

IPO STATISTICS

		Use of Proceed (RM104.25 million from new issue)	Proceed Utilisation	RM million
IPO Price (RM)	0.63			Business expansion through expansion of our workforce
Fund Raised (RM million)	104.25 from new issue		Establishment of new offices	25.00
Enlarged issued share capital upon listing (million shares)	636.20		R&D expenditure	12.00
IPO Market Capitalisation (RM million)	400.81		Working capital	12.65
Price Earnings Ratio (PER)	24.14x (based on FYE2022 PAT)		Estimated listing expenses	4.60
	19.33x (based on annualised FPE2023 PAT)			

BUSINESS OVERVIEW

Business Activities

Oppstar is principally involved in the provision of integrated circuit (IC) design services covering front-end design, back-end design and complete turnkey solutions based on customers' specifications. The Group mainly design application-specific integrated circuit (ASICs), system on a chip (SoCs), central processing unit (CPUs) and field-programmable gate array (FPGAs) using advanced process node technology ranging from 20nm to 3nm, for use in various industries such as telecommunications, automotive, industrial and consumer electronics. The IC design segments contribute to over 99% of its annual revenue in 2022. In addition, it provides other related services such as post-silicon validation services, training and consultancy services which makes up less than 1% of its total income.

Operating from its rented offices in Penang, Kuala Lumpur and Shanghai, Oppstar's customers come from multiple countries (mainly China), where its customer mainly comprises integrated device manufacturers, fabless companies, fab-lite companies, electronic system providers and other IC design houses.

It has completed IC designs projects that are foundry-specific, as each foundry process has its own set of design rules. Some of the ICs it designed were fabricated by the world's leading foundries such as TSMC, Samsung Semiconductor, Intel and Global Foundries Inc.

In 2022, Oppstar entered into a strategic partnership agreement with Sophic Automation to further strengthen its offerings in post-silicon validation services by leveraging on Sophic Automation's engineering resources and customer base.

Due to the nature of its business which rely on skilled personnel, its labour costs accounted for more than 90% of total cost of sales, and the utilisation rate of its current 217 design engineers hit 85.17% for FPE2022. As part of its effort to secure future workforce of design engineers, the Group currently has collaboration with 5 tertiary institutions to create a structured program to develop knowledge workers through activities such as R&D, industry lectures, on-site training, boot camps, internships and provide employment opportunities.

Oppstar's order book stood at approximately RM34.29 million, comprising mainly turnkey design services and is expected to be recognised in the next 12 months.

Research and development (R&D)

- Oppstar's R&D activities primarily focus on the development of intellectual property (IPs), methodologies and automation techniques relating to IC design while utilising EDA tools that are provided by government bodies and/or subscribed internally. Its R&D activities are undertaken by its 12 engineers, led by its Executive Director/Chief Technology Officer.
- Oppstar has completed R&D on AI ASIC, which is an IC for AI and machine learning capabilities in 2020 (tape-out was completed in 2019), with another 2 on-going projects in the pipeline and 1 targeted project to commenced this year. As part of its continuing R&D efforts, the Group intend to earmark approximately RM12.00 million for the development of its own IPs for RISC-V based SoC, IPs for AI and machine learning as well as IP for FPGA to further enhance and differentiate its service offerings.
- As at the date of prospectus, Oppstar has submitted 5 patents pending approval.

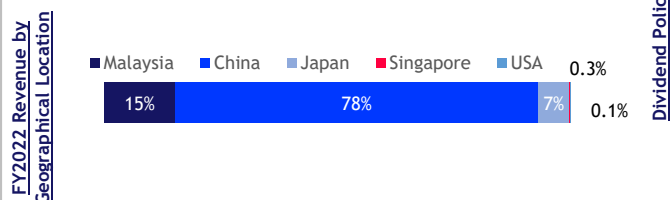
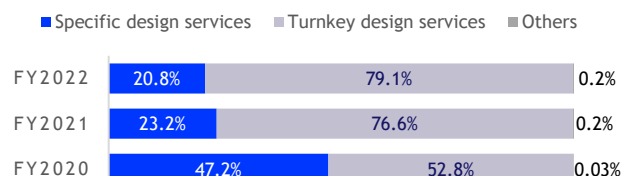
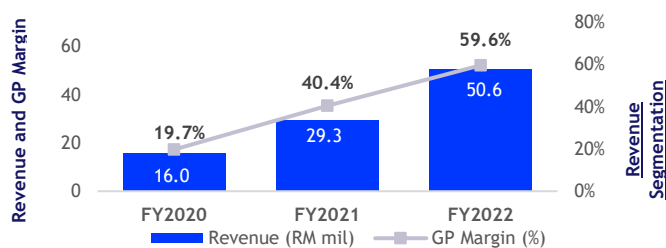
Competitive Strength

- Able to undertake turnkey design services i.e. IP design turnkey and full IC design turnkey to serve as a single service provider.
- Design ICs fabricated based on advanced process node technology leveraging its knowledge in FinFET technology for ICs commercially fabricated using 14nm and finer process node technology. In 2022, it secured projects using 3nm process node technology, the most advanced process node technology that is currently in production.
- Experience with various foundry processes allows the Group to secure projects from customers looking to perform process migration.
- Able to secure and retain global customers leveraging on its past record of delivering IC design services that meet customers' specifications and requirements on a timely basis.
- Experienced management and technical team

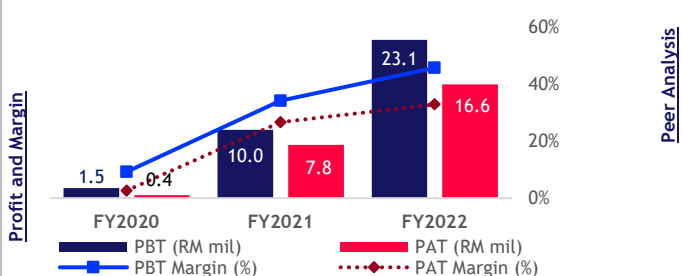
GROWTH STRATEGIES AND FUTURE PLANS

- Expand total workforce by 280 comprising design engineers for IC design and engineers/technicians for post-silicon validation services which are expected to be utilised over 36 months with the aim to support demands of its existing and potential customers. As at the date of prospectus, the Group has received enquires from existing and potential customers from local customers and abroad for both specific design services and turnkey design services, which may require a total of up to 200 design engineers.
- Expand geographical footprint both locally and overseas by establishing new rented offices in Penang, India, Singapore and Taiwan over the next 3 years to provide design services and support to its customers as well as to expand its design engineering team.
- Business expansion through investments and acquisitions to complement its existing business or provide additional revenue streams while enhancing its competitive advantage. This includes horizontal expansion through potential mergers and acquisitions, strategic collaborations and/or joint venture with companies in the semiconductor industry as and when any suitable opportunity arises.
- Expand post-silicon validation services leveraging on its strategic partnership forged with Sophic Automation in 2022 to complement its IC design business and to further expand its service offerings.
- Develop its own IPs for RISC-V based SoC, IPs for AI and machine learning applications as well as IPs for FPGA to further enhance and differentiate its service offerings and potentially increase its revenue stream by licensing of these IPs.
- Expand collaborations with local and foreign tertiary institutions to build knowledge workers in Malaysia and to secure future workforce of design engineers.

FINANCIAL PERFORMANCE & PEER ANALYSIS



At least 25% of annual audited PAT, subject to recommendation of Board and any final dividends declared will be subject to the approval of shareholders at AGM.



Company	PAT Margin (%)	PER (x)
Opstar Group	32.9	24.1
Key ASIC Berhad	Loss making	-
Socionext Inc (TSE)	6.4	37.3
Global Unichip Corporation (TPE)	9.7	40.3
Alchip Technologies, Limited (TPE)	14.3	41.4
VeriSilicon Microelectronics (Shanghai) Co.,Ltd (SSE)	0.6	-
Faraday Technology Corporation (TPE)	14.3	19.2
Progate Group Corporation (TPE)	10.4	65.5

Note: Selected local and global listed peers as identified in the Independent Market Research Report. PAT margin based on prospectus and annual reports. Trailing 12 month PER data from Bloomberg at time of research except for Opstar PER at IPO.

PROMOTERS & SUBSTANTIAL SHAREHOLDERS

Promoter/ Substantial Shareholder	Designation	Shareholding after IPO (%)	
		Direct	Indirect
Ng Meng Thai	Promoter and substantial shareholder. Executive Director/ Chief Executive Officer	20.06	3.34
Cheah Hun Wah	Promoter and substantial shareholder. Executive Director/ Chief Technology Officer	21.09	3.34
Tan Chun Chiat	Promoter and substantial shareholder. Executive Director/ Chief Operating Officer	13.40	3.34
Bigcore Technology Sdn Bhd	Promoter. Investment Holding	3.34	-

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