Unless otherwise stated, all abbreviations and defined names or expressions contained in this AP are defined in the Definitions section of this AP.

THIS AP IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold/transferred all your ordinary shares in STB, you should at once hand this AP together with the NPA and the RSF to the agent through whom you effected the sale/transfer for onward transmission to the purchaser/transfer. All enquiries concerning the Rights Issue with Warrants, which is the subject of this AP should be addressed to our Share Registrar, namely ShareWorks Sdn Bhd at 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur.

These Documents are only despatched to our Entitled Shareholders, who have a registered address in Malaysia in the records of Bursa Depository or who have provided our Share Registrar with a registered address in Malaysia in writing not later than 5.00 p.m. on 29 August 2014. The Documents are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue with Warrants to which this AP relates is only available to persons receiving the Documents electronically or otherwise within Malaysia. No action has been or will be taken to ensure that the Rights Issue with Warrants and the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. It shall be the sole responsibility of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia to consult their legal or other professional advisers as to whether the acceptance or renunciation of all or any part of the Rights Shares with Warrants C to be issued under the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such shareholders should note the additional terms and restrictions as set out in Section 11 of this AP. Neither STB, PIVB nor any other advisers to the Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance or sale/transfer of the provisional allotment of the Rights Shares with Warrants C made by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are residents.

A copy of this AP has been registered with the SC. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Our shareholders have approved, amongst others, the Rights Issue with Warrants at the Extraordinary General Meeting held on 25 June 2014. Bursa Malaysia Securities Berhad Bursa Securities has also granted its approval for, amongst others, the admission of the Warrants C to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants C and the new ordinary shares to be issued arising from the full exercise of the Warrants C on the ACE Market of Bursa Securities on 23 May 2014. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The official listing of and quotation for the said securities will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. Admission of the Warrants C to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants C and the new ordinary shares to be issued arising from the full exercise of the Warrants C on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

Our Directors have seen and approved all the documentation relating to the Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make the statements in the Documents false or misleading.

THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 7 OF THIS AP.

PIVB, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

S.T.B

SANICHI TECHNOLOGY BERHAD

(Company No. 661826-K)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 644,891,820 NEW ORDINARY SHARES OF RM0.10 EACH IN STB ("STB SHARE(S)") ("RIGHTS SHARES") TOGETHER WITH UP TO 429,927,880 FREE DETACHABLE WARRANTS ("WARRANTS C") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS C FOR EVERY TWO (2) EXISTING STB SHARES HELD AT 5.00 P.M. ON 29 AUGUST 2014, BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 90,000,000 RIGHTS SHARES TOGETHER WITH 60,000,000 WARRANTS C

Adviser

PUBLIC INVESTMENT BANK BERHAD (20027-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(Wholly-Owned Subsidiary of Public Bank Berhad)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Friday, 29 August 2014 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of rights	:	Monday, 8 September 2014 at 5.00 p.m.
Transfer of provisional allotment of rights	:	Thursday, 11 September 2014 at 4.00 p.m.
Acceptance and payment	:	Wednesday, 17 September 2014 at 5.00 p.m.*
Excess application and payment	:	Wednesday, 17 September 2014 at 5.00 p.m.*

* *or such later date and time as our Board of Directors may decide and announce not less than two (2) Market Days before the stipulated date and time.*

This AP is dated 29 August 2014

BURSA SECURITIES HAS APPROVED, AMONGST OTHERS, THE ADMISSION OF THE WARRANTS C TO THE OFFICIAL LIST OF THE ACE MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS C AND THE NEW STB SHARES TO BE ISSUED ARISING FROM THE FULL EXERCISE OF THE WARRANTS C ON THE ACE MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THESE DOCUMENTS, 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 AP.

THE INCLUSION OF THE VALUATION CERTIFICATE OF THE LAND IN THIS AP SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE LAND.

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

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, the following words and abbreviations shall apply throughout this AP and shall have the following meanings:

ACE LR	:	ACE Market Listing Requirements of Bursa Securities
Acquisition	:	Acquisition of the Land by SPSB from TCSB at the Purchase Consideration
Act	:	Companies Act, 1965
Adviser or PIVB	:	Public Investment Bank Berhad (*20027-W*)
AP	:	This abridged prospectus dated 29 August 2014
Board	:	Board of Directors of our Company
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (*165570-W*)
Bursa Securities	:	Bursa Malaysia Securities Berhad (*635998-W*)
By-Laws	:	The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with the By-Laws)
CDS	:	Central Depository System
CMSA	:	Capital Markets and Services Act, 2007
Corporate Exercises	:	The Rights Issue with Warrants, Diversification, Acquisition, ESOS, Increase in Authorised Share Capital and M&A Amendments, collectively
Date of Offer	:	The date on which an Offer (including any subsequent Offer(s)) is made by the ESOS Committee to an Eligible Employee in the manner provided in the By-Laws
Dato' Dr. Pang	:	Dato' Dr. Pang Chow Huat, the Managing Director and a shareholder of our Company
Deed Poll for Warrants C	:	The deed poll constituting the Warrants C executed by our Company pursuant to the Rights Issue with Warrants
Director(s)	:	Director(s) of STB and include any person who is: (i) a director of STB or its subsidiary; or (ii) a chief executive of STB or its subsidiary
Diversification	:	Diversification of the business of our Group into property development and property investment
Documents	:	AP, NPA and RSF, collectively
EGM	:	Extraordinary General Meeting
Entitled Shareholders	:	Our shareholders whose names appear on the Record of Depositors on the Entitlement Date, who shall be entitled to participate in the Rights Issue with Warrants
Entitlement Date	:	5.00 p.m. on 29 August 2014, being the date and time on which our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue with Warrants

Eligible Employee(s)	:	An employee (including a Director) of our Group, who fulfils the condition of eligibility stipulated in the By-Laws
EPS	:	Earnings per share
ESOS or Scheme	:	Establishment of an employee share options scheme of up to thirty per cent (30%) of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) after the Rights Issue with Warrants for the Eligible Employees as set out in the By-Laws
ESOS Committee	:	A committee comprising of Non-Executive Director(s) and/or senior management (including Executive Directors) appointed from time to time by the Board to administer the ESOS
FPE	:	Financial period ended
FYE	:	Financial year ended/ending
Grantee(s)	:	An Eligible Employee who has accepted an Offer (or any part thereof) in the manner provided in the By-Laws
Herbert	:	Herbert Tucakovic, a major shareholder of our Company
ICULS	:	Irredeemable convertible unsecured loan stocks
Increase in Authorised Share Capital	:	Increase in the authorised share capital of our Company from RM100,000,000 comprising 1,000,000,000 STB Shares to RM500,000,000 comprising 5,000,000,000 STB Shares
Irrevocable Undertakings	:	The written irrevocable undertakings by Herbert, Dato' Dr. Pang and TLS dated 4 February 2014, all of whom are shareholders of our Company, as the case may be, that these shareholders will subscribe for: (i) their entire or partial entitlement of their Rights Shares together with the Warrants C; and/or (ii) to undertake the subscription for the requisite number of excess Rights Shares together with Warrants C not subscribed for by the other Entitled Shareholders and/or renouncee(s)/transferee(s); pursuant to the Rights Issue with Warrants to achieve the Minimum Subscription Level
Land	:	The parcel of freehold land held under Geran 14939, Lot 129, Pekan Klebang, Seksyen 1, District of Melaka Tengah, State of Melaka, measuring approximately 8,672 sq. m. (or equivalent to approximately 93,345 sq. ft.) in area
LAT	:	Loss after taxation
LBT	:	Loss before taxation
LPD	:	The latest practicable date prior to the despatch of this AP, being 11 August 2014
LPS	:	Loss per share

M&A	:	Memorandum and Articles of Association of STB
M&A Amendments	:	Amendments to the M&A of STB to facilitate the Diversification, Increase in Authorised Share Capital and the ESOS
Market Day(s)	:	Any day in which Bursa Securities is open for the trading of securities
Market Value	:	The indicative market value of the Land of RM7,700,000 as appraised by an independent registered valuer, R&C, appointed by our Company, vide its valuation report dated 10 March 2014
Maximum Scenario	:	The scenario that assumes all of the Outstanding ICULS and the Outstanding Warrants B are fully converted and exercised, respectively, into new STB Shares prior to Entitlement Date and all the Entitled Shareholders subscribe for their Rights Shares entitlements
MBMB	:	Majlis Bandaraya Melaka Bersejarah
MFRS 2	:	Malaysian Financial Reporting Standard 2, Share-Based Payment, issued by the Malaysian Accounting Standards Board
Minimum Scenario	:	The scenario that assumes none of the Outstanding ICULS and the Outstanding Warrants B are converted and exercised, respectively, into new STB Shares prior to the Entitlement Date and the Rights Issue with Warrants is undertaken on a Minimum Subscription Level basis pursuant to the Irrevocable Undertakings
Minimum Subscription Level	:	The scenario that assumes that the Rights Issue with Warrants will be undertaken on a minimum subscription level basis via the issuance of 90,000,000 Rights Shares together with 60,000,000 Warrants C
NA	:	Net assets
NPA	:	Notice of Provisional Allotment in relation to the Rights Issue with Warrants
Offer	:	A written offer to join the Scheme made by the ESOS Committee to an Eligible Employee in the manner provided in the By-Laws
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Option(s) or ESOS Option(s)	:	The right of a Grantee to subscribe for new STB Shares at a pre-determined exercise price pursuant to the contract constituted by acceptance by the Grantee in the manner provided in the By-Laws of an Offer made to such Grantee by the ESOS Committee pursuant to the By-Laws
Outstanding ICULS	:	RM2,147,121 nominal value of outstanding four percent (4%), five (5)-year, ICULS 2013/2018 at 100% of the nominal value of RM0.10 each in our Company as at the LPD constituted by the trust deed dated 14 January 2013, which are convertible into 21,471,210 STB Shares at the conversion price of RM0.10
Outstanding Warrants B	:	60,485,000 outstanding warrants B 2013/2018 in our Company as at the LPD constituted by the deed poll dated 14 January 2013

PAT	:	Profit after taxation
PBT	:	Profit before taxation
Project	:	The commercial development on the Land which comprises: (i) three (3)-storey shopping podium from level 1 to level 3 consists of 120 units of retail lots; (ii) two and a half (2 ½)-storey car park podium from level 4 to level 5; (iii) one (1)-storey facilities on level 6; and (iv) seventeen (17)-storey SOHO block consists of 352 units of SOHO, from level 7 to level 23 ½
Provisional Rights Shares with Warrants C	:	Rights Shares with Warrants C provisionally allotted to our Entitled Shareholders pursuant to the Rights Issue with Warrants
Purchase Consideration	:	Total cash consideration of RM7,700,000, being the purchase consideration of the Land pursuant to the Acquisition
R&C or Valuer	:	Rahim & Co. Chartered Surveyors (Malacca) Sdn Bhd (*191738-A*)
Record of Depositors	:	A record of security holders established and maintained by Bursa Depository
Rights Issue with Warrants	:	Renounceable rights issue of up to 644,891,820 Rights Shares together with up to 429,927,880 free detachable Warrants C at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants C for every two (2) existing STB Shares held on the Entitlement Date, based on the Minimum Subscription Level
Rights Shares	:	New STB Shares to be issued pursuant to the Rights Issue with Warrants
RM and sen	:	Ringgit Malaysia and sen, respectively
RSF	:	Rights Subscription Form in relation to the Rights Issue with Warrants
SC	:	Securities Commission Malaysia
SICDA	:	Securities Industry (Central Depositories) Act, 1991
SOHO	:	Home offices/service suites
SPA	:	The conditional Sale and Purchase Agreement dated 26 February 2014 entered between SPSB and TCSB in respect of the Acquisition
SPSB	:	Sanichi Property Sdn Bhd (*1068338-P*)
Sq. ft.	:	Square feet
Sq. m.	:	Square metre
STB or our Company	:	Sanichi Technology Berhad (*661826-K*)
STB Group or our Group	:	Our Company and our subsidiaries, collectively

DEFINITIONS ***(Cont'd)***

STB Shares	:	Ordinary shares of RM0.10 each in STB
TCSB	:	Top Creation Property Sdn Bhd *(948251-A)*
TERP	:	Theoretical ex-rights price of STB Shares
TLS	:	Tan Li Sin, a shareholder of our Company
USD	:	United States Dollar
VWAMP	:	Volume-weighted average market price
Warrants C	:	Warrants to be issued for free pursuant to the Rights Issue with Warrants, which shall constitute the same series of warrants under the Deed Poll for Warrants C and will be listed on the ACE Market of Bursa Securities

All references to "our Company" in this AP are made to STB. References to "our Group" or "the STB Group" are to our Company and our subsidiaries, collectively. References to "we", "us", "our" and "ourselves" are to our Company and save where the context otherwise requires, shall include our subsidiaries. All references to "you" in this AP are to our Entitled Shareholders.

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. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be a reference to Malaysian time, unless otherwise specified.

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

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CONTENTS

CONTENTS ***(Cont'd)***

APPENDICES

CONTENTS ***(Cont'd)***

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CORPORATE DIRECTORY

SANICHI TECHNOLOGY BERHAD
(Company No. 661826-K)
(Incorporated in Malaysia under the Companies Act, 1965)

BOARD OF DIRECTORS

Name	Address	Designation	Profession	Nationality
Tan Sri Dato' Sri Abdul Halil bin Abd Mutalif	No. 147, Jalan Seraya Kampung Melayu 68000 Ampang Selangor Darul Ehsan	Chairman/ Independent Non-Executive Director	Company Director	Malaysian
Dato' Dr. Pang Chow Huat	No. 44, Jalan Indah 2/3 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim	Managing Director	Company Director	Malaysian
Dato' Sri Ahmad Said bin Hamdan	No. 3, Jalan Pekaka 8/15F Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Executive Director	Company Director	Malaysian
Dato' Abd Halim bin Abd Hamid	No. 157, Jalan Titi Hj Idris Pekan Langgar 06500 Alor Setar Kedah Darul Aman	Independent Non-Executive Director	Company Director	Malaysian
Ong Tee Kein	No. 85, Medan Athinahapan Dua, Taman Tun Dr. Ismail 60000 Kuala Lumpur	Independent Non-Executive Director	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Sri Dato' Sri Abdul Halil bin Abd Mutalif	Chairman	Chairman/Independent Non-Executive Director
Dato' Abd Halim bin Abd Hamid	Member	Independent Non-Executive Director
Ong Tee Kein	Member	Independent Non-Executive Director

CORPORATE DIRECTORY ***(Cont'd)***

COMPANY SECRETARY	:	Foo Siew Loon *(MAICSA 7006874)* Level 33A, Menara 1MK Kompleks 1 Mont' Kiara No. 1, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel: 603 – 6201 8080 Fax: 603 – 6203 2788
REGISTERED OFFICE	:	Level 33A, Menara 1MK Kompleks 1 Mont' Kiara No. 1, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel: 603 – 6201 8080 Fax: 603 – 6203 7888
HEAD OFFICE	:	PLO 135, Jalan Cyber 5 Kawasan Perindustrian Senai Fasa 3 81400 Senai Johor Darul Takzim Tel: 607 – 598 8866 Fax: 607 – 598 2886 Website: www.sanichimould.com
AUDITORS	:	Baker Tilly Monteiro Heng *(AF 0117)* Chartered Accountants Level 10, Tower 1, Avenue 5 Bangsar South City 56200 Kuala Lumpur Tel: 603 – 2297 1000 Fax: 603 – 2282 9980
REPORTING ACCOUNTANTS	:	Hasnan THL Wong & Partners *(AF 0942)* Chartered Accountants 10, Lorong Universiti B Section 16 46200 Petaling Jaya Selangor Darul Ehsan Tel: 603 – 7956 5333 Fax: 603 – 7958 6833
DUE DILIGENCE SOLICITORS	:	Lee Choon Wan & Co. Advocates & Solicitors No. 12, Lorong Dungun Damansara Heights 50490 Kuala Lumpur Tel: 603 – 2093 0078 Tel: 603 – 2094 1750
PRINCIPAL BANKER	:	United Overseas Bank (Malaysia) Bhd *(271809-K)* Wisma Bumi Raya 10, Jalan Raja Laut 50350 Kuala Lumpur Tel: 603 – 2783 2153 Fax: 603 – 2693 8112

CORPORATE DIRECTORY *(Cont'd)*

SHARE REGISTRAR	:	ShareWorks Sdn Bhd (*229948-U*) No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel: 603 – 6201 1120 Fax: 603 – 6201 3121
ADVISER	:	Public Investment Bank Berhad (*20027-W*) 25th Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur Tel: 603 – 2166 9382 Fax: 603 – 2166 9386
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	ACE Market of Bursa Securities

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Company No. 661826-K

S.T.B

SANICHI TECHNOLOGY BERHAD
(Company No. 661826-K)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 33A, Menara 1MK
Kompleks 1 Mont' Kiara
No. 1, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

29 August 2014

Board of Directors:

Tan Sri Dato' Sri Abdul Halil bin Abd Mutalif *(Chairman/Independent Non-Executive Director)*
Dato' Dr. Pang Chow Huat *(Managing Director)*
Dato' Sri Ahmad Said bin Hamdan *(Executive Director)*
Dato' Abd Halim bin Abd Hamid *(Independent Non-Executive Director)*
Ong Tee Kein *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 644,891,820 RIGHTS SHARES TOGETHER WITH UP TO 429,927,880 WARRANTS C AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS C FOR EVERY TWO (2) EXISTING STB SHARES HELD AT 5.00 P.M. ON 29 AUGUST 2014, BASED ON THE MINIMUM SUBSCRIPTION LEVEL

1. INTRODUCTION

Our Board is pleased to inform you that our shareholders had approved, amongst others, the Rights Issue with Warrants at our Company's EGM held on 25 June 2014.

At the same EGM, our shareholders had also approved the Diversification, the ESOS, the Increase in Authorised Share Capital and the M&A Amendments.

A certified true extract of the resolution pertaining to the Rights Issue with Warrants passed at the said EGM is attached in **Appendix I** of this AP.

On 26 May 2014, PIVB, had on our behalf, announced that Bursa Securities had vide its letter dated 23 May 2014, granted its approval for, amongst others, the admission of the Warrants C to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants C and the new STB Shares to be issued arising from the full exercise of the Warrants C on the ACE Market of Bursa Securities.

The approval granted by Bursa Securities is subject to, amongst others, the following conditions:

Conditions imposed		Status of compliance
(a)	STB and PIVB must fully comply with the relevant provisions under the ACE LR pertaining to the implementation of the Rights Issue with Warrants.	Noted
(b)	STB and PIVB to inform Bursa Securities upon the completion of the Rights Issue with Warrants.	To be met
(c)	STB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed.	To be met
(d)	STB is required to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed pursuant to the exercise of the Warrants C as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

The official listing of and quotation for the Rights Shares, the Warrants C and the new STB Shares to be issued arising from the full exercise of the Warrants C will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

On 15 August 2014, PIVB, had on our behalf, announced that the Entitlement Date, which our shareholders must be registered on the Record of Depositors in order to participate in the Rights Issue with Warrants, has been fixed at 5.00 p.m. on 29 August 2014.

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

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Introduction

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities and our shareholders at the EGM on 25 June 2014 and subject to the terms of the Documents, our Company will provisionally allot up to 644,891,820 Rights Shares together with up to 429,927,880 Warrants C at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants C for every two (2) existing STB Shares held on the Entitlement Date based on the Minimum Subscription Level.

The Rights Issue with Warrants will be undertaken on the Minimum Subscription Level which was determined by our Board after taking into consideration, amongst others, the minimum level of funds that our Company wishes to raise from the Rights Issue with Warrants which will be channeled towards the proposed utilisation of proceeds for the funding requirements of the Acquisition, the immediate working capital requirements of our Group and the amount of funds to defray estimated expenses relating to the Corporate Exercises.

As an Entitled Shareholder, you will find enclosed with this AP:

(i) the NPA in respect of the number of Rights Shares with Warrants C provisionally allotted to you, for which you are entitled to subscribe under the terms of the Rights Issue with Warrants; and

(ii) the RSF which is to be used for the acceptance of the Rights Shares with Warrants C provisionally allotted to you and for the application of any Rights Shares with Warrants C pursuant to the excess Rights Shares with Warrants C application, should you wish to do so.

You can fully or partially subscribe and/or renounce your entitlements for the Rights Shares with Warrants C provisionally allotted to you. However, the Rights Shares and the Warrants C cannot be renounced separately. Should you renounce all of your Rights Shares entitlements under the Rights Issue with Warrants, you shall not be entitled to any of the Warrants C, and if you accept only part of your Rights Shares entitlements under the Rights Issue with Warrants, you shall be entitled to the Warrants C in the proportion of your acceptance of the Rights Shares entitlements.

In addition to taking up your respective entitlements under the Rights Issue with Warrants, you may also apply for the excess Rights Shares with Warrants C under the excess Rights Shares with Warrants C application. It is the intention of our Board to allot the excess Rights Shares with Warrants C, if any, in a fair and equitable manner as further set out in Section 11.3 of this AP.

The Rights Shares with Warrants C which are renounced, not validly taken up or are not allotted for any reason whatsoever, will first be made available for the excess Rights Shares with Warrants C application by our Entitled Shareholders and thereafter, to the renouncee(s)/transferee(s).

Any fractional entitlement under the Rights Issue with Warrants shall be disregarded and will be dealt with by our Board as it may deem fit and expedient in the best interest of our Company.

Any dealing in our Company's securities will be subject to, amongst others, the provision of the SICDA, the Rules of Bursa Depository and any other relevant legislation. The Rights Shares with Warrants C will be credited directly into the respective CDS accounts of our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have successfully subscribe for such Rights Shares with Warrants C. No physical share and warrant certificates will be issued.

The Rights Shares and Warrants C to be issued pursuant to the Rights Issue with Warrants will be listed and quoted on the ACE Market of Bursa Securities within two (2) Market Days upon the receipt of the application for quotation of the Rights Shares and the Warrants C by Bursa Securities as specified under the ACE LR.

The Warrants C will be detached from the Rights Shares immediately upon issuance and traded separately on the ACE Market of Bursa Securities. The Warrants C will be issued together with the Rights Shares to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have successfully subscribed for such Rights Shares at no cost. Successful applicants who subscribe for three (3) Rights Shares will be entitled to two (2) Warrants C. The Warrants C are exercisable into new STB Shares at an exercise price of RM0.10 per Warrants C for one (1) new STB Share.

Our Company shall despatch notices of allotment to the successful applicants within eight (8) Market Days from the last date for acceptance and payment for the Rights Shares with Warrants C or such other period as may be prescribed by Bursa Securities.

2.2 Basis of determining the issue price of the Rights Shares and the exercise price of the Warrants C

The issue price of RM0.10 per Rights Share and the exercise price of RM0.10 per Warrant C for one (1) new STB Share were arrived at after taking into consideration, amongst others, the following:

(i) the minimum issue price allowable under the Act, which is not less than the par value of the STB Shares of RM0.10 each;

(ii) the five (5)-day VWAMP of RM0.0824 per STB Share up to and including 25 February 2014, being the latest practicable date prior to the announcement of the Corporate Exercises; and

(iii) the funding requirements for the Acquisition, the Project, repayment of bank borrowings, working capital and estimated expenses relating to the Corporate Exercises as detailed in Section 5 of this AP.

For illustrative purposes, the issue price of RM0.10 per Rights Share and the exercise price of RM0.10 per Warrant C represent:

(i) a premium of approximately RM0.0070 or 7.53% over the TERP of RM0.0930 per STB Share, computed based on the five (5)-day VWAMP of RM0.0824 per STB Share up to and including 25 February 2014, being the last practicable date prior to the announcement of the Corporate Exercises; and

(ii) a premium of approximately RM0.0064 or 6.84% over the TERP of RM0.0936 per STB Share, computed based on the five (5)-day VWAMP of RM0.084 per STB Share up to and including the LPD.

For the avoidance of doubt, the Warrants C will be issued at no cost to the Entitled Shareholders and/or their renouncees/transferees who have successfully subscribed for the Rights Shares pursuant to the Rights Issue with Warrants. The Warrants C may be exercised by the holders at their own discretion. The free Warrants C will provide our Entitled Shareholders and/or their renouncee(s)/transferee(s) with added incentive to subscribe for the Rights Shares by enabling them to have a greater participation in the equity of our Company.

2.3 Ranking of the Rights Shares and the new STB Shares to be issued arising from the full exercise of the Warrants C

The Rights Shares and the new STB Shares to be issued arising from the full exercise of the Warrants C shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing STB Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the Rights Shares and the new STB Shares to be issued arising from the full exercise of the Warrants C.

2.4 Principal terms of the Warrants C

The subscribers of the Rights Shares will be entitled to the Warrants C on the basis of two (2) Warrant C for every three (3) Rights Shares subscribed for under the Rights Issue with Warrants.

The principal terms of the Warrants C are set out below:

Issuer	:	STB
Number of Warrants C	:	Up to 429,927,880 Warrants C to be issued pursuant to the Rights Issue with Warrants.
Form and denomination	:	The Warrants C will be issued for free in registered form and constituted by the Deed Poll for Warrants C. The Warrants C which are to be issued with the Rights Shares are immediately detachable from the Rights Shares upon allotment and issuance. The Warrants C will be issued in registered form and traded separately on Bursa Securities.
Issue Date	:	The date of issue of the Warrants C.

Issue Price	:	The Warrants C are to be issued for free to the Entitled Shareholders and/or renouncee(s)/transferee(s) who subscribe to the Rights Shares.
Exercise Rights	:	Each Warrant C entitles the registered holder to subscribe for one (1) new STB Share at the Exercise Price at any time during the Exercise Period.
Exercise Price	:	The exercise price of the Warrants C is RM0.10 per Warrant C for one (1) new STB Share. The exercise price and/or the number of Warrants C in issue during the Exercise Period shall however be subject to adjustments under certain circumstances in accordance with the terms and provisions of the Deed Poll for Warrants C.
Exercise Period	:	The Warrants C may be exercised at any time during the tenure of the Warrants C of five (5) years including and commencing from the Issue Date and ending at 5.00 p.m. on a date which falls on the day before the 5th anniversary of the Issue Date, provided that if such day falls on a day which is not a market day, then on the preceding market day. The Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Mode of exercise	:	The holders of Warrants C shall pay cash by way of banker's draft or cashier's order drawn on a bank in Malaysia for the aggregate Exercise Price payable when exercising the Warrants C and subscribing for new STB Shares.
Adjustment in the Exercise Price and/or the number of Warrants C in the event of alteration to the share capital	:	Subject to the provisions of the Deed Poll for Warrants C, the Exercise Price and/or the number of Warrants C held by each holder of Warrants C shall be adjusted by the Board in consultation with an approved adviser appointed by the Company for the purposes of the Deed Poll for Warrants C and certified by the auditors in the event of alteration to the share capital of the Company, in accordance with the provisions as set out in the Deed Poll for Warrants C.
Modification of rights of the Warrants C holders	:	Save as otherwise provided in the Deed Poll for Warrants C, a special resolution of the Warrants C holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrants C holders.
Rights in the event of winding up, liquidation or an event of default		Where a resolution has been passed by the Company for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies: (a) for the purpose of such a winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of Warrants C or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of Warrants C; and

Rights in the event of winding up, liquidation or an event of default *(cont'd)*	:	(b) in any other cases, every Warrant C holder shall be entitled at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or within six (6) weeks after the granting of the court order approving the winding-up, compromise or arrangement, elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by his Warrants C and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new STB Shares to which he would have become entitled pursuant to such exercise. Upon the expiry of the above six (6) weeks, all Exercise Rights of the Warrants C shall lapse and cease to be valid for any purpose.
Board lot	:	The Warrants C are tradable upon listing in board lots of one hundred (100) units, carrying the right to subscribe for one hundred (100) new STB Shares or such other number of units as may be prescribed by Bursa Securities.
Rights of the Warrants C holders	:	The holders of the Warrants C are not entitled to any voting rights in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company until and unless such holders of Warrants C are issued with new STB Shares arising from their exercise of the Warrants C.
Status of the new STB Shares to be issued arising from the full exercise of the Warrants C	:	The new STB Shares to be issued arising from the full exercise of the Warrants C shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing STB Shares, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the date of allotment of the new STB Shares to be issued arising from the full exercise of the Warrants C.
Modification	:	Any modification to the terms and conditions of the Deed Poll for Warrants C may be effected only by a further deed poll, executed by STB and expressed to be supplemental hereto. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). STB in consultation with an approved adviser, appointed by the Company for the purposes of the Deed Poll for Warrants C, may from time to time without the consent or sanction of the Warrants C holders make any modification (except to provisions for convening meetings of the Warrants C holders) to the Deed Poll for Warrants C which will not be materially prejudicial to the interest of the Warrants C holders or is to correct a manifest error or to comply with mandatory provisions of the laws of Malaysia.

Listing	:	Bursa Securities had on 23 May 2014 granted its approval for the admission of the Warrants C to the Official List of ACE Market of Bursa Securities and the listing of and quotation for the Warrants C and the new STB Shares to be issued arising from the full exercise of the Warrants C on the ACE Market of Bursa Securities.
Transferability	:	The Warrants C shall be transferable in the manner provided under the SICDA and the Rules of Bursa Depository.
Deed Poll	:	The Warrants C will be constituted by the Deed Poll for Warrants C.
Governing Law	:	The laws of Malaysia.

3. OTHER CORPORATE EXERCISES

Save for the Corporate Exercises, there is no other corporate exercise that has been approved by the relevant regulatory authorities but not yet implemented as at the LPD.

4. SHAREHOLDER'S IRREVOCABLE UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

In order to achieve the Minimum Subscription Level to raise minimum gross proceeds of RM90,000,000, our Board has procured the written Irrevocable Undertakings from several shareholders of STB, namely:

(i) Herbert, to subscribe partial of his rights entitlement up to 30,000,000 Rights Shares together with 20,000,000 Warrants C pursuant to his undertaking under the Minimum Subscription Level;

(ii) Dato' Dr. Pang, to subscribe for up to 30,000,000 Rights Shares together with up to 20,000,000 Warrants C, which consist of:

(a) 5,393,121 Rights Shares together with 3,595,414 Warrants C based on his rights entitlement of the Rights Shares with Warrants C; and

(b) up to 24,606,879 excess Rights Shares together with up to 16,404,586 excess Warrants C, in the event that the other Entitled Shareholders and /or renouncee(s)/transferee(s) do not subscribe for their respective rights entitlements of Rights Shares with Warrants C and/or excess Rights Shares with Warrants C.

(iii) TLS, to subscribe for up to 30,000,000 Rights Shares together with up to 20,000,000 Warrants C, which consist of:

(a) 750,000 Rights Shares together with 500,000 Warrants C based on his rights entitlement of the Rights Shares with Warrants C; and

(b) up to 29,250,000 excess Rights Shares together with up to 19,500,000 excess Warrants C, in the event that the other Entitled Shareholders and /or renouncee(s)/transferee(s) do not subscribe for their respective rights entitlements of Rights Shares with Warrants C and/or excess Rights Shares with Warrants C.

For illustrative purposes, the shareholdings and rights entitlements of Herbert, Dato' Dr. Pang and TLS as at the LPD based on the Minimum Subscription Level are set out in the table below:

Shareholders of STB	STB Shares held directly as at the LPD		Rights Shares entitlement		Irrevocable Undertakings	
	No. of STB Shares '000	%(1)	No. of STB Shares '000	%(2)	No. of STB Shares '000	%(2)
Herbert	60,000	17.24	90,000	100.00	30,000	33.33
Dato' Dr. Pang	3,595	1.03	5,393	5.99	30,000	33.33
TLS	500	0.14	750	0.83	30,000	33.33

Notes:

(1) *Based on the issued and paid-up share capital of 347,971,670 STB Shares as at the LPD.*

(2) *Based on the Minimum Subscription Level of 90,000,000 Rights Shares together with 60,000,000 Warrants C pursuant to the Irrevocable Undertakings.*

Arising from their obligations pursuant to the Irrevocable Undertakings, Herbert, Dato' Dr. Pang and TLS have confirmed that they have sufficient financial resources to subscribe for the Rights Shares pursuant to their Irrevocable Undertakings. In addition, PIVB has verified that Herbert, Dato' Dr. Pang and TLS have the financial resources to fulfil their commitments pursuant to the undertakings.

As the Rights Issue with Warrants will be undertaken on a Minimum Subscription Level basis, there will not be any underwriting arrangement required for the Rights Issue with Warrants.

The Rights Issue with Warrants which is implemented under the Minimum Subscription Level will not trigger any take–over implications pursuant to Part III of the Malaysian Code on Take-Over and Merger, 2010.

5. UTILISATION OF PROCEEDS

For illustrative purposes, based on the issue price of RM0.10 per Rights Share, the Rights Issue with Warrants is expected to raise minimum gross proceeds of RM9.00 million (assuming under the Minimum Scenario) and up to a maximum of approximately RM64.49 million (assuming under Maximum Scenario), excluding proceeds from any exercise of the Warrants C in the future, if any.

The proceeds are expected to be utilised by our Group in the following manner:

	Minimum Scenario RM	Maximum Scenario RM	Expected timeframe for utilisation of proceeds from date of receipt
Funding for the Acquisition(1)	7,007,000	7,007,000	Within six (6) months
Repayment of bank borrowings(2)	-	13,000,000	Within six (6) months
Funding for the Project (3)	-	22,500,000	Within thirty-six (36) months
Acquisition of new business(4)	-	12,293,432	Within twenty-four (24) months
Working capital(5)	993,000	8,688,750	Within eighteen (18) months
Estimated expenses for the Corporate Exercises(6)	1,000,000	1,000,000	Within three (3) months
Total	**9,000,000**	**64,489,182**	

Notes:

(1) *The proceeds of approximately RM7.01 million will be utilised for the partial settlement of the Purchase Consideration of the Land pursuant to the Acquisition. Please see below for the details of the Acquisition.*

(2) *Under the Maximum Scenario, the proceeds of approximately RM13.00 million will be utilised for the repayment of our Group's bank borrowings. The estimated annual interest savings arising from the repayment of our Group's bank borrowings, based on the average interest rate of approximately 6.84% per annum, is approximately RM0.89 million per annum. As at the LPD, the total outstanding borrowings of our Group (excluding bank overdraft) are approximately RM13.40 million.*

In the event that the Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis, the bank borrowings will be repaid in accordance to the respective repayment terms and to be funded via the internally generated cashflows from the existing and future operations of our Group.

(3) *The breakdown of the proposed utilisation for the funding of the Project is shown below:*

	Maximum Scenario Estimated amount RM
Building cost	*17,300,000*
Marketing expenses	*1,250,000*
External infrastructure and landscaping	*1,575,000*
Administration and management expenses	*1,250,000*
Professional fees	*1,125,000*
Total	***22,500,000***

In the event that the Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis, our Group will fund the Project through other means, including but not limited to internally generated funds, bank borrowings and/or progressive sale billings from the Project. The actual proportion of the sources of funds will depend on amongst others, the take-up rate of the Project.

Any shortfall between the actual proceeds raised pursuant to the Rights Issue with Warrants and the expected proceeds as shown in the Maximum Scenario will be financed via bank borrowings at the discretion of the management of our Company.

Please see below for the information of the Land and the Project.

(4) *The proceeds of up to approximately RM12.29 million to be raised is based on the assumption that the Outstanding ICULS and Outstanding Warrants B are fully converted and exercised prior to the Rights Issue with Warrants. It may not likely that the Outstanding ICULS and Outstanding Warrants B will be fully converted and exercised prior to the Rights Issue with Warrants, therefore there is no certainty that the amount of RM12.29 million will be raised via the Rights Issue with Warrants.*

As at the LPD, the Board has yet to identify any suitable and viable investment opportunities. Announcements will be made when such investments have been identified and agreements signed by the Board. If the nature of the transaction requires shareholders' approval pursuant to Chapter 10 of the ACE LR, our Board will seek the necessary approval from the shareholders. Pending the identification of suitable investment opportunities, our Board intends to place such proceeds to be received pursuant to the Rights Issue with Warrants in interest-bearing fixed deposit accounts with licensed financial institution(s) or in short-term money market instruments. In the event that our Group fails to identify any suitable acquisition opportunities within twenty four (24) months from the date of completion of the Rights Issue with Warrants, the proceeds will be utilised for our Group's general working capital requirements, the details of which has yet to be determined by our Board at this juncture.

Our Board will give priority to new businesses or assets which are in the same or complementary to our Group's existing business. Nevertheless, new businesses or assets not in the same or complementary business may be considered on their own investment merits.

In the event that the Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis, the Group will fund its future acquisition of new businesses or assets (if any) through other means, including but not limited to bank borrowings or internally generated funds.

(5) *The working capital requirements include but are not limited to the funding of our Group's day-to-day operations such as purchase of raw materials, statutory related expenses, utilities and other operating/administrative expenses (i.e. employee remuneration and marketing expenses).*

(6) *The estimated expenses for the Corporate Exercises of approximately RM1.00 million include the following:*

	Minimum Scenario and Maximum Scenario Estimated amount RM
Estimated professional fees	*650,000*
Fees payable to the relevant authorities	*100,000*
Miscellaneous expenses, which includes the printing, advertising and estimated costs for the forthcoming EGM	*250,000*
Total	***1,000,000***

Any surplus or shortfall of funds for the payment of expenses for the Corporate Exercises will be adjusted accordingly from or to the working capital, as the case may be.

The actual proceeds to be raised from the Rights Issue with Warrants are dependent on the subscription level of the Rights Issue with Warrants. Any variation in the actual proceeds raised will be adjusted to or from the amount allocated for the working capital purposes of our Group.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The proceeds to be raised from the exercise of the Warrants C are dependent on the total number of Warrants C exercised during the tenure of the Warrants C. Our Company will commence utilising the proceeds to be raised from the exercise of the Warrants C for working capital purposes of our Group at the appropriate time, depending on *inter-alia,* the cash flow position as well as the funding requirements of our Group. The expected timeframe for full utilisation cannot be determined yet by our Board at this juncture.

5.1 Details of the Acquisition

Our Company had, on 26 February 2014, announced that SPSB had, on even day, entered into the SPA with TCSB to acquire a parcel of freehold land held under Geran 14939, Lot 129, Pekan Klebang, Seksyen 1, District of Melaka Tengah, State of Melaka, measuring approximately 8,672 sq. m. (or equivalent to approximately 93,345 sq. ft.) for a cash consideration of RM7,700,000.

The Acquisition is in line with the intention of our Company to diversify its business into property development. The Acquisition represents an opportunity for the STB Group to increase its earnings base given the strategic location of the Land and the immediate vicinity of the Land is mainly developed with commercial properties comprising of double storey to four (4)-storey shophouses, hotels, condominium, double storey terrace houses, double storey semi detached and detached houses and vacant commercial land. Hence, our Board is of the opinion that the Acquisition will augur well with our Company's long-term strategy of diversifying its earnings base and to deliver greater value to our shareholders.

5.2 Information of the Land and the Project

TCSB is the registered proprietor of the Land and the approval granted for the layout plan and building plans of the Project is based on the following;

(i) three (3)-storey shopping podium from level 1 to level 3 consists of 120 units of retail lots;

(ii) two and a half (2 ½)-storey car park podium from level 4 to level 5;

(iii) one (1)-storey facilities on level 6; and

(iv) seventeen (17)-storey SOHO block consists of 352 units of SOHO, from level 7 to level 23 ½;

The Project is located along the southern side of Jalan Klebang Besar and lies about eight (8) kilometres by road to the north-west of Melaka city centre and three (3) kilometres to the east of Tanjung Kling town. The Project is located within a proposed 170-acre Eco Marine Mixed Development, a mixed residential and commercial development comprises hotel, convention and exhibition centre, floating villas, office blocks, service apartments, club house with club villas and cruise terminal. The Project is accessible from Melaka city centre via Jalan Tengkera, Jalan Limbongan, Jalan Klebang and Jalan Klebang Besar all being well maintained metalled road.

The original approval on the layout plan and the building plans of the proposed development on the Land was obtained by Empire Worldwide Sdn Bhd ("**EWSB**") from MBMB on 3 December 2007 and 7 January 2008, respectively and the proposed development commenced on December 2007 by EWSB. Subsequently, EWSB had amended the layout plan and building plans (which are the current layout plan and building plans of the Project) which were approved by MBMB on 2 September 2009 ("**Planning Approval**") and 2 October 2009 ("**Building Plans Approval**"), respectively. The Building Plans Approval had lapsed on 1 October 2010 but has been extended on 19 April 2011 by EWSB for a period of one (1) year up to 18 April 2012.

On 20 July 2011, TCSB had acquired the Land together with the Planning Approval and Building Plans Approval from EWSB and the Building Plans Approval had been further extended on 8 May 2013 by TCSB for a period of one (1) year up to 7 May 2014. On 9 May 2014, TCSB had obtained the extension of the Building Plans Approval from MBMB for another one (1) year up to 8 May 2015.

The construction works of the Project have been halted since 2010 up to-date due to the slowdown in the property market at the point of time. As detailed in the Property Market Report, First (1st) Half 2010, released by the Valuation and Property Services Department, Ministry of Finance Malaysia, the overall take-up rate for the primary market of new residential units launched in Melaka was low at 7.7% against 20.8% recorded in first (1st) half of 2009 and 20.2% in second (2nd) half of 2009. As at the LPD, the Project is about 7% completed at which the bored piling and pilecap works were completed. The construction works of the Project is expected to be resumed by fourth (4th) quarter of 2014 after the completion of the Acquisition and is expected to be fully completed with Certificate of Completion and Compliance by fourth (4th) quarter of 2017. The Project is expected to be launched upon the completion of the Acquisition, which is expected to be completed by the fourth (4th) quarter of 2014. As at the LPD, all the saleable units within the Project have not been launched and all the saleable units remained unsold.

Upon the completion of the Acquisition, SPSB intends to carry on the Project with the existing Planning Approval and Building Plans Approval, and may make some necessary changes to the layout plan and building plans to enhance the value of the Project, the details of which has yet to be determined by our Board at this juncture. SPSB will make an application to MBMB for the transfer of the Planning Approval and Building Plans Approval to SPSB and the proposed changes to the layout plan and building plans, if any.

The details of the Land and the Project are summarised below:

Title No./Lot No./Postal address	:	Geran 14939, Lot 129, Pekan Klebang, Seksyen 1, District of Melaka Tengah, State of Melaka
Tenure	:	Freehold
Land area	:	8,672 sq. m. (or equivalent to approximately 93,345 sq. ft.)
Category of land use	:	Not stated*
Description	:	A commercial development comprises three (3)-storey shopping podium consists of 120 units of retail lots, two and a half (2 ½)-storey car park podium, one (1)-storey facilities and seventeen (17)-storey SOHO block consists of 352 units of SOHO
Existing usage	:	Not applicable as the construction and development of the Project has yet to be completed as at this juncture
Proposed usage	:	For sale to the public
Total estimated gross development cost	:	Approximately RM110.97 million
Total estimated gross development value	:	Approximately RM137.07 million
Sources of funds for development	:	Internally generated funds and proceeds raised from the Rights Issue with Warrants under the Maximum Scenario In the event that the Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis, our Group will fund the Project through other means, including but not limited to internally generated funds, bank borrowings and/or progressive sale billings from the Project. The actual proportion of the sources of funds will depend on, amongst others, the take-up rate of the Project and the subscription level of the Rights Issue with Warrants.
Stage of completion	:	The construction works of the Project have been halted and is about 7% completed at which the bored piling and pilecap works were completed.
Approvals obtained for development	:	On 9 May 2014, TCSB had obtained the extension of the Building Plans Approval from MBMB for another one (1) year up to 8 May 2015.
Express condition	:	Nil
Latest audited net book value	:	The information is not available as our Board is not privy to such information.
Market Value	:	RM7,700,000 using the comparison method of valuation appraised by R&C via its valuation report dated 10 March 2014
Encumbrances	:	Nil
Restriction-in-interest	:	Not stated

Note:

* *As set out in the valuation report dated 10 March 2014, the Land is not designated for any category of land use as expressly stipulated in the title document.*

For a title document where no category of land use is stated, by virtue of Section 53 of National Land Code (Act 56 of 1965), unless the land is subject to an express condition requiring its use for a particular purpose, all country land or town/village land held under Registry Title will be subjected to an implied condition that it shall not be used either for agriculture or industrial purposes and is deemed as building land.

As per the title deed, the Land is a village land held under Registry Title and therefore it is classified as a building land. As such, our Company has no intention to change the status of the Land at this moment.

5.3 Market Value and the Purchase Consideration of the Land

A summary of the Market Value of the Land derived by R&C is as follows:

Date of valuation report	10 March 2014
Date of valuation	17 January 2014
Market value based on the:	
(i) comparison method of valuation; and	RM7,700,000
(ii) residual method of valuation	RM7,740,000

Market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

As the construction works on the Land has been halted, R&C has adopted the comparison method of valuation as the main consideration and the residual method of valuation as secondary cross check. The salient information of the valuation report is detailed in the valuation certificate prepared by R&C dated 10 March 2014 as set out in **Appendix VII** of this AP.

The Purchase Consideration will be satisfied entirely in cash and will be financed in the following manner:

	RM	Percentage %	Source of funding
Deposit	693,000	9.00	Internally generated funds[(1)]
Balance of the Purchase Consideration	7,007,000	91.00	Rights Issue with Warrants
Total	**7,700,000**	**100.00**	

Note:

(1) Comprising our Group's existing cash and bank balances.

6. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The rationale and justification for the Rights Issue with Warrants are as follows:

(i) to raise funds via equity capital to partially finance the Acquisition and the Project which is a more cost efficient alternative as compared to incurring additional bank borrowings;

(ii) to enable our Group to raise funds as part settlement of the debts owing to the financial institutions whereby our Company can optimise its capital structure and provide savings on the interest cost;

(iii) to strengthen its eventual capital base upon issuance of the Rights Shares and the exercise of the Warrants C (if any);

(iv) to provide the shareholders of our Company with an opportunity to further increase their equity participation in our Company via the issuance of the Rights Shares without diluting the existing shareholders' shareholdings percentage, assuming that all the Entitled Shareholders and/or renouncees fully subscribe for their respective entitlements under the Rights Issue with Warrants and ultimately, participate in the prospects and future growth of our STB Group; and

(v) the Warrants C are intended to provide an attractive option to the shareholders of our Company to subscribe for the Rights Shares as well as another option to further participate in the equity of our Company upon exercising the Warrants C. In addition, proceeds arising from the exercise of the Warrants C in the future, if any, will provide an additional source of funds to be used for future working capital and business expansion of our Group.

7. RISK FACTORS

In addition to the other information contained herein, you should carefully consider the following risk factors (which may not be exhaustive) before making your decision on whether to subscribe for your entitlements to the Rights Shares with Warrants C.

7.1 Risks relating to the operations and business of our Group

7.1.1 Business risks

Our Company is principally involved in the investment holding and provision of management services. The principal activities of our subsidiaries are design and fabrication of precision moulds and tooling for the plastic injection manufacturing industry.

The business operations of our Group are subject to certain risks inherent in the manufacturing industry including, but are not limited to, injection moulding, automotive and electrical and electronics (**"E&E"**) industries. These include, amongst others, availability and fluctuations in cost of raw materials, rising cost of overheads, availability of skilled labour, changes in general economic, political, monetary and business conditions, changes in technology and changes in the legal, taxation and environmental framework within which the industry operates.

Although we seek to limit these risks through, *inter-alia*, practicing prudent management policies, stay abreast with the development, trends and directions of the industry, technology and our customers' future plans, maintaining long-term relationship with our suppliers and customers, reducing reliance by purchasing from a few suppliers and supplying to a mix of customers, and continuous review of our processes and operations to improve efficiency and quality. However, there is no assurance that any changes to the said risk factors will not have a material adverse effect on our Group's businesses and financial performance.

7.1.2 Competition

Our Group operates in a highly competitive environment in the E&E and automotive industries due to rapid changes in technology, product design and increasing demands from customers for technological innovations in advanced products such as plasma audiovisual, entertainment and mobile telecommunication devices as well as automotive design, engineering and manufacturing of additional technical features. Rapid changes in technology and customer preferences coupled with the challenges to achieve targeted levels of prices and maintain product quality have created a tough operating environment for our ability to increase our market share in view of inherent risks associated with the precision moulds and tooling industry.

Our future success will depend significantly upon, amongst others, our ability to respond to changing market demands, knowing the needs of our customers, be innovative and response to the changing dynamics of the market place. Our Group believes that with our research and development capabilities, facilities and skilled workforce as well as close relationships with our customers mainly multinational companies will enable us to remain competitive and stay ahead of our competitors.

However, despite the measures taken by our Group, there is no assurance that our Group will be able to maintain or increase our market share in the future amongst competition from existing players and/or potential new entrants to the industry.

7.1.3 Dependence on key personnel

Our Group believes that our continued success will depend, to a large extent, upon the abilities and continued efforts of our existing Directors and senior management, who are crucial in managing our Group, sourcing for potential business opportunities to increase market share and identifying and training key personnel for business continuity planning. The loss of any of our Group's Directors or key members of the senior management team could affect our Group's financial and operational performance.

Our Board recognises the importance of our Group's ability to attract and retain professionally trained senior management and experienced skilled personnel. Thus, we have in place an appropriate human resource strategy and succession plan that includes competitive and performance-based remuneration packages, training and personnel development programmes, conducive working environment and opportunity for career growth.

However, there is no assurance that these measures will always be successful or relevant in retaining key personnel or ensuring a smooth transition should changes occur without materially impacting our Group's operations and financial performance.

7.1.4 Insurance coverage

Our Group's manufacturing facilities located in Bangkok, Thailand and Senai, Johor are subject to risks that it may be damaged or destroyed due to natural or unnatural causes which when occurred will have an adverse impact on our Group in addition to affecting our reputation.

Our management seeks to mitigate such risks by ensuring that adequate and appropriate insurance coverage are undertaken with reputable insurers to cover perils such as fire, business interruptions and consequential loss resulting from disruption to production such as fire and third party liability.

Our management will seek the assistance of casualty risks professionals to identify, evaluate and institute appropriate control measures to minimise the impact on the occurrence of certain perils and to insure the risks such that the amount of cover is adequate.

Notwithstanding the above, there is no assurance that all the perils have been identified and the appropriate type of insurance cover is made or if made, the sum insured is adequate to cover the perils and should an unlikely event occurs, the financial performance and operations of our Group will be adversely affected.

7.1.5 Credit risks

Our Group's exposure to credit risks arises mainly from sales made on credit terms to our customers. For other financial assets, our Group minimises credit risks by dealing with counterparties of high credit rating, reputation and track record. Our Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit exposure. It is our Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and our management will monitor the outstanding receivables on an on-going basis to ensure that collections are timely. Our management will not accept a new order from a customer with significant outstanding balance due where collection is challenging.

In addition, our management ensures that the products are made in accordance with the specifications approved by our customers supported by purchase orders to avert dispute and our production personnel are made aware of the specifications and tailor the production process to achieve the desired output specified by our customers. Documentation for the delivery of finished products are secured and properly recorded.

Notwithstanding that, there is no assurance that despite measures undertaken by our management, the risk of non-payment by our customers would still exist and should any receivables become non-recoverable, it would have an adverse impact on our financial performance.

7.1.6 Foreign exchange fluctuation risk

Our export sales are mainly denominated in USD, whilst our purchases are mainly denominated in RM. In addition, our operations in Thailand use Thai Baht for its sales locally and defraying operating expenses. Hence, our Group is exposed to fluctuation of foreign exchange rates whereby the:

(i) trade receivables denominated in USD will need to be exchanged for RM which could result in either a gain or loss on exchange when there is a difference between the exchange rate used to book the sales transaction and when payment is received from our customers in USD exchanged for RM; and

(ii) operations in Thailand are mainly transacted and recorded in Thai Baht, as the functional currency has to be translated in RM, being the presentation currency, on consolidation of these operations for our Group accounts purposes.

Any adverse movement of exchange rates will have an impact on the financial performance and the reserves position of our Group. Our management strives to mitigate such exchange rate movement by, amongst others, closely monitoring the movement of exchange rates. Despite such measure, there is no assurance that any adverse movement in the exchange rate will not have an impact on the financial performance and reserves of our Group.

7.1.7 Licensing risks

Our Group's operations are administered by jurisdiction of the relevant authorities in Malaysia and Thailand with respect to licensing and regulatory matters such as manufacturing and export licenses. The exportation of our products to certain countries is subject to meeting customs' clearance requirements which relate to the exportation of these finished products.

Our management has always worked to ensure that the entire regulatory framework is complied with. However, no assurance can be given that any future changes to the present regulations or introduction of new regulations by the relevant authorities will not have a material impact on our operations and financial performance.

7.1.8 Business diversification risk

Our Group is principally involved in the designing and fabrication of precision moulds and tooling business. The undertaking of the Acquisition and the Diversification would expose our Group to new challenges and risks arising from the property development and property investment in which our Group has not been directly participating in the past.

The new challenges and risks includes, designing products that meets the preference of consumers, maximise the plot ratio and space therein, securing the services of competent professionals such as architects, surveyors, engineers, formulating effective marketing and sales strategies, form an effective project team to oversee and manage the project from, amongst others, planning, sales and marketing, construction and after sales services.

Our Group would endeavour to mitigate such risks through securing the necessary talents to form the project team, secure the services of professionals and contractors with proven track records, conduct market study, careful planning and allocation of resources and design of products incorporating the features desired by consumers, tracking the progress of projects on a periodic basis and tabling such progress reports to our Board for deliberations and decision. However, there is no assurance that any changes to these risks factors will not have a material adverse effect on our Group's business and earnings in the future.

7.2 Risks relating to our industry

7.2.1 Political, economic and regulatory considerations

Our operations and financial performance may be adversely affected by unfavourable political, economic, monetary and regulatory developments. Political and economic uncertainties include, but are not limited to, risks of war, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation and currency exchange controls.

Nevertheless, our Board believes that by leveraging on our industry experience in terms of monitoring of our business operations, we would be able to adapt to the changing political, economic and regulatory environment. However, there is no assurance that adverse political, economic, monetary and regulatory factors will not materially affect our Group's operations and financial performance.

7.2.2 Cyclical nature of the E&E industry

Some of our products are sold to players in the E&E industry whereby this industry is subject to distinct cyclical changes in demand conditions where downturn can be experienced, driven by factors such as demand volatility, consumers change in preference of an electronic product and excessive build-up of inventories which, to a large extent, beyond our control. Depending on the severity of the downturn, our business and financial performance may be adversely affected, amongst others, resulting in lower utilisation of our production capacity, lower demand of our products and services, staff force not deployed effectively to achieve the desired productivity level and price discounting could result to maintain market share leading to compression of profit margin.

Recognising such vagaries in the E&E industry, our Group had realigned the business strategies to produce products for the automotive industry where on a relative basis, competition is less intense and barrier of entry is higher as compared to the E&E industry. In addition, our management monitors the development of these two industries, stays close to our existing and potential customers and strives to be responsive to changes and positioned our Group to stay ahead of our competitors.

Notwithstanding that, there is no assurance that any downturn of the industries where we operate in will not have any adverse impact on our operations and financial performance in the future.

7.2.3 Cyclical nature of the automotive industry

Our sales are cyclical and subject to constant renewal of the automotive product offering through frequent launches of new models of vehicles. The automotive industry is also subject to constant changes in the demand for automotive products in both local and foreign markets. Such demand can possibly derive from the introduction of effective measures implemented by the government to stimulate demand as well as the ability of the customers to buy and their ability to obtain financing for the purchase of the vehicles.

Our Group is confident that with our association with Protev Asia Limited, we would be able to leverage on the technical support provided by Protev Asia Limited in terms of latest technology in design, precision engineering and best practices in production and quality assurance and to mitigate the risks associated with the automotive industry globally.

Notwithstanding that, there is no assurance that any changes to the abovementioned factors will not have a material adverse effect on our Group's operations and financial performance.

7.2.4 Performance of the property market

As the implementation of the Diversification and Acquisition would result in our Group's business to include property development and property investment, the success of our Group's business will depend on the continued growth of the property market in Malaysia.

Property projects require a substantial amount of time to develop and losses could be incurred if the property projects are launched during weaker economic conditions. Property development, as well as property investment, is illiquid and accordingly, our ability to vary our portfolio promptly in response to economic, financial, property market or other conditions are limited. The property development and property investment industries will be significantly affected by economic and political uncertainties, changes in government policies and changes in demographic trends, employment and income levels.

There is no assurance that the above mentioned factors could negatively affect the property development and property investment businesses of our Group in future, although our Group will seek to limit these risks through, *inter-alia*, effective project management and cost-control policies, undertaking prudent business strategies, keeping abreast with the latest development in the property development and property investment industries, including monitoring the consumers' preference and lifestyle and continuously review and evaluate the market conditions as well as the marketing strategies.

7.3 Risks relating to the Rights Issue with Warrants

7.3.1 Investment risks

The market price of the STB Shares will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the prospects and operating results of our Group and the future outlook of the E&E, automotive and property industries. Therefore, the future liquidity and trading volume of our Shares is unknown at this stage.

The market price of the Warrants C, like all listed securities traded on Bursa Securities, being new securities to be issued by our Company is subject to, *inter-alia*, price discovery by investors, fluctuations in tandem with the overall outlook of the stock market in Malaysia and globally, and will be influenced by, amongst others, the market price, potential payments of dividends and volatility of the STB Shares, and the remaining exercise period of the Warrants C.

Notwithstanding that, there is no assurance that the market price of our Shares (together with the Rights Shares and any new STB Shares to be issued arising from the exercise of the Warrants C), upon or subsequent to the listing of and quotation for the Rights Shares and the Warrants C, will remain at or above the issue price of the Rights Shares. Also, there is no assurance that the exercise price of the Warrants C will be in-the-money during the tenure of the exercise period of the Warrants C.

7.3.2 Factors affecting the Warrants C

Our Company believes that a variety of factors could cause the price of the Warrants C to fluctuate, including but not limited to trades of substantial amount of the Warrants C on Bursa Securities in the future, fluctuation in the price of the underlying STB Shares, announcements of corporate developments relating to our Group's business and the future financial performance of our Group.

The future price performance of the Warrants C will also depend on various external factors, such as the prospects of the E&E and automotive industries in which our Group operates, the prospects of the property industry in which our Group will be diversified into, the economic, monetary and political conditions of Malaysia and Thailand, outlook of interest rates, the investors' sentiments and liquidity in the local stock market as well as the performance of regional and world bourses.

Notwithstanding the above, it should be noted that our Group's financial performance is not dependent on the price performance of the STB Shares and the Warrants C.

7.3.3 Delay or failure in the implementation of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(i) force majeure events or events/circumstances, which are beyond the control of our Group, arising prior to the implementation of the Rights Issue with Warrants. Such events or circumstances include *inter-alia*, natural disasters, adverse developments in political, economic and government policies in Malaysia, global economic downturn, acts of war, act of terrorism, riots, expropriations and changes in political leadership; and

(ii) Herbert, Dato' Dr. Pang and TLS, who have provided the Irrevocable Undertakings as set out in Section 4 of this AP, may not fulfill or be able to fulfill their obligations.

In the event of failure in the implementation of the Rights Issue with Warrants, all application monies received pursuant to the Rights Issue with Warrants will be refunded to our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who have subscribed for the Rights Shares with Warrants C without interest, or with interest if the application monies are not refunded within fourteen (14) days after our Company becomes liable to repay, in accordance with the provisions of Section 243(2) of the CMSA.

Notwithstanding the above, our Company will exercise our best endeavour to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Rights Issue with Warrants.

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8. EFFECTS OF THE CORPORATE EXERCISES

The Diversification, the Increase in Authorised Share Capital and the M&A Amendments will not have any effects on the issued and paid-up share capital, NA, gearing, substantial shareholders' shareholdings and earnings of our Group.

8.1 Issued and paid-up share capital

The Acquisition will not have any effect on the issued and paid-up share capital of our Company. The proforma effects of the Rights Issue with Warrants and the ESOS on the issued and paid-up share capital of our Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of STB Shares	RM	No. of STB Shares	RM
As at the LPD	347,971,670	34,797,167	347,971,670	34,797,167
To be issued pursuant to:				
Assuming full conversion of the Outstanding ICULS	-	-	21,471,210	2,147,121
	347,971,670	34,797,167	369,442,880	36,944,288
Assuming full exercise of the Outstanding Warrants B	-	-	60,485,000	6,048,500
	347,971,670	34,797,167	429,927,880	42,992,788
To be issued pursuant to the Rights Issue with Warrants	90,000,000	9,000,000	644,891,820	64,489,182
	437,971,670	43,797,167	1,074,819,700	107,481,970
To be issued pursuant to the ESOS	-	-	-	-
	437,971,670	43,797,167	1,074,819,700	107,481,970
Assuming full exercise of the Warrants C	60,000,000	6,000,000	429,927,880	42,992,788
	497,971,670	49,797,167	1,504,747,580	150,474,758
Assuming full exercise of the Options(1)	131,391,501	13,139,150	322,445,910	32,244,591
Total enlarged issued and paid-up share capital	**629,363,171**	**62,936,317**	**1,827,193,490**	**182,719,349**

Note:

(1) Assuming full exercise of the Options granted under the ESOS, representing up to thirty per cent (30%) of the prevailing issued and paid-up share capital of our Company after the Rights Issue with Warrants.

The ESOS will not have an immediate effect on the issued and paid-up share capital of our Company until such time when the Options to be granted are exercised by the Grantees during the option period. The issued and paid-up share capital of our Company will increase accordingly depending on the number of the new STB Shares to be issued arising from the granting and subsequent exercise of the Options.

8.2 NA and gearing

The ESOS is not expected to have an immediate impact on the consolidated NA per Share and gearing of our Group until such time when the Options are granted and exercised by the Grantees. However, the potential effect on the consolidated NA per Share and gearing in the future would depend on factors such as the number of Options granted and exercised at any point in time, the subscription price, the utilisation of the proceeds arising from the exercise of Options and the potential effect on the future earnings of our Group arising from the adoption of MFRS 2, issued by the Malaysian Accounting Standards Board.

The proforma effects of the Rights Issue with Warrants, the ESOS and the Acquisition on the NA and gearing of our Group based on the latest audited consolidated financial statements as at 30 June 2013 after adjusting for certain completed events are as follows:

Minimum Scenario

		(I)	(II)	(III)	(IV)	(V)	(VI)
Group Level	**Audited as at 30 June 2013 RM'000**	**Adjustments for completed events RM'000**	**After (I) and the Rights Issue with Warrants RM'000**	**After (II) and the Acquisition RM'000**	**After (III) and the ESOS RM'000**	**After (IV) and assuming full exercise of the Warrants C RM'000**	**After (V) and assuming full exercise of the Options RM'000**
Share capital	30,171	34,797[(1)(2)]	43,797	43,797	43,797	49,797	62,936
Share premium	2,125	2,125	2,125	2,125	2,125	5,125	11,695
Equity component of ICULS	2,739	1,558[(2)]	1,558	1,558	1,558	1,558	1,558
Foreign exchange reserve	(124)	(124)	(124)	(124)	(124)	(124)	(124)
Other reserve	-	(5,149)	(8,149)[(3)]	(8,149)	(8,149)	(8,149)	(8,149)
Warrant reserve	3,024	3,024	6,024	6,024	6,024	3,024	3,024
Option reserve	-	-	-	-	6,570[(5)(6)]	6,570	-
Unappropriated profits	4,262	9,293[(2)]	8,293[(4)]	8,293	1,723	1,723	1,723
Shareholder's equity/NA	**42,197**	**45,524**	**53,524**	**53,524**	**53,524**	**59,524**	**72,663**
No. of STB Shares ('000)	301,710	347,971	437,971	437,971	437,971	497,971	629,363
NA per STB Share (RM)	0.14	0.13	0.12	0.12	0.12	0.12	0.12
Total borrowings (RM'000)	16,704	16,068	16,068	16,068	16,068	16,068	16,068
Gearing (times)	0.40	0.35	0.30	0.30	0.30	0.27	0.22

Notes:

(1) *The private placement of 30,000,000 STB Shares issued at RM0.10 per STB Share which was completed on 13 September 2013 and incurring an expense of RM118,000.*

(2) *After conversion of ICULS to 16,260,950 STB Shares from 1 July 2013 up to the LPD and payment of interest on the ICULS of RM42,000.*

(3) *After issuance of 60,000,000 free Warrants C based on the fair value of RM0.05 per Warrant C. For illustrative purposes, the fair value of RM0.05 per Warrant C was arrived from Black-Scholes option pricing model based on the exercise price of RM0.10 per Warrant C.*

(4) *After deducting the estimated expenses amounting to RM1.00 million in relation to the Corporate Exercises.*

(5) *After granting of 131,391,501 Options based on the fair value of RM0.05 per Option. For illustrative purposes, the fair value of RM0.05 per Option was arrived from Black-Scholes option pricing model based on the subscription price of RM0.10 per Option.*

(6) *For illustrative purposes, assuming full granting of Options as stipulated in the By-Laws. The allocation of the Options to be staggered over the duration of the ESOS has yet to be determined and it shall be decided by the ESOS Committee at its sole and absolute discretion after taking into consideration of the financial position of our Company.*

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Maximum Scenario

Group Level	Audited as at 30 June 2013 RM'000	(I) Adjustments for completed events[1] RM'000	(II) After (I) and assuming full conversion of the Outstanding ICULS RM'000	(III) After (II) and assuming full exercise of the Outstanding Warrants B RM'000	(IV) After (III) and the Rights Issue with Warrants RM'000	(V) After (IV) and the Acquisition RM'000	(VI) After (V) and the ESOS RM'000	(VII) After (VI) and assuming full exercise of the Warrants C RM'000	(VIII) After (VII) and assuming full exercise of the Options RM'000
Share capital	30,171	34,797[1][2]	36,944	42,993	107,482	107,482	107,482	150,475	182,720
Share premium	2,125	2,125	2,125	5,149	5,149	5,149	5,149	26,645	42,767
Equity component of ICULS	2,739	1,558[2]	-	-	-	-	-	-	-
Foreign exchange reserve	(124)	(124)	(124)	(124)	(124)	(124)	(124)	(124)	(124)
Other reserve	-	(5,149)	(5,149)	(5,149)	(26,645)[3]	(26,645)	(26,645)	(26,645)	(26,645)
Warrant reserve	3,024	3,024	3,024	-	21,496	21,496	21,496	-	-
Option reserve	-	-	-	-	-	-	16,122[5][6]	16,122	-
Unappropriated profits	4,262	9,293[2]	9,293	9,293	8,293[4]	8,293	(7,829)	(7,829)	(7,829)
Shareholder's equity/NA	**42,197**	**45,524**	**46,113**	**52,162**	**115,651**	**115,651**	**115,651**	**158,644**	**190,889**
No. of STB Shares ('000)	301,710	347,971	369,442	429,927	1,074,819	1,074,819	1,074,819	1,504,747	1,827,193
NA per STB Share (RM)	0.14	0.13	0.12	0.12	0.11	0.11	0.11	0.11	0.10
Total borrowings (RM'000)	16,704	16,068	15,283	15,283	2,283	2,283	2,283	2,283	2,283
Gearing (times)	0.40	0.35	0.33	0.29	0.02	0.02	0.02	0.01	0.01

Notes:

(1) *The private placement of 30,000,000 STB Shares issued at RM0.10 per STB Share which was completed on 13 September 2013 and incurring an expense of RM118,000.*

(2) *After conversion of ICULS to 16,260,950 STB Shares from 1 July 2013 up to the LPD and payment of interest on the ICULS of RM42,000.*

(3) *After issuance of 429,927,880 free Warrants C based on the fair value of RM0.05 per Warrant C. For illustrative purposes, the fair value of RM0.05 per Warrant C was arrived from Black-Scholes option pricing model based on the exercise price of RM0.10 per Warrant C.*

(4) *After deducting the estimated expenses amounting to RM1.00 million in relation to the Corporate Exercises.*

(5) *After granting of 322,445,910 Options based on the fair value of RM0.05 per Option. For illustrative purposes, the fair value of RM0.05 per Option was arrived from Black-Scholes option pricing model based on the subscription price of RM0.10 per Option.*

(6) *For illustrative purposes, assuming full granting of Options as stipulated in the By-Laws. The allocation of the Options to be staggered over the duration of the ESOS has yet to be determined and it shall be decided by the ESOS Committee at its sole and absolute discretion after taking into consideration of the financial position of our Company.*

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8.3 Earnings and EPS

The Rights Issue with Warrants and the Acquisition are expected to be completed by the fourth (4th) quarter of 2014. The Rights Issue with Warrants and the Acquisition are not expected to have any material impact on the consolidated earnings of our Group for the FYE 30 June 2014.

Our Board expects that the Rights Issue with Warrants and the Acquisition will contribute positively to the future earnings of our Group as the proceeds raised from the Rights Issue with Warrants will be utilised mainly to fund the Purchase Consideration and the development of the Land, which is expected to generate gross development profits of approximately RM26.10 million.

On a standalone basis, the EPS of our Company may be diluted as a result of the increase in the number of STB Shares arising from the Rights Issue with Warrants as well as the exercise of the Warrants C into new STB Shares (if any), in the event that the earnings of our Group does not increase in tandem with the increase in the number of STB Shares issued. However, the actual extent of dilution to the EPS of our Company is dependent on, amongst others, the utilisation of proceeds, the actual number of Warrants C exercised and the future earnings of our Group.

The ESOS is not expected to have a material effect on the earnings of our Group until such time as the Options are granted. Any potential effect on the consolidated EPS in the future will depend on factors such as the number of Options granted and exercised by the Grantees, the Subscription Price, the utilisation of proceeds arising from the exercise of the Options and the impact of the MFRS 2.

With the adoption of the MFRS 2, the cost arising from the issuance of the Options is measured by the fair value of the Options, which is expected to vest at the Date of Offer, and is recognised in the statement of comprehensive income over the vesting period (i.e. the period when the Options are exercisable) of the Options, thereby reducing the earnings of our Group. Hence, the total potential cost of the Options granted would depend on, *inter-alia*, the number of Options granted and the fair value of such Options.

Our Board has taken note of the potential impact of the MFRS 2 on our Group's future earnings and shall take into consideration such impact on the statement of comprehensive income when considering the allocation and granting of Options to the Eligible Employees.

For illustrative purpose, assuming that the Rights Issue with Warrants and the Acquisition were completed on 1 July 2012 and full granting of the Options to the Eligible Employees on 1 July 2012, the proforma effects of the Rights Issue with Warrants, the Acquisition and the ESOS are as below:

Minimum Scenario

	(I) **Audited as at the FYE 30 June 2013** **RM'000**	**(II)** **After (I) and the Rights Issue with Warrants(1)(2)(3)** **RM'000**	**(III)** **After (II) and theAcquisition** **RM'000**	**(IV)** **After (III) and the ESOS** **RM'000**
Profit after tax/ (Loss after tax)	906	(212)(4)	(212)	(6,781)(5)
No. of STB Shares ('000)	301,711	437,972	437,972	437,972
EPS/ (Loss per share) (sen)	0.30	(0.05)	(0.05)	(1.55)

Notes:

(1) For the purpose of the proforma above, it was assumed that the private placement of 30,000,000 STB Shares issued at RM0.10 per STB Share (i.e. completed on 13 September 2013 subsequent to the FYE 30 June 2013 and incurred an expense of RM118,000) was completed on 1 July 2012 .

(2) For the purpose of the proforma above, it was assumed that the RM1,626,095 nominal value of ICULS (i.e. converted to STB Shares subsequent to the FYE 30 June 2013 up to the LPD) was converted into 16,260,950 STB Shares on 1 July 2012.

(3) *Assuming the Rights Issue with Warrants is undertaken on a Minimum Subscription Level basis pursuant to the Irrevocable Undertakings, which entails the issuance of 90,000,000 Rights Shares.*

(4) *After deducting the estimated expenses amounting to RM1.00 million in relation to the Corporate Exercises.*

(5) *After granting of 131,391,501 Options based on the fair value of RM0.05 per Option. For illustrative purposes, the fair value of RM0.05 per Option was arrived from Black-Scholes option pricing model based on the subscription price of RM0.10 per Option. The allocation of the Options will be staggered over the duration of the Scheme and it shall be decided by the ESOS Committee at its sole and absolute discretion after taking into consideration of the financial position of our Company.*

Maximum Scenario

	(I) Audited as at the FYE 30 June 2013 RM'000	(II) After (I) and the Rights Issue with Warrants(1)(2)(3) RM'000	(III) After (II) and the Acquisition RM'000	(IV) After (III) and the ESOS RM'000
PAT	906	677(4)(5)	677	(15,445)(6)
No. of STB Shares ('000)	301,711	1,074,820	1,074,820	1,074,820
EPS/ (Loss per share) (sen)	0.30	0.06	0.06	(1.44)

Notes:

(1) *For the purpose of the proforma above, it was assumed that the private placement of 30,000,000 STB Shares issued at RM0.10 per STB Share (i.e. completed on 13 September 2013 subsequent to the FYE 30 June 2013 and incurred an expense of RM118,000) was completed on 1 July 2012.*

(2) *For the purpose of the proforma above, it was assumed that the RM1,626,095 nominal value of ICULS (i.e. converted to STB Shares subsequent to the FYE 30 June 2013 up to the LPD) was converted into 16,260,950 STB Shares on 1 July 2012.*

(3) *Assuming the full conversion of the Outstanding ICULS into 21,471,210 new STB Shares and the full exercise of the Outstanding Warrants B into 60,485,000 new STB Shares prior to the Entitlement Date.*

(4) *After deducting the estimated expenses amounting to RM1.00 million in relation to the Corporate Exercises.*

(5) *After taking into consideration of the estimated annual interest savings arising from the repayment of the Group's bank borrowings of approximately RM0.89 million per annum, based on the average interest rate of approximately 6.84% per annum.*

(6) *After granting of 322,445,910 Options based on the fair value of RM0.05 per Option. For illustrative purposes, the fair value of RM0.05 per Option was arrived from Black-Scholes option pricing model based on the subscription price of RM0.10 per Option. The allocation of the Options will be staggered over the duration of the Scheme and it shall be decided by the ESOS Committee at its sole and absolute discretion after taking into consideration of the financial position of our Company.*

9. INDUSTRY OVERVIEW AND OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

9.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a strong growth of 6.4% in the second (2^{nd}) quarter of 2014 (1Q 2014: 6.2%), underpinned by higher exports and continued strength in private domestic demand. On the supply side, growth in the major economic sectors remained firm, supported by trade and domestic activity. On a quarter-on-quarter seasonally adjusted basis, the economy grew by 1.8% in the second (2^{nd}) quarter of 2014 (1Q 2014: 0.8%).

Exports and private sector activity remained the key drivers of growth during the second (2nd) quarter of 2014. Private investment continued to register double-digit growth, expanding by 12.1% in the second (2nd) quarter of 2014 (1Q 2014: 14.1%), reflecting investments in the services and manufacturing sectors. Private consumption increased by 6.5% in the second (2nd) quarter of 2014 (1Q 2014: 7.1%), supported by stable employment conditions and continued wage growth. In contrast, public sector expenditure declined by 2.1% in the second (2nd) quarter of 2014 (1Q 2014: 2.7%).

Public consumption declined marginally by 1.3% in the second (2nd) quarter of 2014 (1Q 2014: 11.2%), reflecting lower Government spending on emoluments, and supplies and services. Public investment declined by of 3.3% in the second (2nd) quarter of 2014 (1Q 2014: -6.4%), due to lower spending on fixed assets by both the Federal Government and public enterprises.

On the supply side, growth in the major economic sectors remained strong. The services sector recorded sustained growth, supported mainly by the trade-related sub-sectors. The manufacturing sector expanded at a faster pace, underpinned by the electronics and electrical cluster, particularly semiconductors. The construction sector expanded at a more moderate pace, driven mainly by the residential and non-residential sub-sectors. Meanwhile, the agriculture sector registered strong growth, reflecting higher production of palm oil. The mining sector turned around to record positive growth, due mainly to higher production of both natural gas and crude oil.

For the Malaysian economy, growth of exports is expected to moderate slightly in the second (2nd) half of the year, partly reflecting the significant base effect in the corresponding period in 2013. Nevertheless, leading indicators suggest that private sector activity will remain as the key driver of growth. Exports will continue3 to benefit from the recovery in the advanced economies and from regional demand. Going forward, the Malaysian economy is expected to remain on a steady growth path.

(Source: Economic and Financial Development in Malaysia in the Second Quarter of 2014, Bank Negara Malaysia)

9.2 Overview and outlook of the Malaysian manufacturing industry

The manufacturing sector recorded a strong growth of 7.3% in the second (2nd) quarter of 2014 (1Q 2014: 6.8%), driven by the strong performance of the electronics and electrical ("**E&E**") cluster, particularly semiconductors. This was also supported by better performance of the domestic-oriented cluster, particularly the manufactures of transport equipment, and food, beverage and tobacco.

Overall capacity utilisation rate in the manufacturing sector was sustained at 78% in the second (2nd) quarter of 2014 (1Q 2014: 78%). Export-oriented industries were operating at 79% in the second (2nd) quarter of 2014 (1Q 2014: 79%), while capacity utilisation in the domestic-oriented industries rose to 77% in the second (2nd) quarter of 2014 (1Q 2014: 75%).

(Source: Development in the Malaysian Economy in the Second Quarter of 2014, Bank Negara Malaysia)

Value-added of the manufacturing sector expanded 6.8% during the first quarter of 2014 (4Q 2013: 5.2%), the highest growth in three years amid an improving global environment. Output increased 6.9% (4Q 2013: 4.9%) with positive growth in major subsectors. Similarly, sales of manufacturing products rose 12.4% to RM165.6 billion (Q4 2013: 3.2%; RM161.8 billion). The capacity utilisation rate of the sector recorded 79.4% (4Q 2013: 80%).

(Source: Quarterly Bulletin, First Quarter of 2014, Ministry of Finance, Malaysia)

9.3 Overview and outlook of the Malaysian automotive industry

National Automotive Policy ("**NAP**") 2014 will transform Malaysia's automotive industry to be one of the important components for the economy. The automotive industry contributed RM30 billion to the national gross domestic product ("**GDP**") in 2013 and employs about 550,000 employees. One of the key objectives of the NAP 2014 is to increase exports of vehicles and automotive component levels. The NAP targets for at least 200,000 units of cars to be exported while exports of components will reach a minimum value of RM10 billion in 2020.

The policy will focus on human capital development, supply chain components, spare parts and technology development. The Government, under NAP 2014 will continue its support of the national car industry. The support includes market expansion activities, improving quality and productivity, cost-reduction and development of supply chain based on their transformation plan.

(Source: Media Statement: National Automotive Policy 2014 dated 20 January 2014 extracted from http://www.miti.gov.my, Ministry of International Trade and Industry, on 10 August 2014)

9.4 Overview and outlook of the Malaysian E&E industry

Production of export-oriented industries expanded by 6.9% (4Q 2013: 3.7%) driven by the E&E subsector which grew at a stronger pace of 15.5% (4Q 2013: 16.9%) amid higher demand from Hong Kong, Singapore and Germany. In line with the improved global growth of semiconductor sales and the book-to-bill ratio, the industries comprising communication equipment, electronic components and computer peripherals rose 24.7%, 23.2% and 5% respectively (4Q 2013: 11.1%; 28.7%; 10.8%).

(Source: Quarterly Bulletin, First Quarter of 2014, Ministry of Finance, Malaysia)

The E&E industry in Malaysia today is focused on deepening and strengthening the three major ecosystems of semiconductors, solar and LED technologies. Semiconductors will continue to spearhead the growth of E&E industry in Malaysia and will continue to benefit from growing global demand in the usage of mobile devices (smartphones, tablets). Storage devices (cloud, computing. Data centres, personal date drives), optoelectronics (photonics, fibre optics, LEDs) and embedded technology (integrated circuits, PCBs, LEDs).

A total of 118 E&E projects with investments of RM9.8 billion were approved in 2013 (2012: 112 E&E projects, RM3.9 billion). Of this total, forty-four (44) projects were new projects with investments of RM6.8 billion while seventy-four (74) were expansion/diversification projects with investments amounting to RM3.0 billion. Foreign investments accounted for 86.7 per cent of the total (RM8.5 billion), with domestic investments accounting for the rest. Most of the foreign investments into the E&E sector came from the USA and Singapore.

Moving forward, investments into E&E are expected to become increasingly concentrated around upstream activities in research and development (R&D), product development and design as companies ditch low value-add, high risk businesses and make the transition into higher-value services. The country has a ready pool of E&E engineers and technicians and the incentives available for investments into R&D activities will encourage companies to make the transition sooner rather than later. We can expect a proliferation of greenfield E&E projects and start-ups as E&E contract. R&D firms seek to take advantage of Malaysia's wealth of experience, expertise, infrastructure and talent in the sector.

(Source: Malaysia Investment Performance Report 2013, Malaysia Investment Development Authority)

9.5 Overview and outlook of the Malaysian property development and property investment industry

Backed by improved global economic activity and supported by domestic demand, Malaysia's economy continued to record positive growth, though at a slower pace. Efforts by the government through various initiatives and interventions consolidated the Malaysian property market. In consonant with moderate economy growth, the Malaysian property market moved on similar low tone for the year 2013.

The Malaysian property market recorded a moderate growth which saw a contraction of 10.9% in volume but with a marginal increase of 6.7% in value. The market moved by -8.1% (Q1); 4.4% (Q2); 0.3% (Q3) and 4.1% (Q4) against GDP growth of 4.1% (Q1), 4.4% (Q2), 5.0% (Q3) and 5.1% (Q4). The year registered 381,130 transactions worth RM152.37 billion against 2012 which recorded 427,520 transactions and RM142.84 billion in volume and worth respectively.

As expected, the residential sub-sector continued to spearhead the property market activities, taking up 64.6% share. Prevailing low interest rate environment with the base lending rate of commercial banks sustaining at 6.53% and weighted average lending rate to 5.4% continued to support the domestic property market.

The property market activity is expected to be driven largely by the residential sector. Affordable housing is foreseen to remain in focus in the coming years. The government is concerned over soaring house prices, inadequate supply of houses and difficulty in getting financing especially for the low and medium income groups. Thus, the 2014 Budget continue to address housing supply through PR1MA, Syarikat Perumahan Nasional Berhad (SPNB) and National Housing Department (JPN). To that effect:

- 223,000 unit of new houses will be built by the Government (133,000 units) and the private sector (99,000 units);

- RM578.00 million is allocated to JPN for the development of Program Perumahan Rakyat which involves construction of 16,473 housing units;

- JPN to develop 600 units of Program Perumahan Rakyat Disewa and Perumahan Rakyat Bersepadu with an allocation of RM146.00 million;

- PR1MA will build 80,000 housing units with allocation of RM1.0 billion with the sales price lower 20.0% than the market price; and

- SPNB will build 26,122 units of affordable houses, comprising 15,122 affordable houses, 3,000 units Rumah Idaman Rakyat and 8,000 units of Rumah Mesra Rakyat. Subsidy between RM15,000 to RM20,000 per unit will be provided for Rumah Mesra Rakyat.

(Source: Property Market Report 2013 by Valuation and Property Services Department, Ministry of Finance)

9.6 Overview and outlook of the property market in Melaka

Property market in Melaka remained firm in 2013. There were 15,369 transactions recorded worth RM4.60 billion (2012: 15,907 transactions worth RM3.83 billion). The volume of transactions contracted by 3.4% but value was up significantly by 20.0%. the main market contributors of the growth was residential sub-sector at 60.9%, followed by agricultural (18.0%), commercial (11.1%), development land (7.0%) and industrial (3.0%).

Against 2012, with exception to residential sub-sector which recorded a slight increase of 1.0%, in volume of transactions, others sub-sectors recorded downward trend lead by industrial (-24.5%), commercial (-14.7%), development land (-8.2%) and agricultural (-3.2%) sub-sectors. In terms of value, commercial, residential and development land recorded expansion by 36.0%, 30.9% and 28.3% respectively. Whilst agricultural sub-sector dropped by 20.7% and followed by industrial at 11.1%.

The review period of 2013 recorded several major sales of purpose-built office, hotels and estate lands with total value of RM196.43 million. The commercial sub-sector witnessed the transaction of OCBC Bank in Jalan Tun Tan Cheng Lock. In the hotel sub-sector, the year registered three hotels changed hands namely Tanjung Biru Hotel, Ayer Keroh Country Resort and Naza Hotel. Tanjung Biru Hotel however, was transacted in 2012 but registered in the review period.

Moving forward, property market 2014 is expected to remain resilient. Residential property will continue to drive the state's property market through PR1MA project involving 299.5 hectares in Bukit Katil, 258.9 hectares in Ayer Keroh and 40.5 hectares in Bachang. In the industrial sub-sector, the government had taken the initiatives to develop 202 hectares industrial area in Lipat Kajang, Jasin. These developments are expected to boost market activities in the state.

(Source: Property Market Report 2013 by Valuation and Property Services Department, Ministry of Finance)

9.7 Prospects of the Land and the Project

Our Board is of the view that the prospects of the Land will be favourable as, amongst others, the Land is strategically located at the southern side of Jalan Klebang Besar, with its freehold status. The Land is easily accessible from Melaka town via various well maintained metalled roads such as Jalan Tengkera, Jalan Limbongan, Jalan Klebang and Jalan Klebang Besar and readily available public transportation in the form of buses and taxis within the immediate vicinity.

The Land is located within a proposed one hundred seventy (170)-acre Eco Marine Mixed Development, a mixed residential and commercial development comprises hotel, convention and exhibition centre, floating villas, office blocks, service apartments, club house with club villas and cruise terminal, The immediate locality is generally mixed in character comprising residential and commercial properties. Located to the immediate north of the Land is a hypermarket. Cheng Ho City, a proposed integrated tourism, residential and commercial centre, is located a short distance south-east of the Land. Prominent landmarks in the larger neighbourhood include the premises of Batang Tiga Police Station, Sekolah Menengah Kebangsaan Klebang Besar and Masjid Klebang Besar. As such, with its centric location within the Eco Marine Mixed Development and accessibility, this would serve as pull factors to attract potential customers for the shopping complex and potential tenants for the SOHO.

Further, piped water, mains electricity and telephone facilities are available nearby within the developed housing area and can be connected to the Land upon development. Premised on the above coupled with completed bored piling and pilecap works, it would provide as value added development factors which form a platform for the construction of the Land and are expected to ease the development of the Project.

Pursuant to the above and having consider the rationale of the Acquisition, our Board is of the opinion that the Acquisition is expected to contribute positively to the future earnings and cash flows of our Group in view of the strategic location of the Land which will provide our Group a good opportunity to venture into property development and property investment sector.

9.8 Prospects and outlook for our Group

Our Company is principally an investment holdings company and a provider of management services whilst the subsidiaries of our Company are mainly involved in designing and fabrication of precision moulds and tooling for use in automotive and electrical industry.

Our Group's association with Protev Asia has provided many opportunities in Europe and America. The recent successful handing over of several projects to Nissan Mexico, BMW and Volkswagen have also put our Group in a strong footing to compete for high premium projects stretching from the Americas to Europe. Our Group is therefore confident that in the months ahead, the order books will increase and produce higher revenues and earnings.

In view of the rationale for the Rights Issue with Warrants as described in Section 6 and prospects of the Land and Project as described in Section 9.7, our Group is expecting the property development business to contribute positively to the revenue and earnings of our Group in long term growth strategy.

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

10.1 Working capital

Our Board is of the opinion that, after taking into account our Group's cash in hand, banking facilities available and the proceeds to be raised from the Rights Issue with Warrants, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this AP to meet our present and foreseeable future working capital requirements.

10.2 Borrowings

As at the LPD, our Group's total borrowings are as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
Fixed rate interest-bearing borrowings [(1)]	3,513	9,891	13,404
Variable rate interest-bearing borrowings	-	-	-
Total	3,513	9,891	13,404

Notes:

(1) *Interest rates ranging from 4.2% to 8.0% per annum.*

All outstanding borrowings are interest-bearing and are denominated in RM. As at the LPD, our Group does not have any foreign currency borrowings.

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof, immediately preceding the LPD.

10.3 Material commitments and contingent liabilities

Save as disclosed below, there are no material commitments for capital expenditure contracted or known to be contracted by our Group which may have a substantial impact on the results or the financial position of our Group as at the LPD:

	Group RM
Contracted for the construction of building	3,117,560
Contracted for the Acquisition	7,007,000

Save as disclosed below, there are no contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a substantial impact on the results or the financial position of our Group as at the LPD:

	Company RM
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies	33,960,000

11. PROCEDURES FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION

As an Entitled Shareholder of our Company, your CDS account(s) will be duly credited with the number of Provisional Rights Shares with Warrants C which you are entitled to subscribe for under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this AP, the NPA notifying you of the crediting of the number of such Provisional Rights Shares with Warrants C into your CDS account(s) and the RSF to enable you to subscribe for such Rights Shares with Warrants C that you have been provisionally allotted, as well as apply for the excess Rights Shares with Warrants C if you wish to do so.

FULL PROCEDURES FOR THE ACCEPTANCE, PAYMENT, SALE/TRANSFER AND THE EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATION ARE SET OUT IN THIS SECTION AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS AP.

11.1 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants C must be made on the RSF issued with this AP and completed in accordance to the notes and instructions printed in the RSF. At the absolute discretion of our Board, we may not accept acceptances which do not strictly conform to the terms of this AP or the RSF or the notes and instructions printed in these documents.

If you wish to accept all or part of your entitlement to the Provisional Rights Shares with Warrants C, please complete Part I and Part III of the RSF in accordance with the notes and instructions contained in the RSF. You must despatch the completed and signed RSF together with the relevant remittance by ORDINARY POST, COURIER or DELIVERED BY HAND in the official envelope provided at your own risk to our Share Registrar at the following address:

ShareWorks Sdn Bhd *(229948-U)*
2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel: 603 – 6201 1120
Fax: 603 – 6201 3121

and should reach our Share Registrar not later than 5.00 p.m. on Wednesday, 17 September 2014, being the last date and time for acceptance and payment, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

If you lose, misplace or for any reason require another copy of the RSF, you and/or your renouncee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

You can use one (1) RSF for the acceptance of the Provisional Rights Shares with Warrants C standing to the credit of one (1) CDS account. Separate RSF must be used for the acceptance of the Provisional Rights Shares with Warrants C standing to the credit of more than one (1) CDS accounts. If successful, the Rights Shares with Warrants C accepted by you will be credited into the respective CDS accounts where the Provisional Rights Shares with Warrants C are standing to the credit.

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

Any fractional entitlement under the Rights Issue with Warrants shall be disregarded and the aggregate of such fractions, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

If you do not wish to accept the Provisional Rights Shares with Warrants C in full, you are entitled to accept part of your entitlement to the Provisional Rights Shares with Warrants C. The minimum number of the Provisional Rights Shares with Warrants C that can be accepted is three (3) Rights Shares with two (2) Warrants C. The Warrants C will be detached from the Rights Shares immediately upon issuance and traded separately on Bursa Securities. You should take note that a trading board lot comprises one hundred (100) Rights Shares or Warrants C.

Each completed RSF must be accompanied by remittance in RM for the full amount payable in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to **"STB RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than as stated in this AP may be rejected at the absolute discretion of our Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable. Details of remittance must be filled in the appropriate boxes provided in the RSF.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE ACCEPTANCE OF THE PROVISIONAL RIGHTS SHARES WITH WARRANTS C. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS C, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR OUR COMPANY.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

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

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS C BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.

If the acceptance of and payment for the Provisional Rights Shares with Warrants C is not received by our Share Registrar by 5.00 p.m. on Wednesday, 17 September 2014 or such later date and time as may be determined and announced by our Board, your and/or your renouncee(s)'/transferee(s)' (if applicable) provisional entitlement under the Rights Issue with Warrants will be deemed to have been declined and will be cancelled.

Such Provisional Rights Shares with Warrants C not taken up will be allotted to applicants for the excess Rights Shares with Warrants C in the manner as set out in Section 11.3 of this AP.

11.2 Procedures for sale/transfer of the Provisional Rights Shares with Warrants C

The Provisional Rights Shares with Warrants C are renounceable. If you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants C to one (1) or more persons, you may do so through your stockbroker without first having to request for a split of the Provisional Rights Shares with Warrants C standing to the credit of your CDS account(s). To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants C, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository for the period up to the last date and time for the sale/transfer of the Provisional Rights Shares with Warrants C.

In selling or transferring all or part of your entitlement to the Provisional Rights Shares with Warrants C, you need not deliver the RSF or any document to your stockbroker. **You are however advised to ensure that there is sufficient Provisional Rights Shares with Warrants C standing to the credit of your CDS account(s) before selling or transferring.**

Renouncee(s)/transferee(s) of the Provisional Rights Shares with Warrants C may obtain a copy of this AP and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

If you have sold or transferred only part of your entitlement to the Provisional Rights Shares with Warrants C, you may still accept the balance of your entitlement to the Provisional Rights Shares with Warrants C by completing both Part I and Part III of the RSF and deliver the completed and signed RSF together with the relevant remittance to our Share Registrar in the manner as set out in Section 11.1 of this AP.

If you sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants C, you will automatically be selling or transferring your entitlement to all or part of the Rights Shares with Warrants C.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

11.3 Procedures for excess Rights Shares with Warrants C application

If you wish to apply for additional Rights Shares with Warrants C in excess of those provisionally allotted to you, please complete Part II of the RSF (in addition to both Part I and Part III) and forward it together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with Warrants C applied for, to our Share Registrar not later than 5.00 p.m. on Wednesday, 17 September 2014, being the last date and time for application and payment, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment for the excess Rights Shares with Warrants C applied for should be made in the same manner as described in Section 11.1 of this AP, with remittance in RM made in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**STB EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side(s) with your name, contact number and address in block letters together with your CDS account number. The payment must be made in the exact amount. Any application accompanied by excess or insufficient payment or payment in the manner other than stated in this AP may be rejected at the absolute discretion of our Board. Cheques or any other mode(s) of payment not prescribed herein are not acceptable. Details of remittance must be filled in the appropriate boxes provided in the RSF.

Our Board reserves the right to accept any excess Rights Shares with Warrants C application, in full or in part, without assigning any reason thereto. It is the intention of our Board to allot the excess Rights Shares with Warrants C, if any, applied for under Part II of the RSF on a fair and equitable basis as they deem fit and expedient and in the best interest of our Company and in the following indicative basis of allotment:

(i) firstly, to minimise the incidence of odd lots;

(ii) secondly, after the occurrence of (i) above, for allocation to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants C on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date;

(iii) thirdly, after the occurrence of (i) and (ii) above, for allocation to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants C on a pro-rata basis and in board lot, calculated based on the quantum of their respective excess Rights Shares with Warrants C application; and

(iv) lastly, after the occurrence of (i), (ii) and (iii) above, for allocation to renouncee(s)/transferee(s) who have applied for the excess Rights Shares with Warrants C on a pro-rata basis and in board lot, based on the quantum of their respective excess Rights Shares with Warrants C application.

After the above consideration, any remaining Rights Shares with Warrants C not allotted, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATION. NOTICES OF ALLOTMENT WILL BE DESPATCHED TO THE SUCCESSFUL APPLICANTS BY ORDINARY POST AT THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C, OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES. PROOF OF TIME OF POSTAGE SHALL NOT CONSTITUTE PROOF OF TIME OF RECEIPT BY OUR SHARE REGISTRAR OR OUR COMPANY.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS C APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS C BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS OF BURSA DEPOSITORY AT YOUR OWN RISK.

11.4 Procedures to be followed by renouncee(s)/transferee(s)

Renouncees/transferees may obtain a copy of this AP and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (http://www.bursamalaysia.com).

The procedures for acceptance, selling/transferring of the Provisional Rights Shares with Warrants C, excess Rights Shares with Warrants C application and/or payment by the renouncee(s)/transferee(s) are the same as that which are applicable to you as described in Sections 11.1 to 11.3 of this AP.

RENOUNCEES/TRANSFEREES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

11.5 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Provisional Rights Shares with Warrants C are prescribed securities and as such, all dealings in the Provisional Rights Shares with Warrants C will be by book entries through CDS accounts and will be governed by the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS account in order to subscribe for the Rights Shares with Warrants C.

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

If you have multiple CDS accounts into which the Provisional Rights Shares with Warrants C have been credited, you cannot use a single RSF for acceptance of all these Provisional Rights Shares with Warrants C. Separate RSF must be used for separate CDS accounts. If successful, the Rights Shares with Warrants C accepted by you will be credited into the respective CDS accounts where the Provisional Rights Shares with Warrants C are standing to the credit.

11.5.1 Acceptance of the Provisional Rights Shares with Warrants C by our Entitled Shareholders

Your acceptance of the Provisional Rights Shares with Warrants C shall mean that you consent to receive such Rights Shares with Warrants C as prescribed securities which will be credited directly into your CDS account(s). Hence, the Rights Shares with Warrants C will be credited directly into your CDS account(s) upon allotment and issue.

11.5.2 Acceptance of the Provisional Rights Shares with Warrants C by renouncee(s)/ transferee(s)

If you intend to accept the Provisional Rights Shares with Warrants C, you must state your CDS account number in the RSF whereupon the Rights Shares with Warrants C will be credited directly as prescribed securities into your CDS account(s) upon allotment and issue.

11.5.3 Application for excess Rights Shares with Warrants C by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable)

If you are successful in applying for the excess Rights Shares with Warrants C, such excess Rights Shares with Warrants C will be credited directly as prescribed securities into your CDS account(s) upon allotment and issue. The allocation of the excess Rights Shares with Warrants C will be made on a fair and equitable basis as set out in Section 11.3 of this AP.

11.6 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any foreign jurisdiction, and the Rights Issue with Warrants will not be made or offered in any foreign jurisdiction. The Documents will not be sent to our Entitled Shareholders without an address in Malaysia.

Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. Foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), shall be solely responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to.

PIVB, our Company, our Board and our officers and other experts shall not accept any responsibility or liability in the event that any acceptance and/or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), is or shall become illegal, unenforceable, voidable or void in any such foreign jurisdiction.

Further, foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in the foreign jurisdictions and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) for any issue, transfer or any other taxes or other requisite payments as such person may be required to pay. They will have no claims whatsoever against PIVB, our Company, our Board and our officers and other experts in respect of their rights or entitlements under the Rights Issue with Warrants.

Such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Rights Issue with Warrants.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any foreign jurisdiction. If the Documents are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he or she must not seek to accept the offer unless he or she has complied with and observed the laws of the relevant jurisdiction in connection therewith.

Any person who does forward the Documents to any such foreign jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and our Company reserves the right to reject a purported acceptance of the Rights Issue with Warrants from any such application by foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Issue with Warrants as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia or other jurisdictions.

By signing any of the forms accompanying this AP, the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) PIVB, our Company, our Board and our officers and other experts that:

(i) we would not, by acting on the acceptance and/or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to;

(ii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance and/or renunciation;

(iii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance and/or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(iv) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are aware that the Provisional Rights Shares with Warrants C can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(v) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have respectively received a copy of this AP and have had access to such financial and other information and have been afforded the opportunity to ask such questions to the representatives of our Company and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants C; and

(vi) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants C, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants C.

12. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants C under the Rights Issue with Warrants is governed by the terms and conditions as set out in the Documents.

13. ADDITIONAL INFORMATION

You are requested to refer to the attached appendices for additional information.

Yours faithfully,
for and on behalf of our Board
SANICHI TECHNOLOGY BERHAD

Tan Sri Dato' Sri Abdul Halil bin Abd Mutalif
Chairman/Independent Non-Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 25 JUNE 2014

SANICHI TECHNOLOGY BERHAD
(Company No. 661826-K)
(Incorporated in Malaysia)

Extract of the Minutes of the Extraordinary General Meeting of the Company held at Board Room, Sanichi Technology Berhad, PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim on Wednesday, 25 June 2014 at 11.00 a.m.

ORDINARY RESOLUTION 1
PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 644,891,820 NEW ORDINARY SHARES OF RM0.10 EACH IN STB ("STB SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 429,927,880 FREE DETACHABLE WARRANTS ("WARRANTS C") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS C FOR EVERY TWO (2) EXISTING STB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 90,000,000 RIGHTS SHARES TOGETHER WITH 60,000,000 WARRANTS C ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

The Chairman informed that the first item on the agenda was to seek shareholders' approval for the Proposed Rights Issue with Warrants.

The Chairman further informed that the details and rationale for the Proposed Rights Issue with Warrants was explained in item 2.1 and 3.1 of the Circular to Shareholders.

Upon the proposal of Mr Cheng Kim Liang *[proxy for Pang Chow Siong]* and seconded by Mr Ho Jien Shiung *[proxy for SJ Sec Nominees (Tempatan) Sdn Bhd (pledged securities account for Kua Khai Loon]*, the Meeting (on a show of hands) unanimously resolved that the following Ordinary Resolution 1 be approved:-

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 644,891,820 NEW ORDINARY SHARES OF RM0.10 EACH IN STB ("STB SHARES") ("RIGHTS SHARES") TOGETHER WITH UP TO 429,927,880 FREE DETACHABLE WARRANTS ("WARRANTS C") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE ON THE BASIS OF THREE (3) RIGHTS SHARES TOGETHER WITH TWO (2) WARRANTS C FOR EVERY TWO (2) EXISTING STB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") BASED ON A MINIMUM SUBSCRIPTION LEVEL OF 90,000,000 RIGHTS SHARES TOGETHER WITH 60,000,000 WARRANTS C ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

*"**THAT**, subject to the passing of Special Resolution 1 and Special Resolution 2 and the approvals of all relevant authorities including the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the admission of the Warrants C to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for the Rights Shares, the Warrants C and the new STB Shares to be issued arising from the full exercise of the Warrants C, approval be and is hereby given to the Directors of the Company to:*

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 25 JUNE 2014 *(Cont'd)*

Sanichi Technology Berhad (Company No. 661826-K)
Extract of Minutes of the EGM held on 25 June 2014 ("Proposed Rights Issue with Warrants")

(i) provisionally allot and issue by way of renounceable rights issue of up to 644,891,820 Rights Shares together with up to 429,927,880 Warrants C at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants C for every two (2) existing STB Shares held on the Entitlement Date;

*(ii) deal with fractional entitlements under the Proposed Rights Issue with Warrants arising from any reason whatsoever as the Board of Directors of the Company ("**Board**") may at its absolute discretion deem fit and expedient and in the best interest of the Company;*

*(iii) deal with the excess Rights Shares not subscribed by the other entitled shareholders of STB in the manner as detailed in Section 2.1.1 of Part A of the Circular to Shareholders of STB dated 3 June 2014 ("**Circular**");*

(iv) utilise the proceeds to be derived from the Proposed Rights Issue with Warrants in the manner as set out in Section 2.1.6 of Part A of the Circular and the Directors of the Company be and are hereby authorised to revise the manner and purpose of utilisation of proceeds as they may deem fit and expedient in the best interest of the Company subject (where required) to the approval of the relevant authorities;

*(v) create and issue the free Warrants C based on the indicative principal terms as set out in Appendix I of the Circular and the terms and conditions of a Deed Poll to be executed by the Company constituting the Warrants C ("**Deed Poll**");*

(vi) allot and issue such further free Warrants C as may be required or permitted to be issued as a result of any adjustments under the provisions of the Deed Poll;

(vii) allot and issue the new STB Shares arising from the full exercise of the Warrants C (including further free Warrants C arising from any adjustments under the provisions of the Deed Poll); and

(viii) enter into and execute the Deed Poll constituting the Warrants C and to do all acts, deeds and things as the Directors of the Company may deem fit or expedient in order to finalise, implement and to give effect to the Deed Poll;

THAT *the Rights Shares and the new STB Shares arising from the full exercise of the Warrants C so allotted and issued shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that these securities will not be entitled to any dividends, rights, allotments and/or other distributions, that may be declared, made or paid prior to the date of allotment of the Rights Shares or the new STB Shares to be issued arising from the full exercise of the Warrants C;*

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM ON 25 JUNE 2014 ***(Cont'd)***

Sanichi Technology Berhad (Company No. 661826-K)
Extract of Minutes of the EGM held on 25 June 2014 ("Proposed Rights Issue with Warrants")

AND THAT *the Directors of the Company be and are hereby empowered and authorised to do all such acts and things, take such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as they may deem fit, necessary or expedient or appropriate in order to finalise, implement and/or give full effect to the Proposed Rights Issue with Warrants with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be agreed to/required by any relevant authority or as a consequence of any such requirement as may be deemed necessary and/or expedient in the best interest of the Company."*

CERTIFIED AS A TRUE EXTRACT

FOO SIEW LOON
(MAICSA 7006874)
SECRETARY

Dated : 15 August 2014

INFORMATION OF OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 5 August 2004 as a public company limited by shares and commenced business on 20 June 2006. We were listed on the MESDAQ Market (now known as the ACE Market) of Bursa Securities on 7 September 2006.

2. PRINCIPAL ACTIVITIES

The principal activities of our Company are investment holding and provision of management services. The principal activities of our subsidiaries are set out in Section 6 of this Appendix.

3. SHARE CAPITAL

The authorised and issued and paid-up share capital of our Company as at the LPD are as follows:

Type	No. of STB Shares	Par value RM	Amount RM
Authorised	5,000,000,000	0.10	500,000,000
Issued and paid-up	347,971,670	0.10	34,797,167

On 25 June 2014, our authorised share capital has been increased from RM100,000,000 comprising 1,000,000,000 STB Shares to RM500,000,000 comprising 5,000,000,000 STB Shares.

The changes in the issued and paid-up share capital of our Company for the past three (3) years up to the LPD are as follows:

Date of allotment	No. of STB Shares allotted	Par value RM	Type of issue/Consideration	Cumulative issued and paid-up share capital RM
As at 4 December 2011	-	-	-	16,350,000
5 December 2011	16,350,000	0.10	Issued pursuant to the private placement at RM0.10 per placement share	17,985,000
24 December 2012	-	0.10	Share capital reduction via the cancellation of RM0.08 from the par value of each existing ordinary share of RM0.10 each in the issued and paid-up share capital and thereafter consolidation of five (5) ordinary shares of RM0.02 each into one (1) ordinary share of RM0.10 each.	3,597,000
26 December 2012	85,000,000	0.10	Issued pursuant to the restricted issue with warrants at RM0.10 per restricted issue share	12,097,000
14 March 2013	8,766,320	0.10	Issued pursuant to debt restructuring at RM0.10 per settlement share	12,973,632

INFORMATION OF OUR COMPANY *(Cont'd)*

Date of allotment	No. of STB Shares allotted	Par value RM	Type of issue/Consideration	Cumulative issued and paid-up share capital RM
14 March 2013	120,970,000	0.10	Issued pursuant to the rights issue with warrants at RM0.10 per rights share	25,070,632
3 May 2013	21,250,000	0.10	Issued pursuant to the exercise of Warrants A at RM0.10	27,195,632
8 May 2013	7,222,330	0.10	Issued pursuant to the conversion of ICULS at RM0.10	27,917,865
15 May 2013	21,250,000	0.10	Issued pursuant to the exercise of Warrants A at RM0.10	30,042,865
30 May 2013	1,282,070	0.10	Issued pursuant to the conversion of ICULS at RM0.10	30,171,072
9 July 2013	410,130	0.10	Issued pursuant to the conversion of ICULS at RM0.10	30,212,085
25 July 2013	394,200	0.10	Issued pursuant to the conversion of ICULS at RM0.10	30,251,505
20 August 2013	292,040	0.10	Issued pursuant to the conversion of ICULS at RM0.10	30,280,709
6 September 2013	430,660	0.10	Issued pursuant to the conversion of ICULS at RM0.10	30,323,775
11 September 2013	30,000,000	0.10	Issued pursuant to the private placement at RM0.10 per placement share	33,323,775
18 October 2013	14,352,280	0.10	Issued pursuant to the conversion of ICULS at RM0.10	34,759,003
27 December 2013	102,360	0.10	Issued pursuant to the conversion of ICULS at RM0.10	34,769,239
5 February 2014	279,280	0.10	Issued pursuant to the conversion of ICULS at RM0.10	34,797,167

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INFORMATION OF OUR COMPANY *(Cont'd)*

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The ESOS is not expected to have an immediate effect on our Company's substantial shareholders' shareholdings until such time when the Options are granted and exercised. Any potential effect on our Company's substantial shareholders' shareholdings will depend on the number of new STB Shaeres to be issued upon exercise of the Options. The Acquisition will not have any effect on our Company's substantial shareholders' shareholdings. Based on the Register of Substantial Shareholders of our Company, the shareholdings of the substantial shareholders (holding 5% or more) of our Company as at the LPD and the proforma effects of the Rights Issue with Warrants is set out below.

Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming the full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%
Herbert	60,000	17.24	-	-	90,000	20.55	-	-	110,000	22.09	-	-
Dato' Dr. Pang	3,595	1.03	-	-	33,595	7.67	-	-	53,595	10.76	-	-
TLS	500	0.14	-	-	30,500	6.96	-	-	50,500	10.14	-	-

Maximum Scenario

	As at the LPD				(I) Assuming full conversion of Outstanding ICULS				(II) After (I) and assuming full exercise of the Outstanding Warrants B				(III) After (II) and the Rights Issue with Warrants				(IV) After (III) and assuming the full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%
Herbert	60,000	17.24	-	-	60,000	16.24	-	-	60,000	13.96	-	-	150,000	13.96	-	-	210,000	13.96	-	-
Dato' Dr. Pang	3,595	1.03	-	-	3,595	0.97	-	-	3,595	0.84	-	-	8,989	0.84	-	-	12,584	0.84	-	-
TLS	500	0.14	-	-	500	0.14	-	-	500	0.12	-	-	1,250	0.12	-	-	1,750	0.12	-	-

5. PARTICULARS OF DIRECTORS

5.1 Details of Directors

The particulars of our Directors as at the LPD are as follows:

Name of Directors	Age	Profession	Designation	Nationality	Address
Tan Sri Dato' Sri Abdul Halil bin Abd Mutalif	67	Company Director	Chairman/ Independent Non-Executive Director	Malaysian	No. 147, Jalan Seraya Kampung Melayu 68000 Ampang Selangor Darul Ehsan
Dato' Dr. Pang Chow Huat	40	Company Director	Managing Director	Malaysian	No. 44, Jalan Indah 2/3 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim
Dato' Sri Ahmad Said bin Hamdan	62	Company Director	Executive Director	Malaysian	No. 3, Jalan Pekaka 8/15F Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan
Dato' Abd Halim bin Abd Hamid	64	Company Director	Independent Non-Executive Director	Malaysian	No. 157, Jalan Titi Hj Idris Pekan Langgar 06500 Alor Setar Kedah Darul Aman
Ong Tee Kein	57	Company Director	Independent Non-Executive Director	Malaysian	No. 85, Medan Athinahapan Dua, Taman Tun Dr. Ismail 60000 Kuala Lumpur

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INFORMATION OF OUR COMPANY *(Cont'd)*

5.2 Details of Directors' shareholdings

The ESOS is not expected to have an immediate effect on our Directors' shareholdings until such time when the Options are granted and exercised. Any potential effect on our Directors' shareholdings will depend on the number of new STB Shaeres to be issued upon exercise of the Options. The Acquisition will not have any effect on our Directors' shareholdings. Save for the proforma effects of the Corporate Exercises on our Director's shareholdings as disclosed below, non of our other Directors have any direct and/or indirect shareholdings in our Company as at the LPD.

Minimum Scenario

	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming the full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Director	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%
Dato' Dr. Pang	3,595	1.03	-	-	33,595	7.67	-	-	53,595	10.76	-	-

Maximum Scenario

	As at the LPD				(I) Assuming full conversion of Outstanding ICULS				(II) After (I) and assuming full exercise of the Outstanding Warrants B				(III) After (II) and the Rights Issue with Warrants				(IV) After (III) and assuming the full exercise of the Warrants C			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Director	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%	No. of STB Shares ('000)	%
Dato' Dr. Pang	3,595	1.03	-	-	3,595	0.97	-	-	3,595	0.84	-	-	8,989	0.84	-	-	12,584	0.84	-	-

6. SUBSIDIARIES AND ASSOCIATED COMPANIES

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

Name of company	Date/Place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
Sanichi Precision Mould Sdn Bhd	25 February 2000/ Malaysia	RM350,000	100	Design and fabrication of precision moulds and tooling
Asia Pinnacle Sdn Bhd	5 July 2004/ Malaysia	RM2,500,000	100	Design and fabrication of precision moulds and tooling
Sanichi Mould (Thailand) Co., Ltd.	1 February 2007/ Thailand	Thai Baht 8,000,000	100	Design and fabrication of precision moulds and tooling
SPSB	30 October 2013/ Malaysia	RM2	100	Dormant

We do not have any associated company as at the LPD.

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7. PROFIT AND DIVIDEND RECORD

The profit and dividend records based on our Group's audited consolidated results for the FYEs 30 June 2011, 2012 and 2013 and the unaudited consolidated results for the FYE 30 June 2014 are as follows:

	Audited FYE 30 June			Unaudited FYE 30 June 2014 RM'000
	2011 RM'000	2012 RM'000	2013 RM'000	
Revenue	9,469	3,843	9,304	22,413
Gross profit/(loss)	(2,865)	(2,316)	(2,069)	6,622
Earnings/(Loss) before interest, taxation, depreciation and amortisation	(9,772)	(3,302)	3,869	6,080
Other income	1,171	118	9,181	637
Finance costs	(1,933)	(2,195)	(329)	(1,201)
PBT/(LBT)	(14,424)	(7,642)	912	1,826
Taxation	(142)	(40)	(6)	428
PAT/(LAT)	(14,566)	(7,682)	906	2,254
Less: Minority interests	-	-	-	-
Profit/(Loss) attributable to equity holders of our Company	(14,566)	(7,682)	906	2,254
Gross profit margin (%)	NA	NA	NA	29.55
Weighted average number of ordinary shares in issue ('000)	163,500	172,792	192,657	337,014
Basic EPS/(LPS) (sen)	(8.91)	(4.45)	0.47	0.67
Diluted EPS/(LPS) (sen) *	NA	NA	NA	NA
Gross dividend per STB Share (sen)	-	-	-	-

Note:

* *The diluted EPS for the Group for the FYEs is not presented as the Outstanding Warrants B would be anti-dilutive as the exercise price of the Outstanding Warrants B is higher than the fair value of the STB Shares.*

Commentaries on past performance:

Audited FYE 30 June 2011

As the prolonged unfavourable market conditions continued to plague the sectors in which our Group operates, our Group's revenue decreased by approximately RM9.79 million (50.84%) to approximately RM9.47 million as compared to the preceding FYE 30 June 2010 of approximately RM19.26 million. The disruptions in the global manufacturing supply chain stemming from the disaster in Japan, were reflected in a more cautionary approach adopted by global manufacturers, hence also impacting the demand for design and fabrication of moulds.

Our Group incurred a LAT of approximately RM14.57 million as opposed to a PAT of approximately RM0.20 million in the preceding FYE 30 June 2010, mainly attributable to increase in the cost of sales by approximately 14.61% despite of the shrinkage in the sales volume which resulted in variable costs of production not recovered from the revenue achieved. In addition, our Group had recorded an impairment loss on trade receivables amounting to approximately RM6.50 million as a result of prudent policy been adopted by our Company whereby the debtors, who were in significant financial difficulties and had defaulted on payments, were recognised as impairment loss.

Audited FYE 30 June 2012

Our Group's revenue continued to decrease by approximately RM5.63 million (59.41%) to approximately RM3.84 million as compared to the preceding FYE 30 June 2011 of approximately RM9.47 million due to the soft market condition which affected the demand for automotive products in both local and foreign markets. The situation is aggravated by the flood in Thailand which had affected the production capacity of our clients' factories and thus, affected the demand from both local and export markets, to a certain extent.

Despite the decrease in our Group's revenue, our Group's LAT had decreased by approximately RM6.88 million (47.26%) to approximately RM7.68 million as compared to the preceding FYE 30 June 2011 of approximately RM14.57 million due to the significant reduction in operating expenses and production costs attributed to the recent upgrade and proper maintenance of machineries and a bad debt recovery of approximately RM0.92 million.

Audited FYE 30 June 2013

With the participation of Protev Asia Limited as an equity holder, our Group is able to break into new international markets with new projects generated from these markets. Besides, via the restricted issue corporate exercise completed by our Company on 28 December 2012, a fresh working capital amounting to RM8.50 million was raised from Protev Asia Limited to expand the business of our Group. The sales in Malaysia and Thailand operations had improved and our Group's revenue had increased significantly by approximately RM5.46 million (142.10%) to approximately RM9.30 million as compared to the preceding FYE 30 June 2012 of approximately RM3.84 million.

In line with the growth in revenue, our Group had recorded a PAT of approximately RM0.91 million as compared to LAT incurred in the preceding FYE 30 June 2012 of approximately RM7.68 million. The waiver of debts from creditors under the Group's debt restructuring corporate exercise had also contributed to the PAT generated during the financial year.

Unaudited FYE 30 June 2014

Our Group's revenue increased further by approximately RM13.11 million (140.90%) to approximately RM22.41 million as compared to the preceding FYE 30 June 2013 of approximately RM9.30 million, mainly attributable to the synergistic benefits derived from the association with Protev Asia Limited. By leveraging on the technical support and network of Protev Asia Limited, our Group is able to penetrate further into the European automotive market and expand the customer base of our Group.

Our Group's PAT had also increased by approximately RM1.35 million (148.79%) to approximately RM2.25 million as compared to PAT in the preceding FYE 30 June 2013 of approximately RM0.91 million. The increase in our Group's PAT is in line with the increase in our Group's revenue.

8. SHARE PRICES

The following table sets out the monthly highest and lowest market prices of the STB Shares as transacted on the ACE Market of Bursa Securities for the twelve (12) months from August 2013 to July 2014:

Months	Highest RM	Lowest RM
2013		
August	0.085	0.070
September	0.085	0.070
October	0.090	0.075
November	0.090	0.080
December	0.110	0.075
2014		
January	0.080	0.070
February	0.090	0.070
March	0.085	0.075
April	0.080	0.075
May	0.080	0.070
June	0.090	0.070
July	0.085	0.070

The last transacted market price on 25 February 2014 (being the last Market Day prior to the announcement of the Corporate Exercises on 26 February 2014)	RM0.085
The last transacted market price on 11 August 2014 (being the latest practicable date prior to the printing of this AP)	RM0.085
The last transacted market price on 26 August 2014 (being the last Market Day prior to the ex-date for the Rights Issue with Warrants)	RM0.110

(Source: Bloomberg)

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SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS

30TH JUNE 2013

HASNAN THL WONG & PARTNERS
AF 0942
Firm of Chartered Accountants
• Audit & Taxation
• Corporate Advisory
• Business Consultancy
• Financial & Accounting Solutions

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Sanichi Technology Berhad, which comprise the statements of financial position of the Group and of the Company as at 30th June 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 83.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HASNAN THL WONG & PARTNERS
AF 0942
Firm of Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SANICHI TECHNOLOGY BERHAD (CONT'D)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30th June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the requirements of the Act.

b) We have considered the accounts and the auditors' reports of the subsidiary company of which we have not acted as auditors, which is indicated in Note 7 of the Notes to the Financial Statements.

c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

HASNAN THL WONG & PARTNERS
AF 0942
Firm of Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SANICHI TECHNOLOGY BERHAD (CONT'D)
(Incorporated in Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 42 of the Notes to the Financial Statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HTW & Partners

HASNAN THL WONG & PARTNERS
(NO. AF 0942)
CHARTERED ACCOUNTANTS

WONG KOK SEONG
CHARTERED ACCOUNTANT
(NO: 2791/08/14 (J))

Petaling Jaya
18th October 2013

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

	Note	30.06.13	30.06.12	01.07.11
		RM	RM	RM
			(restated)	(restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	35,136,320	34,719,442	31,094,366
Development expenditure	6	-	-	-
Investment in subsidiary companies	7	-	-	-
Goodwill on consolidation	8	6,711	6,711	6,711
Deferred tax asset	9	344,585	-	-
		35,487,616	34,726,153	31,101,077
CURRENT ASSETS				
Inventories	10	1,297,599	2,678,578	3,939,581
Trade receivables	11	10,197,138	9,788,966	13,489,000
Other receivables	12	4,686,268	614,395	332,727
Tax in credit		596	565,469	634,560
Fixed deposits	13	4,062,523	543,005	524,325
Cash and bank balances	14	914,076	49,951	216,281
Assets classified as held for sale	15	4,615,885	-	-
		25,774,085	14,240,364	19,136,474
TOTAL ASSETS		61,261,701	48,966,517	50,237,551
EQUITY AND LIABILITIES				
CURRENT LIABILITIES				
Trade payables	16	378,742	5,900,984	3,112,884
Other payables	17	1,908,006	2,589,267	3,766,979
Amount due to Directors	18	51,865	687,532	898,350
Bank overdraft	14	641,683	1,742,181	1,579,378
Borrowings	19	4,325,152	25,840,828	22,772,161
Tax payable		22,136	85,430	16,740
		7,327,584	36,846,222	32,146,492

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013 (CONT'D)

	Note	30.06.13	30.06.12	01.07.11
		RM	RM	RM
			(restated)	(restated)
NON-CURRENT LIABILITIES				
Borrowings	19	11,736,709	108,278	44,002
		11,736,709	108,278	44,002
TOTAL LIABILITIES		19,064,293	36,954,500	32,190,494
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	20	30,171,072	17,985,000	16,350,000
Reserves	21	12,026,336	(5,972,983)	1,697,057
TOTAL EQUITY		42,197,408	12,012,017	18,047,057
TOTAL EQUITY AND LIABILITIES		61,261,701	48,966,517	50,237,551

The above consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 24 to 83.

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

	Note	30.06.13	30.06.12	01.07.11
		RM	RM	RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	738	936	97
Investment in subsidiary companies	7	-	857,600	11,657,600
Deferred tax asset	9	344,585	-	-
		345,323	858,536	11,657,697
CURRENT ASSETS				
Other receivables	12	543,789	214,105	14,300
Amount due from subsidiary companies	22	25,172,707	274,000	16,759,521
Fixed deposits	13	4,000,000	-	-
Cash and bank balances	14	667,267	10,563	660
		30,383,763	498,668	16,774,481
TOTAL ASSETS		30,729,086	1,357,204	28,432,178
EQUITY AND LIABILITIES				
CURRENT LIABILITIES				
Other payables	17	395,135	389,315	430,696
Amount due to subsidiary companies	22	1,829,164	-	1,294,709
Tax payable		22,136	85,430	16,740
Borrowings	19	1,420,519	-	-
TOTAL LIABILITIES		3,666,954	474,745	1,742,145
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	20	30,171,072	17,985,000	16,350,000
Reserves	21	(3,108,940)	(17,102,541)	10,340,033
TOTAL EQUITY		27,062,132	882,459	26,690,033
TOTAL EQUITY AND LIABILITIES		30,729,086	1,357,204	28,432,178

The above statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 24 to 83.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2013

	Note	Group		Company	
		30.06.13	30.06.12	30.06.13	30.06.12
		RM	RM (restated)	RM	RM
Revenue	23	9,304,172	3,843,066	-	480,000
Cost of sales		(11,373,337)	(6,158,820)	-	-
Gross (loss)/profit		(2,069,165)	(2,315,754)	-	480,000
Other income		9,181,039	117,560	14,370	474
		7,111,874	(2,198,194)	14,370	480,474
Sales and distribution costs		(27,826)	(53,604)	-	-
Administrative expenses		(5,386,485)	(1,892,332)	(3,100,572)	(27,854,358)
Other operating expenses		(457,433)	(1,303,289)	-	-
Finance costs	24	(328,550)	(2,195,014)	(42,177)	-
Profit/(loss) before taxation	25	911,580	(7,642,433)	(3,128,379)	(27,373,884)
Taxation	26	(5,480)	(39,852)	(5,480)	(68,690)
Net profit/(loss) for the year		906,100	(7,682,285)	(3,133,859)	(27,442,574)
Other comprehensive (expense)/income					
Foreign exchange translation		(34,241)	12,245	-	-
Total comprehensive income/ (expense) for the year		871,859	(7,670,040)	(3,133,859)	(27,442,574)

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2013 (CONT'D)

	Note	Group 30.06.13 RM	Group 30.06.12 RM (restated)	Company 30.06.13 RM	Company 30.06.12 RM
Total profit/(loss) for the year attributable to:					
Owners of the Company		906,100	(7,682,285)	(3,133,859)	(27,442,574)
Non-controlling interest		-	-	-	-
		906,100	(7,682,285)	(3,133,859)	(27,442,574)
Total comprehensive income/ (expense) attributable to:					
Owners of the Company		871,859	(7,670,040)	(3,133,859)	(27,442,574)
Non-controlling interest		-	-	-	-
		871,859	(7,670,040)	(3,133,859)	(27,442,574)
Earning/(loss) per share attributable to owners of the Company (sen per share):					
Basic	27	0.47	(4.45)		
Diluted	27	NA	NA		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 24 to 83.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2013

		Attributable to owners of the Company						
			Non-distributable				Distributable	
Group 30.06.13	Note	SHARE CAPITAL RM	SHARE PREMIUM RM	FOREIGN EXCHANGE RESERVE RM	WARRANT RESERVE RM	ICULS RM	(ACCUMULATED LOSSES)/ UNAPPROPRIATED PROFITS RM	TOTAL EQUITY RM
Opening balance at 01.07.12		17,985,000	10,586,318	(89,760)	-	-	(16,469,541)	12,012,017
Share premium reduction	21	-	(10,586,318)	-	-	-	10,586,318	-
Par value reduction and consolidation of shares	20	(14,388,000)	-	-	-	-	14,388,000	-
Restricted issue with Warrants A	20	8,500,000	-	-	2,125,000	-	(2,125,000)	8,500,000
Issuance of settlement shares	20	876,632	-	-	-	-	-	876,632
Rights issue with Warrants B	20	12,097,000	-	-	3,024,250	-	(3,024,250)	12,097,000
Exercise of Warrants A	20	4,250,000	2,125,000	-	(2,125,000)	-	-	4,250,000
Issuance of ICULS	28	-	-	-	-	3,457,657	-	3,457,657
Conversion of ICULS	20	850,440	-	-	-	(718,197)	-	132,243
Total comprehensive (expense)/income for the year		-	-	(34,241)	-	-	906,100	871,859
Closing balance at 30.06.13		30,171,072	2,125,000	(124,001)	3,024,250	2,739,460	4,261,627	42,197,408

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2013

		Attributable to owners of the Company						
			Non-distributable				Distributable	
Group	Note	SHARE CAPITAL	SHARE PREMIUM	FOREIGN EXCHANGE RESERVE	WARRANT RESERVE	ICULS	ACCUMULATED LOSSES	TOTAL EQUITY
30.06.12		RM	RM	RM	RM	RM	RM	RM
Opening balance at 01.07.11		16,350,000	10,586,318	(102,005)	-	-	(16,878,762)	9,955,551
Effect of adoption MFRS 1		-	-	-	-	-	8,091,506	8,091,506
Opening balance at 01.07.11 (restated)		16,350,000	10,586,318	(102,005)	-	-	(8,787,256)	18,047,057
Issuance of shares	20	1,635,000	-	-	-	-	-	1,635,000
Total comprehensive income/(expense) (restated)		-	-	12,245	-	-	(7,682,285)	(7,670,040)
Closing balance at 30.06.12		17,985,000	10,586,318	(89,760)	-	-	(16,469,541)	12,012,017

(Accumulated losses absorbed by)/ unappropriated profits retained by:-	30.06.13 RM	30.06.12 RM (restated)
The Company	(10,997,650)	(27,688,859)
Subsidiary companies	15,259,277	11,219,318
	4,261,627	(16,469,541)

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2013 (CONT'D)

Company	Note	SHARE CAPITAL	← Non-distributable SHARE PREMIUM	WARRANT RESERVE	ICULS →	← Distributable → ACCUMULATED LOSSES	TOTAL EQUITY
		RM	RM	RM	RM	RM	RM
Opening balance at 01.07.11		16,350,000	10,586,318	-	-	(246,285)	26,690,033
Issuance of shares	20	1,635,000	-	-	-	-	1,635,000
Total comprehensive expense for the year		-	-	-	-	(27,442,574)	(27,442,574)
Closing balance at 30.06.12		17,985,000	10,586,318	-	-	(27,688,859)	882,459
Opening balance at 01.07.12		17,985,000	10,586,318	-	-	(27,688,859)	882,459
Share premium reduction	21	-	(10,586,318)	-	-	10,586,318	-
Par value reduction and consolidation of shares	20	(14,388,000)	-	-	-	14,388,000	-
Restricted issue with Warrants A	20	8,500,000	-	2,125,000	-	(2,125,000)	8,500,000
Issuance of settlement shares	20	876,632	-	-	-	-	876,632
Rights issue with Warrants B	20	12,097,000	-	3,024,250	-	(3,024,250)	12,097,000
Exercise of Warrants A	20	4,250,000	2,125,000	(2,125,000)	-	-	4,250,000
Issuance of ICULS	28	-	-	-	3,457,657	-	3,457,657
Conversion of ICULS	20	850,440	-	-	(718,197)	-	132,243
Total comprehensive expense for the year		-	-	-	-	(3,133,859)	(3,133,859)
Closing balance at 30.06.13		30,171,072	2,125,000	3,024,250	2,739,460	(10,997,650)	27,062,132

The above statements of changes in equity are to be read in conjuction with the notes to the financial statements set out on pages 24 to 83.

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
		(restated)		
OPERATING ACTIVITIES				
Profit/(loss) before taxation	911,580	(7,642,433)	(3,128,379)	(27,373,884)
Adjustments for:-				
Bad debts written off	49,344	18,000	-	-
Depreciation of property, plant and equipment	2,628,350	2,145,632	198	161
Impairment loss in value of investment in subsidiary companies	-	-	857,600	10,800,000
Impairment loss on property, plant and equipment	-	44,137	-	-
Impairment loss on trade receivables	41,440	-	-	-
Impairment of amount due from subsidiary companies	-	-	-	16,712,784
Insurance	-	3,521	-	-
Interest expenses	328,550	2,195,014	42,177	-
Inventories written down	-	900,000	-	-
Loss on foreign currency exchange - unrealised	314,865	291,849	-	-
Loss/(gain) on disposal of property, plant and equipment	276,623	(43,051)	-	-
Property, plant and equipment written off	-	86,771	-	-
Reversal of impairment loss on trade receivables	-	(923,100)	-	-
Interest income	(38,567)	(19,139)	(14,370)	(474)
Waiver of debts	(9,037,879)	-	-	-
Total adjustments	(5,437,274)	4,699,634	885,605	27,512,471
Operating (loss)/profit before working capital changes	(4,525,694)	(2,942,799)	(2,242,774)	138,587

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2013 (CONT'D)

		Group		Company	
	Note	30.06.13	30.06.12	30.06.13	30.06.12
		RM	RM	RM	RM
Changes in working capital					
Decrease in inventories		1,376,635	363,745	-	-
(Increase)/decrease in receivables		(4,898,023)	1,554,795	(329,684)	(199,805)
Increase in amount due from subsidiary companies		-	-	(19,398,418)	(2,056,427)
(Decrease)/increase in payables		(1,232,213)	(602,844)	5,820	(41,381)
Decrease in amount due to a Director		(441,441)	(210,818)	-	-
Increase in amount due to subsidiary companies		-	-	1,829,164	534,455
Total changes in working capital		(5,195,042)	1,104,878	(17,893,118)	(1,763,158)
Cash absorbed by operations		(9,720,736)	(1,837,921)	(20,135,892)	(1,624,571)
Income tax refunded/(paid)		496,099	97,929	(68,774)	-
Interest paid		(236,268)	(166,126)	-	-
Interest received		19,031	474	14,370	474
Net cash flows used in operating activities		(9,441,874)	(1,905,644)	(20,190,296)	(1,624,097)
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment	30	300,000	236,021	-	-
Purchase of property, plant and equipment	31	(8,255,471)	(273,996)	-	(1,000)
Net cash flows used in investing activities		(7,955,471)	(37,975)	-	(1,000)
FINANCING ACTIVITIES					
Proceeds from issuance of shares	20	24,847,000	1,635,000	24,847,000	1,635,000
Repayment of term loan		(1,648,525)	(11,316)	-	-
Repayment of hire purchase creditors		(11,178)	(14,318)	-	-
Net cash flows from financing activities		23,187,297	1,609,366	24,847,000	1,635,000

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013 (CONT'D)

	Note	Group 30.06.13 RM	Group 30.06.12 RM	Company 30.06.13 RM	Company 30.06.12 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,789,952	(334,253)	4,656,704	9,903
Effect of foreign exchange rate changes		174,653	5,135	-	-
CASH AND CASH EQUIVALENTS AT 1 JULY		(1,691,196)	(1,362,078)	10,563	660
CASH AND CASH EQUIVALENTS AT 30 JUNE	14	4,273,409	(1,691,196)	4,667,267	10,563

The above cash flow statements are to be read in conjunction with the notes to the financial statements set out on pages 24 to 83.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30TH JUNE 2013

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally an investment holding company and a provider of management services. The principal activities of the subsidiaries are set out in Note 7 to the financial statement. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 33A, Menara 1MK, Kompleks 1 Mont' Kiara, No. 1, Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur. The principal place of business of the Company is located at PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 18th October 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and the Company at 1st July 2011 (the transition date to MFRS framework).

a) Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

These are the first financial statements of the Group and the Company prepared in accordance with MFRSs. MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

In preparing its opening MFRS Statements of Financial Position as at 1st July 2011 (which is also the date of transition), the Group have adjusted the amounts previously reported in financial statements prepared in accordance with FRSs. An explanation of the effect on transition from FRSs to MFRSs is set out in Note 40. These notes include reconciliations of financial positions, total comprehensive income and equity for comparative periods and of financial positions at the date of transition under MFRSs. The transition from FRSs to MFRSs has not had material impact on the Statements of Cash Flows of the Group.

Certain financial instruments are carried at fair value in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

The financial statements are presented in Ringgit Malaysia (RM), unless otherwise indicated.

b) Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company.

Effective for financial periods beginning on or after 1st January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments : Disclosure - Offsetting Financial Asset and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 21	Levies

Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Standards issued but not yet effective (cont'd)

Effective for financial periods beginning on or after 1st January 2014

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

Effective for financial periods beginning on or after 1st January 2015

Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below:

MFRS 9 Financial Instruments

MFRS 9, as issued, reflects the first phase of the International Accounting Standards Board's (IASB's) work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial instruments as defined in MFRS 139 Financial Instruments: Recognition and Measurement ("MFRS 139") and replaces the guidance in MFRS 139.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets.

The Group and the Company will quantify the effect of adopting this MFRS when the full standard is issued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Subsidiary companies

Subsidiary companies are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries as at the financial year end. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same financial year as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiary companies are accounted for using the purchase method except for business combinations arising from common control transfers. Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves.

The Statements of Comprehensive Income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Basis of consolidation (cont'd)

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the Statement of Financial Position. The accounting policy for goodwill is set out in Note 2 (e) of the Notes to the Financial Statements. Any excess of the Group's share in the net fair value of the acquired subsidiary company's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

e) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group and the Company's cash-generating units ("CGUs") that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment is calculated on the straight line basis to write off the cost of each asset to its residual value over the estimated useful life.

The principal annual rates of depreciation used are as follows:-

Long-term leasehold land	Over 60 years
Buildings	2%
Plant and machinery	5% to 13 1/3%
Furniture and fittings, office equipment and motor vehicles	15% to 20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Building under construction represents assets which are not ready for commercial use at the end of the financial year. It is stated at cost and are depreciated accordingly when the building is completed and ready for commercial use. Building under construction includes direct costs, related expenditures and interest cost on borrowing taken to finance the construction of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Development expenditure

Development expenditure is recognised as an expense except that expenditure incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits.

Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

i) its ability to measure reliably the expenditure attributable to the asset under development;
ii) the product or process is technically and commercially feasible;
iii) its future economic benefits are probable;
iv) its ability to use or sell the developed asset;
v) the availability of adequate technical, financial and other resources to complete the asset under development; and
vi) its intention to complete the intangible asset and use or sell.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense are not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

h) Inventories

Inventories are stated at the lower of cost and net realisable value and are determined on the first-in-first-out method. The cost of inventories comprises actual costs of purchase, incidental costs in bringing the inventories into store and appropriate proportions of manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and applicable variable selling expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Impairment of non-financial assets

The Group and the Company assess at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

For goodwill, intangible assets and property, plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rate basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its revised recoverable amount. That increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated at a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Financial assets

Financial assets are recognised in the Statements of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables.

Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the end of the financial year which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in Statements of Comprehensive Income.

k) Impairment of financial assets

The Group and the Company assess at each financial year end whether there is any objective evidence that a financial asset is impaired.

i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Impairment of financial assets (cont'd)

i) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

l) Cash and cash equivalents

Cash comprises of cash at bank and cash on hand including bank overdraft and deposits. Cash equivalents comprise of investments maturing within three months from the date of acquisition and which are readily convertible to known amount of cash which are subject to an insignificant risk of change in value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets are disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the Statements of Comprehensive Income. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

n) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the Statement of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and Company's financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Financial liabilities (cont'd)

Other financial liabilities (cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of financial year.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in Statement of Comprehensive Income.

o) Leases

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments.

All of the Group's leases are classified as operating lease. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

q) Warrant reserves

Amount allocated in relation to the issuance of Warrants are credited to a warrant reserve which is non-distributable. Warrant reserve is transferred to the share premium or retained earnings upon the exercise or expiry of warrants respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Irredeemable convertible unsecured loan stocks ("ICULS")

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or cancellation, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity components based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying amount of the ICULS.

The value of the conversion option is not adjusted in subsequent periods, except in times of ICULS conversion into ordinary shares. Upon conversion of the instrument into ordinary shares, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised in profit or loss.

s) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Sale of goods

Revenue from sales of goods are recognised upon delivery of significant risk and rewards of ownership of goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) Borrowing costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

u) Income taxes

i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and carry forward of unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and carry forward of unused tax credits can be utilised except where the deferred tax asset arised from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

u) Income taxes (cont'd)

ii) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

v) Foreign currencies

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

In preparing the financial statements of the individual entities, transactions in foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each financial year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial year end. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at the financial year end are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

v) Foreign currencies (cont'd)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The results and financial position of a subsidiary company that has a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:-

- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate prevailing at the financial year end;
- Income and expenses for each Statement of Comprehensive Income or separate income statement presented are translated at average monthly exchange rates, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised directly in other comprehensive income. On disposal of a subsidiary company with foreign currency as its functional currency, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular subsidiary company is recognised in profit or loss.

The principal closings rates used are as follows:-

	30.06.13 RM	30.06.12 RM
1 Euro	4.154	3.977
1 US Dollar	3.179	3.197
1 Singapore Dollar	2.513	2.497
1 Chinese Yuan	NA	0.502
1 Macau Pataca	NA	0.397
1 Pound Sterling	NA	4.960
100 Thai Baht	10.200	10.014
100 Hong Kong Dollar	NA	41.200
100 Indian Rupee	NA	5.626
100 Indonesian Rupiah	NA	0.034

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

w) Related parties

Related parties are entities with common directors/shareholders wherein one party has the ability to control or exercise significant influence over the other parties in financial or operating policy decision.

x) Segmental information

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. There transfers are eliminated on consolidation.

y) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

z) Employee benefits

i) Short term benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the statements of comprehensive income as incurred.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgment. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

d) Amortisation of Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives therefore future amortisation charges could be revised.

e) Impairment on Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

f) Written down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

g) Fair value estimates for certain financial assets and liabilities

The Group carries certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

h) Recognition of deferred tax

Deferred tax assets are recognised for all unutilised tax losses and unused capital allowances to the extent that it is probable that taxable profit will be available to set-off against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

4. FINANCIAL RISK MANAGEMENT POLICIES

The Group's and Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and Company's business whilst managing its risks. The Group's and Company's activities expose it to limited financial risk, principally market risk, credit risk, foreign currency risk, liquidity risk and interest risks. The Board reviews and agrees policies in respect of the major areas of treasury activities which are as follows:-

a) Market Risk

The Group has in place policies to manage its competitive risks from its competitors in providing better and more innovative products and services. The Group regularly takes part in exhibitions, advertise through the media and make face-to-face customer visits to promote its products and services.

b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the total carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counter parties.

The Group and the Company does not have any major concentration of credit risk related to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instruments.

The Group and the Company manage its exposure to credit risk by investing its cash assets safely and profitably, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

Exposure to credit risk

At the end of the financial year, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

4. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

b) Credit risk (cont'd)

Credit risk concentration profile

The credit risk concentration profile of the Group's trade receivables at the financial year end by geographical region are as follows:-

Group	30.06.13 RM	30.06.12 RM
Malaysia	2,251,676	4,156,634
Asia	1,015,457	2,071,480
Europe	6,930,005	3,560,852
	10,197,138	9,788,966

c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

Surpluses of convertible currencies are either retained in foreign currency or sold for Ringgit Malaysia. The Group's foreign currency transactions and balances are substantially denominated in United States Dollar ("USD"), Euro, Thai Baht ("THB") and Singapore Dollar ("SGD").

Foreign exchange risk is monitored closely and managed to an acceptable level.

4. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

c) Foreign currency risk (cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the financial year is as follows:-

	← Denominated in →			
	USD	Euro	SGD	THB
Group	RM	RM	RM	RM
30.06.13				
Trade receivables	4,744,574	2,878,772	76,604	48,675
Trade and other payables	-	-	(12,177)	(137,311)
Net exposure	4,744,574	2,878,772	64,427	(88,636)
30.06.12				
Trade receivables	1,155,130	3,132,283	-	289,823
Trade payables	(36,386)	(217,348)	(1,716,728)	(187,881)
Net exposure	1,118,744	2,914,935	(1,716,728)	101,942

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD, Euro, THB and SGD exchange rate against the respective functional currency of the Group with all other variables held constant.

		Increase/(decrease) in profit/(loss) net of tax	
		30.06.13	30.06.12
Group		RM	RM
USD/MYR	- strengthened by 5%	237,229	55,937
	- weakened by 5%	(237,229)	(55,937)
Euro/MYR	- strengthened by 5%	143,939	145,747
	- weakened by 5%	(143,939)	(145,747)
SGD/MYR	- strengthened by 5%	3,221	(85,836)
	- weakened by 5%	(3,221)	85,836
THB/MYR	- strengthened by 5%	(4,432)	5,097
	- weakened by 5%	4,432	(5,097)

4. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter in meeting financial obligations due to shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

In addition, the Group's objective is to maintain a balance of funding and flexibility through the use of credit facilities, short and long term borrowings and a flexible cost effective borrowing structure. Short-term flexibility is achieved through credit facilities and short-term borrowings. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is not beyond the Group's means to repay and refinance.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities as at the financial year end based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
30.06.13				
Trade and other payables	2,286,748	-	-	2,286,748
Amount due to Directors	51,865	-	-	51,865
Loans and borrowings	4,966,835	11,695,167	41,542	16,703,544
Total undiscounted financial liabilities	7,305,448	11,695,167	41,542	19,042,157

4. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

d) Liquidity risk (cont'd)

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
30.06.12				
Trade and other payables	8,490,251	-	-	8,490,251
Amount due to Directors	687,532	-	-	687,532
Loans and borrowings	27,583,009	51,942	56,336	27,691,287
Total undiscounted financial liabilities	36,760,792	51,942	56,336	36,869,070

Company	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
30.06.13				
Other payables	395,135	-	-	395,135
Amount due to subsidiary companies	1,829,164	-	-	1,829,164
Loans and borrowings	1,420,519	-	-	1,420,519
Total undiscounted financial liabilities	3,644,818	-	-	3,644,818
30.06.12				
Trade and other payables	389,315	-	-	389,315
Total undiscounted financial liabilities	389,315	-	-	389,315

e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company is exposed to interest rate risk in respect of its bank overdraft and borrowings which will fluctuate as a result of changes in market interest rates. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

4. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

e) Interest rate risk (cont'd)

The maturity date and weighted average effective interest rate of the instruments at the end of the financial year are as follows:-

	30.06.13		30.06.12	
	Maturity	Effective interest rates	Maturity	Effective interest rates
		%		%
Fixed deposits	14 days	2.25	12 months	3.44
Bank borrowings				
- Bank acceptance	*	4.42	On demand	9.48
- Hire purchase creditors	-	-	On demand	6.47
	91 months	2.65	1-103 months	4.71
- Term loan	*	8.10	On demand	9.06
	50-58 months	6.66	-	-
- Bank overdraft	*	7.85	-	7.73
Company				
Fixed deposits	14 days	2.25	-	-
ICULS	-	4.00	-	-

* under asset disposal agreement, full repayment shall be made from utilisation of disposal proceeds.

Sensitivity analysis for interest rate risk

At the end of the financial year, if average interest rates increase/decrease by 1% with all other variables held constant, the Group's loss net of tax will be lower/higher by approximately RM 152,800 (2012: RM 276,900). The assumed movement in interest rates for interest rate sensitivity analysis is based on the current observable market environment.

5. PROPERTY, PLANT AND EQUIPMENT

	COST								
Group 30.06.13	At 01.07.12 RM	Effect of adoption of MFRS 1 RM	At 01.07.12 RM (restated)	Foreign exchange translation RM	Additions RM	Disposals RM	Written off RM	Classified as asset held for sale RM	At 30.06.13 RM
At cost									
Buildings	3,230,000	-	3,230,000	-	106,450	-	-	-	3,336,450
Long-term leasehold land	2,670,000	-	2,670,000	-	-	-	-	(1,300,000)	1,370,000
Plant and machinery	26,174,986	-	26,174,986	(14,640)	6,983,678	(762,694)	-	-	32,381,330
Furniture and fittings, office equipment and motor vehicles	3,240,181	-	3,240,181	(10,370)	1,165,343	-	-	-	4,395,154
Building under construction	3,368,968	-	3,368,968	-	-	-	-	(3,368,968)	-
	38,684,135	-	38,684,135	(25,010)	8,255,471	(762,694)	-	(4,668,968)	41,482,934
								(Note 15)	

5. PROPERTY, PLANT AND EQUIPMENT CONT'D)

Group 30.06.12	At 01.07.11 RM	Effect of adoption of MFRS 1 RM	At 01.07.11 RM (restated)	Foreign exchange translation RM	Additions RM	Transfer RM	Disposals RM	Written off RM	Impaired RM	At 30.06.12 RM
	COST									
At cost										
Buildings	2,816,303	413,697	3,230,000	-	-	-	-	-	-	3,230,000
Long-term leasehold land	1,811,273	858,727	2,670,000	-	-		-	-	-	2,670,000
Plant and machinery	28,788,933	(6,166,526)	22,622,407	19,033	4,660,824	(153,123)	(400,405)	(123,077)	(450,673)	26,174,986
Furniture and fittings, office equipment and motor vehicles	3,088,344	-	3,088,344	7,646	217,072	-	(72,881)	-	-	3,240,181
Building under construction	2,168,528	-	2,168,528	-	1,200,440	-	-	-	-	3,368,968
	38,673,381	(4,894,102)	33,779,279	26,679	6,078,336	(153,123)	(473,286)	(123,077)	(450,673)	38,684,135

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 30.06.13	ACCUMULATED DEPRECIATION								
	At 01.07.12 RM	Effect of adoption of MFRS 1 RM	At 01.07.12 RM (restated)	Foreign exchange translation RM	Depreciation charge for the year RM	Disposals RM	Written off RM	Classified as asset held for sale RM	At 30.06.13 RM
At cost									
Buildings	64,600	-	64,600	-	64,785	-	-	-	129,385
Long-term leasehold land	53,400	-	53,400	-	52,932	-	-	(53,083)	53,249
Plant and machinery	1,564,076	-	1,564,076	(793)	2,085,333	(186,071)	-	-	3,462,545
Furniture and fittings, office equipment and motor vehicles	2,282,617	-	2,282,617	(6,482)	425,300	-	-	-	2,701,435
Building under construction	-	-	-	-	-	-	-	-	-
	3,964,693	-	3,964,693	(7,275)	2,628,350	(186,071)	-	(53,083) (Note 15)	6,346,614

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 30.06.12	ACCUMULATED DEPRECIATION								
	At 01.07.11 RM	Effect of adoption of MFRS 1 RM	At 01.07.11 RM (restated)	Foreign exchange translation RM	Depreciation charge for the year RM	Disposals RM	Written off RM	Impaired RM	At 30.06.12 RM
At cost									
Buildings	360,670	(360,670)	-	-	64,600	-	-	-	64,600
Long-term leasehold land	182,016	(182,016)	-	-	53,400	-	-	-	53,400
Plant and machinery	13,145,159	(12,442,922)	702,237	6,738	1,658,501	(360,558)	(36,306)	(406,536)	1,564,076
Furniture and fittings, office equipment and motor vehicles	1,982,676	-	1,982,676	3,691	369,131	(72,881)	-	-	2,282,617
Building under construction	-	-	-	-	-	-	-	-	-
	15,670,521	(12,985,608)	2,684,913	10,429	2,145,632	(433,439)	(36,306)	(406,536)	3,964,693

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	NET CARRYING AMOUNT At 30.06.13 RM	At 30.06.12 RM (restated)	At 01.07.11 RM (restated)
At cost			
Buildings	3,207,065	3,165,400	3,230,000
Long-term leasehold land	1,316,751	2,616,600	2,670,000
Plant and machinery	28,918,785	24,610,910	21,920,170
Furniture and fittings, office equipment and motor vehicles	1,693,719	957,564	1,105,668
Building under construction	-	3,368,968	2,168,528
	35,136,320	34,719,442	31,094,366

Company	COST At 01.07.12/ 01.07.11 RM	Additions RM	Disposals RM	At 30.06.13/ 30.06.12 RM
30.06.13				
Office equipment	1,325	-	-	1,325
30.06.12				
Office equipment	325	1,000	-	1,325

Company	ACCUMULATED DEPRECIATION At 01.07.12/ 01.07.11 RM	Depreciation charge for the year RM	Disposals RM	At 30.06.13/ 30.06.12 RM
30.06.13				
Office equipment	389	198	-	587
30.06.12				
Office equipment	228	161	-	389

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	NET CARRYING AMOUNT At 30.06.13 RM	At 30.06.12 RM
Office equipment	738	936

The leasehold land and buildings of the Group were revalued based on opinion of value expressed by an independent firm of external professional valuers, KGV International Property Consultants while plant and machinery were revalued by Taisei Technology (S), using generally open market value basis on 4th November 2011 and 31st March 2012 respectively.

	Group 30.06.13 RM	30.06.12 RM (restated)
Details of assets under hire purchase financing:-		
Motor vehicle		
- cost	147,600	147,600
- net carrying amount at year end	100,860	130,380
Plant and machinery		
- cost	4,247,749	4,247,749
- net carrying amount at year end	3,731,832	3,973,551

The net carrying amount of assets pledged as security for bank borrowings are as follows:-

	Group 30.06.13 RM	30.06.12 RM (restated)
Buildings	3,207,065	3,165,400
Long-term leasehold land	1,316,751	2,616,600
Plant and machinery	4,165,717	4,482,858
Building under construction	-	3,368,968
	8,689,533	13,633,826

6. DEVELOPMENT EXPENDITURE

	Group	
	30.06.13	30.06.12
	RM	RM
Cost		
At beginning/end of the year	135,335	135,335
Accumulated amortisation		
At beginning/end of the year	135,335	135,335
Net carrying amount	-	-

The development expenditure relates to costs incurred for the development of the injection mould project.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	30.06.13	30.06.12
	RM	RM
In Malaysia		
Unquoted shares, at cost		
At beginning of the year	-	10,800,000
Less: Impairment loss	-	(10,800,000)
At end of the year	-	-
Outside Malaysia		
Unquoted shares, at cost		
At beginning of the year	857,600	857,600
Less: Impairment loss	(857,600)	-
At end of the year	-	857,600

Details of subsidiary companies are as follows:-

Name of Company	Effective interest (%) 30.06.13	Effective interest (%) 30.0612	Country of incorporation	Principal activities
Sanichi Precision Mould Sdn. Bhd.	100	100	Malaysia	Design and fabrication of precision moulds and tooling
Asia Pinnacle Sdn. Bhd.	100	100	Malaysia	Design and fabrication of precision moulds and tooling
*Sanichi Mould (Thailand) Co., Ltd.	100	100	Thailand	Design and fabrication of precision moulds and tooling

* *Subsidiary not audited by Hasnan THL Wong & Partners.*

8. GOODWILL ON CONSOLIDATION

	Group	
	30.06.13	30.06.12
	RM	RM
At beginning/end of the year	6,711	6,711

9. DEFERRED TAX ASSET

	Group/Company	
	30.06.13	30.06.12
	RM	RM
		(restated)
At beginning of the year	-	-
Recognised in ICULS (Note 29)		
- arising from ICULS issued during the year	389,000	-
- realisation from conversion of ICULS during the year	(44,415)	-
	344,585	-
At end of the year	344,585	-

The component of deferred tax asset is as follows:-

	Group/Company	
	30.06.13	30.06.12
	RM	RM
Tax effect on ICULS	344,585	-

The tax effects of temporary differences which would give rise to future net tax benefits are generally recognised only where there is a reasonable expectation of realisation. As at the end of the financial year, the estimated amount of deferred taxation benefits calculated at the current tax rate, that have not been recognised in the financial statements are as follows:-

9. DEFERRED TAX ASSETS (CONT'D)

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Tax effect of:-				
- Excess of property, plant and equipment's net carrying amount over its tax written down value	(4,965,100)	(3,980,400)	-	-
- Unrealised foreign exchange (gain)/loss	78,700	72,900	-	-
- Unutilised capital allowance	3,008,900	2,696,000	-	-
- Unutilised industrial building allowances	107,100	85,900	-	-
- Unabsorbed tax losses	3,151,600	3,368,100	-	-
- Unutilised reinvestment allowances	2,104,800	2,104,800	-	-
Deferred tax asset	3,486,000	4,347,300	-	-

Deferred tax asset has not been recognised in the financial statements as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences, unutilised allowances and unabsorbed losses, stated above can be utilised.

10. INVENTORIES

	Group	
	30.06.13	30.06.12
	RM	RM
Raw materials - at cost	1,297,599	959,862
Finished goods - at net realisable value	-	1,718,716
	1,297,599	2,678,578

11. TRADE RECEIVABLES

	Group	
	30.06.13	30.06.12
	RM	RM
Third parties	19,249,244	18,799,632
Less: Allowance for impairment	(9,052,106)	(9,010,666)
	10,197,138	9,788,966

The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

11. TRADE RECEIVABLES (CONT'D)

Ageing analysis

The ageing analysis of the Group's trade receivables are as follows:-

	Group	
	30.06.13	30.06.12
	RM	RM
Neither past due nor impaired	4,528,940	1,026,556
1 to 30 days past due not impaired	404,094	568,279
31 to 60 days past due not impaired	665,848	-
61 to 90 days past due not impaired	5,838	8,250
91 to 120 days past due not impaired	664,109	-
More than 121 days past due not impaired	3,928,309	8,185,881
	5,668,198	8,762,410
Impaired	9,052,106	9,010,666
	19,249,244	18,799,632

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group and have not been renegotiated during the financial year.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM 5,668,198 (2012: RM 8,762,410) that are past due at the reporting date but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature. The management is confident that the amounts are recoverable as these accounts are still active.

Trade receivables that are impaired

Trade receivables that are impaired as at the year end and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	30.06.13	30.06.12
	RM	RM
Individually impaired		
Trade receivables - nominal amounts	13,497,501	13,122,129
Less: Allowance for impairment	(9,052,106)	(9,010,666)
	4,445,395	4,111,463

11. TRADE RECEIVABLES (CONT'D)

Movement in allowance accounts:

	Group	
	30.06.13	30.06.12
	RM	RM
At 1 July	9,010,666	9,933,766
Charge for the year (Note 25)	41,440	-
Reversal of impairment losses	-	(923,100)
At 30 June	9,052,106	9,010,666

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

12. OTHER RECEIVABLES

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Analysed into:-				
Other receivables	716,077	130,226	280,000	-
Deposits	157,872	211,772	1,000	1,000
Prepayments	3,812,319	272,397	262,789	213,105
	4,686,268	614,395	543,789	214,105

13. FIXED DEPOSITS

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Fixed deposits with licensed banks	4,062,523	543,005	4,000,000	-

Fixed deposit amounting to RM 61,507 (2012: RM 541,971) has been pledged as security for banking facilities granted to the Group.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Fixed deposit placed with licensed bank	4,001,016	1,034	4,000,000	-
Cash and bank balances	914,076	49,951	667,267	10,563
Bank overdrafts - secured	(641,683)	(1,742,181)	-	-
	4,273,409	(1,691,196)	4,667,267	10,563

The bank overdrafts are secured by way of:-

a) facilities agreements;
b) open all monies first party legal charge over a land and building of the Group;
c) corporate guarantee by the Company;
d) lien on fixed deposit of the Group;
e) letter of authorisation;
f) joint and several guarantee by certain Directors of the Company;
g) third party forth and sixth legal charge over a leasehold industrial land with a factory building of a third party;
h) loan and advances given to subsidiary companies by the Company;
i) specific debenture over two units of machineries; and
j) guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.

The bank overdrafts with limit of RM 1,921,000 (2012: RM 1,921,000) are payable on demand. The weighted average effective interest rates are as disclosed in Note 4 of the Notes to the Financial Statements.

Pursuant to debt restructuring scheme, the balance brought forward of bank overdraft amounting to RM 1,100,498 has been restructured during the financial year and the outstanding balance of bank overdraft amounting to RM 641,683 to be settled by way of utilisation of proceeds from asset disposal agreement as stated in Note 15 of the Notes to Financial Statements.

15. ASSETS CLASSIFIED AS HELD FOR SALE

During the financial year, the Company entered into an asset disposal agreement in accordance to the restructuring scheme to dispose the leasehold property of the Group to an external party. The disposal proceeds to be utilised against the repayment of borrowings. The asset disposal agreement has not been completed as of the date of this report.

15. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

As at 30th June 2013, the assets classified as held for sale are as follow:-

	Group	
	30.06.13	30.06.12
	RM	RM
Long-term leasehold land and building under construction (Note 5)	4,615,885	-

16. TRADE PAYABLES

	Group	
	30.06.13	30.06.12
	RM	RM
Third parties	378,742	5,900,984

The normal trade credit terms granted to the Group in respect of trade payables range from 60 to 90 days.

17. OTHER PAYABLES

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Analysed into:				
Other payables	763,927	1,194,008	240,800	175,362
Accrued expenses	389,294	450,749	154,335	207,906
Payroll liabilities	754,785	944,510	-	6,047
	1,908,006	2,589,267	395,135	389,315

18. AMOUNT DUE TO DIRECTORS

Group

Amount due to Directors bears no interest, unsecured and no scheme of repayment has been arranged.

19. BORROWINGS

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Current				
Secured				
Banker acceptances	1,035,917	10,551,485	-	-
Hire purchase creditors	11,901	4,006,445	-	-
ICULS (Note 29)	1,420,519	-	1,420,519	-
Term loans	472,448	11,282,898	-	-
Restructured term loans	1,384,367	-	-	-
	4,325,152	25,840,828	1,420,519	-
Non-current				
Secured				
Hire purchase creditors	96,377	108,278	-	-
Restructured term loans	11,640,332	-	-	-
	11,736,709	108,278	-	-
	16,061,861	25,949,106	1,420,519	-

The weighted average effective interest rates are as disclosed in Note 4 of the Notes to the Financial Statements.

Pursuant to debt restructuring scheme, certain balances of banker acceptances, hire purchase creditors and term loans have been restructured by ways of issuance of settlement shares of the Company, waiver of debts by the finance institutions, issuance of ICULS of the Company and conversion of restructured term loan during the financial year. The outstanding balances of banker acceptance and term loans amounting to RM 1,508,365 are to be settled by way of utilisation of proceeds from asset disposal agreement as stated in Note 15 of the Notes to Financial Statements.

In the previous financial year, certain subsidiary companies of the Group had defaulted in the repayment of the bank borrowings and hire purchase instalments and legal action had been instituted by the lenders for recovery of the principal, interest and other costs. Accordingly, all the term loans and a majority of the hire purchase creditors had been reclassified to short term borrowings.

19. BORROWINGS (CONT'D)

The banker acceptances, term loans and restructured term loans are secured by way of:-

a) facilities agreements;
b) open all monies first party legal charge over a leasehold land and building of the Group;
c) corporate guarantee by the Company;
d) joint and several guarantee by certain Directors of the Company;
e) first party first legal and second legal charge over the building of the Group;
f) third party forth and sixth legal charge over a leasehold industrial land with a factory building of a third party;
g) loan and advances given to subsidiary companies by the Company;
h) specific debenture creating fixed charge over the assets financed; and
i) guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.

	Group	
Repayment terms	30.06.13	30.06.12
Bank borrowings and loans	RM	RM
(excluding hire purchase creditors)		
- not later than 1 year	4,313,251	21,834,383
- later than 1 year and not later than 2 years	2,688,682	-
- later than 2 years and not later than 5 years	8,951,650	-
	15,953,583	21,834,383
Hire purchase creditors		
Minimum instalment payments :-		
- not later than 1 year	17,052	4,498,219
- later than 1 year and not later than 5 years	68,208	68,208
- later than 5 years	44,033	61,085
	129,293	4,627,512
Future finance charges on hire purchase creditors	(21,015)	(512,789)
Present value of hire purchase creditors	108,278	4,114,723
Present value of hire purchase creditors		
- not later than 1 year	11,901	4,006,445
- later than 1 year and not later than 5 years	54,834	51,942
- later than 5 years	41,543	56,336
	108,278	4,114,723

20. SHARE CAPITAL

Group and Company	Number of ordinary shares of RM 0.10 each 30.06.13 RM	30.06.12 RM	Group and Company 30.06.13 RM	30.06.12 RM
Authorised:-				
At beginning of the year	250,000,000	250,000,000	25,000,000	25,000,000
Created during the year	750,000,000	-	75,000,000	-
At end of the year	1,000,000,000	250,000,000	100,000,000	25,000,000
Issued and fully paid:-				
At beginning of the year	179,850,000	163,500,000	17,985,000	16,350,000
a) Reduction of share capital	(143,880,000)	-	(14,388,000)	-
b) Restricted issue with Warrants A	85,000,000	-	8,500,000	-
c) Issuance of settlement shares	8,766,320	-	876,632	-
d) Rights issue with Warrants B	120,970,000	-	12,097,000	-
e) Exercise of Warrants A	42,500,000	-	4,250,000	-
f) Conversion of ICULS	8,504,400	-	850,440	-
g) Issuance of shares	-	16,350,000	-	1,635,000
At end of the year	301,710,720	179,850,000	30,171,072	17,985,000

During the financial year, M&A of the Company has been amended to facilitate the increase in the authorised share capital pursuant to the Increase in Authorised Share Capital and subsequently the Company increased its authorised share capital from RM 25,000,000 to RM 100,000,000 by creation of 750,000,000 ordinary shares of RM 0.10 each at par.

Movements of issued and paid-up ordinary share capital during the financial year:-

a) the issued and paid-up share capital of the Company of RM 17,985,000 comprising 179,850,000 ordinary shares of RM 0.10 each has been reduced by RM 14,388,000 pursuant to Section 64(1) of the Act via the cancellation of RM 0.08 of the par value of each existing ordinary share of the Company in issue, to RM 3,597,000 comprising 179,850,000 ordinary shares of RM 0.02 each and that the credit arising from such reduction and cancellation of RM 14,388,000 of the par value of the issued shares has been applied towards setting-off the accumulated losses of the Company thereafter consolidation of five (5) ordinary shares of RM 0.02 each into (1) new ordinary share of RM 0.10 each;

20. SHARE CAPITAL (CONT'D)

b) issuance of 85,000,000 Restricted Issue Shares together with 42,500,000 free Warrants A at an issue price of RM 0.10 per Restricted Issue Shares on the basis of one (1) free Warrants A for every two (2) Restricted Issue Shares;

c) issuance of 8,766,320 settlement shares at an issue price of RM 0.10 per Settlement Shares to partially settle certain amount of debts pursuant to the Debt Restructuring;

d) issuance of 120,970,000 Rights Shares together with 60,485,000 free Warrants B at an issue price of RM 0.10 per Rights Shares on the basis of (1) free Warrants B for every two (2) Rights Shares;

e) issuance of 42,500,000 of new ordinary shares of RM 0.10 at an issue price of RM 0.10 per ordinary shares arising from the exercise of entire Warrants A; and

f) issuance of 8,504,400 of new ordinary shares of RM 0.10 each at an issue price of RM 0.10 per ordinary shares arising from the conversion of nominal value of 4%, 5-years, irredeemable convertible unsecured loan stocks ("ICULS");

Movement of issued and paid-up ordinary share capital in the previous financial year:-

g) the Company increased its issued and paid-up share capital from RM 16,350,000 to RM 17,985,000 by allotment of RM 1,635,000 ordinary shares of RM 0.10 each at par for cash consideration.

The new ordinary shares rank pari passu in all respects with existing ordinary shares.

21. RESERVES

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Non-distributable		(restated)		
Share premium				
At beginning of the year	10,586,318	10,586,318	10,586,318	10,586,318
a) Share premium reduction	(10,586,318)	-	(10,586,318)	-
b) Exercise of Warrants A	2,125,000	-	2,125,000	-
At end of the year	2,125,000	10,586,318	2,125,000	10,586,318
Foreign exchange reserve				
Exchange difference of translation of overseas subsidiary companies	(124,001)	(89,760)	-	-

21. RESERVES (CONT'D)

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Non-distributable		(restated)		
Warrant reserve				
Addition during the year	5,149,250	-	5,149,250	-
Exercised during the year	(2,125,000)	-	(2,125,000)	-
At end of the year	3,024,250	-	3,024,250	-
Equity component of ICULS (Note 29)				
Addition during the year	3,457,657	-	3,457,657	-
Converted during the year	(718,197)	-	(718,197)	-
At end of the year	2,739,460	-	2,739,460	-
Distributable:-				
Unappropriated profits/ (accumulated losses)	4,261,627	(16,469,541)	(10,997,650)	(27,688,859)
	12,026,336	(5,972,983)	(3,108,940)	(17,102,541)

Share premium

a) During the financial year, a reduction of share premium up to RM 10,586,318 from the share premium account of the Company pursuant to Sections 60(2) and 64(1) of the Companies Act, 1965 as at 30th June 2012 has been utilised towards setting-off the accumulated losses of the Company.

b) Capitalisation of warrants reserve arising from Warrants A pursuant to exercise of entire 42,500,000 Warrants A to 42,500,000 of new ordinary shares of RM 0.10 at an issue price of RM 0.10 per ordinary shares.

Warrant reserve

Warrant reserve arose from the issuance of 85,000,000 Restricted Issue Shares and 120,970,000 Right Shares respectively together with free warrants on the basis of one (1) free warrant for every two (2) Shares subscribed by the shareholders of the Company pursuant to the Restricted Issue and Rights Issue with Warrants at a fair value of RM 0.05 per warrant.

22. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

Company

Amount due from/(to) related companies arose mainly from inter-company advances which bear no interest, unsecured and repayable on demand.

23. REVENUE

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Management fees	-	-	-	480,000
Sale of moulds	9,304,172	3,843,066	-	-
	9,304,172	3,843,066	-	480,000

24. FINANCE COSTS

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Banker acceptance interest	-	837,969	-	-
Bank overdraft interest	83,734	160,368	-	-
Hire purchase interest	19,813	143,412	-	-
ICULS interest	42,177	-	42,177	-
Other interest	-	2,917	-	-
Term loan interest	182,826	1,050,348	-	-
	328,550	2,195,014	42,177	-

25. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been determined after charging/(crediting) amongst other items the following:-

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM (restated)	RM	RM
Audit fees	60,168	56,549	22,000	20,000
Bad debts written off	49,344	18,000	-	-
Depreciation of property, plant and equipment	2,628,350	2,145,632	198	161
Directors' remuneration				
- fees	138,375	114,000	138,375	114,000
- EPF contributions	49,440	50,412	-	-
- other emoluments	425,500	434,500	5,500	14,500
Impairment loss on property, plant and equipment	-	44,137	-	-
Impairment loss on trade rcccivables	41,440	-	-	-
Impairment loss on amount due from subsidiary companies	-	-	-	16,712,784
Impairment loss in value of investment in subsidiary companies	-	-	857,600	10,800,000
Inventories written off	-	900,000	-	-
Loss on disposal of plant and equipment	276,623	39,667	-	-
Loss on foreign currency exchange				
- realised	29,818	123,182	-	-
- unrealised	314,865	293,286	-	-
Property, plant and equipment written off	-	86,771	-	-
Rental charges	163,651	181,589	-	-
Reversal of impairment of trade receivables	-	(923,100)	-	-
Gain on disposal of property, plant and equipment	-	(82,718)	-	-
Gain on foreign exchange				
- unrealised	-	(1,437)	-	-
Interest income	(38,567)	(19,139)	(14,370)	(474)
Waiver of debts	(9,037,879)	-	-	-

26. TAXATION

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Malaysian taxation:				
Current year tax expenses	-	71,900	-	71,900
Under/(over) provision in prior years:				
Tax expenses	5,480	(32,048)	5,480	(3,210)
	5,480	39,852	5,480	68,690

As at 30th June 2013, the Group and Company have unutilised allowances and unabsorbed tax losses carried forward as follows:-

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Unabsorbed tax losses	12,606,600	13,472,500	-	-
Unutilised reinvestment allowances	8,419,300	8,419,300	-	-
Unutilised industrial building allowances	428,500	343,500	-	-
Unutilised capital allowances	12,035,500	10,784,200	-	-

The amounts are subject to the agreement of the Inland Revenue Board.

Group

There is no current year tax expense for Thailand operations as those operations have no chargeable income.

Income tax of the Malaysian subsidiary companies is calculated at the rate of 25% on the estimated taxable profit. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

As at 30th June 2013, the Group has a tax exempt account of approximately RM 11,815,800 (2012: RM 11,815,800) to frank the payment of tax exempt dividends, which are subject to the agreement of the Inland Revenue Board.

26. TAXATION (CONT'D)

Company

Income tax is calculated at the rate of 25% on the estimated taxable profit. A reconciliation of average effective tax rate applicable to profit/(loss) before taxation to effective statutory tax rate is as follows:-

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Profit/(loss) before taxation	911,580	(7,642,433)	(3,128,379)	(27,373,884)
	%	%	%	%
Average effective tax rate for the year	0.6	(0.5)	(0.2)	(0.3)
Deferred tax asset not recognised during the year	-	11.9	-	-
(Under)/over provision in prior year	(0.6)	(0.4)	0.2	-
Tax effect on income not subject to tax	29.3	-	-	-
Tax effect of expenses not deductible for tax purpose	(98.8)	13.5	25.0	25.3
Tax effect of reinvestment allowances	-	0.5	-	-
Utilisation of deferred tax asset not recognised in prior year	94.5	-	-	-
Effective statutory tax rate for the year	25.0	25.0	25.0	25.0

27. EARNING/(LOSS) PER SHARE

Basic earning/(loss) per share

The basic earning/(loss) per share for the financial year is based on loss attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	30.06.13	30.06.12
	RM	RM
Earning/(loss) attributable to equity holders of the Company	906,100	(7,682,285)
Weighted average number of ordinary shares of RM 0.10 each	192,656,962	172,791,803
Basic earning/(loss) per share (sen)	0.47	(4.45)

Diluted earning per share

The fully diluted earnings per ordinary share for the Group for the current financial year is not presented as the warrants would be anti-dilutive as the exercise price is higher than the fair value of the Company's shares.

28. WARRANTS

i) The warrants (Warrants A and Warrants B) were constituted under the Deed Poll dated 21th November 2012.

Salient features of the above warrants are as follows:-

a) Each of the warrant entitles the holder to the right of exercise of one ordinary share in the Company. The number of warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

b) The close of business on the warrants is five (5) years from the date of issuance of the warrants; thereafter the outstanding warrants will cease to be valid for any purpose.

c) The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

28. WARRANTS (CONT'D)

Salient features of the above warrants are as follows (cont'd):-

d) The warrants are quoted on the ACE Market of Bursa Malaysia Securities Berhad on 20th March 2013. Each warrant entitles its holder the right to subscribe for one ordinary share of RM 0.10 each in the Company at any time up to the expiry date of 13th March 2018 at an exercise price of RM 0.10 payable in cash.

Warrants A have been fully exercised during the financial year. The number of Warrants B remain unexercised at the end of the financial year are as follows:-

	Group and Company	
	30.06.13	30.06.12
Unexercised warrants B	60,485,000	-

29. ICULS

On 20th March 2013, the Company issued 46,236,560 five (5)-year 4.0%, irredeemable convertible unsecured loan stocks ("ICULS") at a nominal value of RM 0.10 per ICULS pursuant to debt restructuring scheme.

The salient terms of the ICULS are as follows:

i) The ICULS shall bear a coupon rate of 4.0% per annum from date of issue ("Issued Date") up to the maturity date. The interest is payable semi-annually in arrears;

ii) The ICULS are convertible at any time on or after its issuance date into new ordinary shares of the Company at the conversion price, which is fixed at RM 0.10;

iii) Any remaining ICULS not converted at the end of the Conversion Period shall be mandatorily converted into new ordinary shares at the Conversion Price on the maturity date; and

iv) The new ordinary shares issued from the conversion of ICULS will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of the Company.

29. ICULS (CONT'D)

The ICULS have been split between the liability component and the equity component as follows:

	Group and Company	
	30.06.13	30.06.12
	RM	RM
Liability component of ICULS		
Liability component at the date of issue	1,555,000	-
Interest expense recognised during the year	42,177	-
Conversion of ICULS to ordinary shares	(176,658)	-
Liability component at end of the year	1,420,519	-
Equity component of ICULS		
Equity component at the date of issue	3,457,657	-
Conversion of ICULS to ordinary shares	(718,197)	-
Equity component at end of the year	2,739,460	-
Total ICULS at end of the year	4,159,979	-

30. PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the proceeds from disposal of property, plant and equipment are as follows:-

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Cash consideration	300,000	236,021	-	-

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment as follows:-

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Cash payment	8,255,471	273,996	-	1,000
Hire purchase financing	-	123,900	-	-
Financed by payables	-	3,160,440	-	-
Set-off against trade receivables	-	2,520,000	-	-
	8,255,471	6,078,336	-	1,000

32. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the Directors of the Group and of the Company during the financial year were as follows:-

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Executive Directors:-				
- Salaries, bonus and EPF contribution	469,440	470,412	-	-
Non-Executive Directors:-				
- fees	138,375	114,000	138,375	114,000
- other emoluments	5,500	14,500	5,500	14,500
Total	613,315	598,912	143,875	128,500

The number of Directors of the Group where total remuneration during the financial year fall within the following bands are as follows:-

	Number of Directors	
	30.06.13	30.06.12
Executive Directors :-		
RM 200,001 - RM 250,000	2	2
Non-Executive Directors		
Below RM 50,000	3	7
RM 50,001 - RM 100,000	1	-
	6	9

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	30.06.13	30.06.12
	RM	RM
Management fees charged to subsidiary companies	-	480,000

34. SEGMENTAL INFORMATION

The Group is principally engaged in designing and fabrication of precision moulds and tooling for use in automobile, home appliance, audio visual, computer peripheral, electrical and telecommunication industry.

The Group's business segment is categorised according to the product segments as follows:-

a) Advanced Plastic Injection Mould (APIM); and
b) Conventional Plastic Injection Mould (CPIM).

34. SEGMENTAL INFORMATION (CONT'D)

i) Business Segments

30.06.13	APIM RM	CPIM RM	Elimination RM	Total RM
Revenue				
External sales	7,470,942	1,833,230	-	9,304,172
Inter-segment sales	135,000	800,000	(935,000)	-
Total revenue	7,605,942	2,633,230	(935,000)	9,304,172
Results				
Segment results	964,815	236,748	-	1,201,563
Financing costs				(328,550)
Interest revenue				38,567
Profit before taxation				911,580
Taxation				(5,480)
Profit for the year				906,100

30.06.13	APIM RM	CPIM RM	Elimination RM	Total RM
Assets				
Segment assets	48,913,948	12,002,572	-	60,916,520
Tax assets				345,181
				61,261,701
Liabilities				
Segment liabilities	15,290,221	3,751,936	-	19,042,157
Tax payable				22,136
				19,064,293
Other Segment Information				
Bad debts written off	39,622	9,722	-	49,344
Capital expenditure	6,628,870	1,626,601	-	8,255,471
Depreciation of property, plant and equipment	2,110,478	517,872	-	2,628,350
Impairment loss on trade receivables	33,275	8,165	-	41,440
Waiver of debts	(7,257,118)	(1,780,761)	-	(9,037,879)

34. SEGMENTAL INFORMATION (CONT'D)

i) Business Segments

30.06.12	APIM RM	CPIM RM	Elimination RM	Total RM
Revenue				
External sales	3,654,310	188,756	-	3,843,066
Inter-segment sales	-	-	-	-
Total revenue	3,654,310	188,756	-	3,843,066
Results				
Segment results	(5,198,063)	(268,495)	-	(5,466,558)
Financing costs				(2,195,014)
Interest revenue				19,139
Loss before taxation				(7,642,433)
Taxation				(39,852)
Loss for the year				(7,682,285)

30.06.12	APIM RM	CPIM RM	Elimination RM	Total RM
Assets				
Segment assets	46,023,782	2,377,266	-	48,401,048
Tax assets				565,469
				48,966,517
Liabilities				
Segment liabilities	35,058,209	1,810,861	-	36,869,070
Tax credit				85,430
				36,954,500
Other Segment Information				
Capital expenditure	5,799,792	298,544	-	6,098,336
Depreciation of property, plant and equipment	2,108,092	108,889	-	2,216,981
Reversal of impairment loss on trade receivables	(877,761)	(45,339)	-	(923,100)

34. SEGMENTAL INFORMATION (CONT'D)

ii) Geographical Segments

Business contribution by geography is as follows:-

	Revenue contribution		Segment assets	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Malaysia	1,833,230	310,756	51,972,175	41,874,208
Other Asia Pacific countries	2,429,628	1,979,902	2,359,521	3,531,457
European countries	5,041,314	1,552,408	6,930,005	3,560,852
	9,304,172	3,843,066	61,261,701	48,966,517

	Capital expenditure	
	30.06.13	30.06.12
	RM	RM
Malaysia	8,255,471	5,835,724
Other Asia Pacific countries	-	242,612
	8,255,471	6,078,336

iii) Information about major customers

The Group has 3 (2012: 3) major customers contributing approximately RM 6,235,900 (2012: RM 2,154,000) of total sales revenue.

35. CAPITAL COMMITMENTS

Authorised capital expenditure not provided for in the financial statements:-

	Group	
	30.06.13	30.06.12
	RM	RM
Contracted for:-		
Construction of building	3,117,560	3,117,560

The building is currently clasified as asset held for sale (Note 15).

36. CONTINGENT LIABILITIES

	Company	
	30.06.13	30.06.12
	RM	RM
Corporate guarantees given to licensed banks for banking facilities granted to subsidiary companies	33,960,000	33,960,000

37. EMPLOYEES INFORMATION

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM	RM	RM
Directors' other emoluments	613,315	598,912	5,500	128,500
EPF	172,092	101,677	-	660
Salaries, bonus, allowances and wages	3,937,790	2,087,582	-	5,557
SOCSO	18,711	9,380	-	52
Other personnel cost	50,422	65,137	-	-
	4,792,330	2,862,688	5,500	134,769

The total number of employees of the Company, including the Directors, as at the end of the financial year was 5 (2012: 8).

The total number of employees of the Group, including the Directors, as at the end of the financial year was 76 (2012: 76).

38. FINANCIAL INSTRUMENTS

The Group's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Group in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

38. FINANCIAL INSTRUMENTS (CONT'D)

Group	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
30.06.13			
Financial assets			
Trade and other receivables	11,071,087	-	11,071,087
Fixed deposits	4,062,523	-	4,062,523
Cash and bank balances	914,076	-	914,076
	16,047,686	-	16,047,686
Financial liabilities			
Trade and other payables	-	2,286,748	2,286,748
Amount due to Directors	-	51,865	51,865
Loans and borrowings	-	16,703,544	16,703,544
	-	19,042,157	19,042,157
30.06.12			
Financial assets			
Trade and other receivables	10,130,964	-	10,130,964
Fixed deposits	543,005	-	543,005
Cash and bank balances	49,951	-	49,951
	10,723,920	-	10,723,920
Financial liabilities			
Trade and other payables	-	8,490,251	8,490,251
Amount due to Directors	-	687,532	687,532
Loans and borrowings	-	27,691,287	27,691,287
	-	36,869,070	36,869,070
Company			
30.06.13			
Financial assets			
Other receivables	281,000	-	281,000
Amount due from subsidiary companies	25,172,707	-	25,172,707
Fixed deposits	4,000,000	-	4,000,000
Cash and bank balances	667,267	-	667,267
	30,120,974	-	30,120,974

38. FINANCIAL INSTRUMENTS (CONT'D)

	Loans and receivables RM	Financial liabilities at amortised cost RM	Total RM
Company			
30.06.13			
Financial liabilities			
Trade and other payables	-	395,135	395,135
Amount due to subsidiary companies	-	1,829,164	1,829,164
Loans and borrowings	-	1,420,519	1,420,519
	-	3,644,818	3,644,818
30.06.12			
Financial assets			
Other receivables	1,000	-	1,000
Amount due from subsidiary companies	274,000	-	274,000
Cash and bank balances	10,563	-	10,563
	285,563	-	285,563
Financial liabilities			
Trade and other payables	-	389,315	389,315
	-	389,315	389,315

39. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2013 and 2012 respectively.

The Group is not subject to any externally imposed capital requirements.

39. CAPITAL MANAGEMENT (CONT'D)

The composition of the capital management are as follows:-

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM (restated)	RM	RM
Trade and other payables	2,286,748	8,490,251	437,312	389,315
Loans and borrowings	16,703,544	27,691,287	-	-
Amount due to Directors	51,865	687,532	-	-
Amount due to subsidiary companies	-	-	1,829,164	-
Tax payable	22,136	85,430	22,136	85,430
Less: Cash and bank balances	(4,976,599)	(592,956)	(4,667,267)	(10,563)
Net debt	14,087,694	36,361,544	-	464,182
Equity attributable to the owners of the Company, representing total equity	42,197,408	12,012,017	27,062,132	882,459
Capital management ratio	33%	303%	-	53%

40. EXPLANATION OF TRANSITION TO MFRSs

The audited financial statements of the Group and the Company for the period ended 30th June 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. There are no adjustments arising from the transition to MFRSs, except for those discussed below. Accordingly, notes related to the Statement of Financial Position as at date of transition to MFRSs are only presented for those items.

Property, plant and equipment

Under FRSs, property, plant and equipment were stated at cost or valuation, less accumulated depreciation and accumulated impairment losses, if any. Revaluation of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period. Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property.

40. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

Property, plant and equipment (cont'd)

Upon transition into MFRS, the Group and the Company has elected to measure certain items of property, plant and equipment at the date of transition to their fair values and use those fair values as deemed cost at that date. The Group and the Company has updated the valuation of its properties comprising lands and buildings and regard the fair value at 1st July 2011 as deemed cost at the date of transition. The cumulative surpluses arising from revaluation of properties, were transferred to retained earnings on 1st July 2011 in accordance with the transition provisions under MFRS 1.

The reconciliations for the impact of financial statements reported under FRS framework and the MFRS framework at the date of transition and the comparative period are as follows:-

	FRS	Effect of transition to MFRSs	MFRS
Consolidated Statement of Financial Position	RM	RM	RM
01.07.11			
Property, plant and equipment	23,002,860	8,091,506	31,094,366
Accumulated losses/(unappropriated profits)	16,878,762	(8,091,506)	8,787,256
30.06.12			
Property, plant and equipment	35,854,927	(1,135,485)	34,719,442
Deferred tax liability	(2,053,199)	2,053,199	-
Revaluation reserve	(7,245,141)	7,245,141	-
Accumulated losses	24,632,396	(8,162,855)	16,469,541
Group			
Statements of comprehensive income			
For the financial year ended 30.06.12			
Loss before taxation	(7,713,782)	71,349	(7,642,433)
Cost of sales	6,219,690	(60,870)	6,158,820
Administrative expenses	1,902,811	(10,479)	1,892,332
Statements of cash flows			
For the financial year ended 30.06.12			
Loss before taxation	(7,713,782)	71,349	(7,642,433)
Depreciation of property, plant and equipment	2,216,981	(71,349)	2,145,632

41. EVENT OCCURING SUBSEQUENT TO FINANCIAL YEAR

a) Subsequent to the financial year, the Company increased its issued and paid-up ordinary share capital pursuant to ICULS conversions as follows:-

Date	Number of ordinary shares
10th July 2013	410,130
7th August 2013	394,200
23rd August 2013	292,040
11th September 2013	430,660

b) On 13th September 2013, the Company increased its issued and paid up share capital by way of the issuance of 30,000,000 ordinary share capital pursuant to a private placement, for additional working capital purpose.

42. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 30th June 2013 into realised and unrealised profits, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 20th December 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	30.06.13	30.06.12	30.06.13	30.06.12
	RM	RM (restated)	RM	RM
Accumulated losses analysed into:				
- Realised	(15,786,969)	(35,669,245)	(10,997,650)	(27,688,859)
- Unrealised	(314,865)	(291,849)	-	-
	(16,101,834)	(35,961,094)	(10,997,650)	(27,688,859)
Less: Consolidation adjustments	20,363,461	19,491,553	-	-
Unappropriated profits/ (accumulated losses) as per financial statement	4,261,627	(16,469,541)	(10,997,650)	(27,688,859)

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OUR UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FYE 30 JUNE 2014

SANICHI TECHNOLOGY BERHAD
Company No.661826-K
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014
(The figures below are unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 30 June 2014 RM'000	Preceding Year Corresponding Quarter 30 June 2013 RM'000	Current Year to date 30 June 2014 RM'000	Preceding Year Corresponding Period 30 June 2013 RM'000
Revenue	5,323	5,914	22,413	9,304
Operating expenses	(4,738)	(7,234)	(20,023)	(17,244)
Other operating (expenses)/income	(232)	(339)	637	9,181
Profit/(Loss) from operations	353	(1,659)	3,027	1,241
Finance (costs)/income	(358)	(324)	(1,201)	(329)
Profit/(Loss) before taxation	(5)	(1,983)	1,826	912
Taxation	428	(159)	428	(6)
Profit/(Loss) after taxation	423	(2,142)	2,254	906
Other Comprehensive Income				
Translation of foreign subsidiaries	74	(111)	335	(34)
Revaluation surplus arose during the year	-	-	-	-
Deferred tax arising on revaluation surplus	-	-	-	-
Reversal of deferred tax on revaluation surplus	-	64	-	-
	74	(47)	335	(34)
Total Comprehensive Income/(Expense) For The Year	497	(2,189)	2,589	872
Income/(Loss) attributable to:				
Owners of the Parent	423	(2,142)	2,254	906
Non-controlling interest	-	-	-	-
	423	(2,142)	2,254	906
Total comprehensive income/(expense) attributable to:				
Owners of the Parent	497	(2,189)	2,589	872
Non-controlling interest	-	-	-	-
	497	(2,189)	2,589	872
Profit/(Loss) per share (sen)				
Basic (note B13)	0.1	(1.0)	0.7	0.5
Diluted (note B13)	NA	NA	NA	NA

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD
Company No.661826-K
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	(Unaudited) As at 30 June 2014 RM'000	(Audited) As at 30 June 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,145	35,136
Deferred tax assets	1,505	345
Goodwill on consolidation	7	7
	35,657	35,488
Current assets		
Inventories	1,949	1,297
Trade receivables	17,903	10,197
Other receivables, deposits and prepayments	6,084	4,686
Asset held for sale	4,616	4,616
Tax recoverables	70	1
Fixed deposits	-	4,063
Cash and bank balances	1,529	914
	32,151	25,774
TOTAL ASSETS	67,808	61,262
EQUITY AND LIABILITIES		
EQUITY		
Share capital	34,797	30,171
Share premium	2,125	2,125
Warrant reserve	3,024	3,024
ICULS	1,660	2,739
Exchange translation reserve	211	(124)
Retained earning	6,433	4,262
Equity attributable to owners of the parent	48,250	42,197
Non-current liabilities		
Long term borrowings	10,557	11,737
ICULS	-	-
Deferred tax liabilities	864	-
	11,421	11,737
Current liabilities		
Trade payables	660	379
Other payables and accruals	2,915	1,908
Tax Payable	-	22
Amount owing to directors	449	52
Short term borrowings	3,416	4,325
Bank overdrafts	697	642
	8,137	7,328
TOTAL LIABILITIES	19,558	19,065
TOTAL EQUITY AND LIABILITIES	67,808	61,262
Net assets per share attributable to owners of the parent (RM)	0.14	0.14

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD
Company No.661826-K
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2014
(The figures below are unaudited)

	Current Year to 30 June 2014 RM'000	Preceding Year Corresponding Period to 30 June 2013 RM'000
Cash flows from operating activities		
Adjustments for:-	1,826	912
Impairment loss on trade receivables	681	41
Bad debts written off	-	49
Depreciation and amortisation	3,053	2,628
Deposit written off	74	-
Inventories written off	3	-
Reversal of provision no longer required	(767)	-
Waiver of debts	-	(9,038)
Unrealised (gain)/loss on foreign exchange	(441)	315
(Gain)/Loss on disposal of property, plant and equipments	13	277
Interest expenses	1,201	329
Interest income	(4)	(39)
Operating profit/(loss) before changes in working capital	5,639	(4,526)
Changes in working capital:-		
(Increase)/Decrease in inventories	(655)	1,377
(Increase)/Decrease in receivables	(8,628)	(4,898)
Increase/(Decrease) in payables	1,262	(1,232)
Directors' account	396	(442)
Net cash for operations	(1,986)	(9,721)
Income tax refunded/(paid)	(97)	496
Interest paid	(1,201)	(236)
Interest received	4	19
Net cash for operating activities	(3,280)	(9,442)
Cash flows from investing activities		
Proceeds from disposal of equipment	27	300
Purchase of plant and equipment	(2,181)	(8,255)
Net cash for investing activities	(2,154)	(7,955)
Cash flows from financing activities		
Proceed from issuance of shares	3,000	24,847
Repayment of short-term bank borrowings	-	-
Net repayment of term loans	(1,392)	(1,648)
Net repayment of hire purchase liabilities	(12)	(12)
Net cash from financing activities	1,596	23,187
Net (decrease)/increase in cash and cash equivalents	(3,838)	5,790
Effects of changes in exchange rates	335	175
Cash and cash equivalents at beginning of the period	4,335	(1,691)
Cash and cash equivalents at end of the year	832	4,274
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks**	-	4,002
Cash and bank balances	1,529	914
Bank overdrafts	(697)	(642)
	832	4,274

** Fixed deposits with licensed banks have been pledged to licensed banks for banking facilities granted to the Group.

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD

Company No.661826-K
(Incorporated In Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to Owners of the Parent									
	Non-Distributable						Distributable			
	Share Capital RM'000	Share Premium RM'000	Revaluation reserve RM'000	Warrant Reserve RM'001	Translation reserve RM'000	ICULS RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
At 1 July 2013	30,171	2,125	-	3,024	(124)	2,739	4,262	42,197	-	42,197
Total comprehensive income/(expense) for the period	-	-	-	-	335	-	2,171	2,506	-	2,506
Par Value deduction	-	-	-	-	-	-	-	-	-	-
Issuance of shares	4,626	-	-	-	-	(1,079)	-	3,547	-	3,547
At 30 June 2014	34,797	2,125	-	3,024	211	1,660	6,433	48,250	-	48,250
At 1 July 2012	17,985	10,586	-	-	(90)	-	(16,469)	12,012	-	12,012
Total comprehensive income/(expense) for the period	-	-	-	-	(34)	-	906	872	-	872
Par Value deduction	(14,388)	(10,586)	-	-	-	-	24,974	-	-	-
Issuance of shares	26,574	2,125	-	3,024	-	2,739	(5,149)	29,313	-	29,313
At 31 March 2013	30,171	2,125	-	3,024	(124)	2,739	4,262	42,197	-	42,197

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2013 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the forth quarter ended 30 June 2014 have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") No. 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market (" ACE Listing Requirements "). The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of Sanichi Technology Berhad (" Sanichi " or "Company") and its subsidiaries (collectively known as " Sanichi Group " or " Group ") for the financial year ended ("FYE") 30 June 2013.

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2013.

A2. Seasonality or Cyclicality Factors

The Group's operations for the current quarter under review were not significantly affected by any seasonal or cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

During the quarter, there were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

A4. Material Change in Estimates

There were no materials changes in estimates of amounts reported in prior financial years that have a material effect on the results for the quarter under review.

A5. Issuances, Repurchases and Repayments of Debt and Equity Securities

During the quarter, there were no issuances, repurchases and repayments of debt and equity securities.

A6. Dividend Paid

There was no dividend paid during the quarter under review.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

A7. Segmental Information

The board views the Group has a single business segment from the geographic perspective. The reportable segments are Malaysia and Thailand which both segments are in design and fabrication of precision moulds and tooling.

The Group **30 June 2014**	**Malaysia** **RM'000**	**Thailand** **RM'000**	**Elimination** **RM'000**	**Consolidated** **RM'000**
Revenue				
External sales	20,310	2,103	-	22,413
Inter segment sales	2,431	-	(2,431)	-
Total revenue	22,741	2,103	(2,431)	22,413
Results				
Profit from operations	4,017	(990)	-	3,027
Finance cost	(1,200)	(1)	-	(1,201)
Income from other investment	-	-	-	-
Profit before tax				1,826
Income tax income				428
Net profit for the year				2,254
Other Information				
Additions of fixed assets	2,014	167	-	2,181
Depreciation and amortization	2,935	118	-	3,053
Consolidated Balance Sheet				
Assets				
Segment assets	65,905	1,903	-	67,808
Segment liabilities	13,985	5,573	-	19,558

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

The Group 30 June 2013	**Malaysia RM'000**	**Thailand RM'000**	**Elimination RM'000**	**Consolidated RM'000**
Revenue				
External sales	7,652	1,652	-	9,304
Inter segment sales	935	-	(935)	-
Total revenue	8,587	1,652	(935)	9,304
Results				
Profit from operation	1,785	(544)	-	1,241
Finance cost	(329)	-	-	(329)
Income from other investment	-	-	-	-
Profit before tax				912
Income tax expenses				(6)
Net profit for the year				906
Other Information				
Additions of fixed assets	8,255	-	-	8,255
Depreciation and amortization	2,513	115	-	2,628
Consolidated Balance Sheet				
Assets				
Segment assets	59,541	1,721	-	61,262
Segment liabilities	14,685	4,380	-	19,065

Segment sales	**Current Quarter 30.6.2014 RM'000**	**Preceding Year Corresponding Quarter to 30.6.2013 RM'000**
Malaysia	-	902
European countries	3,513	3,013
Other countries in Asia Pacific	1,810	1,999
	5,323	5,914

SANICHI TECHNOLOGY BERHAD
Company No. 661826-K
(Incorporated in Malaysia)

Segment sales	Current Year To date 30.6.2014 RM'000	Preceding Year Corresponding Period to 30.6.2013 RM'000
Malaysia	823	1,698
European countries	7,021	4,481
Other countries in Asia Pacific	14,569	3,125
	22,413	9,304

A8. Material Events Subsequent to the End of the Quarter under Review

There were no material events subsequent to the end of the quarter under review.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date up to the date of this report.

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SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

B. ADDITIONAL INFORMATION REQUIRED BY ACE LISTING REQUIREMENTS (APPENDIX 9B)

B1. Review of Group's Results for the Current Quarter and Year-to-Date Ended 30 June 2014

The Group recorded a revenue of RM5.323 million for the forth quarter ended 30 June 2014. The Group's loss before tax (" LBT ") and profit after tax (" PAT ") for the quarter were RM5 thousand and RM0.423 million for the period respectively.

The Group's revenue of RM22.413 million for the 12 months year ended 30 June 2014 represents an increase of approximately 140.9% as compared to the preceding year corresponding period. In addition, the Group incurred profit before tax ("PBT") and profit after tax ("PAT") of RM1.826 million and RM2.254 million for the 12 months year ended 30 June 2014, as compared to PBT and PAT of RM0.912 million and RM0.906 million for the preceding year ended 30 June 2013. The reasons for the Group's improvement in revenue were mainly due to strong demand recovery from market after completion of corporate restructuring.

B2. Variation of Results for the Current Quarter Ended 30 June 2014 against Immediate Preceding Quarter

The Group recorded an increase of approximately 85.1% in its revenue to RM5.323 million for the quarter ended 30 June 2014 against RM2.875 million for the immediate preceding quarter ended 31 March 2014. As a result thereof, the Group registered both LBT and PAT of RM5 thousand and RM0.423 million for the current quarter ended 30 June 2014, respectively as compared to both loss before tax ("LBT") and loss after tax ("LAT") of RM1.010 million and RM1.010 million, respectively in the immediate preceding quarter ended 31 March 2014.

The Group recorded an increase in revenue by approximately RM2.448 million for the current quarter under review as compared to preceding quarter ended 31 March 2014. The reasons for the Group's revenue were mainly due to higher demand from Euro market as compared to immediate preceding quarter during review.

B3. Group's Prospects for FYE 30 June 2015

The completion of the corporate proposals of the Group in March 2013 has led to a reduction in gearing and improvement in liquidity. The Group is now in a stronger position to increase production and bid for new projects. The Group is also diversifying into property development and this is expected to help the Group reduce business risk and improve the Group's financial performance for the financial year.

B4. Variance of Profit Forecast

The Group did not publish any profit forecast for the period/year under review.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

B5. Tax Expenses

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Current taxation	(6)	-	(6)	-
Deferred taxation	833	-	833	-
	827	-	827	-
In respect of the previous period:-				
Taxation	-	(159)	-	(6)
Deferred taxation	(399)	-	(399)	-
Net tax charge	428	(159)	428	(6)

B6. Profit/(Losses) on Sale of Unquoted Investments and Properties

There was no disposal of unquoted investments and properties during the quarter under review and financial year-to-date.

B7. Purchase and Disposal of Quoted and Marketable Securities

There was no purchase or disposal of quoted and marketable securities during the quarter under review and financial year-to-date.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

B8. Status of Corporate Proposals Announced

1. (i) On behalf of the Board of Directors of Sanichi, PIVB had on 26 February 2014 announced that the Company proposes to undertake the following:-

   (a) proposed renounceable rights issue of up to 644,891,820 new ordinary shares of RM0.10 each in STB ("STB Shares") ("Rights Shares") together with up to 429,927,880 free detachable warrants ("Warrants C") at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants C for every two (2) existing STB Shares held on an entitlement date to be determined and announced later based on a minimum subscription level of 90,000,000 Rights Shares together with 60,000,000 Warrants C ("Proposed Rights Issue with Warrants");

   (b) proposed diversification of the business of Sanichi and its subsidiaries ("STB Group" or "Group") into property development and property investment ("Proposed Diversification");

   (c) proposed acquisition of a parcel of freehold land held under Geran 14939, Lot 129, Pekan Klebang, Seksyen 1, District of Melaka Tengah, State of Melaka, measuring approximately 8,672 square meters (or equivalent to approximately 93,345 square feet) in area by Sanichi Property Sdn Bhd, a wholly-owned subsidiary of STB, from Top Creation Property Sdn Bhd, for a total cash consideration of RM7,700,000 ("Proposed Acquisition");

   (d) proposed establishment of an employee share option scheme ("ESOS" or "Scheme") of up to thirty per cent (30%) of the prevailing issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees (including Directors) of the Group after the Proposed Rights Issue with Warrants, who meet the criteria of eligibility for participation in the ESOS as set out in the by-laws containing the rules, terms and conditions of the ESOS ("Proposed ESOS");

   (e) proposed increase in the authorised share capital of STB from RM100,000,000 comprising 1,000,000,000 STB Shares to RM500,000,000 comprising 5,000,000,000 STB Shares ("Proposed Increase in Authorised Share Capital"); and

   (f) proposed amendments to the Memorandum and Articles of Association of Sanichi ("M&A") to facilitate the Proposed Diversification, the Proposed Increase in Authorised Share Capital and the Proposed ESOS ("Proposed M&A Amendments");

   (ii) Reference is made to (i) above. On behalf of the Board of Directors of Sanichi, PIVB had on 27 March 2014 announced that the Company had on 27 March 2014 submitted the listing application to Bursa Securities ("Listing Application") for the following:

   (a) admission of the Warrants C to the Official List of the ACE Market of Bursa Securities; and

   (b) listing of and quotation for the Rights Shares, the Warrants C and the new STB Shares to be issued arising from the full exercise of the Warrants C and Options on the ACE Market of Bursa Securities.

SANICHI TECHNOLOGY BERHAD
Company No. 661826-K
(Incorporated in Malaysia)

(iii) Reference is made to (i) & (ii) above. On behalf of the Board of Directors of Sanichi, PIVB had on 26 May 2014 announced that Bursa Securities had, vide its letter dated 23 May 2014, approved the Listing Application with conditions.

(iv) On behalf of the Board of Directors of Sanichi, PIVB had on 14 August 2014 announced that the Deed Poll for Warrants C constituting the terms and conditions of up to 429,927,880 Warrants C to be issued pursuant to the Proposed Rights Issue with Warrants has been duly executed on 14 August 2014.

(v) On behalf of the Board of Directors of Sanichi, PIVB had on 15 August 2014 announced the important relevant dates for Proposed Rights Issue with Warrants with regards to (iv) above.

(vi) On behalf of the Board of Directors of Sanichi, PIVB had on 20 August 2014 announced that Sanichi Property Sdn Bhd and Top Creation Property Sdn Bhd ("TCSB") had, via an exchange of letter (which was accepted and signed by TCSB on 20 August 2014), mutually agreed to extend the Stipulated Period expiring on 25 August 2014 for a further period of approximately four (4) months to 26 December 2014 to enable the parties to fulfil the Conditions Precedent within the Stipulated Period as set out in the Sale & Purchase Agreement.

2. Utilisation of Proceeds from Private Placement as at 30 June 2014

   The utilisation proceeds from the Private Placement of RM3 million which was completed on 13 September 2013 have been fully utilized as at 30 June 2014.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

B9. Group Borrowings and Debt Securities

The Group's borrowings, all repayable in Ringgit Malaysia and secured, as at the end of the quarter under review are as follows:

	RM'000
Short Term Borrowings (Secured)	
Term Loans	1,631
Hire Purchase Payables	12
Trade Financing	1,036
ICULS	737
Bank overdraft	697
	4,113
Long Term Borrowings	
Term Loans	10,473
Hire Purchase Payables	84
	10,557
Total	**14,670**

The Group does not have any foreign borrowings and debt securities as at the date of this report.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Material Litigation

There was no material litigation involving the Group as at the date of this report.

B12. Dividend Proposed

No dividend was declared and recommended for payment during the quarter under review.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

B13. Earnings/(Loss) Per Share (" EPS/(LPS) ")

Basic EPS/(LPS)

	Current quarter ended		Cumulative quarter ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
Net profit/(loss) for the period (RM'000)	423	(2,142)	2,254	906
Weighted average number of shares in issue ('000)	347,972	139,861	337,014	192,657
Basic EPS/(LPS) (sen)	0.1	(1.0)	0.7	0.5

Basic EPS/(LPS) is calculated by dividing the net loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted EPS

The Company has no dilutive potential ordinary share as at the end of the reporting period and therefore the diluted earnings per ordinary share has not been presented.

B14. Retained Profits/(Accumulated Losses)

	As at 30 June 2014 RM'000	As at 30 June 2013 RM'000
Realized (Loss) / Gain	(14,415)	(15,787)
Unrealized (Loss) / Gain	441	(315)
	(13,974)	(16,102)
Less Consolidated adjustment	20,407	20,364
Total group retained profit/(accumulated losses)	**6,433**	**4,262**

SANICHI TECHNOLOGY BERHAD
Company No. 661826-K
(Incorporated in Malaysia)

B15. Comprehensive Income Disclosure

	Current quarter ended		Cumulative quarter ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Interest income	(4)	(9)	(4)	(39)
Interest expense	357	297	1,201	302
Depreciation and amortization	788	696	3,053	2,630
Bad debt recovered	-	-	-	(35)
Bad debt written off	9	49	9	49
Deposit written off	73	-	73	-
Income from finance loan waived	-	118	-	(6,673)
Income from trade payables waived	-	176	-	(2,520)
Inventories written off	-	-	3	-
Impairment loss on trade receivables	672	-	672	-
Reversal of provision no longer required	(767)	-	(767)	-
Unrealised Loss / (Gain) on foreign exchange	276	202	(441)	202
Realized gain of foreign exchange	-	-	(170)	(29)
(Gain) / Loss on disposal of property, plant and equipments	-	277	13	277

SANICHI TECHNOLOGY BERHAD
Company No. 661826-K
(Incorporated in Malaysia)

B16. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiaries for the FYE 30 June 2013 were subject to unqualified opinion except for Sanichi Mould (Thailand) Co. Ltd which has been qualified due to physical count of inventories not performed.

HASNAN THL WONG & PARTNERS
AF 0942
Firm of Chartered Accountants
• Audit & Taxation
• Corporate Advisory
• Business Consultancy
• Financial & Accounting Solutions

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Seksyen 16, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T : +603-79565333
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E : audit@thlw.com.my

Date: 8 August 2014

The Board of Directors
Sanichi Technology Berhad
PLO 135, Jalan Cyber 5
Kawasan Perindustrian Senai Fasa 3
81400 Senai
Johor Darul Takzim

Dear Sirs,

SANICHI TECHNOLOGY BERHAD ("STB" or "COMPANY")
REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

We have reviewed the attached proforma consolidated statements of financial position of STB as at 30 June 2013 together with the accompanying notes thereon as set out in the accompanying statements (which we have stamped for the purpose of identification) for which the Directors of STB are solely responsible. The proforma consolidated statements of financial position of STB as at 30 June 2013 have been prepared for illustrative purposes only for inclusion in the Abridged Prospectus of STB to be dated 29 August 2014 in connection with the renounceable rights issue of shares with free warrants which form part of the corporate exercises undertaken by STB as follows:-

i) Renounceable rights issue of up to 644,891,820 new ordinary shares of RM 0.10 each in STB ("STB Shares") ("Rights Shares") together with up to 429,927,880 free detachable Warrants ("Warrants C") at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants C for every two (2) existing STB Shares held at 5.00 p.m. on 29 August 2014 based on a minimum subscription level of 90,000,000 Rights Shares together with 60,000,000 Warrants C ("Minimum Subscription Level") ("Rights Issue with Warrants");

ii) Diversification of the business of STB and its subsidiaries ("STB Group" or "Group") into property development and property investment ("Diversification");

iii) Acquisition of a parcel of freehold land held under Geran 14939, Lot 129, Pekan Klebang, Seksyen 1, District of Melaka Tengah, State of Melaka, measuring approximately 8,672 square meters in area ("Land") by Sanichi Property Sdn. Bhd. ("SPSB" or "Purchaser"), a wholly-owned subsidiary of STB, from Top Creation Property Sdn. Bhd. ("TCSB" or "Vendor"), for a total cash consideration of RM 7,700,000 ("Acquisition");

iv) Establishment of an employee share option scheme ("ESOS") of up to thirty per cent (30%) of the prevailing issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees (including Directors) of the Group after the Rights Issue with Warrants, who meet the criteria of eligibility for participation in the ESOS ("Eligible Employee(s)") as set out in the by-laws containing the rules, terms and conditions of the ESOS ("By-Laws") ("ESOS");

v) Increase in the authorised share capital of STB from RM 100,000,000 comprising 1,000,000,000 STB Shares to RM 500,000,000 comprising 5,000,000,000 STB Shares ("Increase in Authorised Share Capital"); and

vi) Amendments to the Memorandum and Articles of Association of STB ("M&A") to facilitate the Diversification, the Increase in Authorised Share Capital and the ESOS ("M&A Amendments").

Collectively, the Rights Issue with Warrants, the Diversification, the Acquisition, the ESOS, the Increase in Authorised Share Capital and the M&A Amendments shall hereinafter referred to as the "Corporate Exercises".

At the Company's Extraordinary General Meeting held on 25 June 2014, the shareholders had approved the Corporate Exercises.

As the proforma consolidated statements of financial position of STB as at 30 June 2013 are prepared for illustrative purposes only, such information, because of its nature, does not give a true picture of the effects of the Corporate Exercises on the financial position of STB had the transactions or events occurred as at 30 June 2013. Furthermore, such information does not purport to predict STB's future financial position.

This letter has been prepared in accordance with the Prospectus Guidelines - Abridged Prospectus issued by the Securities Commission Malaysia (hereinafter referred to as the "Abridged Prospectus Guidelines") for inclusion in the Abridged Prospectus of STB and for no other purposes.

Responsibilities

It is the responsibilities solely of the Board of Directors of STB to prepare the proforma consolidated statements of financial position of STB as at 30 June 2013 in respect of the Corporate Exercises in accordance with the requirement of the Abridged Prospectus Guidelines.

It is our responsibility to form an opinion as required by the Abridged Prospectus Guidelines on the proforma consolidated statements of financial position of STB as at 30 June 2013 and to report that opinion to you.

In providing this opinion, we are not responsible in updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the proforma consolidated statements of financial position of STB as at 30 June 2013, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom the reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 - Assurance Engagements Other Than Audit or Reviews of Historical Financial Information. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information presented with their original form, discussing the proforma consolidated statements of financial position with the Directors and the responsible officers of STB, considering the evidence supporting the adjustments, and checking the bases adopted by the Directors of STB in the preparation of the proforma consolidated statements of financial position of STB as at 30 June 2013.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the proforma consolidated statements of financial position have been properly prepared on the basis stated in the accompanying notes using financial statements prepared in accordance with Malaysian Financial Reporting Standards in Malaysia ("MFRS"), and in a manner consistent with both the format of the consolidated statements of financial position and the accounting policies of the STB Group. Our work also involves assessing whether each material adjustment made to the information used in the preparation of the proforma consolidated statements of financial position is appropriate for the purposes of preparing the proforma consolidated statements of financial position.

HASNAN THL WONG & PARTNERS
AF 0942
Firm of Chartered Accountants

Opinion

In our opinion:

a) the proforma consolidated statements of financial position of STB as at 30 June 2013, which are prepared for illustrative purposes only, have been properly prepared on the bases set out in the notes to the proforma consolidated statements of financial position and prepared in accordance with applicable approved MFRS; and

b) within the context of the assumed date of the Proposals:

   i) the proforma consolidated statements of financial position have been prepared on the basis that is consistent with the format of financial statements and accounting policies adopted by STB as at 30 June 2013; and

   ii) each material adjustment made in the preparation of the proforma consolidated statements of financial position are appropriate for the purposes of preparing the proforma consolidated statements of financial position.

Other matters

This letter has been prepared for inclusion in the Abridged Prospectus of STB in relation to the Rights Issue with Warrants and is not to be used, circulated, quoted or used for any other purpose without prior written consent from us. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

HTW & Partners

HASNAN THL WONG & PARTNERS
(NO. AF 0942)
CHARTERED ACCOUNTANTS

WONG KOK SEONG
CHARTERED ACCOUNTANTS
(NO: 2791/08/14 (J))

Petaling Jaya

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013
Minimum Scenario

	Audited as at 30 June 2013 RM'000	(I) Adjustment for completed events RM'000	(II) After (I) and the Rights Issue with Warrants RM'000	(III) After (II) and the Acquisition RM'000	(IV) After (III) and the ESOS RM'000	(V) After (IV) and assuming full exercise of the Warrants C RM'000	(VI) After (V) and assuming full exercise of the Options RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	35,136	35,136	35,136	35,136	35,136	35,136	35,136
Goodwill on consolidation	7	7	7	7	7	7	7
Land held for development	-	-	-	7,700	7,700	7,700	7,700
Deferred tax asset	345	196	196	196	196	196	196
Total non-current assets	35,488	35,339	35,339	43,039	43,039	43,039	43,039
Current assets							
Inventories	1,298	1,298	1,298	1,298	1,298	1,298	1,298
Trade receivables	10,197	10,197	10,197	10,197	10,197	10,197	10,197
Other receivables	4,686	4,686	4,686	4,686	4,686	4,686	4,686
Tax in credit	1	1	1	1	1	1	1
Fixed deposits	4,062	4,062	4,062	4,062	4,062	4,062	4,062
Cash and bank balances	914	3,754	11,754	4,054	4,054	10,054	23,193
Assets classified held for sale	4,616	4,616	4,616	4,616	4,616	4,616	4,616
Total current assets	25,774	28,614	36,614	28,914	28,914	34,914	48,053
TOTAL ASSETS	61,262	63,953	71,953	71,953	71,953	77,953	91,092

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0042

SANICHI TECHNOLOGY BERHAD

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

Minimum Scenario (cont'd)

	Audited as at 30 June 2013	(I) Adjustment for completed events	(II) After (I) and the Rights Issue with Warrants	(III) After (II) and the Acquisition	(IV) After (III) and the ESOS	(V) After (IV) and assuming full exercise of the Warrants C	(VI) After (V) and assuming full exercise of the Options
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	30,171	34,797 [(1), (2)]	43,797	43,797	43,797	49,797	62,936
Share premium	2,125	2,125	2,125	2,125	2,125	5,125	11,695
Equity component of ICULS	2,739	1,558 [(2)]	1,558	1,558	1,558	1,558	1,558
Foreign Exchange reserve	(124)	(124)	(124)	(124)	(124)	(124)	(124)
Other reserve	-	(5,149)	(8,149) [(3)]	(8,149)	(8,149)	(8,149)	(8,149)
Warrant reserve	3,024	3,024	6,024	6,024	6,024	3,024	3,024
Option reserve	-	-	-	-	6,570 [(5),(6)]	6,570	-
Unappropriated profits	4,262	9,293 [(2)]	8,293 [(4)]	8,293	1,723	1,723	1,723
Total equity	42,197	45,524	53,524	53,524	53,524	59,524	72,663

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

Minimum Scenario (cont'd)

		(I)	(II)	(III)	(IV)	(V)	(VI)
	Audited as at 30 June 2013	Adjustment for completed events	After (I) and the Rights Issue with Warrants	After (II) and the Acquisition	After (III) and the ESOS	After (IV) and assuming full exercise of the Warrants C	After (V) and assuming full exercise of the Options
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current liabilities							
Trade and other payables	2,287	2,287	2,287	2,287	2,287	2,287	2,287
Amount due to Directors	52	52	52	52	52	52	52
Bank overdraft	642	642	642	642	642	642	642
Borrowings	2,904	2,904	2,904	2,904	2,904	2,904	2,904
Tax payable	22	22	22	22	22	22	22
Total current liabilities	5,907	5,907	5,907	5,907	5,907	5,907	5,907
Non-current liabilities							
ICULS	1,421	785 (2)	785	785	785	785	785
Borrowings	11,737	11,737	11,737	11,737	11,737	11,737	11,737
Total non-current liabilities	13,158	12,522	12,522	12,522	12,522	12,522	12,522
Total liabilities	19,065	18,429	18,429	18,429	18,429	18,429	18,429
TOTAL EQUITY AND LIABILITIES	61,262	63,953	71,953	71,953	71,953	77,953	91,092

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SANICHI TECHNOLOGY BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

Minimum Scenario (cont'd)

	Audited as at 30 June 2013	(I) Adjustment for completed events	(II) After (I) and the Rights Issue with Warrants	(III) After (II) and the Acquisition	(IV) After (III) and the ESOS	(V) After (IV) and assuming full exercise of the Warrants C	(VI) After (V) and assuming full exercise of the Options
Par value per STB Share (RM)	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Number of ordinary shares ('000)	301,710	347,971	437,971	437,971	437,971	497,971	629,363
Net Asset per ordinary share (RM)	0.14	0.13	0.12	0.12	0.12	0.12	0.12
Net Tangible Asset per ordinary share (RM)	0.14	0.13	0.12	0.12	0.12	0.12	0.12
Borrowings (RM'000)	16,704	16,068	16,068	16,068	16,068	16,068	16,068
Gearing ratio (times)	0.40	0.35	0.30	0.30	0.30	0.27	0.22

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AF NO. 0042

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

Notes:

(1) *The private placement of 30,000,000 STB Shares issued at RM0.10 per STB Share was completed on 13 September 2013 and incurring an expense of RM 118,000.*

(2) *After conversion of ICULS to 16,260,950 STB Shares from 1 July 2013 up to the LPD and payment of interest on the ICULS of RM 42,000.*

(3) *After issuance of 60,000,000 free Warrants C based on the fair value of RM0.05 per Warrant C. For illustrative purposes, the fair value of RM0.05 per Warrant C was arrived from Black-Scholes option pricing model based on the exercise price of RM0.10 per Warrant C.*

(4) *After deducting the estimated expenses amounting to RM1.00 million in relation to the Corporate Exercises.*

(5) *After granting of 131,391,501 Options based on the fair value of RM0.05 per Option. For illustrative purposes, the fair value of RM0.05 per Option was arrived from Black-Scholes option pricing model based on the subscription price of RM0.10 per Option.*

(6) *For illustrative purposes, assuming full granting of Options as stipulated in the By-Laws. The allocation of the Options to be staggered over the duration of the ESOS has yet to be determined and it shall be decided by the ESOS Committee at its sole and absolute discretion after taking into consideration of the financial position of our Company.*

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AF NO. 0942

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013
Maximum Scenario

	Audited as at 30 June 2013	(I) Adjustment for completed events	(II) After (I) and assuming full conversion of the outstanding ICULS	(III) After (II) and assuming full exercise of the outstanding Warrants B	(IV) After (III) and the Rights Issue with Warrants	(V) After (IV) and the Acquisition	(VI) After (V) and the ESOS	(VII) After (VI) and assuming full exercise of the Warrants C	(VIII) After (VII) and assuming full exercise of the Options
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS									
Non-current assets									
Property, plant and equipment	35,136	35,136	35,136	35,136	35,136	35,136	35,136	35,136	35,136
Goodwill on consolidation	7	7	7	7	7	7	7	7	7
Land held for development	-	-	-	-	-	7,700	7,700	7,700	7,700
Deferred tax asset	345	196	-	-	-	-	-	-	-
Total non-current assets	35,488	35,339	35,143	35,143	35,143	42,843	42,843	42,843	42,843
Current assets									
Inventories	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298
Trade receivables	10,197	10,197	10,197	10,197	10,197	10,197	10,197	10,197	10,197
Other receivables	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686	4,686
Tax in credit	1	1	1	1	1	1	1	1	1
Fixed deposits	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062	4,062
Cash and bank balances	914	3,754	3,754	9,803	60,292	52,592	52,592	95,585	127,830
Assets classified held for sale	4,616	4,616	4,616	4,616	4,616	4,616	4,616	4,616	4,616
Total current assets	25,774	28,614	28,614	34,663	85,152	77,452	77,452	120,445	152,690
TOTAL ASSETS	61,262	63,953	63,757	69,806	120,295	120,295	120,295	163,288	195,533

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OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON ***(Cont'd)***

SANICHI TECHNOLOGY BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

Maximum Scenario (cont'd)

		(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)
	Audited as at 30 June 2013	Adjustment for completed events	After (I) and assuming full conversion of the outstanding ICULS	After (II) and assuming full exercise of the outstanding Warrants B	After (III) and the Rights Issue with Warrants	After (IV) and the Acquisition	After (V) and the ESOS	After (VI) and assuming full exercise of the Warrants C	After (VII) and assuming full exercise of the Options
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES									
Equity attributable to owners of the parent									
Share capital	30,171	34,797 (1),(2)	36,944	42,993	107,482	107,482	107,482	150,475	182,720
Share premium	2,125	2,125	2,125	5,149	5,149	5,149	5,149	26,645	42,767
Equity Component of ICULS	2,739	1,558 (2)	-	-	-	-	-	-	-
Foreign Exchange reserve	(124)	(124)	(124)	(124)	(124)	(124)	(124)	(124)	(124)
Other reserve	-	(5,149)	(5,149)	(5,149)	(26,645) (3)	(26,645)	(26,645)	(26,645)	(26,645)
Warrant reserve	3,024	3,024	3,024	-	21,496	21,496	21,496	-	-
Option reserve	-	-	-	-	-	-	16,122 (5),(6)	16,122	-
Unappropriated profits/ (Accumulated losses)	4,262	9,293 (2)	9,293	9,293	8,293 (4)	- 8,293	(7,829)	(7,829)	(7,829)
Total equity	42,197	45,524	46,113	52,162	115,651	115,651	115,651	158,644	190,889

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0942

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON *(Cont'd)*

SANICHI TECHNOLOGY BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013
Maximum Scenario (cont'd)

		(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)
	Audited as at 30 June 2013	Adjustment for completed events	After (I) and assuming full conversion of the outstanding ICULS	After (II) and assuming full exercise of the outstanding Warrants B	After (III) and the Rights Issue with Warrants	After (IV) and the Acquisition	After (V) and the ESOS	After (VI) and assuming full exercise of the Warrants C	After (VII) and assuming full exercise of the Options
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current liabilities									
Trade and other payables	2,287	2,287	2,287	2,287	2,287	2,287	2,287	2,287	2,287
Amount due to Directors	52	52	52	52	52	52	52	52	52
Bank overdraft	642	642	642	642	642	642	642	642	642
Borrowings	2,904	2,904	2,904	2,904	1,641	1,641	1,641	1,641	1,641
Tax payable	22	22	22	22	22	22	22	22	22
Total current liabilities	5,907	5,907	5,907	5,907	4,644	4,644	4,644	4,644	4,644
Non-current liabilities									
ICULS	1,421	785 (2)	-	-	-	-	-	-	-
Borrowings	11,737	11,737	11,737	11,737	-	-	-	-	-
Total non-current liabilities	13,158	12,522	11,737	11,737	-	-	-	-	-
Total liabilities	19,065	18,429	17,644	17,644	4,644	4,644	4,644	4,644	4,644
TOTAL EQUITY AND LIABILITIES	61,262	63,953	63,757	69,806	120,295	120,295	120,295	163,288	195,533

For Identification Purpose Only ★ HASNAH THL WONG & PARTNERS AF NO. 0942

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON ***(Cont'd)***

SANICHI TECHNOLOGY BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

Maximum Scenario (cont'd)

	Audited as at 30 June 2013	(I) Adjustment for completed events	(II) After (I) and assuming full conversion of the outstanding ICULS	(III) After (II) and assuming full exercise of the outstanding Warrants B	(IV) After (III) and the Rights Issue with Warrants	(V) After (IV) and the Acquisition	(VI) After (V) and the ESOS	(VII) After (VI) and assuming full exercise of the Warrants C	(VIII) After (VII) and assuming full exercise of the Options
Par value per STB Share (RM)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Number of ordinary shares ('000)	301,710	347,971	369,442	429,927	1,074,819	1,074,819	1,074,819	1,504,747	1,827,193
Net Asset per ordinary share (RM)	0.14	0.13	0.12	0.12	0.11	0.11	0.11	0.11	0.10
Net Tangible Asset per ordinary share (RM)	0.14	0.13	0.12	0.12	0.11	0.11	0.11	0.11	0.10
Borrowings (RM'000)	16,704	16,068	15,283	15,283	2,283	2,283	2,283	2,283	2,283
Gearing ratio (times)	0.40	0.35	0.33	0.29	0.02	0.02	0.02	0.01	0.01

OUR PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON ***(Cont'd)***

SANICHI TECHNOLOGY BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

Notes:

(1) *The private placement of 30,000,000 STB Shares issued at RM0.10 per STB Share was completed on 13 September 2013 and incurring an expense of RM 118,000.*

(2) *After conversion of ICULS to 16,260,950 STB Shares from 1 July 2013 up to the LPD and payment of interest on the ICULS of RM 42,000.*

(3) *After issuance of 60,000,000 free Warrants C based on the fair value of RM0.05 per Warrant C. For illustrative purposes, the fair value of RM0.05 per Warrant C was arrived from Black-Scholes option pricing model based on the exercise price of RM0.10 per Warrant C.*

(4) *After deducting the estimated expenses amounting to RM1 million in relation to the Corporate Exercises.*

(5) *After granting of 131,391,501 Options based on the fair value of RM0.05 per Option. For illustrative purposes, the fair value of RM0.05 per Option was arrived from Black-Scholes option pricing model based on the subscription price of RM0.10 per Option.*

(6) *For illustrative purposes, assuming full granting of Options as stipulated in the By-Laws. The allocation of the Options to be staggered over the duration of the ESOS has yet to be determined and it shall be decided by the ESOS Committee at its sole and absolute discretion after taking into consideration of the financial position of our Company.*

For Identification Purpose Only ★ HASNAH THL WONG & PARTNERS AF NO. 0942

SANICHI TECHNOLOGY BERHAD

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

1. **Details of the Corporate Exercises**

The Corporate Exercises undertaken by STB are as follows:

i) Renounceable rights issue of up to 644,891,820 Rights Shares together with up to 429,927,880 free derachable Warrants C at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants C for every two (2) existing STB Shares held at 5.00 p.m. on 29 August 2014 based on the minimum subscription level of 90,000,000 Rights Shares together with 60,000,000 Warrants C;

ii) Diversification of the business of the STB Group into property development and property investment;

iii) Acquisition of a parcel of freehold land held under Geran 14939, Lot 129, Pekan Klebang, Seksyen 1, District of Melaka Tengah, State of Melaka, measuring approximately 8,672 square meters in area by SPSB from TCSB, for a total cash consideration of RM 7,700,000;

iv) Establishment of an ESOS of up to thirty per cent (30%) of the prevailing issued and paid-up share capital of the Company (excluding treasury shares) for the Eligible Employees (including Directors) of the Group after the Rights Issue with Warrants;

v) Increase in the authorised share capital of STB from RM100,000,000 comprising 1,000,000,000 STB Shares to RM500,000,000 comprising 5,000,000,000 STB Shares; and

vi) Amendments to the M&A to facilitate the Diversification, the Increase in Authorised Share Capital and the ESOS.

Collectively, the Rights Issue with Warrants, the Diversification, the Acquisition, the ESOS, the Increase in Authorised Share Capital and the M&A Amendments shall hereinafter referred to as the "Corporate Exercises".

At the Company's Extraordinary General Meeting held on 25 June 2014, the shareholders had approved the Corporate Exercises.

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0942

2. Basis of preparation

The proforma consolidated statements of financial position of STB have been prepared for illustrative purposes only to provide information about the consolidated statement of financial position of STB as at 30 June 2013 as if the Corporate Exercises stated in Note 1 above have been implemented and completed as of that date.

The proforma consolidated statements of financial position of STB, for which the Board is solely responsible, have been prepared using financial statements that have been prepared in accordance with applicable approved MFRS.

The audited consolidated statement of financial position as at 30 June 2013 has been extracted from the audited consolidated financial statements of STB for the financial year ended 30 June 2013, of which the statutory auditors expressed an unqualified opinion.

The proforma consolidated statements of financial position of STB have been prepared in a manner consistent with both the format of the financial statements and the accounting policies of STB as disclosed in STB's audited consolidated financial statements for the financial year ended 30 June 2013 .

3. Proforma Consolidated Statements of Financial Position

Minimum Scenario

Proforma I

Proforma I incorporates the effects of the private placement which was completed on 13 September 2013 and incurring an expense of RM 118,000 and the conversion of ICULS to 16,260,950 STB Shares from 1 July 2013 up to the LPD and payment of interest on the ICULS of RM 42,000.

The details of the proposed utilisation of proceeds arising from the private placement are set out as follows:-

	RM'000
Working capital *	2,882
Expenses incurred on the Private placement	118
Total proceeds	3,000

Note:
* Included in cash and bank balances

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0942

3. Proforma Consolidated Statements of Financial Position (cont'd)

Minimum Scenario

Proforma I (cont'd)

The effects arising from the subsequent events are set out as follows:-

Deferred tax asset	RM'000
Audited as at 30 June 2013	345
Realisation from conversion of ICULS	(149)
As per Proforma I	196

Cash and bank balances	RM'000
Audited as at 30 June 2013	914
Net proceeds from private placement	2,882
Repayment of ICULS interest	(42)
As per Proforma I	3,754

Share capital	RM'000
Audited as at 30 June 2013	30,171
Issuance of shares - Private placement	3,000
Conversion of ICULS	1,626
As per Proforma I	34,797

ICULS *Equity component of ICULS*	RM'000
Audited as at 30 June 2013	2,739
Conversion of ICULS to ordinary shares	(1,181)
As per Proforma I	1,558

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0942

3. Proforma Consolidated Statements of Financial Position (cont'd)

Minimum Scenario

Proforma I (cont'd)

ICULS *Liability component of ICULS*	RM'000
Audited as at 30 June 2013	1,421
Conversion of ICULS to ordinary shares	(594)
Repayment of interest on ICULS	(42)
As per Proforma I	785

Other reserve	RM'000
Audited as at 30 June 2013	-
Reclassification of:-	
Warrant A	(2,125)
Warrant B	(3,024)
As per Proforma I	(5,149)

Unappropriated Profits	RM'000
Audited as at 30 June 2013	4,262
Expenses incurred on private placement	(118)
Reclassification of:-	
Warrant A	2,125
Warrant B	3,024
As per Proforma I	9,293

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0942

3. Proforma Consolidated Statements of Financial Position (cont'd)

Minimum Scenario

Proforma II

Proforma II incorporates the effects of Proforma I and the rights issue of 90,000,000 Rights Shares together with 60,000,000 free Warrants C at an issue price of RM 0.10 per Rights Share. Based on the issue price of the Rights Shares subscribed, the Rights Issue with Warrants will raise gross proceeds of RM 9,000,000. The details of the proposed utilisation of proceeds are set out as follows:-

	RM'000
Working capital *	993
Estimated expenses pursuant to the Corporate Exercises	1,000
Acquisition of Land *	7,007
Total	9,000

Note:
* Included in cash and bank balances

The estimated expenses to be incurred for the Corporate Exercises amounted to RM 1,000,000 have been charged to retained earnings.

The fair value of RM 0.05 per Warrant C is determined by using the Black-Scholes option pricing model based on the following key assumptions:

Interest rate	3.97%
Expected volatility of STB Share price	87.49%

Upon the completion of the Rights Issue with Warrants, the issued and paid-up share capital of STB will increase to RM 43,797,167. According to Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 9, there is a value attached to the free Warrants C, correspondingly there will be a creation of a warrant reserve of RM 3,000,000 which is charged to other reserve based on the fair value of RM 0.05 per Warrant C.

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0042

3. Proforma Consolidated Statements of Financial Position (cont'd)

Minimum Scenario

Proforma III

Proforma III incorporates the effects of Proforma II and the Acquisition and is classified as Land held for development in the statement of financial position. The purchase consideration of RM 7,700,000 will be satisfied entirely in cash and will be financed in the following manner:-

	RM'000
Existing cash and bank balances	693
Proceeds from Rights Issue with Warrants	7,007
	7,700

Proforma IV

Proforma IV incorporates the effects of Proforma III and the ESOS ("Option").

The fair value of RM 0.05 per Option is determined by using the Black-Scholes option pricing model based on the following key assumptions:

Interest rate	3.97%
Expected volatility of STB Share price	87.49%

There will be a creation of an option reserve of RM 6,569,575 which is charged to retained earnings based on the fair value of RM 0.05 per Option.

Proforma V

Proforma V incorporates the effects of Proforma IV and assuming the full exercise of 60,000,000 Warrants C, based on the exercise price of RM 0.10 per Warrant C for one (1) new STB Share.

Pursuant to the full exercise of 60,000,000 Warrants C, 60,000,000 new STB Shares will be issued and this will increase the issued and paid-up share capital of STB by RM 6,000,000. The warrant reserve of RM 3,000,000 will be transferred to share premium account.

For Identification Purpose Only

3. Proforma Consolidated Statements of Financial Position (cont'd)

Minimum Scenario

Proforma VI

Proforma VI incorporates the effects of Proforma V and assuming the full exercise of 131,391,501 Options, based on the exercise price of RM 0.10 per Option for one (1) new STB Share.

Pursuant to the full exercise of 131,391,501 Options, 131,391,501 new STB Shares will be issued and this will increase the issued and paid-up share capital of STB by RM 13,139,150. The option reserve of RM 6,569,575 will be transferred to share premium account.

Maximum Scenario

Proforma I

Proforma I incorporates the effects of the private placement which was completed on 13 September 2013 and incurring an expense of RM 118,000 and the conversion of ICULS to 16,260,950 STB Shares from 1 July 2013 up to the LPD and payment of interest on the ICULS of RM 42,000.

The details of the proposed utilisation of proceeds arising from the private placement are set out as follows:-

	RM'000
Working capital *	2,882
Expenses incurred on the Private placement	118
Total proceeds	3,000

Note:
* Included in cash and bank balances

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0942

3. Proforma Consolidated Statements of Financial Position (cont'd)

Maximum Scenario

Proforma I (cont'd)

The effects arising from the subsequent events are set out as follows:-

Deferred tax asset	RM'000
Audited as at 30 June 2013	345
Realisation from conversion of ICULS	(149)
As per Proforma I	196

Cash and bank balances	RM'000
Audited as at 30 June 2013	914
Net proceeds from private placement	2,882
Repayment of ICULS interest	(42)
As per Proforma I	3,754

Share capital	RM'000
Audited as at 30 June 2013	30,171
Issuance of shares - Private placement	3,000
Conversion of ICULS	1,626
As per Proforma I	34,797

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0942

3. Proforma Consolidated Statements of Financial Position (cont'd)

Maximum Scenario

Proforma I (cont'd)

ICULS	RM'000
Equity component of ICULS	
Audited as at 30 June 2013	2,739
Conversion of ICULS to ordinary shares	(1,181)
As per Proforma I	1,558
Liability component of ICULS	
Audited as at 30 June 2013	1,421
Conversion of ICULS to ordinary shares	(594)
Repayment of interest on ICULS	(42)
As per Proforma I	785

Other reserve	RM'000
Audited as at 30 June 2013	-
Reclassification of:-	
Warrant A	(2,125)
Warrant B	(3,024)
As per Proforma I	(5,149)

Unappropriated Profits	RM'000
Audited as at 30 June 2013	4,262
Expenses incurred on private placement	(118)
Reclassification of:-	
Warrant A	2,125
Warrant B	3,024
As per Proforma I	9,293

For Identification Purpose Only

3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Maximum Scenario

Proforma II

Proforma II incorporates the effects of Proforma I and assuming that the RM 2,147,121 nominal value of ICULS at 100% of the nominal value of RM 0.10 each are fully converted into 21,471,210 new STB Shares at the conversion price of RM 0.10 for one (1) new STB Share. The equity and liability components of the ICULS and deferred tax asset arising from the liability component of the ICULS will be reversed accordingly.

Proforma III

Proforma III incorporates the effects of Proforma II and assuming the full exercise of 60,485,000 Warrants B, based on the exercise price of RM 0.10 per Warrant B for one (1) new STB Share.

Pursuant to the full exercise of 60,485,000 Warrants B, 60,485,000 new STB Shares will be issued and this will increase the issued and paid-up share capital of STB by RM 6,048,500. The warrant reserve of RM 3,024,000 will be transferred to share premium account.

Proforma IV

Proforma IV incorporates the effects of Proforma III and the rights issue of 644,891,820 Rights Shares together with 429,927,880 free Warrants C at an issue price of RM 0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) Warrants C for every two (2) existing STB Shares. Based on the issue price of the Rights Shares subscribed, the Rights Issue with Warrants will raise gross proceeds of RM 64,489,182. The details of the proposed utilisation of proceeds are set out as follows:-

	RM'000
Working capital *	8,689
Estimated expenses pursuant to the Corporate Exercises	1,000
Acquisition of Land *	7,007
Repayment of bank borrowings	13,000
Funding for the development project*	22,500
Acquisition of new business*	12,293
Total	64,489

Note:
* Included in cash and bank balances

For Identification Purpose Only
HASNAH THL WONG & PARTNERS AF NO. 0942

3. **Proforma Consolidated Statements of Financial Position (cont'd)**

Maximum Scenario

Proforma IV (cont'd)

The estimated expenses to be incurred for the Corporate Exercises amounted to RM 1,000,000 have been charged to retained earnings.

The fair value of RM 0.05 per Warrant C is determined by using the Black-Scholes option pricing model based on the following key assumptions:

Interest rate	3.97%
Expected volatility of STB Share price	87.49%

Upon the completion of the Rights Issue with Warrants, the issued and paid-up share capital of STB will increase to RM 107,481,970. According to FRSIC Consensus 9, there is a value attached to the free Warrants C, correspondingly there will be a creation of a warrant reserve of RM 21,496,394 which is charged to other reserve based on the fair value of RM 0.05 per Warrant C.

Proforma V

Proforma V incorporates the effects of Proforma IV and the Acquisition and is classified as Land held for development in the statement of financial position. The purchase consideration of RM 7,700,000 will be satisfied entirely in cash and will be financed in the following manner:-

	RM'000
Existing cash and bank balances	693
Proceeds from Rights Issue with Warrants	7,007
	7,700

For Identification Purpose Only

3. Proforma Consolidated Statements of Financial Position (cont'd)

Maximum Scenario

Proforma VI

Proforma VI incorporates the effects of Proforma V and the ESOS.

The fair value of RM 0.05 per Option is determined by using the Black-Scholes option pricing model based on the following key assumptions:

Interest rate	3.97%
Expected volatility of STB Share price	87.49%

There will be a creation of an option reserve of RM 16,122,295 which is charged to retained earnings based on the fair value of RM 0.05 per Option.

Proforma VII

Proforma VII incorporates the effects of Proforma VI and assuming the full exercise of 429,927,880 Warrants C, based on the exercise price of RM 0.10 per Warrant C for one (1) new STB Share.

Pursuant to the full exercise of 429,927,880 Warrants C, 429,927,880 new STB Shares will be issued and this will increase the issued and paid-up share capital of STB by RM 42,992,788. The warrant reserve of RM 21,496,394 will be transferred to share premium account.

Proforma VIII

Proforma VIII incorporates the effects of Proforma VII and assuming the full exercise of 322,445,910 Options, based on the exercise price of RM 0.10 per Option for one (1) new STB Share.

Pursuant to the full exercise of 322,455,910 Options, 322,455,910 new STB Shares will be issued and this will increase the issued and paid-up share capital of STB by RM 32,245,591. The option reserve of RM 16,122,295 will be transferred to share premium account.

For Identification Purpose Only

DIRECTORS' REPORT

S.T.B

SANICHI TECHNOLOGY BERHAD (661826-K)
(Incorporated in Malaysia)

PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor, Malaysia.
Tel No : 607 - 598 8866 Fax No : 607 - 598 2886

Registered Office:

Level 33A, Menara 1MK
Kompleks 1 Mont' Kiara
No. 1, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

20 August 2014

To: The shareholders of Sanichi Technology Berhad ("STB")

Dear Sir/Madam,

On behalf of the Board of Directors of STB, I wish to report that, after making due enquiries in relation to the interval between 30 June 2013 (being the date on which the last audited consolidated financial statements of STB and its subsidiaries ("**Group**") have been made) up to the date hereof (being a date not earlier than fourteen (14) days before the date of issue of this Abridged Prospectus ("**AP**"):

(a) the business of our Group has, in the opinion of our Directors, been satisfactorily maintained;

(b) in the opinion of our Directors, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

(c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this AP, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

(e) there has been no default or any known event that could give rise to a default situation in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group in which our Directors are aware of since the last audited consolidated financial statements of our Group;

(f) save as disclosed in this AP, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of our Group; and

(g) save as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully,
for and on behalf of our Board of Directors of
SANICHI TECHNOLOGY BERHAD

Tan Sri Dato' Sri Abdul Halil Bin Abd Mutalif
Chairman/Independent Non-Executive Director

VALUATION CERTIFICATE OF THE LAND PREPARED BY R&C DATED 10 MARCH 2014

Rahim&Co
international property consultants
An International Associate of savills

Our Ref : 60V14002

10th March 2014

Rahim & Co Chartered Surveyors
(Malacca) Sdn Bhd (191738-A)
326A Jalan Melaka Raya 1
Taman Melaka Raya
75000 Melaka, Malaysia

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UK I Asia Pacific I Europe I Middle East and Africa I Americas

www.rahim-co.com

The Board of Directors
Sanichi Technology Berhad
PLO 135, Jalan Cyber 5,
Kawasan Perindustrian Senai Fasa 3
81400 Senai
Johor Darul Takzim

Dear Sir,

REPORT AND VALUATION OF A PLOT OF DEVELOPMENT LAND IDENTIFIED AS LOT NO. 129, PEKAN KLEBANG SEK. 1, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA AND HELD UNDER TITLE NO. GRN 14939
[Locality: Sited onto the southern side of Jalan Klebang Besar, Pekan Klebang Sek. 1, 75250 Melaka]

This Valuation Certificate has been prepared for inclusion in the abridged prospectus of Sanichi Technology Berhad in relation to the acquisition of the abovementioned property by Sanichi Property Sdn Bhd, a wholly owned subsidiary company of Sanichi Technology Berhad from Top Creation Property Sdn Bhd for a total cash consideration of RM7,700,000 (Malaysia Ringgit Seven Million and Seven Hundred Thousand Only).

In accordance with your instructions to value the abovementioned property for the purpose of inclusion in the said abridged prospectus, we have inspected the abovementioned property, extracted particulars of title from the Document of Title at the Melaka Land Registry on 17th January 2014 and gathered other information necessary to arrive at our opinion of value.

We are pleased to certify that we have conducted the valuation on the legal interest of the subject property as at the material date of valuation on 17th January 2014.

The Valuation Certificate has been prepared in compliance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisals and Estate Agents, Malaysia.

The basis of valuation for the purpose of the report and valuation is the Market Value as defined in the Malaysian Valuation Standards. Market Value as defined in STANDARD 1 – Market Value Basis of Valuation as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Brief description of the subject property is as attached overleaf.

VALUATION CERTIFICATE OF THE LAND PREPARED BY R&C DATED 10 MARCH 2014 (*Cont'd*)

Our Ref : 60V14002

IDENTIFICATION OF PROPERTY

Subject Property	A plot of development land which has been approved for the development of 17-storey of SOHO block consists of 352 units of SOHO (Level 7-23½), 3-storey of shopping podium consists of 120 units of retail lot (Level 1-3), 2½-storey car park podium (Level 4, 4a & 5) and facilities (Level 6).
Lot No.	129, Pekan Klebang Sek, 1, District of Melaka Tengah, State of Melaka
Title No.	GRN 14939
Tenure	Freehold
Category of Land Use	Not stated
Surveyed Land Area	8,672 sq. metres (about 93,345 sq. feet)
Express Condition	Nil
Registered Owner	Top Creation Property Sdn Bhd (refer to note below)
Restriction-in-Interest	Not stated
Location of Property	The subject property is sited onto the southern side of Jalan Klebang Besar, Pekan Klebang Sek. 1, Melaka. It is located within the local authority area of Majlis Bandaraya Melaka Bersejarah. It is located about 8 kilometres by road to the north-west of Melaka city centre and 3 kilometres to the east of Tanjung Kling town.

*** Note: On 26th February 2014, Sanichi Property Sdn. Bhd., a wholly owned subsidiary company of Sanichi Technology Berhad, had entered into a conditional sale and purchase agreement with Top Creation Sdn Bhd to acquire the subject property for a cash consideration of RM7,700,000.**

Our Ref : 60V14002

GENERAL DESCRIPTION

Brief description of the subject property

The subject property is a proposed integrated commercial project. It has been approved for the development of 17-storey of SOHO block consists of 352 units of SOHO (Level 7-23½), 3-storey of shopping podium consists of 120 units of retail lot (Level 1-3), 2½-storey car park podium (Level 4, 4a & 5) and facilities (Level 6).

During the course of our site inspection, we noted that the construction works have been halted and about 7% completed i.e. the bored piling and pilecap works were completed.

Planning Provision

The subject property is not designated for any category of land use as expressly stipulated in the title document.

For a title document where no category of land use is stated, by virtue of Section 53 of National Land Code (Act 56 of 1965), unless the land is subject to an express condition requiring its use for a particular purpose, all country land or town/village land held under Land Office title is deemed for agricultural purposes only.

In the case of town/village land held under Registry Title it will be subjected to an implied condition that it shall not be used either for agriculture or industrial purposes and is deemed as building land. As per the title deed, the subject property is a village land held under Registry Title and therefore it is classified as a Building Land.

Furthermore, our verbal enquiries made at the land office revealed that the quit rent levied for the subject property is based on commercial rate.

Attention is drawn to the fact that the subject property was originally approved by the Majlis Bandaraya Melaka Bersejarah for development with 17-storey of home offices/service suites (SOHO) block consists of 510 units of SOHO (Level 8-24), 3-storey of shopping podium consists of 120 units of retail lot (Level 1-3), 3½-storey car park podium (Level 4, 5, 6 & 6a) and facilities (Level 7), vide a Letter of Approval (Planning) bearing reference number MBMB/JP.02233 (69) dated 3rd December 2007.

The developer i.e. Empire Worldwide Sdn Bhd of the subject property however has subsequently amended the layout plan. This latest plan was approved by the Jabatan Perancang Bandar, Majlis Bandaraya Melaka Bersejarah and the approval was conveyed vide a Letter of Approval (Amended Planning) bearing reference number MBMB/JP.02233 dated 2nd September 2009. The content of development was amended for the subject property to be developed with 17-storey of SOHO block consists of 352 units of SOHO (Level 7-23½), 3-storey of shopping podium consists of 120 units of retail lot (Level 1-3), 2½-storey car park podium (Level 4, 4a & 5) and facilities (Level 6).

Our Ref : 60V14002

Building Plans Approval

The building plan was initially approved by the Jabatan Kawalan Bangunan, Majlis Bandaraya Melaka Bersejarah vide a Letter of Approval (Building Plan) bearing reference number MBMB/JKB0.3068/09/2007 (21) dated 7th January 2008.

In line with the abovementioned amended layout plan, the amended building plans in respect of the 17-storey of SOHO block consists of 352 units of SOHO (Level 7-23½), 3-storey of shopping podium consists of 120 units of retail lot (Level 1-3), 2½-storey car park podium (Level 4, 4a & 5) and facilities (Level 6), was approved by the Jabatan Kawalan Bangunan, Majlis Bandaraya Melaka Bersejarah vide a Letter of Approval (Amended Building Plan) bearing reference number MBMB/JKB.03068/09/2007 (42) dated 2nd October 2009.

The aforesaid approval had lapsed on 1st October 2010 but has been extended twice on 19th April 2011 and 8th May 2013, for a period of one year each. The latest approval of extension of period, commencing from 8th May 2013 and expiring on 7th May 2014, conveyed vide a Letter of Approval for Extension Period (Building Plan Approval) bearing reference number MBMB/JKB.03068/09/2007(57) dated 8th May 2013.

MARKET VALUE

Date of Valuation

17th January 2014

Methods of Valuation

Comparison Method and Residual Method

Comparison Method

In the Comparison Method of valuation, this method entails critical analysis of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences. In valuing the subject property, we have taken into consideration all relevant factors, which include the neighbourhood of the property and its plot size.

As the subject property was formerly an abandoned project with the bored piling and pilecap works completed, we have also reflected the bored piling and pilecap works done on the subject property.

The comparables adopted with the analysis of each comparable are shown below :-

VALUATION CERTIFICATE OF THE LAND PREPARED BY R&C DATED 10 MARCH 2014 *(Cont'd)*

Our Ref : 60V14002

Description	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Type	3 contiguous parcels of development land	2 contiguous parcels of development land	A parcel of commercial development land	A parcel of commercial development land	A parcel of commercial land
Lot No.	Lot Nos. 258, 261 & 262 Pekan Klebang Sek. 3 District of Melaka Tengah	Lot Nos. 9 & 10 Pekan Klebang Sek. 2 District of Melaka Tengah	Lot No. 2145 Kawasan Bandar V District of Melaka Tengah	Lot No. 4473 Mukim of Bertam District of Melaka Tengah	Lot No. PT 2201 Kawasan Bandar VI District of Melaka Tengah
Locality	Along Jalan Klebang Besar	Along Jalan Tanjung Kling / Klebang	Along Jalan Lorong Pandan	At the intersection of Lebuh AMJ/Jalan Pulau Gadong/Jalan Tun Teja	Along Coastal Highway
Tenure	Freehold	Freehold	Freehold	Freehold	99-year leasehold interest expiring on 22nd December 2112
Land Area	Approximately 11,816.18 sq. metres (about 127,188 sq. feet)	Approximately 3,679.47 sq. metres (about 39,605 sq. feet)	Approximately 3,210.00 sq. metres (about 34,552 sq. feet)	Approximately 8,770.00 sq. metres (about 94,399 sq. feet)	Approximately 9,550.00 sq. metres (about 102,795 sq. feet)
Consideration	RM8,267,688/-	RM2,774,772/-	RM2,218,651/-	RM7,083,324/-	RM7,196,112/-
Date of Transaction	30th April 2013	24th June 2013	31st July 2013	8th November 2012	15th May 2013
Vendor	Chin Kon Tow @ Chin Kong Too & Wu Chiuw Pin	Pauline Goh @ Pauline Goh Mui Leng	Oo Mun Kiong @ Wu Mun klong, Oo Wah Poh, Oo Wah Tyng & Tan Chew Mei	Bakatmas Motors (M) Sdn Bhd	Koperasi Pembangunan Hang Tuah Jaya Melaka Berhad
Purchaser	Rico Development Sdn Bhd	Prolific Resources Sdn Bhd	Loo Choo Kuan, Kok Cheng Heong & Loo Soon Hin	Webest Sdn Bhd	Nova Majestic Development Sdn Bhd
Source	Jabatan Penilaian Dan Perkhidmatan Harta (JPPH) data	Jabatan Penilaian Dan Perkhidmatan Harta (JPPH) data	Jabatan Penilaian Dan Perkhidmatan Harta (JPPH) data	Jabatan Penilaian Dan Perkhidmatan Harta (JPPH) data	Sale and Purchase Agreement
Analysis	RM65.00 psf	RM70.06 psf	RM64.21 psf	RM75.04 psf	RM70.00 psf
Adjustments	Downward adjustment made on location/accessibility and shape/terrain Upward adjustment on planning approval	Downward adjustment made on size and location/accessibility Upward adjustment on planning approval	Downward adjustment made on size and location/accessibility Upward adjustment on time and planning approval	Downward adjustment made on location/accessibility and shape/terrain Upward adjustment on time and planning approval	Downward adjustment made on location/accessibility and shape/terrain Upward adjustment on tenure and planning approval
Adjusted Value	RM65.00 psf	RM66.56 psf	RM61.00 psf	RM61.83 psf	RM59.50 psf

Our Ref : 60V14002

Valuation Rationale

Based on the above adjustments, the adjusted values are in the ranged between RM59.50/- to RM66.56/- per square foot. The average of the adjusted rate is RM62.78/- per square foot. In light of the above, we have adopted a rate of RM64.00/- per square foot as the bare site value for the subject property.

As the subject property was formerly an abandoned project with the bored piling and pilecap works completed, we have also reflected the bored piling and pilecap works done on the subject property.

Therefore, the market value of the subject property worked out to **RM7,700,000/-**.

Residual Method

The Residual Method entails estimating the gross realization value of the development scheme on completion. Next the remaining cost incurred in the development, finance cost and the developer's profit and risk must be estimated and deducted from the foregoing gross realization value. The residual value arrived at presents the value of the land together with the value of any works completed on the land. In order to obtain the value of the land and the works done in its present state, the residual value so obtained must be deferred for the appropriate period at a suitable discount factor.

Gross Development Value

a) The total Gross Development Value arrived from the proposed selling prices is RM137,072,115/-.

b) Proposed Selling Prices adopted for Home Office/Service Suites (SOHO) and Retail Lots

SOHO	– average about RM386 per square foot
Retail lots	– average about RM558 per square foot

* *Based on transactions of existing condominiums and retail lots as well as similar ongoing project located in the vicinity.*

Gross Development Cost

The total gross development cost of the project is RM103,271,408/- (exclusive of the developer's profit). The development costs are based on industry average costs. We have also made reference to and accepted the developer's cost as they are in accord with industry average costs. The table below shows the main item of costs:-

VALUATION CERTIFICATE OF THE LAND PREPARED BY R&C DATED 10 MARCH 2014 (*Cont'd*)

Our Ref : 60V14002

Description	Total Cost	Remarks
Title/survey plans	RM472,000	RM1,000 per unit
Statutory Contribution	RM2,741,442	2.00% of GDV
External Infrastructure & Landscaping	RM4,388,800	About RM47psf based on land area
Professional fees	RM4,497,551	5.50% of construction costs
Marketing & management	RM4,797,524	3.50% of GDV
Finance Charges	RM3,688,283	Interest of 9% for 1.5yrs
Developer's Profit	RM23,987,620	17.50% of GDV
Building Costs :-		
SOHOs	RM50,926,320	RM145psf on GFA or RM177psf on NSA
Retail Lots	RM15,871,140	RM135psf on GFA or RM335psf on NSA
Entrance Porch	RM800,000	One (1) unit
Swimming Pool	RM800,000	One (1) unit
Car Parking Bays	RM14,951,100	RM60psf based on GFA

a) Preliminaries

The preliminaries costs include project & contract details; good & material by others; surveyor and consultancy fees; soil investigation; planning fees and building submission fees; statutory compliance & obligation; site investigation/survey contracts; plant/tools & vehicles; removal of rubbish & debris; maintenance of public & private roads and etc.

b) Building Cost

In assessing the construction cost of the subject building, we have been guided by the DLS-JUBM Construction Cost Handbook Malaysia 2013 published by Davis Langdon & Seah (Malaysia) Sdn Bhd in collaboration with Juru Ukur Bahan Malaysia & JUBM Sdn Bhd, the construction costs of the similar property for Kuala Lumpur and Johor Bahru.

c) External Infrastructure Works &Landscaping

External Infrastructure and landscaping works are summarised as follows: -

Description	Unit		Cost per unit	Total Cost
Driveway	sq m	6,000	RM70	RM420,000
Drain	m	900	RM500	RM450,000
Water reticulation	m	600	RM400	RM240,000
Hydrant	No.	20	RM5,000	RM100,000
Suction tank etc				RM500,000
Sewerage Treatment Plant	pe	3,122	RM400	RM1,248,800
Sewer reticulation	m	600	RM300	RM180,000
Internet & telekom				RM500,000
Landscaping				RM750,000
			Total	**RM4,388,800**

The external infrastructure works and landscaping cost is estimated at RM4,388,800 i.e. equivalent to RM2,048,068 per acre or RM47.02 per square foot based on the surveyed land area.

Our Ref : 60V14002

d) Marketing & Management

We have adopted 3.50% of the gross development value as the marketing and management fees.

e) Professional Fees

We have adopted a rate of 5.50% of construction cost as the professional fee in our valuation, which is within the industry practice.

f) Finance Charges

A finance cost of 9% per annum is adopted for half of the pilling, infrastructure cost, construction cost, landscaping, administration & management fee, professional fees and marketing, advertising, legal & agencies fee for half of the total development period. The financing cost is the prevailing lending rate charged by financial institutions for project bridging finance.

g) Developer's Profit

The estimate for developer's profit of 17.50% of gross development value is derived from analysis of sales of similar schemes as well as recognising rates used in our previous valuations and after taking into account the special characteristics of the Property.

h) Contingencies

We have adopted a rate of 5% of earthwork, piling works & contiguous spun pile, infrastructure cost, construction cost, landscaping, administration & management fee, professional fees and marketing, advertising, legal & agencies fee as per current industry practice.

i) Development Period

We have adopted a total development period of 3.00 years, however the project is currently about 7% completed, we estimated that the remaining period to complete the project is in 2.75 years time.

j) Discount Rate

In accordance with the Malaysian Valuation Standards, the discount rate for determining market value should be market derived. The discount rate is to reflect both risk and the time value of money. For the present value of money, we have adopted a rate of 9% per annum.

Reconciliation of Values

Comparison Method – RM7,700,000/-
Residual Method – RM7,740,000/-

There is a difference in value of RM40,000/- between the two methods of valuation adopted. As the construction works of the subject property has been halted, we have adopted the Comparison Method of Valuation as the main consideration and the Residual Method of valuation as secondary cross check. Therefore, we are of the opinion that the market value of the subject property is RM7,700,000/- based on the Comparison Method adopted.

VALUATION CERTIFICATE OF THE LAND PREPARED BY R&C DATED 10 MARCH 2014 (*Cont'd*)

Our Ref : 60V14002

We are of the opinion that the Market Value of the subject property i.e. **LOT NO. 129, PEKAN KLEBANG SEK. 1, DISTRICT OF MELAKA TENGAH, STATE OF MELAKA AND HELD UNDER TITLE NO. GRN 14939**, as at 17th January 2014, free from all encumbrances, in its existing condition, with the benefit of the planning approval and site/building plans approval, with the title being good, marketable and registrable as well as with vacant possession is **RM7,700,000/- (Ringgit Malaysia : Seven Million And Seven Hundred Thousand Only)**

Yours faithfully,
RAHIM & CO CHARTERED SURVEYORS (MALACCA) SDN BHD

CHAN SENG CHING, MRISM MRICS
Registered Valuer (V-727)
Chartered Surveyor

Rahim & Co. Chartered Surveyors Sdn. Bhd. MELAKA

FURTHER INFORMATION

1. SHARE CAPITAL

(i) Save for the Rights Shares, the Warrants C and the new STB Shares to be issued arising from the full exercise of the Warrants C, if any, no other securities will be allotted or issued on the basis of this AP later than twelve (12) months after the date of issue of this AP.

(ii) We have only one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another as at the date of this AP.

(iii) Save as disclosed below and in Section 2 of **Appendix II**, no securities in our Company have been issued or proposed or intended to be issued, as partly or fully paid-up for a consideration in cash or otherwise than in cash, within two (2) years preceding the date of this AP:

(a) 21,471,210 new STB Shares to be issued arising from the full conversion of the Outstanding ICULS;

(b) 60,485,000 new STB Shares to be issued arising from the full exercise of the Outstanding Warrants B;

(c) up to 644,891,820 Rights Shares to be issued pursuant to the Rights Issue with Warrants;

(d) 429,927,880 new STB Shares to be issued arising from the full exercise of the Warrants C to be issued pursuant to the Rights Issue with Warrants; and

(e) up to thirty percent (30%) of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) of new STB Shares to be issued pursuant to the exercise of the Options to be granted under the ESOS.

(iv) As of the date of this AP, save as disclosed below and the Rights Shares and the Warrants C to be issued pursuant to the Rights Issue with Warrants, which is the subject matter of this AP, no person has been or is entitled to be granted an option to subscribe for any securities of our Company:

(a) up to 21,471,210 new STB Shares to be issued arising from the full conversion of the Outstanding ICULS which were issued in 2013 to the creditors of our Group to partially settle certain amount of debts via a scheme of arrangement and compromise at nominal value of RM0.10 each and will mature on 20 March 2018. The Outstanding ICULS shall be converted into one (1) new STB Shares at the conversion price of RM0.10 (or such adjusted conversion price pursuant to the trust deed governing the ICULS);

(b) up to 60,485,000 new STB Shares to be issued arising from the full exercise of the Outstanding Warrants B which were issued in 2013 and offered to all the then existing shareholders of our Company on a rights basis at no cost and will mature on 13 March 2018. Each Outstanding Warrants B carrying the right to subscribe for one (1) new STB Share at an exercise price of RM0.10 (or such adjusted exercise price pursuant to the deed poll governing the Warrants B); and

(c) Under the ESOS, up to thirty per cent (30%) of the prevailing issued and paid-up share capital of our Company (excluding treasury shares) can be issued at any one (1) time, throughout the duration of five (5) years of the ESOS (or such extended duration pursuant to the By-Laws). The subscription price of each new STB Share shall be fixed at the higher of the par value of the STB Shares of RM0.10 each or the five (5)-day VWAMP of the STB Shares at the Date of Offer, with a discount of not more than ten per cent (10%) or such other percentage of discount in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities, ACE LR or any other relevant authorities from time to time during the duration of the ESOS. As at the LPD, the ESOS has not been implemented.

2. REMUNERATION OF DIRECTORS

The following provisions are reproduced from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meanings when used herein unless they are otherwise defined herein or the context otherwise requires.

Article 110

Subject to these Articles, the remuneration of the Directors shall from time to time be determined by our Company in general meeting but:

(1) Directors' fees payable to Directors not holding any executive office in our Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;

(2) salaries payable to Directors holding executive office in our Company may not include a commission on or a percentage of turnover;

(3) all remuneration payable to Directors shall be deemed to accrue from day to day;

(4) fees payable to Directors shall not be increased except pursuant to a resolution passed by our Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

(5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Article 111

The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of our Company or in connection with the business of our Company.

Article 112

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

(1) render any special or extra services to our Company; or

(2) to go or reside outside his country of domicile or residence in connection with the conduct of any of our Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

Article 140

Subject to the Act, the Directors may appoint 1 or more of their number to any executive office (by whatever title it is known) and may procure our Company to enter into a contract or arrangement with him for his employment or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any such appointment, contract or arrangement may be made (subject to these Articles) on such terms as to remuneration and otherwise as the Directors think fit. A managing director shall be subject to the control of the Directors. A Director may be appointed to hold more than one executive office at a time.

3. MATERIAL CONTRACTS

Saved as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) entered into by our Group within two (2) years immediately preceding the date of this AP:

(i) The SPA dated 26 February 2014 entered between SPSB and TCSB to acquire a parcel of freehold land held under Geran 14939, Lot 129, Pekan Klebang, Seksyen 1, District of Melaka Tengah, State of Melaka, for a cash consideration of RM7,700,000. As at the LPD, the SPA is pending completion;

(ii) Deed Poll for Warrants C, dated 14 August 2014, by STB, constituting the terms and conditions of up to 429,927,880 Warrants C issued pursuant to the renounceable rights issue up to 644,891,820 Rights Shares at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares together with two (2) free Warrants C for every two (2) existing ordinary shares of RM0.10 each in STB ("**Deed Poll for Warrants C**"). As at the LPD, the Deed Poll for Warrants C is pending completion;

(iii) Trust deed, dated 14 January 2013 between STB and TMF Trustees Malaysia Berhad ("**Trustees**"), where, pursuant to the offer of the ICULS, the Trustees had agreed to hold the benefit of up to RM4,623,656 nominal value of four percent (4%), five (5)-year, ICULS 2013/2018 at 100% of the nominal value of RM0.10 each in STB, pursuant to the terms and conditions in the Trust Deed ("**Trust Deed**"). As at the LPD, the Trust Deed is pending completion;

(iv) Deed poll for Warrants B, dated 14 January 2013, by STB, constituting the terms and conditions of up to 60,485,000 Warrants B ("**Warrant(s) B**") issued pursuant to the renounceable rights issue up to 120,970,000 rights shares at an issue price of RM0.10 per rights share on the basis of two (2) right shares together with one (1) free Warrant B for every two (2) existing ordinary shares of RM0.10 each in STB ("**Deed Poll for Warrants B**"). As at the LPD, the Deed Poll for Warrants B is pending completion;

(v) Deed poll for Warrants A, dated 18 December 2012, by STB, constituting the terms and conditions of 42,500,000 Warrants A ("**Warrant(s) A**") issued pursuant to the restricted issue of 85,000,000 restricted issue shares at an issue price of RM0.10 per restricted issue share on the basis of one (1) free Warrant A for every two (2) ordinary shares subscribed by Protev Asia Limited ("**Deed Poll for Warrants A**"). As at the LPD, the Deed Poll for Warrants A has been completed;

(vi) Asset disposal agreement (including a power of attorney), dated 20 December 2012 between RHB Bank Berhad ("**RHB**") and Sanichi Precision Mould Sdn Bhd. Pursuant to the scheme of arrangement of STB, it was agreed between the parties that Sanichi Precision Mould Sdn Bhd shall, within the duration from 30 September 2012 and expiring on 31 March 2013, use its best endeavours either to actively and diligently take all necessary steps to dispose all that piece of land held under H.S.(D) 290337 PTD, 65021 in the Mukim of Senai-Kulai, District of Johor Bahru, State of Johor ("**Property**") ("**Asset Disposal Agreement**"). Further, in order to facilitate the Asset Disposal Agreement, RHB has requested and Sanichi Precision Mould Sdn Bhd has agreed to provide the power of attorney to RHB to deal with the Property in accordance with the terms and conditions of the Asset Disposal Agreement. As at LPD, the Asset Disposal Agreement is pending completion; and

(vii) Power of attorney, dated 25 June 2012 by Sanichi Precision Mould Sdn Bhd ("**Donor**") in favour of United Overseas Bank (Malaysia) Bhd ("**Attorney**") ("**Power of Attorney**"). On 14 October 2005, the Donor created a first party legal charge and a first party second legal charge ("Charges") over a unit of 1 ½ storey semi-detached factory at PLO 135, Jalan Cyber 5, Senai Industrial Estate, Phase 3, 81400 Senai, Johor, held under H.S.(D) 45374 PTD 86552, Mukim of Senai, Daerah of Kulaijaya ("**Charged Property**"). Pursuant to the scheme of arrangement of STB and in order to facilitate the Attorney's consideration of the scheme of arrangement, the Attorney has requested and the Donor has agreed to provide the power of attorney to deal with the Charged Property in accordance with the terms and conditions of the Power of Attorney. As at the LPD, the Power of Attorney is subsisting.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors have no knowledge of any proceedings pending or threatened against our Company and/or any of our subsidiaries or of any facts likely to give rise to any proceedings which might adversely and materially affect the financial position or business of our Company and/or any of our subsidiaries.

5. GENERAL

(i) The nature of our Group's business is described in Appendix II of this AP. There are no corporations which are deemed related to us by virtue of Section 6 of the Act, except as disclosed in Section 6 of Appendix II of this AP.

(ii) The estimated expenses in relation to the Corporate Exercises of RM1.00 million will be defrayed by the partial proceeds raised from the Rights Issue with Warrants.

(iii) There are no existing or proposed service contracts between our Directors and our Company or our subsidiaries excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year from the date of this AP.

(iv) Our Directors are not aware of any material information, including special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group, except as disclosed in Sections 7 and 9 of this AP.

(v) Save as disclosed in Section 9 of this AP and the risk factors mentioned in Section 7 of this AP, the financial conditions and operations of our Group are not affected by any of the following:

   (a) known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the liquidity of our Group increasing or decreasing in any material way;

(b) material commitments for capital expenditure of our Group;

(c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from our operations;

(d) known trends or uncertainties that have had, or that our Group reasonably expects will have, a material favorable or unfavorable impact on our revenue or operating income; and

(e) fluctuation in our Group's revenue.

6. CONSENTS

Our Adviser, Due Diligence Solicitors, Share Registrar, Company Secretary, Auditors, Principal Bankers and Bloomberg Finance L.P. have given and have not subsequently withdrawn their respective written consents to the inclusion of their names and all references thereto, in the form and context in which they appear in this AP.

Messrs. Hasnan THL Wong & Partners, our Reporting Accountants, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the proforma consolidated statements of financial position of our Company as at 30 June 2013 together with the Reporting Accountants' letter thereon, the audited consolidated financial statements for the FYE 30 June 2013 together with the Auditors' report thereon and all references thereto, in the form and context in which they appear in this AP.

R&C, our Valuer, has given and has not subsequently withdrawn its written consent to the inclusion of its name, the valuation certificate of the Land dated 10 March 2014 and all references thereto, in the form and context in which they appear in this AP.

7. CONFLICT OF INTERESTS

Save as disclosed below, PIVB has given its confirmation that it has no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in its capacity to act as the Adviser in connection with the Rights Issue with Warrants.

As at the LPD, Public Bank Berhad ("**PBB**"), the holding company of PIVB, has extended hire purchase facility to a Director of our Company. The total hire purchase facility granted to the aforesaid person relative to the shareholders' funds of the PBB group of companies ("**PBB Group**") is insignificant.

PIVB has considered the factors involved and believes that its objectivity and independence as the Adviser are maintained at all times notwithstanding the hire purchase facility granted to the above person for the following reasons:

(i) PIVB is a licensed investment bank regulated by Bank Negara Malaysia and the SC. The appointment as the Adviser to our Company for the Corporate Exercises is in the ordinary course of its business. There are adequate standard operating policies and procedures including "Chinese Wall" as prescribed by the regulators, segregating the corporate finance and advisory business of PIVB from all other business units of PIVB and also the PBB Group;

(ii) PIVB's role as the Adviser has been carried out professionally and objectively guided by the relevant terms of the due diligence planning memorandum of the Due Diligence Working Group ("**DDWG**") set up in accordance with the relevant guidelines of the SC. The due diligence processes and the verification exercises undertaken by the DDWG involving the participation by the Directors and senior management of our Company, the Reporting Accountants, the Due Diligence Solicitors, the Company Secretary and PIVB have been duly undertaken and performed in relation to the preparation of relevant documents (including this AP) relating to the Corporate Exercises; and

(iii) PIVB does not receive or derive any financial interest or monetary benefit from the implementation of the Corporate Exercises other than the professional fees charged in relation to its role as the Adviser.

Messrs. Lee Choon Wan & Co. and Messrs. Hasnan THL Wong & Partners have given their respective confirmations that they have no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in their capacity to act as the Due Diligence Solicitors and Reporting Accountants, respectively in connection with the Rights Issue with Warrants.

R&C has given its confirmation that it has no directorship with our Group nor any equity and/or financial relationship with our Group, our Directors and/or our substantial shareholders that may give rise to a conflict of interest situation in its capacity to act as the Valuer in connection with the Acquisition.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection at our Registered Office from Mondays to Fridays (excluding public holidays) during business hours for a period of twelve (12) months from the date of this AP:

(i) our Memorandum and Articles of Association;

(ii) our audited consolidated financial statements for the past two (2) FYEs 30 June 2012 and 2013;

(iii) our latest unaudited consolidated financial statements for the FYE 30 June 2014 as set out in Appendix IV of this AP;

(iv) our proforma consolidated statements of financial position as at 30 June 2013 together with the Reporting Accountants' letter thereon as set out in Appendix V of this AP;

(v) our Directors' Report as set out in Appendix VI of this AP;

(vi) the valuation report and valuation certificate from R&C as set out in Appendix VII of this AP;

(vii) the SPA;

(viii) the letters of Irrevocable Undertakings by Herbert, Dato' Dr. Pang and TLS dated 4 February 2014 as referred to in Section 4 of this AP;

(ix) the letters of consent as referred to in Section 6 of this Appendix; and

(x) the material contracts as referred to in Section 3 of this Appendix.

9. RESPONSIBILITY STATEMENTS

(i) Our Directors have seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquires and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in the Documents false or misleading; and

(ii) PIVB, being our Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

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