(D) 363184, Negeri Johor, Daerah Johor Bahru, Mukim Plentong, PTD 176453.
Plant A	: A proposed new manufacturing facility to be located on Property A after undergoing the necessary renovation and installations by Champion PT as required to be operational.
Plant B	: An additional manufacturing facility to be acquired by the Group within the vicinity or in nearby existing industrial areas.
Plant C	: An additional manufacturing facility to be acquired by the Group within the vicinity or in nearby existing industrial areas.
Plant D	: An additional manufacturing facility to be acquired by the Group within the vicinity or in nearby existing industrial areas.
Property A	: An industrial premises owned by Foh Foh located at No. 2 Jalan Indah Gemilang 5, Taman Perindustrian Gemilang, 81800 Ulu Tiram, Johor, Malaysia held under title HSD 541152, Negeri Johor, Daerah Johor Bahru, Mukim Plentong, PTD 221504.
Property A SPA	: A conditional SPA between Foh Foh and Champion PT pursuant to the Proposed Acquisition dated 15 July 2024.
Proposed Acquisition	: Proposed acquisition of Property A by Champion PT from Foh Foh for a purchase consideration of RM10.00 million to be satisfied via cash.
Proposed Variation	: Proposed variation and extension of timeframe for the utilisation of proceeds raised from the IPO of CPE Technology pursuant to Paragraph 8.22 of the Listing Requirements.
Prospectus	: The Prospectus dated 20 November 2023 in relation to the IPO of CPE Technology on the Main Market of Bursa Securities.
Purchaser	: Champion PT.
Share(s)	: Ordinary share(s) in CPE Technology.
SPA	: Sale and purchase agreement.
sq ft	: Square feet.

- Tenancy : The existing tenancy between Foh Foh and the current tenant occupying Property A.
- Valuer or Jones Lang : Jones Lang Wootton, being the independent property valuer appointed by our Company to conduct valuation of Property A.

COMPANIES WITHIN OUR GROUP

- Champion PT : Champion Precision Technology Sdn. Bhd.
- Champion C : Champion Component Sdn. Bhd.
- Champion Oil : Champion Oil Tool Sdn. Bhd.
- Champion PE : Champion Precision Engineering Pte. Ltd., an entity incorporated in Singapore.
- MY Subsidiary Companies : Collectively, the following:-
(i) Champion PT; and
(ii) Champion C; and
(iii) Champion Oil.
- Subsidiary Companies : Collectively, the following:-
(i) MY Subsidiary Companies; and
(ii) Champion PE.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless specified otherwise.

Any reference to any enactment or guideline in this Circular is a reference to that enactment or guideline as amended or re-enacted from time to time.

Any reference to day or time of day in this Circular is a reference to Malaysian time, unless stated otherwise.

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1. INTRODUCTION

On 15 July 2024, KAF IB had, on behalf of our Board, announced that our Company is proposing to undertake the Proposed Variation.

Further details on the Proposed Variation are as set out in the ensuing sections of this Circular.

2. DETAILS OF THE PROPOSED VARIATION

Our Company had, on 7 December 2023, completed our IPO and had raised total gross proceeds of approximately RM179.58 million from the public issue.

As at the LPD, we have yet to utilise approximately RM154.47 million out of the RM179.58 million of the IPO proceeds out of which RM69.60 million which was previously earmarked for the acquisition of the New Industrial Lands and construction of the New Plants. For your information, we have since decided to abort the acquisition of the New Industrial Lands and construction of the New Plants.

Due to the above and after due consideration of the rationale as stated in Section 3 of this Circular, our Board proposes to vary the utilisation of the IPO proceeds amount of RM69.60 million to instead be used to fund the purchase consideration of Property A and its related expenses and to acquire and set up other new manufacturing facilities. The details of the Proposed Variation are as set out in the table below.

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No.	Items	A	B	C = A - B	Proposed Variation	⁽¹⁾ Revised utilisation after the completion of Proposed Variation	Original timeframe for utilisation of IPO proceeds from Listing Date	Revised timeframe for utilisation of IPO proceeds from Listing Date
		Proposed Utilisation	Actual utilisation as at LPD	Balance of the proceeds as at the LPD				
		RM'000	RM'000	RM'000				
1.	Acquisition of the New Industrial Lands and construction of the New Plants	69,595	-	69,595	(69,595)	-	Within 36 months	N/A
2.	Proposed Acquisition and related expenses ⁽²⁾	-	-	-	15,098	15,098	N/A	Within 21 months
3.	Acquisition of other manufacturing facilities within the vicinity or in nearby existing industrial areas including its related expenses, renovation costs, installation costs, fixture and fitting costs, furniture and equipment ⁽³⁾	-	-	-	54,497	54,497	N/A	Within 48 months
4.	Purchase of new machinery and equipment and relocation of existing machinery and equipment	32,882	340	32,542	-	32,542	Within 36 months	Within 48 months
5.	Repayment of bank borrowings	17,454	12,715	4,739	-	4,739	Within 36 months	N/A
6.	Part-financing working capital expenditure requirements	46,909	-	46,909	-	46,909	Within 24 months	N/A
7.	Part-financing other capital expenditure requirements	1,422	739	683	-	683	Within 12 months	N/A
8.	Estimated listing expenses	11,315	11,315	-	-	-	Within 3 months	N/A
Total		179,577	25,109	154,468	-	154,468	N/A	N/A

Notes:-

- ⁽¹⁾ The priority of allocation of proceeds from our IPO will be in accordance with the sequence as stated in the table above. For illustration, if eventually the actual cost of a given category exceeds the allocated amount as stated above, the shortfall will be funded from the next use of proceeds, and so on and so forth until the shortfall has been fully addressed, provided always that there is a surplus in the use of proceeds in the next or following category.

In the event there is still a shortfall after all the clawback provisioning as mentioned above, the remaining shortfall after this process shall be funded by our internally generated funds. Conversely, if eventually the actual cost of the same given category is lower than the allocated amount, the surplus will be used for the next use of proceeds, and so on and so forth until the surplus has been fully utilised, provided always that there is a shortfall in the use of proceeds in the next or following category. In the event there is still a surplus after all the clawback provisioning as mentioned above, the remaining surplus after this process will be used for our working capital expenditure requirements.

⁽²⁾ *Details of the revised utilisation of IPO proceeds amounting to approximately RM15.10 million to fund the costs and expenses related to the Proposed Acquisition are as set out in the table below.*

No.	Items	Total Estimated Cost	Percentage of total estimated cost
		RM'000	%
1.	Purchase price of Property A	10,000	66.23
2.	Legal fee and stamp duty of acquisition of Property A	490	3.25
3.	Renovation costs for Plant A	3,484	23.08
4.	Installation costs and fixture and fitting costs of Plant A	933	6.18
5.	Furniture and equipment of Plant A	191	1.26
Total		15,098	100.00

The estimated timeline in relation to the Proposed Acquisition and the acquisition of 3 additional properties and set up of 3 additional manufacturing facilities is as set out in the table below.

No.	Items	Plant A	Plant B	Plant C	Plant D
		Estimated Month and Year	Estimated Month and Year	Estimated Month and Year	Estimated Month and Year
1.	Completion of acquisition of the properties/manufacturing facilities	November 2024	September 2025	July 2026	May 2027
2.	Completion of the installation of electrical wiring and piping for machines, installation of air compressor and its piping and set up of fixtures and fittings in the the properties/manufacturing facilities	February 2025	December 2025	October 2026	August 2027
3.	Completion of the transport of machinery and equipment to the properties/manufacturing facilities	March 2025	January 2026	November 2026	September 2027
4.	Completion of the installation of new machinery and equipment	April 2025	February 2026	December 2026	October 2027
5.	Obtaining all of the relevant licences and approvals for the properties/manufacturing facilities	May 2025	March 2026	January 2027	November 2027
6.	Commencement of the business operations of the properties/manufacturing facilities	June 2025	April 2026	February 2027	December 2027

(3) *The Group intends to acquire additional 3 properties and set up of additional 3 manufacturing facilities within the vicinity or in nearby existing industrial areas, which are of similar nature as Property A. As at the LPD, we have not identified nor have we commenced any form of negotiation with the respective owner of the properties in relation to this matter. However, as we intend to acquire such manufacturing facilities within the vicinity or nearby existing industrial areas, we estimate the remaining re-allocated IPO proceeds of RM54.50 million (RM69.60 million – RM15.10 million = RM54.50 million) will be utilised to acquire additional 3 properties and to set up additional 3 manufacturing facilities. The estimated utilisation of the remaining re-allocated IPO proceeds of RM54.50 million is as set out in the table below.*

No.	Items	Estimated Cost for acquisition for each property/ manufacturing facility	Number of properties/ manufacturing facilities	Total Estimated Cost for acquisition of properties/ manufacturing facilities	Percentage of Total estimated cost
		RM'000	Units	RM'000	%
1.	Purchase price of other properties/manufacturing facilities	11,193	3	33,580	61.62%
2.	Legal fee and stamp duty of acquisition of other properties/manufacturing facilities	590		1,769	3.25%
3.	Renovation costs for other properties/manufacturing facilities	5,030		15,091	27.69%
4.	Installation costs and fixture and fitting costs of other properties/manufacturing facilities	1,123		3,368	6.18%
5.	Furniture and equipment of other properties/manufacturing facilities	229		688	1.26%
Total		18,165	N/A	54,497	100.00%

As the above future acquisition of additional 3 properties and set up of additional 3 manufacturing facilities which are within the vicinity or in nearby existing industrial areas have not been decided at this juncture, they will be subject to Chapter 10 of the Listing Requirements. Additionally, the above estimated number of properties, number of manufacturing facilities and the estimated costs and related costs and expenses for each of the property and manufacturing facilities are not fixed at this moment and will be decided in due course. For the avoidance of doubt, the Proposed Variation as set out above are as intended herein but subject to Note 1 above.

The land area stated in the title for Property A is approximately 44,595 sq ft (while the surveyed land area is approximately 44,606 sq ft). The approximate gross floor area of Plant A is 24,858 sq ft. Plant A is situated on Property A. The renovation costs, installation costs, fixture and fitting costs and the furniture and equipment for Plant A will be 100% financed by the IPO proceeds arising from the Proposed Variation.

In the event the Proposed Acquisition could not be completed for any reasons whatsoever, the earmarked amount of approximately RM15.10 million for the Proposed Acquisition and related expenses will be re-allocated to acquisition of other manufacturing facilities within the vicinity or in nearby existing industrial areas.

The variation of the IPO proceeds for the amount of approximately RM69.60 million represents 38.75% of the total IPO proceeds. As such, in accordance with Paragraph 8.22(2)(a) of the Listing Requirements, the Proposed Variation is deemed a material change to the utilisation of IPO proceeds where the change of utilisation of proceeds of the IPO is 25.00% or more. Accordingly, the shareholders' approval for the Proposed Variation is required to be obtained by our Company.

3. RATIONALE FOR THE PROPOSED VARIATION

We are unable to implement the acquisition of the New Industrial Lands and construction of the New Plants (therefore, we have to abort this) as we could not arrive at an agreed price with the owner of the New Industrial Lands.

The Proposed Variation is intended to finance the costs and expenses related to the Proposed Acquisition for an amount of approximately RM15.10 million for business expansion purposes. Our Board is of the opinion that the Proposed Acquisition is in line with our Group's future strategies, particularly to enhance our production capacity.

By utilising the Proposed Variation to fund the Proposed Acquisition as well as implementing the acquisition of additional 3 properties and set up of additional 3 manufacturing facilities, we aim to implement our strategic growth plans as soon as practicable. The acquisition of Plant A, facilitated by Proposed Variation, is expected to strengthen our Group's operational capabilities and contribute positively to its overall growth.

In addition, the rationale for extending the timeframe for utilisation of IPO proceeds from 36 months for the acquisition of New Plants (as disclosed in the Prospectus) to 48 months for the acquisition of additional 3 properties and set up of additional 3 manufacturing facilities within the vicinity or in nearby industrial areas is due to the Company's shift in strategy from acquiring and constructing a large manufacturing facility to purchasing several smaller ones, which necessitates a phased expansion approach involving the gradual acquisitions for smoother integration and minimal disruption to ongoing operations.

In summary, the Proposed Acquisition and Proposed Variation represent crucial steps towards realising our Group's future plans, positioning it for sustainable expansion within the industry.

We have planned to maintain the same intended operating capacity for the total of Plant A and the other properties and manufacturing facilities to be acquired utilising the IPO proceeds arising from the Proposed Variation of RM69.60 million, despite the eventual total targeted land area and gross floor area of the manufacturing facilities to be acquired being smaller than that of the New Industrial Lands and the New Plants. We tabulate in the table below our intended land area and gross floor area for Plant A and the 3 additional manufacturing facilities to be acquired vis-a-viz the New Plants.

No.	Manufacturing Facilities	Size of properties/ manufacturing facilities (Land area)	Size of properties/ manufacturing facilities (Gross Floor Area)
		sq. ft.	sq. ft.
1	Plant A	44,595	24,858
2	Plant B	44,595	24,858
3	Plant C	44,595	24,858
4	Plant D	44,595	24,858
Total		178,380	99,432
New Plants (as disclosed in the Prospectus)		213,054	118,474

4. OVERVIEW, INDUSTRY OUTLOOK AND FUTURE PROSPECTS

4.1 Overview and outlook of the Malaysian economy

(i) Overview

The Malaysian economy advanced by 5.9% in the second quarter of 2024 (1Q 2024: 4.2%). The growth is driven by stronger domestic demand and further expansion in exports. Household spending increased amid sustained positive labour market conditions and larger policy support. Investment activity was underpinned by continued progress in multi-year projects and capacity expansion by firms. Exports improved amid higher external demand and positive spillovers from the global tech upcycle. Most supply-side sectors registered higher growth. The manufacturing sector was supported by broad-based improvement across all clusters, particularly in E&E. The services sector recorded strong growth, driven by consumer and business-related subsectors. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.9% (1Q 2024: 1.5%)

(Source: Economic and Financial Developments in Malaysia in the Second Quarter of 2024, Bank Negara Malaysia)

(ii) Outlook

Growth of the Malaysian economy in the second half of the year is expected to be driven mainly by firm expansions in investment activity and resilient household spending, with larger support from exports recovery. Investment activities will be supported by continued implementation of multi-year projects in both the private and public sectors and augmented by the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. Private consumption will be supported by sustained growth in income along with larger policy measures. Higher spillover from global tech upcycle will lift exports while tourist arrivals and spending are expected to improve further.

The growth outlook faces downside risks from weaker-than-expected external demand, further escalation of geopolitical conflicts and lower than-expected commodity production. Nevertheless, greater spillover from the tech upcycle, more robust tourism activities, and faster implementation of new and existing investment projects provide upside to Malaysia's economic outlook.

(Source: BNM Quarterly Bulletin Vol 39 No.2, 2nd Quarter of 2024, Bank Negara Malaysia)

4.2 Overview and outlook of the ESI in Malaysia

The local ESI is forecast to expand by a CAGR of 8.2% to reach RM13.88 billion in 2027, supported by the advancement in technology as well as expansion in end-user markets. In the short term, the growth of the Malaysian ESI may be affected by the global economic slowdown, heightened inflation rates, and subdued consumer spending. The semiconductor industry, in particular, is expected to experience a decline, especially within consumer-led markets. Nevertheless, the increasing demand for engineering supporting services from other end-user industries, namely the life science and medical technology industry, is likely to offset the decline in the semiconductor industry and support the Malaysian ESI. Growth in the industry is expected to be underpinned by an increasing number of electronic components being incorporated into both emerging and traditional industries, thus spurring demand for more semiconductors in the long-term. At the same time, the global

semiconductor industry is also expected to be driven by the advancement in telecommunication technology such as the rollout of 5G technology and the increasing adoption of IoT and IoMT, in which both will boost demand for semiconductors. The ESI is also set to benefit from the expansion of its other end-user markets such as the life sciences and medical technology, instrumentation and sport equipment industries, all of which rely on the ESI to supply parts, components and services to them.

Closer to home, the local ESI is poised to benefit from the growth of the local M&E industry which serves as an important supporting industry for the broader manufacturing sector. As manufacturing activities intensify, there's an anticipated uptick in investments, especially those that focus on enhancing and expanding production capacities, which would translate to increased demand for the M&E solutions in Malaysia. Manufacturers are also adopting the "just-in-time" method for its advantages such as reduced warehousing and inventory costs, greater control over inventory turnover and prevention of overproduction as well as unsold product accumulation. The need for swift production in response to orders from customers would require manufacturers to increase their manufacturing capacity. These developments will continue to support the local M&E industry and translate to higher demand for engineering supporting services.

(Source: IMR Report, Section 7 of the Prospectus)

4.3 Prospects for the Proposed Acquisition

Following our Company's intention to expedite the production capacity expansion through the Proposed Acquisition as stated in Section 3.2 of this Circular, the prospects for this strategic investment are highly favourable. Our Group's precision-machined parts and components play a vital role within the rapidly growing semiconductor industry, leading to a corresponding increase in demand for our Group's services and products. The Proposed Acquisition will allow our Group to capitalise on the growing market opportunity by providing the necessary capacity to fulfil new orders and secure market share.

Furthermore, Plant A is expected to further contribute to improved operational efficiency.

By acquiring Plant A, we demonstrate our commitment to provide our customers with the highest quality products and services. This investment is expected to strengthen existing customer relationships and potentially attract new customers seeking reliable suppliers at the forefront of technological advancements.

In conclusion, the Proposed Acquisition, together with our Company's existing strategic initiatives, is expected to contribute positively to our Group's overall growth and profitability. By expanding production capacity, improving operational efficiency, and strengthening customer relationships, our Group is well-positioned to capitalise on the opportunities within the semiconductor industry. Our Board of Directors is confident that the Proposed Acquisition represents a sound strategic investment that will deliver long-term benefits for our Group and our shareholders.

(Source: Management of CPE Technology)

5. RISK FACTORS

The risks associated with the Proposed Variation, which are not exhaustive, are as follows:-

5.1 Operational Risks

The Group may encounter operational challenges in executing the Proposed Variation. Unforeseen delays in acquiring additional 3 properties and set up of additional 3

manufacturing facilities could impact project timelines and increase costs. Integrating the additional 3 manufacturing facilities into existing operations may also pose integration risks, potentially disrupting production, supply chain, or human resources.

5.2 Financial Risks

The Proposed Variation carries financial risks primarily relating to cost management and asset valuation. Cost overruns in acquiring additional 3 properties, undertaking necessary renovations, and establishing additional 3 manufacturing facilities could exceed the estimated budget and impacting the Group's financial performance.

5.3 Legal and Regulatory Risks

The Proposed Variation is subject to legal and regulatory risks. Changes in environmental, labor, or tax laws, rules, regulations, requirements and guidelines may increase compliance costs and operational challenges. Legal disputes arising from acquiring additional 3 properties or other aspects of the Proposed Variation could result in financial losses and reputational damage.

6. EFFECTS OF THE PROPOSED VARIATION

The Proposed Variation is not expected to have any effects on the issued share capital and substantial shareholders' shareholdings of CPE Technology in view that there is no new Shares will be issued pursuant the Proposed Variation.

6.1 NA per Share and gearing ratio

For illustration purposes only, based on the latest audited consolidated financial statements of CPE Technology for the FYE 30 June 2023, the pro forma effects of the Proposed Variation on the NA per Share and gearing ratio based on the assumption that the Proposed Variation had been effected at the end of the FYE 30 June 2023 are as follows:-

No.	Items	Unit/ Measurements	Audited as at FYE 30 June 2023	After the Proposed Variation
1.	Share capital	RM'000	91,397	91,397
2.	Capital reorganisation reserves	RM'000	(86,215)	(86,215)
3.	Currency translation reserves	RM'000	5,233	5,233
4.	Retained profits	RM'000	127,273	⁽¹⁾ 127,203
5.	NA	RM'000	137,688	⁽²⁾ 137,618
6.	Number of Shares in issue	'000	671,315	671,315
7.	NA per Share ⁽³⁾	RM	0.21	0.20
8.	Total borrowings and lease liabilities	RM'000	57,897	57,897
9.	Gearing ratio ⁽⁴⁾	Times	0.42	0.42

Notes:-

⁽¹⁾ The total estimated expenses amounting to approximately RM0.07 million related to the Proposed Variation such as professional fees, authorities fees, printing of the Circular, advertisement of notice of EGM and EGM related costs will be

expensed off. The costs and expenses related to the acquisition of additional 3 properties and set up of additional 3 manufacturing facilities within the vicinity or in nearby existing industrial areas could not be determined at this juncture and hence have not been accounted for in the preparation of this pro forma effects of the Proposed Variation.

(2) The costs and expenses related to the Proposed Acquisition of RM15.10 million has been capitalised as part of the property, plant and equipment in our consolidated financial statement.

(3) Computed by dividing the NA with number of Shares in issue.

(4) Computed by dividing the sum of total borrowings and lease liabilities with NA.

6.1 Earnings and EPS

For illustration purposes only, based on the latest audited consolidated financial statements of CPE Technology for the FYE 30 June 2023, the pro forma effects of the Proposed Variation on the earnings and EPS based on the assumption that the Proposed Variation had been effected at the end of the FYE 30 June 2023 are as follows:-

No.	Items	Unit/ Measurements	As at FYE 30 June 2023	After the Proposed Variation
1.	PAT	RM'000	30,293	30,293
2.	Number of Shares in issue	'000	671,315	671,315
3.	Basic and diluted EPS ⁽¹⁾	sen	4.51	4.72

Note:-

⁽¹⁾ Computed as PAT divided by the total number of Shares in issue.

7. APPROVALS REQUIRED

The Proposed Variation is subject to and conditional upon approvals being obtained from the following:-

- (i) the shareholders of our Company at the forthcoming EGM to be convened; and
- (ii) any other relevant authorities or persons, if required.

8. CONDITIONALITY OF THE PROPOSALS

The Proposed Variation is not conditional upon the Proposed Acquisition.

The Proposed Variation and the Proposed Acquisition are not inter-conditional.

The Proposed Variation is not conditional or inter-conditional upon any other corporate exercises undertaken or to be undertaken by our Company.

The Proposed Acquisition is not conditional upon the Proposed Variation.

9. HIGHEST PERCENTAGE RATIO

The variation of the IPO proceeds for the amount of approximately RM69.60 million represents 38.75% of the total IPO proceeds. As such, in accordance with Paragraph 8.22(2)(a) of the Listing Requirements, the Proposed Variation is deemed a material change to the utilisation of IPO proceeds.

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market is 7.26% calculated based on the aggregate value of the purchase consideration of RM10.00 million divided by the latest audited NA of the Company as at 30 June 2023.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of our Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Variation.

11. STATEMENT AND RECOMMENDATION FROM OUR BOARD

Our Board, after having considered the relevant aspects of the Proposed Variation, including but not limited to the following:-

- (i) Salient terms of the Property A SPA; and
- (ii) Basis and justification of the purchase consideration of Property A; and
- (iii) Rationale and effects of the Proposed Variation.

is of the opinion that the Proposed Variation is in the best interest of our Group and therefore recommend you vote in favour of the Proposed Variation.

12. TENTATIVE TIMELINE FOR THE IMPLEMENTATION OF THE PROPOSED VARIATION AND PROPOSED ACQUISITION

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposed Variation to be completed by the 4th quarter of 2024.

The tentative timetable for the implementation of the Proposed Variation and Proposed Acquisition is as stated in the table below.

No.	Date (month)	Milestones
1.	2 October 2024	EGM
2.	October 2024	Completion of the Proposed Variation
3.	November 2024	Completion of the Proposed Acquisition

13. PROPOSALS OR CORPORATE EXERCISES ANNOUNCED BUT HAVE NOT BEEN COMPLETED

Save for the Proposed Variation and Proposed Acquisition, there are no other outstanding proposals which have been announced but not yet completed as at the date of this Circular.

14. EGM OF OUR COMPANY

The EGM will be held on a fully virtual basis via remote participation through online. Please refer to the Administrative Guide on the EGM as set out in the Appendix IV of this Circular.

The Notice of EGM of CPE Technology to be conducted on a fully virtual basis through the online meeting platform TIIH Online via the website at <https://tiih.online> (domain registration number MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd, Malaysia on Wednesday, 2 October 2024 at 2.00.p.m., together with the Form of Proxy are enclosed in this Circular.

If you are not able to participate and vote at the EGM via online, you may complete the Form of Proxy and deposit it at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on or before the date and time indicated below or at any adjournment thereof. You can also have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> before the proxy form lodgement cut-off time as mentioned below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

15. FURTHER INFORMATION

15.1 Details of the Proposed Acquisition

Champion PT had, on 15 July 2024, entered into a conditional SPA with Foh Foh for the acquisition of Property A for a purchase consideration of RM10.00 million to be satisfied via cash which will be funded through the re-allocated IPO proceeds pursuant to the Proposed Variation, subject to the terms and conditions contained in the SPA.

The salient terms of the Property A SPA are set out in Appendix I of this Circular.

The Proposed Acquisition has been announced on Bursa Securities on 15 July 2024.

For clarity, the Proposed Acquisition is not subject to the approval of the shareholders of our Company and the information in relation to the Proposed Acquisition have been included in this Circular for information purposes only.

15.2 Information on Property A

Property A has a land area of approximately 44,595 square feet as stated in the title, with a surveyed land area of approximately 44,606 square feet. Property A encompasses a double-storey office building and a single-storey factory building, totalling approximately 24,858 sq ft of built-up space.

Other salient information on Property A is as shown in the table below.

No.	Items	Details
1.	Registered owner	Foh Foh (M) Sdn Bhd.
2.	Land title details	HSD 541152, PTD 221504, Mukim of Plentong, District of Johor Bahru, State of Johor.

No.	Items	Details
3.	Tenure	Freehold.
4.	Land title area	Approximately 44,595 sq ft.
5.	Surveyed land area	Approximately 44,606 sq ft.
6.	Restriction-in-Interest	Nil.
7.	Category of land use	Business/ Industrial.
8.	Express condition	<p>(i) This land to be used as a single-storey medium-sized industrial facility with triple-storey office and any other usage has to be complied with the plan approved by the local authority; and</p> <p>(ii) All impurities and pollutants resulting from these activities shall be channelled/ disposed of to places as determined by the relevant authorities; and</p> <p>(iii) To comply with all policies and regulations set forth and enforced by the relevant authorities from time to time.</p>
9.	Encumbrances	<p>(i) Property charged by Foh Foh to Maybank Islamic Berhad under the presentation number 20838/2015, registered on 24 March 2015; and</p> <p>(ii) Property charged by Foh Foh to Maybank Islamic Berhad under the presentation number 20839/2015, registered on 24 March 2015; and</p> <p>(iii) Property charged by Foh Foh to Maybank Islamic Berhad under the presentation number 20840/2015, registered on 24 March 2015.</p>
10.	Endorsements	Nil.
11.	Existing use	Warehouse (used as a warehouse by the current tenant occupying Property A, rented from Foh Foh).
12.	Proposed use	Industrial (to be part of the Group's manufacturing facilities).
13.	Market value of Property A as appraised by the Valuer	RM9,000,000 (based on cost approach) as at 12 June 2024, being the valuation date.
14.	Net book value	Not applicable (please refer to Item 13 as above, we are acquiring the Property A instead of an entity which owns the Property A).
15.	Approximate age of the building	Approximately 9 years old.
16.	Total gross floor area of Property A	Approximately 24,858 sq ft.

15.3 Mode of settlement of the purchase consideration

No.	Timing of payment	Purchase consideration	
		RM'000	%
1.	Deposit upon execution of the Property A SPA.	1,000	10.00
2.	Balance purchase price of Property A upon unconditional date (being the date all the conditions precedent for the Property A SPA have been met).	9,000	90.00
Total		10,000	100.00

Note:-

We will be using internally generated funds to settle any payment pending obtaining all requisite approvals.

15.4 Source of funding

The purchase consideration for the Proposed Acquisition shall be fully satisfied in cash, which shall be fully funded through the re-allocated IPO proceeds.

Kindly refer to Section 2 of this Circular for further details on the breakdown of the expenses related to the Proposed Acquisition.

Should the Proposed Variation not be approved by our shareholders at the forthcoming EGM to be convened, the financing for the Proposed Acquisition will be done through bank borrowings and/or internally generated funds, the exact proportion of which will be determined at a later date. In such event, our Board will consider, amongst others, our Group's gearing level, prevailing interest rate, and available cash reserves.

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15.5 Basis and justification for the purchase consideration

The purchase consideration of RM10.00 million, was arrived at on a willing-buyer willing-seller basis, after taking into consideration the following:-

- (i) Based on cost method approach as appraised by the Valuer taking into account the land value of comparable transactions of other manufacturing facilities within the vicinity and the construction costs of its buildings and ancillary facilities.

The land value as appraised by the Valuer are as per the table excerpt below.

Description	Sale Comparable 1	Sale Comparable 2	Sale Comparable 3
Type	A parcel of industrial land	A parcel of industrial land	A parcel of industrial land
Location	PTD 115789, Jalan Masyhur 1, Taman Perindustrian Cemerlang	PTD 244082, Jalan Persiaran Maju Cemerlang, Desa 88 Industrial Park	PTD 115788, Jalan Masyhur 1, Taman Perindustrian Cemerlang
Tenure	Interest in perpetuity	Interest in perpetuity	Interest in perpetuity
Category of Land Use	Industry	Industry	Industry
Planning Details	Zoned for industrial use	Zoned for industrial use	Zoned for industrial use
Land Area	1,679 acres (73,150 square feet)	1,014 acres (44,162 square feet)	2,743 acres (119,482 square feet)
Consideration	RM6,656,650.00	RM3,753,000.00	RM10,872,860.00
Date of Transaction	7 December 2023	19 October 2023	6 March 2023
Vendor	Sharikat Kim Loong Sendirian Berhad	Axteria Cemerlang Sdn Bhd	Sharikat Kim Loong Sendirian Berhad
Purchaser	TSK Hardware Sdn Bhd	Mec-Mart Toolings Sdn Bhd	Kok Yong Boon Realty Sdn Bhd
Analysed Land Value	RM91.00 per square foot ("psf")	RM84.98 psf	RM91.00 psf
Factors Considered for Adjustment	Size and location		
Adjusted Value	RM91.00 psf	RM90.00 psf	RM96.00 psf
We have relied on Sale Comparable 2 as it is similar in size.			

Having arrived at the land value based on the above comparables, Property A is then appraised as RM9.00 million by combining the land value with the construction costs of its buildings and ancillary facilities such as TNB sub-station and guard house less accumulated depreciation of the buildings and ancillary facilities.

- (ii) The strategic proximity of Plant A to our Group's existing manufacturing facilities, (Plant 2, Plant 3 and Plant 4).

The strategic proximity is expected to contribute to our Group's operational efficiency. Plant A is located approximately 33 metres from our Plant 3.

- (iii) The rationale and benefits to be derived from the Proposed Acquisition, details of which are as set out in Section 15.9 of this Circular.

15.6 Information on Foh Foh

Foh Foh was incorporated in Malaysia on 21 September 2007 under the Companies Act 2016 as a private limited company. Foh Foh is primarily involved in wholesale of household utensils and cutlery, crockery, glassware, chinaware and pottery, and retail sale of any kind of product over the internet.

As at the LPD, the issued share capital of Foh Foh is RM1,000,002 comprising 1,000,002 ordinary shares. As at the LPD, the directors and shareholders of Foh Foh are as shown in the table below.

No.	Name	Designation	Shareholding Held
			No. of Shares
1.	Chong Siu Liong	Director	-
2.	Chong Jin	Director and shareholder	1,000,001
3.	Kiu Kayun (Kai Chee Yoo)	Director	-
4.	Chong Jin Nee Chen Li-Shih	Shareholder	1
Total			1,000,002

15.7 Liabilities to be assumed

Save for the obligations of Champion PT in respect of the Property A SPA for the Proposed Acquisition, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by our Group arising from the Proposed Acquisition.

15.8 Additional financial commitment required

Save for the purchase consideration of Property A of RM10.00 million as well as the expenses related to the Proposed Acquisition (as detailed in Section 2 of this Circular), there is no further additional financial commitment expected to be incurred by our Group in relation to the Proposed Acquisition. Our Group intends to fund the costs and expenses related to the Proposed Acquisition through the re-allocated IPO proceeds, subject to explanation in Section 15.4 above. Our Group does not foresee that we will be utilising any form of borrowing to fund the Proposed Acquisition and all other related expenses associated with the set up of Plant A.

15.9 Rationale for the Proposed Acquisition

Our Company intends to undertake the Proposed Acquisition due mainly to the following reasons:-

- (i) Expanding manufacturing capacity to meet growing demand

In view of the increasing demand for our Group's precision-machined parts and components from our semiconductor customers, we intend to expedite the construction of a new manufacturing facility. Plant A will serve to accelerate the expansion of our Group's production capacity as compared with the implementation of the New Plants which are scheduled for commencement of business operations in May 2027 (as stated in Section 3.7.1 of our Prospectus).

The acquisition of Plant A will ensure our Group is well-positioned to fulfil and secure new orders, capture market share, and achieve revenue growth.

- (ii) New semiconductor customer requirements for segregated manufacturing facility

Our Group has also recently secured orders from a new semiconductor customer in November 2023. This new semiconductor customer prefers segregated production of the precision-machined parts and components in separate manufacturing facility from our other semiconductor customers.

Therefore, to further develop our business relationship with the new semiconductor customer, we intend to fulfil their preference through the Proposed Acquisition.

15.10 Risks for the Proposed Acquisition

The risks associated with the Proposed Acquisition, which are not exhaustive, are as follows:-

15.10.1 Transaction risk

The completion of the Proposed Acquisition is subject to various terms and conditions under the Property A SPA. In the event of a breach of the terms and conditions by either party, the other party reserves the entitlement to terminate the Property A SPA. Furthermore, it is explicitly stipulated that the effectiveness of the Property A SPA is contingent upon the fulfilment of all conditions precedent outlined in the SPA.

Please refer to Appendix I of this Circular for further information on the conditions precedent in the Property A SPA.

Despite the foregoing, we will make every reasonable effort to satisfy the conditions precedent, including obtaining necessary approvals within its control, to facilitate the completion of the Proposed Acquisition.

15.10.2 Risks associated with the valuation of Property A

The valuation of the Property A by the Valuer is based on certain assumptions, which are subjective and uncertain, and may differ from actual measures of the market. Further, Property A valuations generally include subjective determination of certain factors, and they include location, relative market position and physical conditions. The market value of the Property A as appraised by Valuer is not an indication of and does not guarantee an equivalent or greater sale price either at the present time or at any time in the future.

Therefore, there is no assurance that our Company could sell Property A at the price exceeding the initial purchase price at any point in time.

Notwithstanding the above, it remains our intention to expand our production capacity and manufacturing capabilities to meet the increase in demand from our customers. The Proposed Acquisition directly aligns with this strategic objective. As such, our Company has no intention to sell Property A at this juncture.

15.10.3 Compulsory acquisition by the Government

The Government possesses the authority to compulsorily acquire any land in Malaysia under the Land Acquisition Act 1960, particularly for public use or due to public interest. In the event of such compulsory acquisition, the compensation amount is determined based on the fair market value of the property as prescribed by relevant laws. This could adversely impact the Group's financial position, results, and prospects. Should the Property A face compulsory acquisition before the Proposed Acquisition's completion, our Group has the choice to terminate the Property A SPA or proceed with the purchase under its terms.

15.11 Interests of Directors, Major Shareholders and/or Persons Connected with them

None of the Directors, major shareholders of our Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.

15.12 Approvals required for the Proposed Acquisition

The Proposed Acquisition is not subject to the approval of the shareholders of our Company.

You are advised to refer to the attached appendices for other further information.

This Circular is dated 4 September 2024.

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The salient terms of the Property A SPA are as summarised in the table below.

No.	Items	Salient Terms
1.	Agreement	The Vendor has agreed to sell and the Purchaser has agreed to purchase the Property on an “as is where is basis” free from the encumbrances whatsoever but subject to all the conditions of title whether express or implied contained in the issue document of title to the Property A and all the rights and other easements and to all roads, back lane and other improvement schemes whatsoever affecting the same together with vacant/legal possession, as the case may be.
2.	Conditions	<p>The sale and purchase of Property A shall be conditional upon the procurement by the Purchaser, at its own cost and expense, of the following:-</p> <ul style="list-style-type: none"> (i) The approval of the shareholders of CPE Technology at a general meeting for the implementation of the Property A SPA, including any variation in relation to the utilisation of CPE Technology’s fund for the purpose of financing the purchase of Property A; and (ii) Such other waivers, consents or approvals as may be required by any parties hereto from any third party or governmental, regulatory body or competent authority having jurisdiction over any part of the transactions contemplated under the Property A SPA to the effect that if such waivers, consents, approvals are not obtained, the sale and purchase of the Property A SPA will be rendered null and void by law. Such waivers, consents or approvals shall include but not limited to, waiver and/or approval from Bursa Securities and/or Securities Commission Malaysia on the draft circular pertaining to the Proposed Acquisition, and any matter which may affect the Proposed Acquisition; and (iii) Item (i) and (ii) above shall be obtained within four (4) months from the date of the SPA. In the event item (i) and (ii) above could not be obtained within the said period, either party may terminate the sale and purchase transaction hereunder by notice in writing to the other; and (iv) Neither party has the rights to withdraw or rescind the Property A SPA before the expiry of the four (4) months period stated under (iii) above; and (v) The Property A SPA shall become unconditional on the date on which the original documentary evidence of the satisfaction of item (i) and (ii) above have been obtained by the Purchaser’s solicitors.
3.	Event of Defaults	<ul style="list-style-type: none"> (i) In the event of default by the Vendor, the Purchaser shall be entitled to:- <ul style="list-style-type: none"> (a) Enforce specific performance of the Property A SPA; or (b) Terminate the Property A SPA by notice in writing to the Vendor, in which event the Vendor shall refund all the monies paid by the Purchaser under the SPA towards the account of the purchase consideration free of interest and pay a further sum amounting to ten per centum (10%) of the purchase consideration as agreed liquidated damages to the Purchaser. (ii) In the event of default by the Purchaser, the Vendor shall be entitled to terminate the Property A SPA by notice in writing to the Purchaser, in which event a sum which is equal to ten per centum (10%) of the

No.	Items	Salient Terms
		<p>purchase consideration shall be forfeited to the Vendor, and all other monies paid the Purchaser under the SPA towards the account of the purchase consideration shall be refunded to the Purchaser free of interest.</p> <p>(iii) In the event that the memorandum of transfer in respect of Property A cannot be registered in favour of the Purchaser free from all encumbrances for any reasons whatsoever and not attributable to any fault, default, neglect or omission on the part of the Purchaser and/or the Vendor and which such fault cannot be remedied by the parties, then the Purchaser shall be entitled to terminate the Property A SPA by giving notice in writing to that effect to the Vendor and upon such termination, the Vendor shall refund to the Purchaser all the monies paid under the Property A SPA towards the account of the purchase consideration free of interest.</p>
4.	Delivery of Possession	<p>(i) In the event that the Vendor's solicitors receipt of the documentary proof evidencing full settlement of the purchase consideration from the Purchaser's solicitors on or before 31st October 2024, and if the Tenancy is still subsisting, the Vendor shall within five (5) working days:-</p> <p>(a) Forward to the Purchaser a written notification (duly acknowledged by the tenant) informing the affected tenant on the change of ownership of Property A, and to instruct the said tenant to direct any future payment(s) pertaining to the Tenancy directly to the Purchaser; and</p> <p>(b) Forward to the Purchaser all the deposits stated in the Tenancy free from any deduction; and</p> <p>(c) Forward to the Purchaser the apportioned rental of then current month starting from the date the Vendor's solicitors receipt of the documentary proof evidencing full settlement of the purchase consideration from the Purchaser's solicitors.</p> <p>(ii) In the event that the Vendor's solicitors receipt of the documentary proof evidencing full settlement of the purchase consideration from the Purchaser's solicitors after 31st October 2024, the Vendor shall deliver vacant possession of Property A to the Purchaser within five (5) working days from the date of receipt of payment notification by the Vendor's solicitors from the Purchaser's solicitors on the full settlement of the purchase consideration together with late payment interest (if any) payable therein and the Purchaser's apportionment of outgoings to the Vendor's solicitors as stakeholder by way of inter alia the delivery of the keys for the above Property to the Purchaser's or the Purchaser's solicitors.</p>
5.	Tenancy	Property A is currently tenanted and expected to expire on or before 31 October 2024.

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

2.1 KAF IB

KAF IB, being our Principal Adviser for the Proposed Variation, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

KAF IB has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Principal Adviser to CPE Technology for the Proposed Variation.

2.2 Jones Lang Wootton

Jones Lang Wootton, being the Valuer, to conduct the valuation of Property A has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Jones Lang Wootton has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Valuer to CPE Technology.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any knowledge of any proceedings pending or threatened against our Group, or of any fact likely to give to any proceedings, which might materially and adversely affect the financial position or business of our Group.

As at the LPD, based on the representations from the Vendor, there is no material litigation, claims or arbitration involving the Property.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments

As at the LPD, our Board confirmed that there are no material commitments incurred or known to be incurred by our Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group.

4.2 Contingent liabilities

As at the LPD, our Board confirmed that there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of our Company at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) Our Company's Constitution; and
- (ii) Property A SPA; and
- (iii) Valuation report of Property A prepared by the Valuer dated 28 June 2024; and
- (iv) The audited financial statements of our Group for the FYE 30 June 2022 and FYE 30 June 2023; and
- (v) The latest quarterly results of our Group for the financial year ended 30 June 2024 (12 months); and
- (vi) The consent letters referred to in Section 2 of this Appendix II.



CPE TECHNOLOGY BERHAD
Registration No. 202101015732 (1416032-X)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Extraordinary General Meeting** of **CPE Technology Berhad** (“**CPE Technology**” or “**Company**”) will be conducted on a fully virtual basis using the remote participation and voting facilities through the online meeting platform, TIIH Online, provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at <https://tiih.online> (Domain registration number with MYNIC: D1A282781) on **Wednesday, 02 October 2024** at **2.00 p.m.** for purpose of considering and if thought fit, passing the following ordinary resolution, with or without modification:

ORDINARY RESOLUTION

PROPOSED VARIATION AND EXTENSION OF TIMEFRAME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING OF CPE TECHNOLOGY BERHAD PURSUANT TO RULE 8.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“PROPOSED VARIATION”)

“**THAT** subject to the approval of the relevant authorities or persons being obtained, if required, for the Proposed Variation, approval be and is hereby given to the Company to vary the utilisation of proceeds raised from the public issue under the initial public offering of the Company as disclosed in the circular to shareholders of the Company dated 04 September 2024.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps and do all acts, deeds and things to enter into any arrangements, transactions, agreements and/or undertakings and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate to implement and give full effect to and to complete the Proposed Variation with full powers to assent to any conditions, modifications, variations and/or amendments as the Directors may in their absolute discretion deem fit, necessary, expedient, appropriate and/or as may be imposed or permitted by any relevant authorities in connection with the Proposed Variation.”

By Order of the Board

WONG CHEE YIN (f) (MAICSA7023530)
(SSM Practising Certificate No. 202008001953)
Company Secretary
Johor Bahru
04 September 2024

Notes:

(a) **IMPORTANT NOTICE**

An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online platform located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>.

Please follow the Procedures for RPV in the Administrative Guide for the EGM and take note of procedure below in order to participate remotely via RPV.

- (b) For the purpose of determining who shall be entitled to participate in this EGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at **24 September 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this EGM via RPV.
- (c) A member who is entitled to participate in this EGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- (d) A member of the Company who is entitled to attend and vote at this EGM may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at this EGM.
- (e) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
- (f) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (g) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Sections 25A(1) of the Central Depositors Act.
- (h) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (i) A member who has appointed a proxy or attorney or authorised representative to participate at this EGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for this EGM.
- (j) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this EGM or adjourned EGM at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tjih.online>. Please follow the procedures set out in the Administrative Guide.

- (k) Please ensure ALL the particulars as required in the proxy form are complete, signed and dated accordingly.
- (l) Last date and time for lodging the proxy form is **Monday, 30 September 2024 at 2.00 p.m.**
- (m) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding this EGM or adjourned EGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (n) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

CPE TECHNOLOGY BERHAD
 Registration No. 202101015732 (1416032-X)
 (Incorporated in Malaysia)
FORM OF PROXY

I/We _____

(NRIC No./Passport No./Company No. _____) of _____

Telephone No. _____ being a Member/Members of **CPE TECHNOLOGY BERHAD [Registration No. 202101015732 (1416032-X)]** hereby appoint:

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and (if more than one (1) proxy)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her/them, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of the Company will be conducted fully virtual basis through online meeting platform of TIIH Online via its website at <https://tiih.online> (Domain registration number with MYNIC-D1A282781) on Wednesday, 02 October 2024 at 2.00 p.m. and any adjournment thereof and my/our proxy is to vote as indicated below:

Description of Resolutions			For	Against
Ordinary Resolution	-	Proposed Variation		

(*Please indicate with an "X" in the appropriate space how you wish your proxy to vote. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Dated this.....day of.....2024

Number of shares held	
CDS Account No.	

.....
 **Signature/Common Seal of Shareholder

** Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:-

1. IMPORTANT NOTICE

An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online meeting platform located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the EGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV in the Administrative Guide for the EGM and take note of procedure below in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this EGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 24 September 2024**. Only a member whose name appears in this Record of Depositors shall be entitled to participate in this EGM via RPV or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member entitled to participate via RPV at the EGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her stead. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to participate at the EGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.
5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("**Central Depositories Act**") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to participate at the EGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Please refer to the procedures for RPV in the Administrative Guide for the EGM.
9. The appointment of a proxy may be made in a hard copy form or by electronic means shall be deposited in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - **In hard copy form**
By hand or post to the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or its the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan
 - **By electronic means**
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the EGM on the procedures for electronic lodgement of proxy form via TIIH Online.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is **Monday, 30 September 2024 at 2.00 p.m.**
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
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 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Fold this flap for sealing

AFFIX
STAMP
HERE

The Share Registrar

CPE TECHNOLOGY BERHAD

Tricor Investor & Issuing House Service Sdn. Bhd.

Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8 Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

Tel no.: +603 2783 9299

Fax no.: +603 2783 9222

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