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

THIS ABRIDGED PROSPECTUS 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 ADVISERS IMMEDIATELY. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, ShareWorks Sdn Bhd at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur (Tel: +603 - 6201 1120).

This Abridged Prospectus, together with the NPA and RSF (collectively, the "**Documents**"), will be despatched only to our Entitled Shareholders whose names appear on our Record of Depositors as at 5.00 p.m. on 14 June 2016 at their registered address in Malaysia or who have provided our Share Registrar with a registered address in Malaysia in writing by 5.00 p.m. on 14 June 2016. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia, are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any country or jurisdiction other than the laws of Malaysia. Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal adviser and other professional advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue with Warrants, application for Excess Rights Shares with Warrants D, or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants would result in the contravention of any law of such countries or jurisdictions. We, Mercury Securities and/or the advisers named herein shall not accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of entitlements, application for Excess Rights Shares with Warrants D or the subscription, offer, sale, resale, pledge or other transfer of the new securities arising from the Rights Issue with Warrants made by any Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) are residents.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus 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 Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Companies Commission of Malaysia who takes no responsibility for the contents of the Documents.

Approval for the Rights Issue with Warrants has been obtained from our shareholders at our EGM convened on 5 April 2016. Approval has been obtained from Bursa Securities via its letter dated 7 March 2016 for the admission of the Warrants D to the Official List and the listing and quotation of the new securities arising from the Rights Issue with Warrants and the new Shares to be issued upon exercise of the Warrants D on the ACE Market of Bursa Securities (subject to the conditions specified in the said letter), which will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS Accounts of successful Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. However, such admission, listing and quotation are not an indication that Bursa Securities recommends the Rights Issue with Warrants and are in no way reflective of the merits of the Rights Issue with Warrants.

The Board has 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 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 any statement in the Documents false or misleading.

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

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 6 OF THIS ABRIDGED PROSPECTUS.

S.T.B

SANICHI TECHNOLOGY BERHAD

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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 779,928,448 NEW ORDINARY SHARES OF RM0.10 EACH IN SANICHI ("SANICHI SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.11 PER RIGHTS SHARE TOGETHER WITH UP TO 389,964,224 FREE WARRANTS IN SANICHI ("WARRANTS D") ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT D FOR EVERY ONE (1) EXISTING SANICHI SHARE HELD BY THE ENTITLED SHAREHOLDERS OF SANICHI AT 5.00 P.M. ON 14 JUNE 2016

Principal Adviser

Mercury Securities Sdn Bhd

(Company No. 113193-W)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES

Entitlement Date	: Tuesday, 14 June 2016 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Allotments	: Tuesday, 21 June 2016 at 5.00 p.m.
Transfer of Provisional Allotments	: Monday, 27 June 2016 at 4.00 p.m.
Acceptance and payment	: Thursday, 30 June 2016 at 5.00 p.m. *
Excess Rights Shares with Warrants D Application and payment	: Thursday, 30 June 2016 at 5.00 p.m. *

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

This Abridged Prospectus is dated 14 June 2016

ALL TERMS USED HEREIN ARE AS DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR 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 ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE 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.

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

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

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

Abridged Prospectus	-	This abridged prospectus in relation to the Rights Issue with Warrants
Act	-	Companies Act, 1965, as amended from time to time and any re-enactment thereof
Adjustment Warrants	-	Additional Warrants B and Warrants C arising from the adjustments to the number and exercise price of the outstanding Warrants B and/or Warrants C, as the case may be, as a result of the Rights Issue with Warrants in accordance with provisions of Deed Poll B and Deed Poll C
Base Case Scenario	-	Assuming that none of the existing Warrants B, Warrants C and ICULS are exercised and/or converted into Sanichi Shares and all Shareholders fully subscribe to their entitlements of the Rights Shares with Warrants D
BNM	-	Bank Negara Malaysia
Board	-	Board of Directors of Sanichi
Bursa Depository	-	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	-	Bursa Malaysia Securities Berhad (635998-W)
CAGR	-	Compounded annual growth rate
CDS	-	Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account(s)	-	Account(s) established by Bursa Depository for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
Closing Date	-	30 June 2016 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants D or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time
CMSA	-	Capital Markets and Services Act, 2007, of Malaysia as may be amended from time to time and any re-enactment thereof
CNC	-	Computer numerical control
Code	-	Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time
Corporate Exercises	-	Collectively, the Par Value Reduction, the Share Consolidation and the Rights Issue with Warrants
Deed Poll B	-	The deed poll constituting the Warrants B dated 14 January 2013
Deed Poll C	-	The deed poll constituting the Warrants C dated 14 August 2014

Deed Poll D	-	The deed poll constituting the Warrants D executed by Sanichi on 30 May 2016
E&E	-	Electrical and electronics
EGM	-	Extraordinary general meeting
Entitled Shareholder(s)	-	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
Entitlement Date	-	30 June 2016, at 5.00 p.m., being the date on which shareholders' names must be registered in Sanichi's Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
EPS	-	Earnings per Share
ESOS	-	Employee share option scheme of Sanichi which was effective on 7 November 2014 for a period of five (5) years
EUR	-	The Euro, the lawful currency used by the Institutions of the European Union
Excess Rights Shares with Warrants D	-	Rights Shares with Warrants D which are not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) (if applicable) prior to the Closing Date
Excess Rights Shares with Warrants D Application(s)	-	Application(s) for additional Rights Shares with Warrants D in excess of the Provisional Allotments
Exercise Period	-	Any time within a period of three (3) years commencing from and including the date of issue of the Warrants D to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the third (3rd) anniversary from the date of issue of the Warrants D. Any Warrants D not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Price	-	RM0.10, being the price at which one (1) Warrant D is exercisable into one (1) Sanichi Share, subject to adjustments in accordance with the Deed Poll D
Exercising Warrant Holders	-	Warrant Holders who exercise their Warrants D
Foreign-Addressed Shareholder(s)	-	Shareholder(s) who have not provided to the Company a registered address in Malaysia or an address in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants by the Entitlement Date
FPE	-	Financial period(s) ended
FYE	-	Financial year(s) ended / ending 30 June
GDP	-	Gross domestic product
GP	-	Gross profit
GSH Units	-	Grade A office units in GSH Plaza, Singapore and as further detailed under Section 5 of this Abridged Prospectus

DEFINITIONS (CONT'D)

ICULS	-	RM4,623,656 nominal value of four percent (4%), five (5)-year irredeemable convertible unsecured loan stocks at 100% of the nominal value of RM0.10 each in Sanichi as constituted by the Trust Deed
Listing Requirements	-	ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
LPD	-	19 May 2016, being the latest practicable date prior to the printing of this Abridged Prospectus
LTD	-	27 May 2016, being the last trading day prior to the date of the fixing of the issue price of the Rights Shares
Market Day(s)	-	Any day on which Bursa Securities is open for trading in securities
Maximum Scenario	-	Assuming that all outstanding Warrants B, Warrants C and the remaining ICULS are exercised / converted into new Sanichi Shares on or prior to the Entitlement Date and all Shareholders fully subscribe to their entitlements of the Rights Shares with Warrants D
Megan Avenue I Property	-	Two (2) adjoining ten (10)-storey office blocks located at the intersection of Jalan Ampang and Jalan Tun Razak in Kuala Lumpur and as further detailed under Section 5 of this Abridged Prospectus
Mercury Securities or the **Principal Adviser**	-	Mercury Securities Sdn Bhd (113193-W)
Minimum Scenario	-	Assuming that none of the outstanding Warrants B, Warrants C and the remaining ICULS as at the LPD are exercised / converted into new Sanichi Shares prior to the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
Minimum Subscription Level	-	Minimum subscription level of 90,909,091 Rights Shares together with 45,454,545 Warrants D based on the issue price of RM0.11 per Rights Share to arrive at approximately RM10.0 million
NA	-	Net assets
NPA	-	Notice of provisional allotment in relation to the Rights Issue with Warrants
Official List	-	A list specifying all securities which have been admitted for listing on the ACE Market of Bursa Securities and not removed
Par Value Reduction	-	Reduction of the issued and paid-up share capital of the Company via cancellation of RM0.075 of the par value of every existing ordinary share of RM0.10 each in the Company pursuant to Section 64 of the Act, which was completed on 4 May 2016
PAT	-	Profit after taxation
PBT	-	Profit before taxation
Provisional Allotments	-	The Rights Shares with Warrants D provisionally allotted to Entitled Shareholders

Record of Depositors	-	A record of security holders provided by Bursa Depository under the Rules of Bursa Depository
Rights Issue with Warrants	-	Renounceable rights issue of up to 779,928,448 Rights Shares together with up to 389,964,224 free Warrants D on the basis of two (2) Rights Shares together with one (1) free Warrant D for every one (1) existing Sanichi Share held by the Entitled Shareholders on the Entitlement Date
Rights Shares	-	Up to 779,928,448 new Shares to be allotted and 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
Rules of Bursa Depository	-	The rules of Bursa Depository as issued pursuant to the SICDA, as amended from time to time
Sanichi or the **Company**	-	Sanichi Technology Berhad (661826-K)
Sanichi Group or the **Group**	-	Sanichi and its subsidiaries
Sanichi Share(s) or **Share(s)**	-	Ordinary shares of the Company with par value of RM0.10 each prior to the Par Value Reduction and after the Share Consolidation or ordinary shares of the Company with par value of RM0.025 each after the Par Value Reduction but before the Share Consolidation, as the context requires
SC	-	Securities Commission Malaysia
SGD	-	Singapore Dollar, the lawful currency of the Republic of Singapore
Share Consolidation	-	Consolidation of every four (4) ordinary shares of RM0.025 each (after the Par Value Reduction) in Sanichi into one (1) ordinary share of RM0.10 each
Share Registrar	-	ShareWorks Sdn Bhd (229948-U)
SICDA	-	Securities Industry (Central Depositories) Act, 1991 of Malaysia as may be amended from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998 of Malaysia
Smith Zander or the **Independent Market Researcher**	-	Smith Zander International Sdn Bhd (1058128-V)
TEAP	-	Theoretical ex-all price
Thai Baht	-	Thai Baht, the lawful currency of Thailand
Trust Deed	-	The trust deed governing the ICULS dated 14 January 2013

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Undertaking	-	The written undertaking from the Undertaking Shareholder dated 17 February 2016 pursuant to which the Undertaking Shareholder has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for his respective entitlement under the Rights Issue with Warrants and to apply for any Shares not taken up by way of excess shares application, to the extent such that the aggregate subscription of Rights Shares received by Sanichi amounts to not less than RM10 million, details of which are set out in Section 3 of this Abridged Prospectus
Undertaking Shareholder	-	Dato' Sri Dr. Pang Chow Huat, Managing Director of Sanichi
USD	-	United States Dollars, the lawful currency of the United States of America
Vertical II Property	-	An entire floor of office suites in Vertical II, Bangsar South and as further detailed under Section 5 of this Abridged Prospectus
VWAP	-	Volume weighted average price
Warrants B	-	Outstanding warrants 2013/2018 as constituted by Deed Poll B and where the context requires
Warrants C	-	Outstanding warrants 2014/2019 as constituted by Deed Poll C and where the context requires
Warrants D	-	Up to 389,964,224 free detachable warrants to be allotted and issued pursuant to the Rights Issue with Warrants
Warrant(s) Holder(s)	-	The holder(s) of the Warrant(s) D pursuant to the Deed Poll D

In this Abridged Prospectus, all references to "our Company" are to Sanichi and references to "we", "us", "our" and "ourselves" are to our Company and, where the context otherwise requires, our subsidiaries. All references to "you" in this Abridged Prospectus are to Entitled Shareholders.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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

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

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CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARY	:	Foo Siew Loon (MAICSA 7006874) Level 33A, Menara 1 MK 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 1 MK Kompleks 1 Mont Kiara No. 1 Jalan Kiara, Mont Kiara 50480 Kuala Lumpur Tel : +603 - 6201 8080 Fax : +603 - 6203 2788
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
AUDITORS	:	Messrs Cheng & Co (AF 0886) No. 8-2 & 10-2, Jalan 2/114 Kuchai Business Centre Off Jalan Klang Lama 58200 Kuala Lumpur. Tel : +603 - 7984 8988 Fax : +603 - 7980 0191
REPORTING ACCOUNTANTS	:	Baker Tilly Monteiro Heng (AF 0117) Chartered Accountants Level 10, Tower 1, Avenue 5 Bangsar South City 59200 Kuala Lumpur Tel : +603 - 2297 1000 Fax : +603 - 2282 9980
SOLICITORS FOR THE RIGHTS ISSUE WITH WARRANTS	:	Messrs Ben & Partners 7-2, Level 2 Block D2, Dataran Prima Jalan PJU 1/39 47301 Petaling Jaya, Selangor, Tel : +603 - 7805 2922 Fax : +603 - 7805 3922
INDEPENDENT MARKET RESEARCHER	:	Smith Zander International Sdn Bhd Level 23, Premier Suite, One Mont' Kiara 1 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel : +603 - 2785 6822 Fax : +603 - 2785 6922
PRINCIPAL BANKER	:	Malayan Banking Berhad 136 &137, Jalan Senai Utama 5/17 Taman Senai Utama 81400 Senai Johor Darul Takzim Tel : +607 - 598 6233 Fax : +607 - 598 2533

CORPORATE DIRECTORY (CONT'D)

SHARE REGISTRAR	:	ShareWorks Sdn Bhd No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Tel : +603 - 6201 1120 Fax : +603 - 6201 3121
PRINCIPAL ADVISER	:	Mercury Securities Sdn Bhd L-7-2, No. 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel : +603 - 6203 7227 Fax : +603 - 6203 7117
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	ACE Market of Bursa Securities

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

Registered Office:

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

14 June 2016

Board of Directors:

Tan Sri Dato' Sri Abdul Halil bin Abd Mutalif *(Chairman / Independent Non-Executive Director)*
Dato' Sri 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: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 779,928,448 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.11 PER RIGHTS SHARE TOGETHER WITH UP TO 389,964,224 FREE WARRANTS D ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT D FOR EVERY ONE (1) EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS AT 5.00 P.M. ON THE ENTITLEMENT DATE

1. INTRODUCTION

On 8 March 2016, Mercury Securities on behalf of the Board, announced that Bursa Securities had, vide its letter dated 7 March 2016, granted its approval for, amongst others, the following:-

(i) admission of the Warrants D to the Official List;

(ii) listing and quotation of the Rights Shares and Warrants D;

(iii) listing and quotation of the Adjustment Warrants; and

(iv) listing and quotation of new Shares to be issued upon the exercise of the Warrants D and Adjustment Warrants.

The approval of Bursa Securities is subject to, amongst others, the following conditions:-

Condition	Status of compliance
(i) Sanichi and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	To be met
(ii) Sanichi and Mercury Securities are to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be met
(iii) Sanichi is 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; and	To be met
(iv) Sanichi is to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the exercise of the Warrants D as at the end of each quarter together with a detailed computation of listing fees payable.	To be met

The Board is pleased to inform that the Shareholders had, during the EGM held on 5 April 2016, approved, amongst others, the Rights Issue with Warrants. A certified true extract of the resolutions approving, amongst others, the Rights Issue with Warrants at the said EGM is attached in Appendix III of this Abridged Prospectus.

On 4 May 2016, Mercury Securities had, on behalf of the Board, announced that the Par Value Reduction has become effective. Further, on 20 May 2016, Mercury Securities had, on behalf of the Board, announced that the Share Consolidation has been completed.

On 30 May 2016, Mercury Securities had, on behalf of the Board, announced that the Board had on even date resolved to fix the issue price of the Rights Shares at RM0.11 per Rights Share as well as the Exercise Price at RM0.10 per Warrant D.

On 31 May 2016, Mercury Securities had, on behalf of the Board, announced that the Entitlement Date for the Rights Issue with Warrants has been fixed at 5.00 p.m. on 14 June 2016.

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

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

2. PARTICULARS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Details of the Rights Issue with Warrants

In accordance with the terms of the Rights Issue with Warrants as approved by the relevant authorities as well as Shareholders and subject to the terms of this Abridged Prospectus and the accompanying documents, the Rights Issue with Warrants entails a provisional allotment of up to 779,928,448 Rights Shares together with up to 389,964,224 free Warrants D on a renounceable basis of two (2) Rights Shares together with one (1) free Warrant D for every one (1) existing Share held by Entitled Shareholders on the Entitlement Date, at an issue price of RM0.11 per Rights Share.

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

The Warrants D are attached to the Rights Shares without any cost and will be issued only to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) who subscribe for the Rights Shares. The Warrants D are exercisable into new Sanichi Shares and each Warrant D will entitle the Warrant Holder to subscribe for one (1) new Sanichi Share at the Exercise Price. The Warrants D will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants D will be issued in registered form and constituted by the Deed Poll D. The salient terms of the Warrants D are set out in Section 2.5 of this Abridged Prospectus.

Any dealings in the Company's securities will be subject to, amongst others, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants D and the new Shares to be issued and allotted upon the exercise of the Warrants D will be credited directly into the respective CDS Accounts of successful applicants and Exercising Warrant Holders (as the case may be). No physical certificates will be issued to the Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), nor will any physical share certificates be issued for the new Shares to be issued arising from the exercise of the Warrants D.

The Rights Issue with Warrants are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Rights Issue with Warrants. However, the Rights Shares and Warrants D cannot be renounced separately, and only Entitled Shareholders who subscribe for the Rights Shares will be entitled to the Warrants D. As such, the Entitled Shareholders who renounce all of their Rights Share entitlements will not be entitled to the Warrants D. If the Entitled Shareholders accept only part of their Rights Share entitlements, they shall be entitled to the Warrants D in proportion to their acceptance of the Rights Share entitlements.

The Rights Shares with Warrants D that are not validly taken up by Entitled Shareholders and/or their transferee(s) and/or their renouncee(s), if applicable, shall be made available for Excess Rights Shares with Warrants D Applications.

Fractional entitlements arising from the Rights Issue with Warrants, if any, will be dealt with by the Board in such manner and on such terms and conditions as the Board at its absolute discretion deems fit or expedient and in the best interests of the Company.

Notice of allotment will be despatched to Entitled Shareholders and/or their transferee(s) and/or their renouncee(s) within eight (8) Market Days from the last date for acceptance and payment of the Rights Shares with Warrants D or such other period as may be prescribed by Bursa Securities.

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The Rights Shares and Warrants D will be admitted to the Official List and the listing and quotation of these securities will commence two (2) Market Days upon the receipt of an application for quotation for these securities as specified under the Listing Requirements, which will include amongst others, confirmation that all notices of allotment have been despatched to the successful applicants, and after receipt of confirmation from Bursa Depository that all CDS Accounts of successful applicants have been duly credited.

2.2 Basis of determining the issue price of the Rights Shares and the Exercise Price

Issue price of the Rights Shares

The Board had fixed the issue price of the Rights Shares at RM0.11 per Rights Share, after taking into consideration the following:-

(i) the funding requirements of the Group, details of which are set out in Section 5 of this Abridged Prospectus;

(ii) the par value of Sanichi Shares of RM0.10 each after the Share Consolidation;

(iii) the TEAP of RM0.1233 per Sanichi Share, calculated based on the five (5)-day VWAP of Sanichi Shares up to and including the LTD of RM0.1731; and

(iv) the trading and liquidity of Sanichi Shares.

The issue price of the Rights Shares represents a discount of approximately 10.77% to the aforementioned TEAP.

Exercise Price

The Board had fixed the Exercise Price at RM0.10 per Warrant D, after taking into consideration, amongst others, the following:-

(i) the par value of Sanichi Shares of RM0.10 each after the Share Consolidation; and

(ii) the TEAP of Sanichi Shares.

The Exercise Price represents a discount of approximately 18.88% to the aforementioned TEAP.

2.3 Ranking of Rights Shares and new Sanichi Shares arising from the exercise of the Warrants D

Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing issued and fully paid-up Sanichi Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares.

New Sanichi Shares arising from the exercise of Warrants D

The new Sanichi Shares to be issued pursuant to the exercise of the Warrants D shall, upon allotment, issuance and full payment of the exercise price of the Warrants D, rank *pari passu* in all respects with the then existing issued and fully paid-up Sanichi Shares, save and except that the new Sanichi Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the new Sanichi Shares arising from the exercise of the Warrants D.

2.4 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on **30 June 2016**, or such later date and time as the Board may decide and announce not less than two (2) Market Days before the aforesaid date and time.

2.5 Salient terms of the Warrants D

The salient terms of the Warrants D to be issued pursuant to the Rights Issue with Warrants are set out below:-

Issuer	:	Sanichi
Issue size	:	Up to 389,964,224 Warrants D
Form and detachability	:	The Warrants D will be issued in registered form and constituted by the Deed Poll D. The Warrants D will be immediately detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants D shall be 100 units of Warrants D, unless otherwise revised by the relevant authorities.
Tenure of the Warrants	:	Three (3) years from the date of issuance of the Warrants D.
Exercise Period	:	The Warrants D may be exercised at any time within a period of three (3) years commencing from and including the date of issue of the Warrants D to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the third (3rd) anniversary from the date of issue of the Warrants D. Any Warrants D not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Price	:	The Exercise Price has been fixed at RM0.10, subject to the adjustments in accordance with the Deed Poll D
Exercise rights	:	Each Warrant D shall entitle its holder to subscribe for one (1) new Sanichi Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll D.
Mode of exercise	:	The holders of the Warrants D shall pay by way of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia for the aggregate of the exercise price payable when exercising their Warrants D to subscribe for new Sanichi Shares.

Adjustments in the Exercise Price and/or the number of the Warrants D in the event of alteration to the share capital	:	The exercise price and/or the number of Warrants D in issue may be subject to adjustments in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants D, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares, capital reduction or capital distribution by way of reduction of capital, in accordance with the provisions of the Deed Poll D.
Rights of the Warrant holders	:	The Warrants D do not confer on their holders any voting rights or any right to participate in any distribution and/or offer of further securities in the Company until and unless such holders of the Warrants D exercise their Warrants D and are allotted and issued new Sanichi Shares arising from their exercise of the Warrants D.
Ranking of the new Sanichi Shares to be issued pursuant to the exercise of the Warrants D	:	The new Sanichi Shares to be issued pursuant to the exercise of the Warrants D shall, upon allotment, issuance and full payment of the exercise price of the Warrants D, rank *pari passu* in all respects with the then existing issued and fully paid-up Sanichi Shares, save and except that the new Sanichi Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment of the new Sanichi Shares arising from the exercise of the Warrants D.
Rights of the Warrant holders in the event of winding up, liquidation, compromise and/or arrangement	:	(a) Where a resolution has been passed for a members' voluntary winding-up of the Company, or where 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, then for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants D (or some other persons designated by them for such purpose by special resolution of the holders of the Warrants D) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the holders of the Warrants D. (b) In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or soon after it despatches such notice to its Shareholders, give notice thereof to all holders of the Warrants D. Every holder of the Warrants D shall thereupon be entitled, subject to the conditions set out in the Deed Poll D, to exercise his Warrants D at any time not more than 21 days prior to the proposed general meeting of the Company by submitting the subscription form (by irrevocable surrender of his Warrants D to the Company) duly completed authorising the debiting of his Warrants D together with payment of the relevant exercise price, whereupon the Company shall as soon as possible but in any event prior to the date of the general meeting, allot the relevant Sanichi Shares to the holder of the said Warrants D credited as fully paid subject to the prevailing laws.

		Subject to the above, if the Company is wound-up or an order has been granted for such compromise or arrangement, all the Warrants D which are not exercised within six (6) weeks of the passing of the resolution for winding-up or the granting of the court order approving the winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), shall lapse and the Warrants D will cease to be valid for any purpose.
Modification of rights of the Warrants Holders	:	The Company may, from time to time, without the consent or sanction of the holders of the Warrants D but subject to the prior approval of any relevant authorities and in accordance with the Deed Poll, modify the Deed Poll, if such modification made does not materially prejudice the interests of the holders of the Warrants D or is made to correct a manifest error or to comply with prevailing laws of Malaysia, Rules of the Bursa Depository, Securities Industry (Central Depositories) Act, 1991 and/or Bursa Securities' Listing Requirements.
Modification of the Deed Poll D	:	Subject to the approval of any relevant authorities, any modification, alteration or abrogation of the covenants or provisions contained in the Deed Poll D proposed or agreed to by the Company must be sanctioned by special resolution of the holders of the Warrants D, effected by a deed poll, executed by the Company and expressed to be supplemental to and comply with the requirements of the Deed Poll D.
Transferability	:	The Warrants D shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the Rules of Bursa Depository.
Deed Poll D	:	The Warrants D shall be constituted under the Deed Poll D.
Governing laws	:	The Warrants D and the Deed Poll D shall be governed by the laws of Malaysia.

2.6 Details of other intended corporate exercise which has been approved

As at the date of this Abridged Prospectus, save for the Rights Issue with Warrants, the Board confirms that there are no other corporate exercises which have been approved by the regulatory authorities but pending completion.

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3. SHAREHOLDER'S UNDERTAKING

Sanichi intends to raise a minimum of RM10.0 million from the Rights Issue with Warrants to meet the funding requirements of the Group, which will be channelled towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

In view of the above, the Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level.

To meet the Minimum Subscription Level, the Company has procured the Undertaking from the Undertaking Shareholder. Details of the Undertaking are as follows:-

Minimum Scenario

Undertaking Shareholder	Existing direct shareholdings		Direct shareholdings after the Share Consolidation		Minimum Rights Shares to be subscribed pursuant to the Undertaking			Direct shareholdings after the Rights Issue with Warrants	
	No. of Shares	%[1]	No. of Shares	%[2]	Subscription based on entitlement	Subscription based on excess shares application	Total	No. of Shares held	%[3]
Dato' Sri Dr. Pang Chow Huat	60,688,214	5.30	15,172,053	5.30	30,344,106	60,564,985	90,909,091	106,081,144	28.13

Notes:-
(1) *Based on the issued and paid-up share capital of 1,144,546,923 Shares as at the LPD.*
(2) *Based on the issued and paid-up share capital of 286,136,730 Shares after the Share Consolidation.*
(3) *Based on the enlarged issued and paid-up share capital of 377,045,821 Shares under the Minimum Scenario.*

Pursuant to the Undertaking, the Undertaking Shareholder has confirmed that he has sufficient financial means and resources to subscribe for his entitlement and take up additional Rights Shares not taken up by other Entitled Shareholders by way of excess application, to the extent that the aggregate subscription of Rights Shares under the Rights Issue with Warrants including the subscription for the excess application received by Sanichi amounts to not less than RM10.0 million. Mercury Securities has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing the Rights Shares pursuant to the Undertaking.

The Undertaking Shareholder has confirmed that the Undertaking will not give rise to any consequence of a mandatory offer obligation pursuant to the Code immediately after the Rights Issue with Warrants. In the event that the Undertaking Shareholder triggers an obligation to undertake a mandatory offer under the Code pursuant to the Undertaking, a separate announcement will be made. Consequently, an application to the SC will be made on behalf of the Undertaking Shareholder as well as persons acting in concert for an exemption to undertake the mandatory offer under paragraph 16.1, Practice Note 9 of the Code.

Nonetheless, the Undertaking Shareholder has confirmed that he will at all times observe and ensure compliance with the provisions of the Code and will seek from the SC the necessary exemptions from undertaking a mandatory offer, if required.

As the Minimum Subscription Level will be fully satisfied via the Undertaking, Sanichi will not procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

The Rights Issue with Warrants will enable the Company to raise funds and channel them towards the proposed utilisation as set out in Section 5 of this Abridged Prospectus.

After due consideration of the various options available, the Board is of the opinion that the Rights Issue with Warrants is the most suitable for the following reasons:-

(i) The Rights Issue with Warrants will involve the issuance of new Sanichi Shares without diluting the Entitled Shareholders' shareholdings provided that they subscribe in full for their respective entitlements under the Rights Issue with Warrants and exercise their Warrants D subsequently;

(ii) The Rights Issue with Warrants provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis; and

(iii) The Rights Issue with Warrants will enable the Company to raise the requisite funds without incurring additional interest expense, thereby minimising any potential cash outflow in respect of interest servicing costs.

The free Warrants D attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the free Warrants D will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants D and will allow Entitled Shareholders to further participate in the future growth of the Company as and when they are exercised.

The exercise of the Warrants D in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. Furthermore, should the Company increase its borrowings in the future, the exercise of Warrants D will increase Shareholders' funds and lower the Company's gearing, thereby providing the Company with flexibility in terms of the options available to meet its funding requirements.

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5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.11 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner based on the scenarios below:-

	Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of Rights Issue with Warrants	Minimum Scenario RM'000	[(1)]Base Case Scenario RM'000	[(1)]Maximum Scenario RM'000
(i)	Completing the construction of a factory building	Within 18 months	4,000	5,500	5,500
(ii)	Expansion of production capacity	Within 24 months	4,000	6,000	6,000
(iii)	Marketing expenses	Within 24 months	2,000	4,000	4,000
(iv)	Acquisition of properties for investment	Within 24 months	-	36,000	36,000
(v)	Acquisition and/or investment in other complementary businesses	Within 24 months	-	4,950	27,792
(vi)	Working capital	Within 24 months	-	5,500	5,500
(vii)	Estimated expenses	Immediate	[(2)]-	[(3)]1,000	[(3)]1,000
Total			**10,000**	**62,950**	**85,792**

Notes:-

(1) The proceeds in excess of the RM10.0 million under the Minimum Scenario after deducting estimated expenses shall be utilised up to its respective allocation in the following order:-

(i) Estimated expenses;
(ii) Completing the construction of a factory building;
(iii) Expansion of production capacity;
(iv) Marketing expenses;
(v) Working capital;
(vi) Acquisition of properties for investment; and
(vii) Acquisition and/or investment in other complementary businesses and/or assets.

(2) Funded via internally-generated funds.

(3) If the actual expenses incurred are higher than budgeted, the deficit will be funded from the portion allocated for working capital. Conversely, any surplus of funds following payment of expenses will be utilised for working capital purposes.

(i) Completing the construction of a factory building

In 2009, Sanichi had commenced construction works for a factory building located at PLO136, Jalan Cyber 5, Kawasan Perindustrian Fasa 3, 81400 Senai, Johor Darul Takzim. However, the construction works for the factory was halted in 2010 due to a slowdown in the automotive industry and the global E&E industry, amongst others. As Sanichi's principal businesses are directly related to the automotive and E&E industries, sales volume experienced a sharp decline in late 2009 following the slowdown in the automotive industry and the global E&E industry.

The factory building was approximately 50% completed when the Company chose to halt the construction works due to weak demand for automobile parts as well as E&E parts for both the local and export market, including amongst others Germany, Hong Kong, India, Thailand and the United States of America.

The breakdown of the Group's revenue between automobile parts and E&E parts within the local market and the overseas market as at FYE 2015 are as follows:-

	Local market		Overseas market	
	Automobile parts	E&E parts	Automobile parts	E&E parts
Revenue (RM'000)	3,142	-	37,071	2,624
Revenue contribution (%)	7.34	-	86.54	6.12

As the Company's plastic injection moulds are largely catered for export automobiles and E&E parts, amongst others, it is greatly influenced by the demand for export cars and E&E products. Due to the improving global market sentiments as further set out in Section 7 of this Abridged Prospectus, the Company anticipates this to positively impact the demand for its products. In view that the Company has been subcontracting part of processes since 2013 to meet its demand and has received purchase enquiries from its existing and potential customers for its products, which includes customised moulds and tooling for the automotive industry as well as the E&E industry, the Company intends to increase its production capacity for these products, details of which are set out in item (ii) below.

As such, the Company intends to utilise up to RM5.5 million of proceeds to complete the construction of the factory building to house the additional equipment and machineries to meet the anticipated increase in demand. The factory building is located adjacent to the Company's existing plant in Johor and will be able to house the additional machineries, as detailed in item (ii) below. The planned factory size is approximately 20,000 square feet and will take approximately 18 months from the date of recommencement to complete its construction. The construction shall recommence upon the receipt of the proceeds from the Rights Issue with Warrants, which is expected to be completed by the third quarter of 2016. As such, the factory is expected to be completed by the first quarter of 2018.

Any additional costs in excess of the proceeds raised from the Rights Issue with Warrants earmarked for the completion of the construction of the factory building, will be funded via internally generated funds and/or bank borrowings.

(ii) Expansion of production capacity

Due to the reasons set out in item (i) above, the Company has earmarked up to RM6.0 million for the expansion of its production capacity via the purchase and installation of new equipment and machineries, amongst others, to be housed in the factory building stated in item (i) above, upon its completion.

At present, the Company is able to produce approximately 15 units of mould weighing between 60 tonnes to 650 tonnes per month. The common orders received by the Company are for moulds weighing between 450 tonnes to 650 tonnes. Currently, the Company's utilisation rate is almost at its maximum production capacity.

Due to the increase in demand, some of the purchase orders received and/or certain processes are being subcontracted to third parties since 2013. Some of the processes that are being subcontracted include the milling process, super drill process, grinding process and fitting process, amongst others.

The Board is of the view that the expansion of the Company's production capacity is both necessary and beneficial to its growth as it would allow the Company to meet increased demand for its products and better control of their quality. The Company has identified approximately ten (10) units of machineries to be purchased, including but not limited to one (1) unit of CNC cutting machine, two (2) units of wire electrical discharge machines, one (1) unit of grinding machine, two (2) units of injection machines and four (4) units of CNC sinker electrical discharge machines.

With the addition of these machineries, the Company is able to reduce its reliance on third party subcontractors. Depending on the size and design of the mould requested by customers, the number of units and the weightage of the mould the Company is able to produce per month varies. Based on the most common order of moulds ranging between 450 tonnes to 650 tonnes, the Company estimates that it is able to produce an additional five (5) units of moulds per month with the purchase of these additional machineries.

Based on the quotations obtained, the cost of purchasing these new machineries will amount to approximately RM6.0 million. The Company will utilise up to RM4.0 million of the proceeds raised under the Minimum Scenario to fund part of the costs for the purchase of the new machineries; the remaining cost of approximately RM2.0 million will be financed via internally-generated funds.

(iii) Marketing expenses

With the expansion of production capacity, the Company intends to allocate up to RM4.0 million of proceeds for marketing expenses in order to complement the expansion of its business.

The Company expects to hire up to ten (10) additional sales and marketing staff to reach out to other automobile part manufacturers and E&E part manufacturers to increase sales. The Company may also allocate some of the proceeds to boost their marketing and promotional materials and efforts in order to increase visibility and awareness of their products and service offerings.

The Company may also participate in trade fairs and exhibitions held both locally and overseas to bolster its presence in the automotive, mould and E&E manufacturing industry. Some of the exhibitions that the Company intends to participate in include Euromold, a trade fair for tool and mould making, design and product development, Eurostampi, a trade fair dedicated to dies and moulds, presses and injection machines and Nepcon, an exhibition for the manufacturing industry in electronic parts manufacturing, industrial equipment and components as well as E&E parts, amongst others.

(iv) Acquisition of properties for investment

Proceeds from the Rights Issue with Warrants of up to RM36.0 million has been earmarked for the acquisition of prime commercial properties located in Malaysia and/or overseas for investment purposes.

Sanichi has diversified into the property development and property investment in June 2014, which is expected to contribute positively to the Group. The Company is continuously on the lookout for viable investment opportunities, both in Malaysia and overseas, in particular Singapore. This is in line with the Company's strategic plan to augment its property development and property investment business.

In this connection, Sanichi needs to be in a state of readiness and have access to a pool of funds in order to capitalise on strategic opportunities, as and when they arise. The Board is currently assessing the commercial and financial viability of an investment in up to three (3) units of GSH Units, which is located at 20 Cecil St, 049705, Singapore and consists of 28 storeys for the purpose of rental yield income. The construction of GSH Plaza is approximately 60% completed as of February 2016 and is expected to be completed in the third quarter of 2017. The GSH Plaza lease is 99-years with effect from 7 December 1989. Further details of the GSH Units, in the order of priority to purchase, are as follows:-

GSH Unit number	Size (square feet)	Selling price as listed by the developer (SGD)	(RM)(1)
09-04	1,066	3,007,154	8,905,085
09-05	1,270	4,267,489	12,637,315
09-06	1,356	4,556,810	13,494,081

Note:-
(1) Approximate value in Ringgit Malaysia based on BNM's exchange rate of SGD1.0000:RM2.9613 as at the LPD.

The total investment in the GSH Units may amount to approximately SGD11.8 million *(equivalent to approximately RM35.0 million based on the aforementioned exchange rate)*. Based on preliminary discussions with property agents in Singapore, the three (3) office units are expected to provide a total monthly gross rental income of approximately SGD48,000 per month *(equivalent to approximately RM142,142 per month based on the aforementioned exchange rate)* for the GSH Units.

The Board will determine the number of GSH Units to invest in, depending on, *inter alia*, the actual proceeds raised to be from the Rights Issue with Warrants. Any shortfall between the actual proceeds and the purchase price will be funded by bank borrowings to be obtained.

Aside from the GSH Units, the Board is also assessing the commercial and financial viability of two (2) other investment opportunities in Malaysia, namely:-

(a) Megan Avenue I Property

A 38,975 square feet 20-year-old property comprising two (2) adjoining ten (10)-storey freehold office blocks, being Block C and Block D of Megan Avenue I, 189 Jalan Tun Razak, 50400 Kuala Lumpur. Each block comprises ten (10) storeys of 24 units office suites with lifts and a basement car park comprising approximately 600 parking bays shared between the five (5) blocks of offices located at Megan Avenue I. Block C is erected on a piece of land measuring approximately 2,700 square feet and is estimated to be approximately 80% occupied; Block D is erected on a piece of land measuring approximately 2,700 square feet and is estimated to be approximately 50% occupied. The offer price for Megan Avenue I Property is RM28.0 million; and

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(b) Vertical II Property

An entire floor of office suites in Vertical II, 8, Jalan Kerinchi, Bangsar South, 59200 Kuala Lumpur, comprising 32 storeys. Each floor comprises eight (8) units of leasehold office suites, with the lease expiring in 2106 and with sizes ranging from 878 square feet to 2,767 square feet per office suite. The Vertical II Property was completed in 2015 and is located in Bangsar South with public transportation, shopping malls, hotels and other amenities in its vicinity. The Company is considering to purchase Level 27, Level 28 or Level 29, all of which are currently unoccupied and subject to its availability, for a purchase consideration as follows:-

Vertical II Property	Size (square feet)	Selling price (RM)
Level 27	13,037	14,340,700
Level 28	13,037	15,644,400
Level 29	13,037	14,340,700

The acquisition of both Megan Avenue I Property and Vertical II Property are also intended for rental income. Based on discussions with property agents covering the subject properties in Malaysia, the expected monthly gross rental income for Megan Avenue I Property is approximately RM148,000 per month based on full occupancy and the expected monthly gross rental income for the Vertical II Property is approximately RM65,000 per month based on full occupancy.

Subsequent to the acquisition of any of the abovementioned properties, the Board endeavours to assess the commercial and financial viability of the existing tenancies and to review the terms of the tenancy agreements, amongst others, to determine the continuation of the existing tenancies for Megan Avenue I Property. To increase the occupancy rate for Megan Avenue I Property, Sanichi may refurbish the building, increase rental advertisements, engage more real estate agents, improve the maintenance of the building facilities, amongst others.

Depending on the actual proceeds to be raised from the Rights Issue with Warrants and timing of receipt of the same, the Company's priority of purchase is: GSH Units, followed by Megan Avenue I Property and lastly the Vertical II Property, subject to availability. In the event the abovementioned properties are not available, the Company may utilise the proceeds to acquire other properties, with preference to commercial properties for investment purposes, as well as land for development projects. The Board endeavours to, amongst others, assess the commercial and financial viability of future property acquisitions for investments and negotiate terms that are in the best interest of the Company.

Pending the identification and finalisation of properties to be invested in, the Company will place the unutilised cash proceeds in interest-bearing bank deposits and/or money market financial instruments. Upon identification and finalisation of properties to be acquired for investment (including GSH Units, Megan Avenue I Property and Vertical II Property), the Company will make the necessary announcements as provided for in the Listing Requirements in relation to such acquisitions. In the event that Shareholders' approval and/or other regulatory bodies' approvals are required, the necessary approvals will be sought as per the provisions in the Listing Requirements or such other regulatory bodies.

If the Company is unable to identify suitable investments within 24 months from the completion of the Rights Issue with Warrants, the timeframe for the utilisation of proceeds that has been allocated for the said purpose will be extended and announced as well as disclosed in Sanichi's quarterly result announcements until the Company has successfully identified suitable properties to acquire and/or invest in. Shareholders' approval will be sought for the purchase of these properties if required under the Listing Requirements.

(v) Acquisition and/or investment in other complementary businesses

The proceeds of up to approximately RM27.8 million is earmarked to finance any potential acquisitions and/or investments in similar or other complementary businesses when the opportunity arises for future business expansion of the Group.

Notwithstanding the foregoing, the Board wishes to highlight that the illustrative amount of up to approximately RM27.8 million is based on the assumption that all the convertible securities are exercised or converted prior to the Entitlement Date as well as full subscription by the Entitled Shareholders and/or their renouncee(s) of their respective entitlements under the Rights Issue with Warrants.

These acquisitions and/or investments may include businesses within Sanichi's core business in the automotive industry and the E&E industry, as well as businesses within the same value chain, and such other businesses which the Board may deem beneficial and are complementary to the Group's business expansion.

As at the LPD, the Board has yet to identify any specific business for acquisition and/or investment. The Company will make the necessary announcements as provided for in the Listing Requirements. In the event that Shareholders' approval and/or other regulatory bodies' approvals are required, the necessary approvals will be sought as per the provisions in the Listing Requirements or such other regulatory bodies.

Pending the identification of new businesses to be invested in, the Company will place the unutilised cash proceeds in interest-bearing bank deposits and/or money market financial instruments.

If the Company is unable to identify suitable investments within 24 months from the completion of the Rights Issue with Warrants, the timeframe for the utilisation of proceeds that has been allocated for the said purpose will be extended and announced as well as disclosed in Sanichi's quarterly result announcements until the Company has successfully identified suitable businesses to acquire and/or invest in.

(vi) Working capital

The balance of the proceeds will be used for the Group's working capital purposes, which is expected to increase in tandem with the growth of its business, in the following manner:-

Working capital purpose	Percentage allocation (%)	RM'000 (Up to)
Purchase of steel (main raw material) and other loose components including but not limited water manifolds, connectors, plugs and hydraulic cylinders for mould manufacturing	60	3,300
Fees to statutory bodies, utilities, staff salaries, rental costs, value added tax, transportation costs, marketing costs and other miscellaneous items	40	2,200
Total	**100**	**5,500**

(vii) Estimated expenses

The breakdown of the estimated expenses for the Corporate Exercises are as follows:-

Estimated expenses	Amount (RM'000)
Professional fees	750
Fees to relevant authorities	125
Printing, despatch and advertising expenses	100
Miscellaneous charges	25
Total	**1,000**

The actual gross proceeds to be raised from the Rights Issue with Warrants will depend on the actual number of the Rights Shares that will eventually be issued.

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants D would depend on the actual number of Warrants D exercised. The proceeds from the exercise of the Warrants D will be received on an "as and when basis" over the tenure of the Warrants D.

Based on the exercise price of RM0.10 per Warrant D, the Company will raise gross proceeds of up to approximately RM39.0 million upon full exercise of the Warrants D under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants D in the future will be used to finance future working capital requirements, including but not limited to purchase of raw materials, statutory related expenses, utilities and other operating / administrative expenses such as employee remuneration and rental.

6. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Issue with Warrants:-

6.1 Risks relating to the Rights Issue with Warrants

(i) Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants may be delayed or cancelled if there is a material adverse change of events or circumstances, which is beyond the control of the Company and the Principal Adviser, including without limitation, acts of government, acts of God (including, without limitation, the occurrence of a tsunami, flooding, landslide and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of war, diseases or accidents, any change in law, regulation, policy or ruling, arising prior to the implementation of the Rights Issue with Warrants.

As stated in Section 3 of this Abridged Prospectus, the Company has procured the Undertaking from the Undertaking Shareholder in order to meet the Minimum Subscription Level. The successful implementation of the Rights Issue with Warrants is dependent upon the fulfilment by the Undertaking Shareholder of their obligations pursuant to the Undertaking.

In the event of failure in the completion of the Rights Issue with Warrants, all application monies received pursuant to the Rights Issue with Warrants will be refunded without interest to the Entitled Shareholders and or their renouncee(s) (if applicable) who have subscribed for the Rights Shares in accordance with Section 243 of the CMSA except for the costs of purchasing the provisional allotment of the Rights Shares with Warrants D and any expenses associated therewith.

Notwithstanding the above, the Company will exercise its 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.

In the event that the Rights Issue with Warrants is cancelled after the Rights Shares and Warrants D have been validly allotted to the Entitled Shareholders and/or their renounce(s) (if applicable), a return of monies of the Entitled Shareholders and/or their renounce(s) (if applicable) can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of the Shareholders by way of a special resolution in a general meeting, consent of the creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

(ii) Capital market risk

The market price of the new securities arising from the Rights Issue with Warrants, like all listed securities traded on Bursa Securities, is subject to fluctuation. The respective price of the Company's securities is influenced by, amongst others, the prevailing market sentiments, the volatility of the stock market, movements in interest rates, the outlook of the industry in which the Company operates in. In view of this, there can be no assurance that Sanichi Shares (together with the Rights Shares and any new Shares issued pursuant to the exercise of the Warrants) will trade at or above the TEAP disclosed in Section 2.2 of this Abridged Prospectus after completion of the Rights Issue with Warrants.

The Warrants D are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants D will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants D will be "in-the-money" during the Exercise Period.

Accordingly, there is no assurance that the market price of the Warrants D will be at a level that meets the specific investment objectives or targets of any subscriber of the Warrants D.

(iii) Forward-looking statements and other information

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

All forward-looking statements are based on the estimates and assumptions made by the Company, unless stated otherwise, and although the Board believes these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this Abridged Prospectus.

In view of this and other uncertainties, the inclusion of any forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty by the Company, the Principal Adviser and/or other advisers that the plans and objectives of the Group will be achieved.
Further, certain information in this Abridged Prospectus is extracted or derived from available government publications or other publicly available sources. Neither the Company nor the Principal Adviser and/or any other advisers have independently verified such information.

6.2 Risks relating to the Group

(i) Business risks

The Group is principally involved in the provision of design and fabrication of precision moulds and tooling for the plastic injection manufacturing industry as well as property investment and development.

The Group is subject to the risks inherent to the manufacturing, automotive, E&E industries and property development industries. These include, amongst others, fluctuations in cost of raw materials, entry of new players, shortage of skilled workforce, increase in cost of labour, cost of operations, changes in government policies affecting the industries the Group is operating in, changes in the legal, taxation and environmental framework within which the industry operates.

The Group seeks to limit these risks through, *inter alia*, practicing prudent management policies, maintaining long-term relationship with suppliers and customers, continuous review of the operations and keeping abreast with the changes in law and tax legislations that may affect the industries. However, there will be no assurance that any changes to these risks associated with the industries will not have an adverse effect on the Group's business operations and financial performance.

(ii) Foreign exchange risks

The Group is exposed to foreign exchange risks as its export sales (92.7% of revenue for FYE 2015) are mainly denominated in USD whilst its purchases are mainly denominated in RM. In addition, the Group's business operation in Thailand through its wholly-owned subsidiary, Sanichi Mould (Thailand) Co., Ltd. uses Thai Baht for its local sales and for defraying its operating expenses.

Any adverse movement of the exchange rates will have an impact on the financial performance of the Group. There can be no assurance that there will not be any material and/or volatile fluctuation in the USD and the Thai Baht, the occurrence of which may affect the financial performance and position of the Group. However, the Group will strive to mitigate such risk by amongst others, closely monitoring the movement of the exchange rates.

(iii) Licensing risk

The Group's business 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 the Group's products to certain countries is subject to meeting custom's clearance requirements which relates to the exportation of these finished products.

The management has always worked to ensure that the entire regulatory framework is complied with. However, there is no assurance that any future change to the present regulations or introduction of new regulations by the relevant authorities will not have a material impact on the Group's business operations and financial performance.

(iv) Cyclical nature of the E&E industry

Some of the Group's products are sold to players in the E&E industry which is subject to cyclical changes in demand conditions, driven by factors such as demand volatility, consumers change in preference of an electronic product and excessive build-up of inventories. These factors are to a large extent, beyond the control of the Group.

The business operations and financial performance of the Group may be adversely affected, resulting in amongst others, lower demand of its products and services, lower utilisation of its production capacity and compression to its profit margin.

Recognising such vagaries in the E&E industry, the Group had focused on manufacturing products for the automotive industry where the competition is relatively less intense and barrier of entry is higher. In addition, the management monitors the developments of these two (2) industries, staying close to its existing and potential customers and strives to be responsive to changes in demand conditions.

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

(v) Cyclical nature of the automotive industry

The sales of the Group are cyclical and subject to constant renewal of automotive product offerings through frequent launches of new vehicle models. The automotive industry is also subject to constant changes in demand for automotive products, in both local and foreign markets. Such demand may be derived from the introduction of effective measures implemented by the government to stimulate demand as well as the ability of consumers to buy and their ability to obtain financing to purchase vehicles.

There is no assurance that any changes to the abovementioned factors will not have an adverse effect on the Group's business operations and financial performance.

(vi) Performance of the property market

The Group has diversified into the property development and property investment in June 2014. Hence, the Group's business is also subject to the continued growth of the property market in Malaysia.

Property projects require a substantial amount of time to develop and losses may arise if the projects are launched during weaker economic conditions. Property development, as well as property investment, is illiquid and accordingly, the ability of the Group to vary its portfolio promptly in response to economic 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 any changes to the abovementioned factors will not have an adverse effect on the Group's business operations and financial performance.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Malaysian economy

The Malaysian economy grew by 5.0% in 2015 (2014: 6.0%), supported by the continued expansion of domestic demand (2015: 5.1%, 2014: 5.9%). Domestic demand was primarily driven by the private sector. Modest improvements in external demand in the second half of the year also provided additional impetus to economic growth.

On the supply side, all major economic sectors registered more moderate growth, with the exception of the mining sector. The moderation reflected the slower expansion of activity in industries catering to domestic demand. However, export-oriented manufacturing and trade-related services benefited from the modest improvement in external demand.

The manufacturing sector expanded by 4.9% in 2015 (2014: 6.2%), attributable mainly to the continued strength of the export-oriented industries.

The international economic and financial landscape is likely to remain challenging in 2016 and will be a key factor that will influence the prospects of the Malaysian economy. Depending on their nature, global developments can pose both upside and downside risks to the Malaysian economic growth. The Malaysian economy is expected to grow by 4.0 - 4.5% in 2016. Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. Private consumption growth is expected to trend below its long-term average, reflecting largely the continued household adjustments to an environment of higher prices and greater uncertainties. These moderating effects, however, will be partially offset by continued growth in income and employment, as well as some support from Government measures targeted at enhancing households' disposable income.

On the supply side, all economic sectors are projected to expand, albeit at a more moderate pace in 2016. The services and manufacturing sectors will remain the key drivers of overall growth. Despite the lower oil and gas prices, growth in the mining sector will be supported by new gas production capacity. Growth momentum in the construction sector is projected to moderate slightly in 2016 amid a modest expansion in both the residential and non-residential sub-sectors.

(Source: BNM's Annual Report 2015)

7.2 Overview and outlook of the mould and die industry in Malaysia

Industry Performance, Size and Growth

The mould and die industry in Malaysia is a vibrant and growing industry, as it is widely used in the manufacturing industry. In particular, growth in moulds and dies used in the manufacture of plastics and rubber products in the country witnessed a CAGR of 17.8% over the last six (6) years. During this period, manufacturing value of moulds and dies for plastics and rubber products in Malaysia grew from RM456.9 million in 2010 to RM1.0 billion in 2015.

Moving forward, Smith Zander expects manufacturing value for moulds and dies for plastics and rubber products in Malaysia to reach RM1.4 billion by 2017, in line with the growing demand for its end-user products, particularly plastics.

Manufacturing Value of Moulds and Dies for Plastics and Rubber Products (Malaysia), 2010-2017(f)

Year	Manufacturing value of moulds and dies for plastics and rubber products (RM 'million)
2010	456.9
2011	561.2
2012	630.6
2013	671.9
2014	837.3
2015	1,035.8
2016(f)	1,216.0
2017(f)	1,427.6
CAGR (2010-2015)	17.8%
CAGR (2016(f)–2017(f))	17.4%

Growth in End-user Industries

Mould and dies play an essential role in the manufacture of plastics, and the range of applications for plastics is vast, with plastics playing essential roles in many manufacturing-based industries including the packaging, E&E, household, automotive, construction, agriculture and medical devices industries. The volume of sales of the manufacturing sector is thus an indicator of the growth of end-user industries served by the mould and die industry. Malaysia's manufacturing sales value was estimated to be RM664.3 billion in 2015, recording a growth of close to 7.0% from RM620.6 billion in 2013. Meanwhile, global manufacturing activities increased by a CAGR of 3.9%, from USD9,888.7 billion (RM32.9 trillion) in 2008 to USD11,945.6 billion (RM39.1 trillion) in 2013. The growing demand for plastics, both globally and locally in Malaysia, is in turn expected to fuel the growth of the mould and die industry in Malaysia.

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Rise in Overall Economic Wealth

The global economy has continually witnessed positive growth trends in recent decades, with the exception of the periods of economic slowdown in 1997/98 and 2008/09. Between 2010 and 2015, global GDP grew by 12.6%, from USD65.3 trillion (RM210.1 trillion) in 2010 to USD73.5 trillion (RM287.2 trillion) in 2015. Specifically, GDP per capita in Malaysia increased by 25.9% from approximately RM28,733 in 2010 to RM36,165 in 2015. Malaysia's GDP per capita is expected to further increase to approximately RM48,000 by 2020, indicating the growing disposable income and the improving standards of living of the population. This increase in income has led to a rise in a more affluent population that has greater spending power creating demand not just for basic necessities, but also non-essential daily items and greater quality products and services acquired. This additional worldwide demand for products such as automotive vehicles, E&E products, and personal and household products feeds additional demand to the respective upstream and supporting industries, consequently benefiting the mould and die industry in Malaysia.

(Source: Smith Zander)

7.3 Overview and outlook of the global automotive and automotive parts market

Between 2010 and 2015, global sales of new vehicles grew, in terms of new registered passenger and commercial cars, at a CAGR of 3.6%. While global sales of new passenger vehicles witnessed a CAGR of 3.6%, global sales of new commercial vehicles grew at a CAGR of 3.8%. Asia was the largest consumer for vehicles, followed by Europe and North America, and collectively, these three (3) regions contributed 92.1% to total global vehicle sales in 2015.

Growth in sales volumes of vehicles during this period were underpinned by increased global economic activity as a result of increased global consumption and trade flows. Passenger vehicles and commercial vehicles play a central role in the transport of goods and people between locations and supplement other forms of transportation in allowing global markets to function efficiently and in a timely manner.

Moving forward, Smith Zander forecasts global sales volume of new registered passenger and commercial vehicles to illustrate a healthy CAGR of 3.4% between 2016 and 2017.

Meanwhile, production of global automotive parts grew at a healthy CAGR of 3.6% between 2010 and 2015, with manufacturing value of automotive parts growing from USD1.3 trillion (RM4.2 trillion) in 2010 to USD1.5 trillion (RM5.9 trillion) in 2015.

More than half of automotive parts worldwide were manufactured in Asia Pacific in 2012. The remaining 44.5% of produced automotive parts worldwide were largely from North America (22.1%), the European Union (13.3%) and Latin America (3.7%). Moving forward, Smith Zander forecasts the global production of automotive parts to grow, in terms of manufacturing value, to reach USD1.6 trillion (RM6.3 trillion) in 2017, registering a growth of 3.6% between 2016 and 2017.

Similarly, the global automotive parts market illustrated healthy growth rates, registering a CAGR of 3.6% between 2010 and 2015. Smith Zander expects the global automotive parts market to grow, in terms of manufacturing value, at a CAGR of 3.6% between 2016 and 2017.

(Source: Smith Zander)

7.4 Overview and outlook of the property sector

The Residential and Commercial Property Development Market in Southern Regions of Malaysia

Between 2005 and 2015, total supply of residential properties in the Southern region of Malaysia, comprising the states of Melaka and Johor, increased from 962,579 units to 1,296,544 units at a CAGR of 3.0%.

Commercial development in the Southern region, based on the supply of shops, shopping complexes and purpose-built offices witnessed mixed growth over the period of 2005 and 2015. Over the same period, commercial shops and shopping complexes witnessed CAGRs of 3.5% and 2.0% respectively while purpose-built offices witnessed a declining CAGR of 0.4%.

The demand for residential and commercial properties in the Southern region of Malaysia, measured by property transaction values, have illustrated an upward trend between 2005 and 2015 as total transaction values increased from RM6.2 billion to RM16.1 billion at a CAGR of 10.0%. Demand for residential and commercial properties witnessed a dramatic increase of 113.7% in 2013 as compared to the previous year, mainly due to a rise in property prices following the completion of several landmarks in Iskandar Malaysia, such as Senai Hi-Tech Park, Kota Iskandar, Legoland Malaysia Water Park, Mall of Medini, Kota Iskandar and Pinewood Iskandar Malaysia Studios, that paved the way for increased commercial activities in Johor. Johor Bahru City Centre was also revitalised through the upgrading of its central business district and waterfront to reposition the city as a vibrant, modern and livable city centre, thus further drawing prospective homeowners, businesses and investors to this city.

Demand for residential property development in the Southern region, based on property transaction value, witnessed positive growth between 2005 and 2015 at a CAGR of 10.3%. During this period, transactions for residential properties increased from RM4.3 billion in 2005 to RM11.5 billion in 2015. Commercial property development in the Southern region saw a growth of 9.3% during the same period, where transactions for commercial properties increased from RM1.9 billion to RM4.7 billion. In 2015, 71.0% of residential and commercial property transactions stemmed from residential properties, while the remaining 29.0% were from commercial properties. The demand for residential and commercial properties in the Southern region decreased by approximately 32.3% from RM23.8 billion in 2014 to RM16.1 billion in 2015. This decrease was largely due to a decline in commercial property transactions, as a result of uncertainties surrounding the implementation of the Goods and Services Tax in April 2015.

Iskandar Malaysia intends to achieve a total investment target of RM383.0 billion over the 20-year plan duration. Further growth investments under Iskandar Malaysia bodes well for residential and commercial development in the state as local businesses and companies grow and expand in terms of scale and reach. This signifies positive upside for the residential and commercial property segments in Johor, where investments in larger business facilities are expected to witness growth resulting from increased total investments. The growth in businesses and companies will increase the demand for workforce, thereby fuelling demand for residential properties.

Demand for residential property development in the Southern region, based on property transaction value, witnessed positive growth between 2005 and 2015 at a CAGR of 10.3%.

Commercial property developments demand in the Southern region saw a growth of 9.3% during the same period, where transactions for commercial properties increased from RM1.9 billion to RM4.7 billion.

Smith Zander forecasts the property development market in the Southern region to grow to reach RM17.1 billion in 2017, registering a growth of 3.1% between 2016 and 2017.

The Commercial Property Development Market in Central Regions of Malaysia

In the Central region of Malaysia comprising the states of Negeri Sembilan and Selangor as well as the Federal Territories of Kuala Lumpur and Putrajaya, total supply of commercial shops, shopping complexes and purpose-built offices in the region experienced positive growth and witnessed CAGRs of 4.5%, 3.0% and 2.7% respectively between 2005 and 2015.

Likewise, the demand for commercial properties in the Central region of Malaysia, as measured by property transaction value, have illustrated an upward trend between 2005 and 2015 with a CAGR of 7.6%. Moving forward, Smith Zander forecasts demand for commercial properties in the Central region to grow, in terms of property transaction values, to RM16.4 billion in 2017, from an estimated RM15.5 billion in 2016, at a growth of 5.8% during the period.

In the past, growth of commercial properties has been strongest in the Central region, with Klang Valley strongly driving growth in the region. In 2015, approximately 55.4% of the commercial property transactions were from the Central region.

The property market in Malaysia is expected to gain further impact in the long-term, as a result of plans, policies and stimulus by the Federal Government of Malaysia. The Government periodically announces measures to stabilise as well as drive growth in the property development market. To control excessive speculative activities, Malaysia announced several measures in Budget 2014 and Budget 2015 which was announced by the Federal Government in October 2013 and 2014 respectively. These measures include the increase in real property gains tax, and increased transparency in property prices where property developers are mandated to display detailed sales prices including all benefits and incentives offered to buyers. Further, the Federal Government has also announced various measures in Budget 2016 to make residential property ownership accessible for all income stratas of the Malaysian society.

In addition, GDP in Malaysia increased from RM821.4 billion in 2010 to RM1.1 trillion in 2015, depicting growing wealth in the country. Economic growth has the potential to contribute to increased disposable incomes among the population in Malaysia arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach, consequently leading to increased demand for residential and commercial properties.

The growth in businesses and companies has been a significant driver that directly impacts the commercial property segment and will continue to greatly influence the future growth of this market segment. According to latest available data from the Companies Commission of Malaysia ("**CCM**"), a total of 6.0 million businesses and 1.2 million companies were registered in Malaysia as at the end of 2014 compared to the 3.1 million registered businesses and 0.7 million registered companies as at the end of 2015. Total businesses in Malaysia increased by a CAGR of 6.8% between 2005 and 2015 while total companies increased by a CAGR of 5.5% over the same period.

Property Development Market in Singapore

Demand for commercial properties in Singapore has been stable with commercial property transaction value growing at a CAGR of 0.3% between 2005 and 2014. Moving forward, Smith Zander forecasts commercial property transaction values to grow from an estimated SGD4.8 billion (RM18.8 billion) in 2015 to SGD5.0 billion (RM19.5 billion) in 2017, registering a CAGR of 1.2% during the period.

The commercial property market experienced a slowdown since 2013, owing to deliberate measures implemented by the Government of Singapore in an effort to dampen speculative buying and moderate property prices in Singapore. While the Government of Singapore had implemented property cooling measures since 2009, property prices only began to moderate in 2013 after the Government of Singapore announced the implementation of the Total Debt Servicing Ratio framework for all property loans. The Total Debt Servicing Ratio framework serves to tighten eligibility of loans granted by financial institutions to individuals, sole proprietors or vehicles set up by individuals solely to acquire properties. Following this, demand for commercial property in Singapore declined from SGD8.7 billion (RM22.0 billion) in 2013 to SGD4.8 billion (RM12.4 billion) in 2014.

While the measures implemented have an adverse short-term impact on the property market in Singapore with property prices in Singapore beginning to fall, the property market in Singapore will benefit, in the long term, from the lack of excessive speculative buying and inflated property prices.

The stability of the Singapore's economy will also continue to drive demand for properties in the country. Between 2005 and 2014, Singapore's wealth, as depicted by its real GDP, increased from SGD232.8 billion (RM529.7 billion) in 2005 to SGD380.6 billion (RM983.1 billion) in 2014.

Meanwhile, the growth in businesses and companies has been a significant driver that directly impacts the commercial property segment and will continue to greatly influence the future growth of this market segment. There were a total of 463,738 live business entities and 283,994 companies registered in Singapore, as at the end of 2014. In 2014, the number of new business entities and companies formed were 77,379 and 38,484 respectively. In order to encourage local and foreign investment in Singapore, the Government of Singapore has introduced several plans and policies to provide tax incentives and assistance with funding. Businesses may be eligible for incentives such as reduced tax rates/tax exemption, grants for research and development activities or startup funding, depending on the business' services and activities.

(Source: Smith Zander)

7.5 Prospects and future plans of the Group

The Group continues to operate in the automotive as well as the E&E moulding industry. Economic recoveries in the United States and Europe have had a positive impact on the Group's financial performance in recent years. Sanichi's regional, European and American markets continue to expand and this trend is expected to continue.

In addition, due to improving global market sentiments, the Company anticipates this to positively impact the demand for Sanichi's products. As such, the Company intends to utilise the proceeds from the Rights Issue with Warrants to complete the construction of its factory building and purchase new machineries to expand its existing production capacity, details of which are further set out in Section 5 of this Abridged Prospectus.

To broaden the Group's revenue base, Sanichi diversified into property development and investment in 2014 and the Group's property development project in Melaka has commenced in 2015. The Group is optimistic that this project will generate profits and at the same time reduce Sanichi's dependence on its manufacturing business. As such, the Company intends to utilise part of its proceeds from the Rights Issue with Warrants for acquisition of properties intended for investment as well as for the acquisition of any other business and/or assets which are complementary to Sanichi's existing business, details of which are set out in Section 5 of this Abridged Prospectus.

8. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Share capital

The pro forma effects of the Rights Issue with Warrants on the issued and paid-up share capital of the Company are as follows:-

	Par value (RM)	Minimum Scenario		Maximum Scenario	
		No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued and paid-up share capital as at the LPD	0.025	1,144,546,923	28,613,673	1,144,546,923	28,613,673
After the Share Consolidation	0.100	286,136,730	28,613,673	286,136,730	28,613,673
Arising from the conversion of all the outstanding Warrants B, Warrants C and ICULS	0.100	-	-	103,827,494	10,382,749
To be issued pursuant to the Rights Issue with Warrants	0.100	90,909,091	9,090,909	779,928,448	77,992,845
		377,045,821	37,704,582	1,169,892,672	116,989,267
To be issued assuming full exercise of the Warrants D	0.100	45,454,545	4,545,455	389,964,224	38,996,422
Enlarged issued and paid-up share capital	0.100	**422,500,366**	**42,250,037**	**1,559,856,896**	**155,985,690**

8.2 NA and gearing

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

Group Level	Audited as at 30 June 2015 (RM'000)	(I) After adjusting for subsequent events[2] (RM'000)	(II) After (I) and the Rights Issue with Warrants[3][4] (RM'000)	(III) After (II) and assuming full exercise of the Warrants D[5] (RM'000)
Share capital	114,400	28,614	37,705	42,250
Reserves[1]	21,355	107,160	107,069	107,069
Shareholders' equity / NA	**135,755**	**135,774**	**144,774**	**149,319**
No. of Shares in issue ('000)	1,143,996	286,137	377,046	422,501
NA per Share (RM)	0.12	0.47	0.38	0.35
Total borrowings (RM'000)	2,397	2,373	2,373	2,373
Gearing (times)	0.02	0.02	0.02	0.02

Notes:-

(1) Reserves include share premium, currency translation reserve, warrants reserve, equity component of ICULS and (accumulated losses) / retained earnings.

(2) After adjusting for the following:-
   (i) conversion of 550,810 ICULS into 550,810 Sanichi Shares at a conversion price of RM0.10 each up to the LPD;
   (ii) Par Value Reduction which entails the reduction of the par value of every existing Sanichi Share via the cancellation of RM0.075 which gave rise to a total credit of RM85,841,019, to set-off against the accumulated losses; and
   (iii) consolidation of every four (4) Sanichi Shares of RM0.025 each into one (1) new Sanichi Share of RM0.10 each pursuant to the Share Consolidation.

(3) Based on the Minimum Subscription Level of 90,909,091 Rights Shares together with 45,454,545 Warrants D at the issue price of RM0.11 per Rights Share.

(4) After accounting for the warrants reserve based on the issuance of 45,454,545 Warrants D at an allocated fair value of RM0.14 per Warrant D and deducting estimated expenses incidental to the Corporate Exercises of approximately RM1,000,000.

(5) Based on the exercise price of RM0.10 per Warrant D.

Maximum Scenario

Group Level	Audited as at 30 June 2015 (RM'000)	(I) After adjusting for subsequent event[(2)] (RM'000)	(II) After (I) and assuming full exercise of Warrants B, Warrants C and ICULS[(3)] (RM'000)	(III) After (II) and the Rights Issue with Warrants D[(4)(5)] (RM'000)	(IV) After (III) and assuming full exercise of Warrants D[(6)] (RM'000)
Share capital	114,400	28,614	38,996	116,989	155,985
Reserves[(1)]	21,355	107,160	137,656	144,455	144,455
Shareholders' equity / NA	**135,755**	**135,774**	**176,652**	**261,444**	**300,440**
No. of Shares in issue ('000)	1,143,996	286,137	389,964	1,169,892	1,559,856
NA per Share (RM)	0.12	0.47	0.45	0.22	0.19
Total borrowings (RM'000)	2,397	2,373	2,258	2,258	2,258
Gearing (times)	0.02	0.02	0.01	0.01	0.01

Notes:-

(1) Reserves include share premium, currency translation reserve, warrants reserve, equity component of ICULS and (accumulated losses) / retained earnings.

(2) After adjusting for the following:-
   (i) conversion of 550,810 ICULS into 550,810 Sanichi Shares at a conversion price of RM0.10 each up to the LPD;
   (ii) Par Value Reduction which entails the reduction of the par value of every existing Sanichi Share via the cancellation of RM0.075 which gave rise to a total credit of RM85,841,019, to set-off against the accumulated losses; and
   (iii) consolidation of every four (4) Sanichi Shares of RM0.025 each into one (1) new Sanichi Share of RM0.10 each pursuant to the Share Consolidation.

(3) For illustrative purposes only, the outstanding Warrants B, Warrants C and the remaining ICULS as at the LPD are assumed to be fully exercised / converted into Sanichi Shares prior to the Rights Issue with Warrants.

(4) Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements at the issue price of RM0.11 per Rights Share.

(5) After accounting for the warrants reserve based on the issuance of 389,964,224 Warrants D at an allocated fair value of RM0.14 per Warrant D and deducting estimated expenses incidental to the Corporate Exercises of approximately RM1,000,000.

(6) Based on the exercise price of RM0.10 per Warrant D.

8.3 Substantial shareholders' shareholdings

The substantial shareholders of the Company based on the Record of Depositors as at the LPD and the pro forma effects of the Rights Issue with Warrants on its shareholdings are as follows:-

Minimum Scenario

Substantial shareholders	As at the LPD				(I) After the Share Consolidation				(II) After (I) and the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	[1]%	No. of Shares	[1]%	No. of Shares	[2]%	No. of Shares	[2]%	No. of Shares	[3]%	No. of Shares	[3]%
Mah Wee Hian @ Mah Siew Kung	118,090,000	10.32	-	-	29,522,500	10.32	-	-	29,522,500	7.83	-	-
Pelaburan MARA Berhad	98,000,000	8.56	-	-	24,500,000	8.56	-	-	24,500,000	6.50	-	-
Dato' Sri Dr. Pang Chow Huat	60,688,214	5.30	[5]9,610,000	0.84	15,172,053	5.30	[5]2,402,500	0.84	106,081,144	28.13	[5]2,402,500	0.64

Substantial shareholders	(III) After (II) and assuming full exercise of the Warrants D			
	Direct		Indirect	
	No. of Shares	[4]%	No. of Shares	[4]%
Mah Wee Hian @ Mah Siew Kung	29,522,500	6.99	-	-
Pelaburan MARA Berhad	24,500,000	5.80	-	-
Dato' Sri Dr. Pang Chow Huat	151,535,689	35.87	[5]2,402,500	0.57

Notes:-

(1) *Based on the issued and paid-up share capital of 1,144,546,923 Shares.*
(2) *Based on the issued and paid-up share capital of 286,136,730 Shares.*
(3) *Based on the enlarged issued and paid-up share capital of 377,045,821 Shares.*
(4) *Based on the enlarged issued and paid-up share capital of 422,500,366 Shares.*
(5) *Deemed interest by virtue of his spouse's shareholdings in the Company pursuant to Section 6A of the Act.*

Maximum Scenario

Substantial shareholders	As at the LPD				(I) After the Share Consolidation				(II) After (I) and the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	[(1)]%	No. of Shares	[(1)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%	No. of Shares	[(3)]%	No. of Shares	[(3)]%
Mah Wee Hian @ Mah Siew Kung	118,090,000	10.32	-	-	29,522,500	10.32	-	-	[(5)]124,525,006	10.64	-	-
Pelaburan MARA Berhad	98,000,000	8.56	-	-	24,500,000	8.56	-	-	73,500,000	6.28	-	-
Dato' Sri Dr. Pang Chow Huat	60,688,214	5.30	[(6)]9,610,000	0.84	15,172,053	5.30	[(6)]2,402,500	0.84	45,516,159	3.89	[(6)]7,207,500	0.62

Substantial shareholders	(III) After (II) and assuming full exercise of the Warrants D			
	Direct		Indirect	
	No. of Shares	[(4)]%	No. of Shares	[(4)]%
Mah Wee Hian @ Mah Siew Kung	166,033,342	10.64	-	-
Pelaburan MARA Berhad	98,000,000	6.28	-	-
Dato' Sri Dr. Pang Chow Huat	60,688,212	3.89	[(6)]9,610,000	0.62

Notes:-

(1) Based on the issued and paid-up share capital of 1,144,546,923 Shares.
(2) Based on the issued and paid-up share capital of 286,136,730 Shares.
(3) Based on the enlarged issued and paid-up share capital of 1,169,892,672 Shares.
(4) Based on the enlarged issued and paid-up share capital of 1,559,856,896 Shares.
(5) Assuming the full exercise of Warrants B and Warrants C held by him.
(6) Deemed interest by virtue of his spouse's shareholdings in the Company pursuant to Section 6A of the Act.

8.4 Earnings and EPS

The effects of the Rights Issue with Warrants on the consolidated earnings and EPS of Sanichi for FYE 2016 will depend on, amongst others, the number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Rights Issue with Warrants. However, assuming that the consolidated earnings of Sanichi remains unchanged, the consolidated EPS of Sanichi will be diluted as a result of the increase in the number of Sanichi Shares in issue following the issuance of the Rights Shares and the new Sanichi Shares arising from the exercise of the Warrants D.

8.5 Convertible securities

As at the LPD, save for the existing Warrants B, Warrants C and ICULS, Sanichi does not have any other outstanding convertible securities.

The Rights Issue with Warrants will give rise to an adjustment to the:-

(i) conversion price of the ICULS pursuant to the Trust Deed;

(ii) number and exercise price of the outstanding Warrants B pursuant to the Deed Poll B; and

(iii) number and exercise price of the outstanding Warrants C pursuant to the Deed Poll C.

The notices setting out the details of the above-mentioned adjustments will be despatched to the holders of the ICULS, Warrants B and Warrants C respectively in due course.

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

9.1 Working capital

The Board is of the opinion that, after taking into consideration the funds generated from the Company's operations, the banking facilities available to the Group as well as the proceeds to be raised from the Rights Issue with Warrants, the Group will have sufficient working capital available for a period of twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, the Group's total outstanding borrowings (all of which are interest bearing) and denominated in RM are set out as follows:-

Borrowings	Total RM'000
Short term borrowings:-	
- Term loans	766
- Finance lease payables	16
- ICULS	55
Long term borrowings	
- Term loans	1,058
- Finance lease payables	60
Total	**1,955**

There has not been any default on payments of either interest and/or principal sums on any of the above borrowings throughout the past one (1) financial year and subsequent financial period up to the LPD.

9.3 Contingent liabilities

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

9.4 Material commitments

As at the LPD, there are no material commitments which upon becoming due or enforceable may have a material impact on the financial position of the Group.

10. INSTRUCTIONS FOR ACCEPTANCE AND PAYMENT

Full instructions for the acceptance of and payment for the Provisional Allotments as well as Excess Rights Shares with Warrants D Applications and the procedures to be followed should you and/or your transferee(s) and/or your renouncee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement are set out in this Abridged Prospectus and the RSF. You and/or your transferee(s) and/or your renouncee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. In accordance with Section 232(2) of the CMSA, the RSF must not be circulated unless accompanied by this Abridged Prospectus.

Acceptance of and/or payment for the Provisional Allotments which do not conform strictly to the terms of this Abridged Prospectus, the RSF or the notes and instructions printed therein or which are illegible may be rejected at the absolute discretion of the Board.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Allotments that you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Allotments into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants D that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants D if you choose to do so. This Abridged Prospectus and the RSF are also available at the Registered Office, the Share Registrar or on Bursa Securities' website (http://www.bursamalaysia.com).

10.2 NPA

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

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10.3 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Allotments allotted to you must be made on the RSF issued together with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus, the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of the Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL ALLOTMENTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you wish to accept all or part of your entitlement to the Provisional Allotments, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF with the relevant payment must be despatched by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to the Share Registrar, ShareWorks Sdn Bhd, at the following address:-

ShareWorks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : +603 - 6201 1120
Fax : +603 - 6201 3121

so as to arrive not later than 5.00 p.m. on **Thursday, 30 June 2016**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants D, or such later date and time as the 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 other reason require another copy of the RSF, you may obtain additional copies from the Registered Office, the Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

One (1) RSF must be used for acceptance of the Provisional Allotments standing to the credit of one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than one (1) CDS Account. The Rights Shares with Warrants D accepted by you will be credited into the CDS Account(s) where the Provisional Allotments are standing to the credit.

Successful applicants to the Rights Shares with Warrants D will be given the Warrants D on the basis of one (1) Warrant D for every two (2) Rights Shares successfully subscribed for. The minimum number of Rights Shares with Warrants D that can be accepted is two (2) Rights Shares with one (1) Warrant D. However, you should take note that a trading board lot comprises 100 Shares. Fractions of a Rights Share and/or Warrant D arising from the Rights Issue with Warrants will be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interest of the Company.

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

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of a banker's draft or cashier's Order or money order or postal order drawn on a bank or post office in Malaysia and which must be made payable to **"STB RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by the Share Registrar by 5.00 p.m. on **Thursday, 30 June 2016** (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Rights Shares accepted. Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

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

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

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 BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

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

If acceptance of and payment for the Provisional Allotments allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on **Thursday, 30 June 2016** (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time), the provisional entitlement to you or remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by the Share Registrar.

The Board will then have the right to allot any Rights Shares with Warrants D not validly taken up to applicants applying for the Excess Rights Shares with Warrants D in the manner as set out in Section 10.6 of this Abridged Prospectus.

10.4 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants D provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of Rights Shares with Warrants D that may be accepted is two (2) Rights Shares with one (1) Warrant D. Fractions of a Rights Share and Warrant D arising from the Rights Issue with Warrants will be disregarded and the aggregate of such fractions shall be dealt with as the Board may at its absolute discretion deem fit and expedient and in the best interests of the Company. Applicants should take note that a trading board lot comprises 100 Shares and 100 Warrants respectively.

You must complete both Part I(A) of the RSF by specifying the number of Rights Shares with Warrants D which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the same manner as set out in Section 10.3 of this Abridged Prospectus.

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

10.5 Procedures for sale or transfer of Provisional Allotments

As the Provisional Allotments are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Allotments to one (1) or more persons, you may do so through your stockbroker during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Allotments standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Allotments, you may sell such entitlement on the open market during the period up to the last date and time for sale or transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository during period up to the last date and time for transfer of the Provisional Allotments (in accordance with the Rules of Bursa Depository).

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENTS, YOU ARE NOT REQUIRED TO DELIVER ANY DOCUMENT TO YOUR STOCKBROKER. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL ALLOTMENTS STANDING TO THE CREDIT OF YOUR CDS ACCOUNT BEFORE SELLING OR TRANSFERRING.

If you have sold or transferred only part of the Provisional Allotments, you may still accept the balance of the Provisional Allotments by completing Parts I(A) and II of the RSF and delivering the RSF together with the full amount payable on the balance of the Rights Shares with Warrants D applied for to the Share Registrar. Please refer to Section 10.3 of this Abridged Prospectus for the procedures for acceptance and payment.

YOU SHOULD NOTE THAT ANY RSF AND REMITTANCE LODGED WITH THE SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

10.6 Procedures for the Excess Rights Shares with Warrants D Application

If you wish to apply for additional Rights Shares with Warrants D in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance made in RM for the full amount payable for the Excess Rights Shares with Warrants D applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on **Thursday, 30 June 2016**, being the last time and date for Excess Rights Shares with Warrants D Applications and payment (or such later date and time as the 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 D Application(s) be made in the same manner as set out in Section 10.3 of this Abridged Prospectus except that the banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia must be made payable to **"STB EXCESS RIGHTS ISSUE ACCOUNT"**, crossed **"ACCOUNT PAYEE ONLY"** and endorsed on the reverse side with your name in block letters and your CDS Account number, and must be received by our Share Registrar by 5.00 p.m. on **Thursday, 30 June 2016** (or such later date and time as the Board may decide and announce not less than two (2) Market Days before the stipulated date and time). The payment must be made for the exact amount payable for the Excess Rights Shares with Warrants D Application(s). Any excess or insufficient payment may be rejected at the absolute discretion of the Board. Cheques or other mode(s) of payment not prescribed herein are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares with Warrants D, if any, in a fair and equitable manner in the following priority:-

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

(ii) secondly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants D, taking into consideration their respective shareholdings in our Company as at the Entitlement Date;

(iii) thirdly, on a pro-rata basis and in board lots, to the Entitled Shareholders who have applied for Excess Rights Shares with Warrants D, taking into consideration the quantum of their respective excess application; and

(iv) finally, on a pro-rata basis and in board lots, to the renouncee(s) who have applied for Excess Rights Shares with Warrants D, taking into consideration the quantum of their respective excess application.

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants D applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interests of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in Section 10.6 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right to allot any Excess Rights Shares with Warrants D Application, in full or in part, without assigning any reason thereof.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF THE BOARD.

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NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS D APPLICATION OR APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

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

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES WITH WARRANTS D APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN FIFTEEN (15) MARKET DAYS FROM THE CLOSING DATE.

10.7 Procedures to be followed by transferee(s) and/or renouncee(s)

As a transferee and/or renouncee, the procedures for acceptance, selling or transferring of Provisional Allotments, applying for the Excess Rights Shares with Warrants D and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 10.3 to 10.6 of this Abridged Prospectus. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this Abridged Prospectus and/or accompanying RSF, you can request the same from the registered office of Sanichi, the Share Registrar or Bursa Securities' website (http://www.bursamalaysia.com).

TRANSFEREE(S) AND/OR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.

10.8 CDS Account

Bursa Securities has already prescribed the Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the new securities arising from the Rights Issue with Warrants are prescribed securities and, as such, all dealings with such securities will be by book entries through CDS Accounts and shall 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 D. Failure to comply with these specific instructions or inaccuracy of the CDS Account number may result in your application being rejected.

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

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All Excess Rights Shares with Warrants D allotted shall be credited directly into the CDS Accounts of successful applicants. If you have multiple CDS Accounts into which the Provisional Allotments have been credited, you cannot use a single RSF to accept all these Provisional Allotments. Separate RSFs must be used for acceptance of Provisional Allotments credited into separate CDS Accounts. If successful, the Rights Shares with Warrants D that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

10.9 Foreign-Addressed Shareholders

This Abridged Prospectus, the NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction other than Malaysia, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any country or jurisdiction other than Malaysia.

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

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

As a result, this Abridged Prospectus, the NPA and the RSF have not been (and will not be) sent to our Foreign-Addressed Shareholders. However, Foreign-Addressed Shareholders may collect this Abridged Prospectus, the NPA and the RSF from the Share Registrar, ShareWorks Sdn Bhd, No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, who will be entitled to request such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting this Abridged Prospectus, the NPA and the RSF.

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

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

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

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

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

(i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Entitled Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to;

(ii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has complied with the laws to which the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is or might be subject to in connection with the acceptance or renunciation;

(iii) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Allotments, be in breach of the laws of any jurisdiction to which that person is or might be subject to;

(iv) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) is/are aware that the Rights Shares with Warrants D can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any other way in accordance with all applicable laws in Malaysia;

(v) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have obtained a copy of this Abridged Prospectus and has/have read and understood the contents of this Abridged Prospectus, has/have had access to such financial and other information and has/have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) deem(s) necessary in connection with the Foreign-Addressed Shareholder and/or his transferee and/or his renouncee's decision to subscribe for or purchase the Rights Shares and Warrants D; and

(vi) the Foreign-Addressed Shareholder and/or his transferee(s) and/or his renouncee(s) has/have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and Warrants D, and is/are and will be able, and is/are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and Warrants D.

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

11. TERMS AND CONDITIONS

The issuance of the Rights Shares with Warrants D pursuant to the Rights Issue with Warrants is governed by the terms and conditions as set out in this Abridged Prospectus, the Deed Poll D, the NPA and RSF.

12. FURTHER INFORMATION

You are requested to refer to the enclosed Appendices for further information.

Yours faithfully
For and on behalf of the Board of
SANICHI TECHNOLOGY BERHAD

DATO' SRI DR. PANG CHOW HUAT
Managing Director

1. HISTORY AND PRINCIPAL ACTIVITIES

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

The principal activities of Sanichi are investment holding and the provision of management services. The Group is principally involved in the provision of design and fabrication of precision moulds and tooling as well as property investment and development. The principal activities of Sanichi's subsidiaries are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

The Company's authorised share capital as well as its issued and paid-up share capital as at the LPD are as follows:-

	No. of Shares	Par value (RM)	Total (RM)
Authorised share capital	20,000,000,000	0.025	500,000,000.00
Issued and paid-up share capital	1,144,546,923	0.025	28,613,673.08

Details of the changes in the Company's issued and fully paid-up share capital for the last three (3) years prior to the LPD are as follows:-

Date of allotment	No of Shares allotted	Par value (RM)	Consideration / Type of issue	Cumulative issued and paid-up share capital (RM)
30/05/2013	1,282,070	0.100	Conversion of ICULS	30,171,072.00
09/07/2013	410,130	0.100	Conversion of ICULS	30,212,085.00
25/07/2013	394,200	0.100	Conversion of ICULS	30,251,505.00
20/08/2013	292,040	0.100	Conversion of ICULS	30,280,709.00
06/09/2013	430,660	0.100	Conversion of ICULS	30,323,775.00
11/09/2013	30,000,000	0.100	Placement of new Sanichi Shares for cash	33,323,775.00
18/10/2013	14,352,280	0.100	Conversion of ICULS	34,759,003.00
27/12/2013	102,360	0.100	Conversion of ICULS	34,769,239.00
05/02/2014	279,280	0.100	Conversion of ICULS	34,797,167.00
08/09/2014	12,190	0.100	Conversion of ICULS	34,798,386.00
25/09/2014	521,957,503	0.100	Renounceable rights issue with Warrants C	86,994,136.30

Date of allotment	No of Shares allotted	Par value (RM)	Consideration / Type of issue	Cumulative issued and paid-up share capital (RM)
09/10/2014	13,912,340	0.100	Conversion of ICULS	88,385,370.30
02/12/2014	130,000,000	0.100	Exercise of ESOS options	101,385,370.30
23/12/2014	53,280	0.100	Conversion of ICULS	101,390,698.30
24/03/2015	130,000,000	0.100	Exercise of ESOS options	114,390,698.30
10/06/2015	89,130	0.100	Conversion of ICULS	114,399,611.30
11/09/2015	507,120	0.100	Conversion of ICULS	114,450,323.30
25/03/2016	43,690	0.100	Conversion of ICULS	114,454,692.30
04/05/2016	-	0.025	Par value reduction via the cancellation of RM0.075 of the par value of every ordinary share of RM0.10 each in the issued and paid-up share capital	28,613,673.08

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 8.3 of this Abridged Prospectus for information on the substantial shareholders' shareholdings before and after the Rights Issue with Warrants.

4. DIRECTORS

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

Name *(Designation)*	Age	Address	Nationality	Profession
Tan Sri Dato' Sri Abdul Halil bin Abd Mutalif *(Chairman / Independent Non-Executive Director)*	69	No 147, Jalan Seraya Kg. Melayu 68000 Ampang Selangor	Malaysian	Company Director
Dato' Sri Dr. Pang Chow Huat *(Managing Director)*	42	No 44, Jalan Indah 2/3 Taman Bukit Indah 81200 Johor Bahru	Malaysian	Company Director
Dato' Sri Ahmad Said bin Hamdan *(Executive Director)*	63	No. 3, Jalan Pekaka 8/15F Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor	Malaysian	Company Director
Dato' Abd Halim bin Abd Hamid *(Independent Non-Executive Director)*	66	No. 157, Jalan Titi Hj Idris Pekan Langgar 06500 Alor Setar Kedah	Malaysian	Company Director
Ong Tee Kein *(Independent Non-Executive Director)*	59	No. 85, Medan Athinahapan Dua Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Company Director

APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Save as disclosed below, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD.

Minimum Scenario

Director	As at the LPD				(I) After the Share Consolidation				(II) After (I) and the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	[(1)]%	No. of Shares	[(1)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%	No. of Shares	[(3)]%	No. of Shares	[(3)]%
Dato' Sri Dr. Pang Chow Huat	60,688,214	5.30	[(5)]9,610,000	0.84	15,172,053	5.30	[(5)]2,402,500	0.84	106,081,144	28.13	[(5)]2,402,500	0.64

Director	(III) After (II) and assuming full exercise of the Warrants D			
	Direct		Indirect	
	No. of Shares	[(4)]%	No. of Shares	[(4)]%
Dato' Sri Dr. Pang Chow Huat	151,535,689	35.87	[(5)]2,402,500	0.57

Notes:-

(1) *Based on the issued and paid-up share capital of 1,144,546,923 Shares.*
(2) *Based on the issued and paid-up share capital of 286,136,730 Shares.*
(3) *Based on the enlarged issued and paid-up share capital of 377,045,821 Shares.*
(4) *Based on the enlarged issued and paid-up share capital of 422,500,366 Shares.*
(5) *Deemed interest by virtue of his spouse's shareholdings in the Company pursuant to Section 6A of the Act.*

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APPENDIX I - INFORMATION ON THE COMPANY (CONT'D)

Maximum Scenario

Director	As at the LPD				(I) After the Share Consolidation				(II) After (I) and the Rights Issue with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%	No. of Shares	(3)%	No. of Shares	(3)%
Dato' Sri Dr. Pang Chow Huat	60,688,214	5.30	(5)9,610,000	0.84	15,172,053	5.30	(5)2,402,500	0.84	45,516,159	3.89	(5)7,207,500	0.62

Director	(III) After (II) and assuming full exercise of the Warrants D			
	Direct		Indirect	
	No. of Shares	(4)%	No. of Shares	(4)%
Dato' Sri Dr. Pang Chow Huat	60,688,212	3.89	(5)9,610,0 00	0.62

Notes:-

(1) *Based on the issued and paid-up share capital of 1,144,546,923 Shares.*
(2) *Based on the issued and paid-up share capital of 286,136,730 Shares.*
(3) *Based on the enlarged issued and paid-up share capital of 1,169,892,672 Shares.*
(4) *Based on the enlarged issued and paid-up share capital of 1,559,856,896 Shares.*
(5) *Deemed interest by virtue of his spouse's shareholdings in the Company pursuant to Section 6A of the Act.*

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5. SUBSIDIARIES

The Company's subsidiaries as at the LPD are as follows:-

Company	Date and 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
Sanichi Property Sdn Bhd	30 October 2013; Malaysia	RM9,000,000	100	Property investment and development
Sanichi Protev Sdn Bhd	27 November 2015; Malaysia	RM100	51	Design and trading of precision moulds and tooling

6. PROFIT AND DIVIDEND RECORD

The profit and dividend records based on the audited consolidated financial statements of the Group for the past three (3) FYEs 2013 to 2015 as well as the nine (9)-month FPEs 31 March 2015 and 31 March 2016 are as follows:-

	Audited			Unaudited	
	FYE 2013	FYE 2014	FYE 2015	FPE 31 March 2015	FPE 31 March 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	9,304	22,413	42,838	30,847	20,996
Cost of sales	(11,306)	(15,760)	(30,251)	(21,495)	(13,264)
GP / (Gross loss)	**(2,002)**	**6,653**	**12,587**	**9,352**	**7,732**
Other income	9,300	1,396	1,987	276	857
Selling and distribution costs	(47)	(73)	(47)	(32)	(23)
Administrative expenses	(5,145)	(4,145)	(11,432)	(5,292)	(4,948)
Other expenses	(864)	(780)	(140)	(113)	-
Finance costs	(330)	(1,201)	(765)	(665)	(137)
PBT	**912**	**1,850**	**2,191**	**3,526**	**3,481**
Tax credit / (expense)	(5)	427	800	-	-
PAT	**906**	**2,278**	**2,990**	**3,526**	**3,481**
Profit attributable to:-					
- owners of the parent	906	2,278	2,990	3,526	3,481
- minority interest	-	-	-	-	-
Earnings before interest, tax and depreciation	3,830	6,076	6,035	6,507	6,062

	Audited			Unaudited	
	FYE 2013	FYE 2014	FYE 2015	FPE 31 March 2015	FPE 31 March 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Weighted average number of Shares in issue ('000)	192,657	337,014	858,922	776,285	1,143,976
EPS					
- basic (sen)	0.47	0.68	0.35	0.45	0.30
- diluted (sen)	0.47	0.68	0.35	0.45	0.30
GP / (Gross loss) margin (%)	(21.5)	29.7	29.4	30.3	36.8
PAT margin (%)	9.7	10.2	7.0	11.4	16.5
Dividend (sen)	-	-	-	-	-

Commentary on past financial performance:-

(i) FYE 2014 vs. FYE 2013

The Group recorded a 140.9% increase in revenue for the FYE 2014 as compared to the previous financial year mainly due to the recovery in the market conditions globally for the automobile industry. The Group had also benefited from the network and wide client base through its association with the Protev Group, a group of companies with offices established under the incorporated companies of Protev International GmbH, Protev International Inc, Protev International Sdn Bhd and Protev Asia Limited in Germany, United States of America, Malaysia and Hong Kong respectively.

The Protev Group provides technical consulting and project management services through assisting companies in sourcing for tools, parts and components for the automotive market, amongst others. Through Sanichi's consistent delivery of quality products, the Protev Group has increasingly outsourced more mould design and fabrication services to the Group, which allowed the Group to secure higher volume of sales in the European and North American region.

The Group had achieved a GP margin of 29.7% during the FYE 2014 as compared to a gross loss margin of 21.5% in the previous financial year mainly attributable to the gain in foreign exchange currency due to the strengthening of EUR and USD (of which 90.5% of the Group's revenue were denominated in) against RM.

The significant variance of other income in FYE 2013 as compared to FYE 2014 was mainly due to the waiver of debts by creditors of the Group amounting to RM9.1 million in FYE 2013 as a result of the Group's debt restructuring exercise. This had led the Group to achieve a PAT of RM0.9 million in FYE 2013 despite registering a gross loss of RM2.0 million.

The Group recorded a 151.4% increase in PAT for the FYE 2014 as compared to the previous financial year which is in line with the increase in the Group's revenue. In FYE 2014, the Group also registered GP instead of gross loss.

(ii) FYE 2015 vs. FYE 2014

The Group recorded a 91.1% increase in revenue for the FYE 2015 as compared to the previous financial year mainly due to an increase in volume of mould design and fabrication services provided to automotive industry clients in Europe and North America following the economic recovery in those regions.

GP margin experienced only a slight decline of 0.3% from the previous financial year, mainly due to the Group having to outsource some of its mould design and fabrication services as the Group received orders in excess of its production capacity during the financial year.

Administrative expenses increased by 175.8% mainly due to the costs incurred from the exercise of the options granted to the employees of the Group pursuant to the employees' share options scheme.

The Group recorded a 31.3% increase in PAT for the FYE 2015 as compared to the previous financial year in line with its increase in revenue and GP; this was offset by the increase in administrative expenses as stated above.

(iii) FPE 31 March 2016 vs. FPE 31 March 2015

The Group recorded a 31.9% decrease in revenue for the nine (9)-month ended 31 March 2016 as compared to the previous corresponding period mainly due to higher profit margin requirements set by the Group in selecting its projects for the precision moulds and tooling business segment.

Apart from the profit margin requirements set for projects selection, the improvement in GP margin from 30.3% to 36.8% was also due to lower raw material prices, the Group's strong adherence to cost discipline and lower subcontractor costs as a result of lower sales volume.

In spite of the lower revenue for the nine (9)-month ended 31 March 2016, the PAT for this period only decreased by 1.3% as compared to the previous corresponding period.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Sanichi Shares traded on Bursa Securities for the past twelve (12) months up to May 2016 (being the last full trading month prior to the date of this Abridged Prospectus) are as follows:-

	High (RM)	Low (RM)
2015		
June	0.095	0.075
July	0.085	0.075
August	0.085	0.055
September	0.070	0.055
October	0.080	0.065
November	0.100	0.007
December	0.095	0.080
2016		
January	0.090	0.065
February	0.070	0.045
March	0.055	0.045
April	0.055	0.045
May	(1)0.205	(1)0.150

Note:-
(1) Price adjusted pursuant to the Share Consolidation, which was completed on 20 May 2016.

	RM
Last transacted market price on 17 February 2016, being the last Market Day immediately prior to the announcement of the Corporate Exercises	0.065
Last transacted market price as at the LPD	0.195
Last transacted market price on 9 June 2016, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants	0.130

(Source: Bloomberg)

1. SHARE CAPITAL

(i) Save for the Rights Shares, Warrants D and new Shares to be issued pursuant to the exercise of the Warrants D, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

(ii) As at the date of this Abridged Prospectus, there is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each in the Company, all of which rank *pari passu* with one another.

(iii) As at the LPD, save as disclosed below and the Rights Shares and Warrants D, no person has been or is entitled to be granted an option to subscribe for any securities of the Company and no capital of the Company is under any option or agreed conditionally or unconditionally to be put under any option.

(a) 6,853,460 outstanding ICULS with nominal value of RM685,346 which are convertible at the conversion price of RM0.10 for one (1) new Share;

(b) 60,485,000 outstanding Warrants B carrying the right to subscribe for one (1) new Share at an exercise price of RM0.40 per Warrant B;

(c) 347,971,517 outstanding Warrants C carrying the right to subscribe for one (1) new Share at an exercise price of RM0.40 per Warrant C; and

(d) under the ESOS, the Company may grant the options under the ESOS to subscribe for new Shares up to but not exceeding 30% of the Company's total issued and paid-up share capital (excluding treasury shares, if any) at any point of time during the duration of the five (5) years from the effective date of the ESOS i.e. 7 November 2014. As at the LPD, all outstanding options granted under the ESOS have been fully exercised.

2. ARTICLES OF ASSOCIATION

An extract of the provision in the Company's Articles of Association in relation to the remuneration of its Directors are as follows:-

Article 110 - Remuneration

Subject to these Articles, the remuneration of the Directors shall from time to time be determined by the Company in general meeting but:-

(1) Directors' fees payable to Directors not holding any executive office in the 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 the 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 the 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.

3. MATERIAL CONTRACTS

Save as disclosed below, there are no other contracts which are material to the Group (not being contracts entered into in the ordinary course of business) which have been entered into by the Group during the two (2) years preceding the date of this Abridged Prospectus:-

(i) Deed Poll C;

(ii) By-laws governing the ESOS; and

(iii) Deed Poll D.

4. MATERIAL LITIGATION

As at the LPD, the Group is not involved in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group and there are no proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group.

5. GENERAL

(i) There are no service contracts or proposed service contracts between the Directors and the Company or any of its 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 Abridged Prospectus;

(ii) Save as disclosed in this Abridged Prospectus and to the best knowledge of the Board, the financial condition and operations of the Group are not affected by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the Group's liquidity;

(b) any material commitment for capital expenditure of the Group;

(c) unusual, infrequent events or transactions or any significant economic changes which materially affect the amount of reported income from operations;

(d) known trends or uncertainties which have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the revenues or operating income; and

(e) material information, including all special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the Group's profits.

6. CONSENTS

(i) The written consents of the Principal Adviser, Company Secretary, Share Registrar, Solicitors for the Rights Issue with Warrants, Independent Market Researcher, Auditors and Principal Banker for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(ii) The written consent of the Reporting Accountants for the inclusion in this Abridged Prospectus of their names, report on the compilation of the pro forma consolidated statements of financial position and the audited consolidated financial statements of Sanichi for the FYE 30 June 2015 together with the auditors' report thereon and all reference thereto in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not been subsequently withdrawn.

(iii) The written consent of Bloomberg Finance L.P. for the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issuance of this Abridged Prospectus and has not been subsequently withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of Sanichi at Level 33A, Menara 1 MK, Kompleks 1 Mont Kiara, No. 1 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur during normal business hours (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

(i) Memorandum and Articles of Association of Sanichi;

(ii) the pro forma consolidated statements of financial position of the Group as at 30 June 2015 together with the Reporting Accountants' report thereon as set out in Appendix IV of this Abridged Prospectus;

(iii) the audited consolidated financial statements of the Group for the past two (2) FYEs 2014 and 2015;

(iv) the unaudited financial statements of the Group for the nine (9)-month FPE 31 March 2016;

(v) the independent market research report of the Independent Market Researcher;

(vi) the Undertaking referred to in Section 3 of this Abridged Prospectus;

(vii) the Directors' Report as set out in Appendix VII of this Abridged Prospectus;

(viii) the material contracts referred to in Section 3 above; and

(ix) the letters of consent referred to in Section 6 above.

8. RESPONSIBILITY STATEMENT

(i) The Board has seen and approved this Abridged Prospectus, together with the NPA and RSF and 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 any statement in these documents false or misleading.

(ii) Mercury Securities, being the Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Abridged Prospectus constitutes full and true disclosure of all material facts concerning the Rights Issue with Warrants.

APPENDIX III - CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 5 APRIL 2016

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

Extract of Minutes of the Extraordinary General Meeting held on 5 April 2016

Resolved:

1. SPECIAL RESOLUTION

PROPOSED PAR VALUE REDUCTION VIA THE CANCELLATION OF RM0.075 OF THE PAR VALUE OF EACH EXISTING ORDINARY SHARE OF RM0.10 EACH IN SANICHI ("EXISTING SHARES") PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 ("ACT") ("PROPOSED PAR VALUE REDUCTION")

"**THAT** subject to the passing of Ordinary Resolution 1 and the confirmation of the High Court of Malaya ("**High Court**") pursuant to Section 64 of the Act and the approvals of all relevant authorities being obtained (if required), approval be and is hereby given for the Company and the Board of Directors of the Company ("**Board**") to implement the Proposed Par Value Reduction and that part of the credit arising from such par value reduction to be set-off against the accumulated losses of the Company and the remaining balance (if any) will be credited to the retained earnings of the Company which shall be utilised in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws and the ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time;

AND THAT the Board is hereby authorised to take such steps, execute such documents and enter into any arrangements, agreements and/or undertakings with any party or parties as it may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and/or give effect to the Proposed Par Value Reduction with full powers to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed or permitted by the High Court and/or as a consequence of any such requirement or as may be deemed fit, necessary, expedient and/or appropriate and in the best interest of the Company".

Resolved:

2. ORDINARY RESOLUTION 1

PROPOSED SHARE CONSOLIDATION OF EVERY FOUR (4) ORDINARY SHARES OF RM0.025 EACH INTO ONE (1) NEW ORDINARY SHARE OF RM0.10 EACH IN SANICHI ("SANICHI SHARE" OR "SHARE") AFTER THE PROPOSED PAR VALUE REDUCTION ("PROPOSED SHARE CONSOLIDATION")

"**THAT** subject to and conditional upon the passing of the Special Resolution above, the completion of the Proposed Par Value Reduction and the approvals being obtained from the relevant authorities, approval be and is hereby given to the Company to give effect to the consolidation of every four (4) Sanichi Shares of RM0.025 each into one (1) new Sanichi Share of RM0.10 each ("**Consolidated Share**");

Sanichi Technology Berhad (Company No. 661826-K)
Extract of Minutes of the Extraordinary General Meeting held on 5 April 2016

THAT the Consolidated Shares shall, upon allotment and issuance, rank pari passu in all respects with one another. Fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company;

AND THAT the Board be and is hereby authorised to do all such acts and things that they may consider necessary or expedient in the best interest of the Company to give effect to the Proposed Share Consolidation with full power to assent to any term, condition, modification, variation and/or amendment as may be imposed or required by the relevant authorities."

Resolved:

3. <u>ORDINARY RESOLUTION 2</u>

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 779,928,448 SHARES ("RIGHTS SHARES") TOGETHER WITH UP TO 389,964,224 FREE WARRANTS ("WARRANTS D") ON THE BASIS OF TWO (2) RIGHTS SHARES TOGETHER WITH ONE (1) FREE WARRANT D FOR EVERY ONE (1) EXISTING SHARE HELD BY THE ENTITLED SHAREHOLDERS OF SANICHI ("ENTITLED SHAREHOLDERS") ON AN ENTITLEMENT DATE TO BE DETERMINED BY THE BOARD AT A LATER DATE (AFTER THE PROPOSED SHARE CONSOLIDATION) ("RIGHTS ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"THAT subject to the passing of the Special Resolution, Ordinary Resolution 1 and Ordinary Resolution 2, the completion of the Proposed Par Value Reduction and Proposed Share Consolidation and the approval of all relevant authorities or parties being obtained (if required), including but not limited to the approval of Bursa Securities for the listing and quotation of the Rights Shares and the Warrants D to be issued hereunder and the new Shares to be issued pursuant to the conversion of the Warrants D, the Board be and is hereby authorised:-

(a) to provisionally allot and issue by way of a renounceable rights issue of up to 779,928,448 Rights Shares together with up to 389,964,224 Warrants D to the shareholders of Sanichi ("Shareholders") whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined by the Board ("**Rights Entitlement Date**") and/or their renouncee(s), on the basis of two (2) Rights Shares together with one (1) free Warrant D for every one (1) existing Share held at a final issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine;

(b) to issue the Warrants D in registered form to the Entitled Shareholders (and/or their renouncee(s), as the case may be) and Excess Applicants (defined below), if any, who subscribe for and are allotted Rights Shares, each Warrant D conferring the right to subscribe for one (1) new Share at an exercise price to be determined by the Board, subject to any adjustment to the subscription rights attached to the Warrants D in accordance with the provisions of a deed poll to be executed by the Company constituting the Warrants D ("**Deed Poll D**");

Sanichi Technology Berhad (Company No. 661826-K)
Extract of Minutes of the Extraordinary General Meeting held on 5 April 2016

(c) to allot and issue such number of additional warrants pursuant to adjustments as provided under the Deed Poll D ("**Additional Warrants**") and to adjust from time to time the exercise price of the Warrants D as a consequence of the adjustments under the provisions of the Deed Poll D and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (if required); and

(d) allot and issue such number of new Shares credited as fully paid-up to the holders of the Warrants D upon their exercise of the relevant warrants to subscribe for new Shares during the tenure of the Warrants D, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants and such adjustments in accordance with the provisions of the Deed Poll D.

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons ("**Excess Applicants**") as the Board shall determine at its absolute discretion;

THAT the Rights Shares and the new Shares to be issued pursuant to the exercise of the Warrants D shall be listed on the ACE Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in Section 3 of the Circular to shareholders of the Company dated 10 March 2016 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject (where required) to the approval of the relevant authorities;

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue with Warrants, with full powers to assent to and accept any condition, modification, variation, arrangement and/or amendment to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue with Warrants in order to implement and give full effect to the Proposed Rights Issue with Warrants;

THAT the Rights Shares shall, upon allotment, issuance and (where applicable) full payment, rank pari passu in all respects with the then existing issued and paid-up Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares;

APPENDIX III - CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 5 APRIL 2016 (CONT'D)

Sanichi Technology Berhad (Company No. 661826-K)
Extract of Minutes of the Extraordinary General Meeting held on 5 April 2016

THAT the new Shares to be issued pursuant to the exercise of the Warrants D (including the Additional Warrants, if any) shall, upon allotment, issue and full payment of the exercise price of the Warrants D (or the Additional Warrants, if any), rank pari passu in all respects with the then existing issued and fully paid-up Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of such new Shares arising from the exercise of the Warrants D (including the Additional Warrants, if any);

AND THAT this Ordinary Resolution 2 constitutes specific approval for the issuance of Shares and securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants D (including Additional Warrants, if any) and new Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants."

CERTIFIED TRUE COPY

DIRECTOR
DATO' SRI DR. PANG CHOW HUAT

COMPANY SECRETARY
FOO SIEW LOON
(MAICSA 7006874)

Dated : 5 April 2016

BAKER TILLY

Baker Tilly Monteiro Heng
Chartered Accountants (AF0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

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Date: 31 MAY 2016

The Board of Directors
Sanichi Technology Berhad
Level 33A, Menara 1 MK
Kompleks 1 Mont Kiara
No.1, Jalan Kiara, Mont Kiara
50480 Kuala Lumpur, Malaysia

STRICTLY CONFIDENTIAL

Dear Sirs,

SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES
REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of Sanichi Technology Berhad ("Sanichi" or "the Company") and its subsidiaries ("the Group") as at 30 June 2015 for which the directors of Sanichi are solely responsible. The Pro Forma Consolidated Statements of Financial Position consists of the Pro Forma Consolidated Statements of Financial Position as at 30 June 2015 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of Sanichi have compiled the Pro Forma Consolidated Statements of Financial Position are as described in Note 1 to the Pro Forma Consolidated Statements of Financial Position ("Applicable Criteria").

The Pro Forma Consolidated Statements of Financial Position of the Group has been compiled by the directors of Sanichi to illustrate the impact of the renounceable rights issue of up to 779,928,448 new ordinary shares of RM0.10 each in Sanichi ("Sanichi Share(s)") ("Rights Share(s)") at an issue price of RM0.11 per Rights Share together with up to 389,964,224 free detachable warrants in Sanichi ("Warrants D") on the basis of two (2) Rights Shares together with one (1) free detachable Warrant D for every one (1) existing Sanichi Share held by the entitled shareholders of Sanichi at 5.00 p.m. on 14 June 2016 ("Rights Issue with Warrants") on the Group's financial position as at 30 June 2015, as if the Rights Issue with Warrants had taken place at 30 June 2015.

As part of this process, information about the Group's financial position has been extracted by the directors of Sanichi from the audited consolidated financial statements of the Group for the financial year ended 30 June 2015, which were reported by us to the members of Sanichi on 16 October 2015 without any modification.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The directors of Sanichi are responsible for compiling the Pro Forma Consolidated Statements of Financial Position based on the Applicable Criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the directors of Sanichi based on the Applicable Criteria.

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the directors of Sanichi have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Abridged Prospectus of Sanichi is solely to illustrate the impact of the Rights Issue with Warrants on unadjusted financial information of the Group as if the Rights Issue with Warrants had occurred or had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue with Warrants would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of Sanichi in the compilation of the Pro Forma Consolidated Statements of Financial Position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue with Warrants, and to obtain sufficient appropriate evidence about whether:-

(a) The related pro forma adjustments give appropriate effect to those criteria; and

(b) The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

In our opinion:-

(i) the Pro Forma Consolidated Statements of Financial Position of the Group has been properly compiled on the basis as set out in the accompanying notes to the Pro Forma Consolidated Statements of Financial Position based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2015 (which have been prepared by the directors of Sanichi in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards), and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 30 June 2015; and

(ii) each material adjustment made to the information used in the preparation of the Pro Forma Consolidated Statements of Financial Position is appropriate for the purposes of preparing the Pro Forma Consolidated Statements of Financial Position.

Other matters

This report has been prepared for inclusion in the Abridged Prospectus of Sanichi in connection with the Rights Issue with Warrants and is not to be used, circulated, quoted or otherwise referenced to in any document or used for any other purpose without the 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,

....	....
Baker Tilly Monteiro Heng	Dato' Lock Peng Kuan
No. AF 0117	No.2819/10/16(J)
Chartered Accountants	Chartered Accountant

SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

The Pro Forma Consolidated Statements of Financial Position of Sanichi Technology Berhad ("Sanichi" or "the Company") and its subsidiaries ("the Group") as at 30 June 2015 as set out below for which the directors of Sanichi are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 30 June 2015 had the transactions as described in Note 2 and the Rights Issue with Warrants as described in Note 3 been effected on that date, and should be read in conjunction with the notes accompanying to the Pro Forma Consolidated Statements of Financial Position.

Minimum Scenario

	Audited Consolidated Statement of Financial Position as at 30 June 2015 RM'000	Adjusted Consolidated Statement of Financial Position as at 30 June 2015 RM'000	Pro Forma I After the Rights Issue with Warrants RM'000	Pro Forma II After Pro Forma I and Assuming Full Exercise of Warrants D RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	39,909	39,909	51,409	51,409
Inventories	11,034	11,034	11,034	11,034
Deferred tax assets	2,739	2,734	2,734	2,734
	53,682	53,677	65,177	65,177
Current Assets				
Inventories	10,870	10,870	10,870	10,870
Trade receivables	37,130	37,130	37,130	37,130
Other receivables, deposits and prepayments	17,205	17,205	17,205	17,205
Tax assets	66	66	66	66
Cash and cash equivalents	24,591	24,591	22,091	26,636
	89,862	89,862	87,362	91,907
TOTAL ASSETS	143,544	143,539	152,539	157,084
EQUITY AND LIABILITIES				
Equity attributable to owners of Sanichi				
Share capital	114,400	28,614	37,705	42,250
Share premium	8,365	8,365	8,365	14,729
Currency translation reserve	(296)	(296)	(296)	(296)
Warrant reserve	32,950	32,950	39,314	32,950
Equity component of ICULS	732	696	696	696
(Accumulated losses)/ Retained earnings	(20,396)	65,445	58,990	58,990
Total Equity	135,755	135,774	144,774	149,319

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SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

Minimum Scenario (Continued)

			Pro Forma I	Pro Forma II
	Audited Consolidated Statement of Financial Position as at 30 June 2015 RM'000	Adjusted Consolidated Statement of Financial Position as at 30 June 2015 RM'000	After the Rights Issue with Warrants RM'000	After Pro Forma I and Assuming Full Exercise of Warrants D RM'000
LIABILITIES				
Non-Current Liabilities				
Borrowings	1,474	1,474	1,474	1,474
Deferred tax liabilities	850	850	850	850
	2,324	2,324	2,324	2,324
Current Liabilities				
Trade payables	1,819	1,819	1,819	1,819
Other payables, deposits and accruals	2,292	2,292	2,292	2,292
Borrowings	923	899	899	899
Tax liabilities	431	431	431	431
	5,465	5,441	5,441	5,441
Total Liabilities	7,789	7,765	7,765	7,765
TOTAL EQUITY AND LIABILITIES	143,544	143,539	152,539	157,084
Number of ordinary shares in issued: - RM0.10 each ('000)	1,143,996	286,137	377,046	422,501
Net assets ("NA")(RM'000)	135,755	135,774	144,774	149,319
NA per share (RM)	0.12	0.47	0.38	0.35

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

Maximum Scenario

			Pro Forma I	Pro Forma II	Pro Forma III
	Audited Consolidated Statement of Financial Position as at 30 June 2015 RM'000	Adjusted Consolidated Statement of Financial Position as at 30 June 2015 RM'000	After Assuming Full Exercise of Warrants B, Warrants C and ICULS RM'000	After Pro Forma I and the Rights Issue with Warrants RM'000	After Pro Forma II and Assuming Full Exercise of Warrants D RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	39,909	39,909	39,909	51,409	51,409
Inventories	11,034	11,034	11,034	11,034	11,034
Deferred tax assets	2,739	2,734	2,651	2,651	2,651
	53,682	53,677	53,594	65,094	65,094
Current Assets					
Inventories	10,870	10,870	10,870	10,870	10,870
Trade receivables	37,130	37,130	37,130	37,130	37,130
Other receivables, deposits and prepayments	17,205	17,205	17,205	17,205	17,205
Tax assets	66	66	66	66	66
Cash and cash equivalents	24,591	24,591	65,437	138,729	177,725
	89,862	89,862	130,708	204,000	242,996
TOTAL ASSETS	143,544	143,539	184,302	269,094	308,090
EQUITY AND LIABILITIES					
Equity attributable to owners of Sanichi					
Share capital	114,400	28,614	38,996	116,989	155,985
Share premium	8,365	8,365	72,465	72,465	127,060
Currency translation reserve	(296)	(296)	(296)	(296)	(296)
Warrant reserve	32,950	32,950	-	54,595	-
Equity component of ICULS	732	696	-	-	-
(Accumulated losses)/ Retained earnings	(20,396)	65,445	65,487	17,691	17,691
Total Equity	135,755	135,774	176,652	261,444	300,440

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SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

Maximum Scenario (Continued)

			Pro Forma I	Pro Forma II	Pro Forma III
	Audited Consolidated Statement of Financial Position as at 30 June 2015 RM'000	Adjusted Consolidated Statement of Financial Position as at 30 June 2015 RM'000	After Assuming Full Exercise of Warrants B, Warrants C and ICULS RM'000	After Pro Forma I and the Rights Issue with Warrants RM'000	After Pro Forma II and Assuming Full Exercise of Warrants D RM'000
LIABILITIES					
Non-Current Liabilities					
Borrowings	1,474	1,474	1,474	1,474	1,474
Deferred tax liabilities	850	850	850	850	850
	2,324	2,324	2,324	2,324	2,324
Current Liabilities					
Trade payables	1,819	1,819	1,819	1,819	1,819
Other payables, deposits and accruals	2,292	2,292	2,292	2,292	2,292
Borrowings	923	899	784	784	784
Tax liabilities	431	431	431	431	431
	5,465	5,441	5,326	5,326	5,326
Total Liabilities	7,789	7,765	7,650	7,650	7,650
TOTAL EQUITY AND LIABILITIES	143,544	143,539	184,302	269,094	308,090
Number of ordinary shares in issued: - RM0.10 each ('000)	1,143,996	286,137	389,964	1,169,892	1,559,856
NA (RM'000)	135,755	135,774	176,652	261,444	300,440
NA per share (RM)	0.12	0.47	0.45	0.22	0.19

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SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

1. **Basis of Preparation**

1.1 The Pro Forma Consolidated Statements of Financial Position of the Group as at 30 June 2015, for which the directors of Sanichi are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 30 June 2015 had the transactions as described in Note 2 and the Rights Issue with Warrants as described in Note 3 been effected on that date, and should be read in conjunction with the notes accompanying the Pro Forma Consolidated Statements of Financial Position.

1.2 The Pro Forma Consolidated Statements of Financial Position of the Group as at 30 June 2015 have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 30 June 2015, which have been prepared in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

1.3 The audited financial statements of Sanichi for the financial year ended 30 June 2015, which were reported by the auditors to the members of Sanichi on 16 October 2015 without any modification.

2. **Adjusted Consolidated Statement of Financial Position as at 30 June 2015**

The audited consolidated statement of financial position of Sanichi as at 30 June 2015 had been adjusted for the following transaction occurred subsequent to 30 June 2015 and up to 19 May 2016, being the latest practicable date prior to the printing of the Abridged Prospectus ("LPD") and prior to the implementation of the Rights Issue with Warrants (defined hereinafter):-

2.1 **Exercise of five (5)-year 4.0%, irredeemable convertible unsecured loan stocks ("ICULS")**

Subsequent to 30 June 2015 and up to LPD, there were 550,810 ICULS converted into 550,810 ordinary shares of RM0.10 each in Sanichi ("Sanichi Share(s)").

The conversion of 550,810 ICULS had the following impact on the audited consolidated statement of financial position of the Group as at 30 June 2015:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity and Liabilities RM'000
Deferred tax assets	(5)	-
Share capital	-	55
Equity component of ICULS	-	(36)
Borrowings (current)	-	(24)
	(5)	(5)

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

2. Adjusted Consolidated Statement of Financial Position as at 30 June 2015 (Continued)

2.2 Par Value Reduction

On 27 April 2016, the Company has obtained approval from the High Court of Malaya on the reduction of the issued and paid-up share capital of Sanichi amounting to RM85.84 million via the cancellation of RM0.075 from the par value of every existing ordinary share of RM0.10 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Par Value Reduction") ("Court Order"). The Par Value Reduction was effected and completed on 4 May 2016 upon the lodgement of sealed Court Order with Registrar of Companies.

The reduction of the issued and paid-up share capital of Sanichi amounting to RM85.84 million arising from the Par Value Reduction will be credited to the (Accumulated Losses)/Retained Earnings Account.

The Par Value Reduction had the following impact on the audited consolidated statement of financial position of the Group as at 30 June 2015:-

	Effects on Total Equity RM'000
Share capital	(85,841)
(Accumulated losses)/Retained earnings	85,841
	-

2.3 Share Consolidation

On 4 May 2016, Sanichi has announced that the Company will consolidate every four (4) ordinary shares of RM0.025 each (after the Par Value Reduction) in Sanichi into one (1) ordinary share of RM0.10 each ("Share Consolidation").

The Share Consolidation did not have any impact on the audited consolidated statement of financial position of the Group except the number of shares has reduced from 1,144,546,920 (after the exercise of 550,810 ICULS) to 286,136,731. The Share Consolidation had been completed on 20 May 2016.

3. Rights Issue with Warrants

3.1 Renounceable rights issue of up to 779,928,448 new Sanichi Shares ("Rights Share(s)") at an issue price of RM0.11 per Rights Share together with up to 389,964,224 free detachable warrants in Sanichi ("Warrants D") on the basis of two (2) Rights Shares together with one (1) free Warrant D for every one (1) existing Sanichi Share held by the entitled shareholders of Sanichi at 5.00 p.m. on 14 June 2016 ("Rights Issue with Warrants").

BAKER TILLY MONTEIRO HENG AF0117 For Identification Purposes Only

SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

3. **Rights Issue with Warrants (Continued)**

3.1 (Continued)

Utilisation of Proceeds from the Rights Issue with Warrants

The proceeds from the Rights Issue with Warrants will be utilised in the following manner:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
Completing the construction of a factory building	4,000	5,500
Expansion of production capacity	4,000	6,000
Marketing expenses	2,000	4,000
Acquisition of properties for investment	-	36,000
Acquisition and/or investment in other complementary businesses	-	27,792
Working capital	-	5,500
Estimated expenses*	-	1,000
Total	10,000	85,792

* The estimated expenses of RM1.00 million under the minimum scenario will be funded via internally-generated funds.

4. **Pro Forma Consolidated Statements of Financial Position**

4.1 **Minimum Scenario**

The minimum scenario assumes that:-

(i) The Rights Issue with Warrants will be undertaken on a minimum subscription level of 90,909,091 Rights Shares together with 45,454,545 Warrants D based on an issue price of RM0.11 per Rights Share ("Minimum Subscription Level").

(ii) For the preparation of the Pro Forma Consolidated Statements of Financial Position and for illustrative purposes only, none of the following are exercised/converted into new Sanichi Shares prior to the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level as at the LPD:-

(a) 60,485,000 outstanding warrants 2013/2018, including the additional warrants arising from the adjustments to the total number of the outstanding warrants ("Warrants B") as a result of the Share Consolidation and Rights Issue with Warrants;

(b) 347,971,517 outstanding warrants 2014/2019, including the additional warrants arising from the adjustments to the total number of outstanding warrants ("Warrants C") as a result of the Share Consolidation and Rights Issue with Warrants; and

(c) Remaining 6,853,460 ICULS with nominal value of RM685,346.

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SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

4. **Pro Forma Consolidated Statements of Financial Position (Continued)**

4.1 **Minimum Scenario (Continued)**

(iii) The Managing Director (namely Dato' Sri Dr. Pang Chow Huat) ("Undertaking Shareholder") has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for his respective entitlement under the Rights Issue with Warrants and to apply for any shares not taken up by way of excess shares application, to the extent such that the aggregate subscription of Rights Shares received by Sanichi amounts to not less than RM10 million to achieve the Minimum Subscription Level.

(iv) The 45,454,545 Warrants D issued pursuant to the Rights Issue with Warrants are fully exercised at an exercise price of RM0.10 each.

4.1.1 **Pro Forma I**

Pro Forma I incorporates the effects of the Rights Issue with Warrants on the adjusted consolidated statement of financial position of the Group as at 30 June 2015 and the utilisation of proceeds arising from the Rights Issue with Warrants as described in Section 4.1(i) and Section 3.1.

For the preparation of the Pro Forma Consolidated Statements of Financial Position and for illustrative purposes only, the directors of Sanichi have allocated a value of RM0.14 per Warrant D based on the fair value of the Warrant D extracted from Bloomberg as at the LPD. The value of the Warrants D is based on the relative fair values of the ordinary shares with reference to the following information extracted from Bloomberg:-

Valuation model	:	Black Scholes Pricing Model
Share price	:	RM0.19
Exercise price	:	RM0.10 per Warrant D
Tenure	:	3 years
Volatility	:	94.63%
Dividend	:	No dividend
Interest rate	:	3.596% per annum

As the above variables are subject to change upon the implementation of the Rights Issue with Warrants as described in Note 3.1, the actual quantum of the components of the warrants reserve will only be determined upon issuance of the Warrants D. As such, the actual quantum may differ from the amount computed above.

With the issuance of 45,454,545 Warrants D pursuant to the Rights Issue with Warrants, Sanichi has recognised the fair value of the Warrants D of approximately RM6.36 million based on the basis as described above of which RM0.91 million and RM5.45 million will be debited to the Share Premium Account and (Accumulated Losses)/Retained Earnings Account.

In completing the construction of a factory building and expansion of production capacity, RM5.50 million and RM6.00 million respectively will be debited to the Property, Plant and Equipment Account on the assumption that the costs incurred will meet the criteria for capitalisation where RM4.00 million each for completing the construction of a factory building and expansion of production capacity respectively will be paid via the proceeds arising from the Rights Issue with Warrants and the remaining will be funded via internally generated funds and/or bank borrowings.

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SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

4. **Pro Forma Consolidated Statements of Financial Position (Continued)**

4.1 **Minimum Scenario (Continued)**

4.1.1 **Pro Forma I (Continued)**

The proceeds earmarked for marketing expenses of RM2.00 million will be included in the Cash and Cash Equivalents Account. The estimated expenses in relation to the Rights Issue with Warrants of RM1.00 million will be debited to the (Accumulated Losses)/Retained Earnings Account respectively.

The Rights Issue with Warrants will have the following impact on the adjusted consolidated statements of financial position of the Group as at 30 June 2015:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Property, plant and equipment	11,500	-
Cash and cash equivalents	(2,500)	-
Share capital	-	9,091
Warrant reserve	-	6,364
(Accumulated losses)/Retained earnings	-	(6,455)
	9,000	9,000

4.1.2 **Pro Forma II**

Pro Forma II incorporates the cumulative effects of Pro Forma I and assuming the full exercise of 45,454,545 Warrants D at an exercise price of RM0.10 as described in Note 4.1(iv).

The full exercise of 45,454,545 Warrants D will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 30 June 2015:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity RM'000
Cash and cash equivalents	4,545	-
Share capital	-	4,545
Share premium	-	6,364
Warrant reserve	-	(6,364)
	4,545	4,545

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

4. Pro Forma Consolidated Statements of Financial Position (Continued)

4.2 Maximum Scenario

The maximum scenario assumes that:-

(i) Assuming all 60,485,000 outstanding Warrants B, 347,971,517 outstanding Warrants C and the remaining 6,853,460 ICULS with nominal value of RM685,346 are exercised/converted into new Sanichi Shares before the Rights Issue with Warrants.

(ii) The 389,964,224 Warrants D issued pursuant to the Rights Issue with Warrants will be fully exercised at an exercise price of RM0.10 each.

4.2.1 Pro Forma I

Pro Forma I incorporates the effects of assuming full exercise/conversion of the outstanding 60,485,000 Warrants B, 347,971,517 Warrants C and the remaining 6,853,460 ICULS with nominal value of RM685,346 as described in Note 4.2(i) on the adjusted consolidated statement of financial position of the Group as at 30 June 2015.

The outstanding 60,485,000 Warrants B, 347,971,517 Warrants C and the remaining 6,853,460 ICULS after the adjustments pursuant to the completion of the Share Consolidation will be 15,121,250 Warrants B, 86,992,879 Warrants C and 1,713,365 ICULS which will be exercised and/or converted at an issue price of RM0.40 each respectively.

Assuming full exercise of Warrants B, Warrants C and ICULS, the impact on the adjusted consolidated statement of financial position of the Group as at 30 June 2015 is as follows:-

	Increase/(Decrease) Effects on Total Assets RM'000	Effects on Total Equity and Liabilities RM'000
Deferred tax assets	(83)	-
Cash and cash equivalents	40,846	-
Share capital	-	10,382
Share premium	-	64,100
Warrant reserve	-	(32,950)
Equity component of ICULS	-	(696)
Retained earnings	-	42
Borrowings (current)	-	(115)
	40,763	40,763

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SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

4. **Pro Forma Consolidated Statements of Financial Position (Continued)**

4.2 **Maximum Scenario (Continued)**

4.2.2 **Pro Forma II**

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Rights Issue with Warrants and the utilisation of proceeds arising from the Rights Issue with Warrants as described in Section 3.1.

With the issuance of 389,964,224 Warrants D pursuant to the Rights Issue with Warrants, Sanichi has recognised the fair value of the Warrants D of approximately RM54.59 million based on the basis as disclosed in Note 4.1.1 of which RM7.80 million and RM46.79 million will be debited to the Share Premium Account and (Accumulated Losses)/Retained Earnings Account respectively.

The proceeds arising from the Rights Issue with Warrants earmarked for completing the construction of a factory building and expansion of production capacity of RM5.50 million and RM6.00 million respectively will be debited to the Property, Plant and Equipment Account on the assumption that the costs incurred will meet the criteria for capitalisation and the proceeds earmarked for marketing expenses, acquisition of properties for investment, acquisition and/or investment in other complementary businesses and working capital of RM4.00 million, RM36.00 million, RM27.79 million and RM5.50 million respectively will be included in the Cash and Cash Equivalents Account. The estimated expenses in relation to the Rights Issue with Warrants of RM1.00 million will be debited to the (Accumulated Losses)/Retained Earnings Account.

The Rights Issue with Warrants will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 30 June 2015:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Property, plant and equipment	11,500	-
Cash and cash equivalents	73,292	-
Share capital	-	77,993
Warrant reserve	-	54,595
(Accumulated losses)/Retained earnings	-	(47,796)
	84,792	84,792

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

4. **Pro Forma Consolidated Statements of Financial Position (Continued)**

4.2 **Maximum Scenario (Continued)**

4.2.3 **Pro Forma III**

Pro Forma III incorporates the cumulative effects of Pro Forma II and assuming the full exercise of 389,964,224 Warrants D at an exercise price of RM0.10 as described in Note 4.2(ii).

The full exercise of 389,964,224 Warrants will have the following impact on the Pro Forma Consolidated Statements of Financial Position of the Group as at 30 June 2015:-

	Increase/(Decrease)	
	Effects on Total Assets RM'000	**Effects on Total Equity RM'000**
Cash and cash equivalents	38,996	-
Share capital	-	38,996
Share premium	-	54,595
Warrant reserve	-	(54,595)
	38,996	38,996

SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

5. **Movements in Share Capital and Reserves**

5.1 **Minimum Scenario**

	Share capital Number of Shares '000	Amount RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Warrant Reserve RM'000	Equity Component of ICULS RM'000	(Accumulated Losses)/ Retained Earnings RM'000
Audited consolidated statement of financial position as at 30 June 2015	1,143,996	114,400	8,365	(296)	32,950	732	(20,396)
Arising from exercise of ICULS up to LPD	551	55	-	-	-	(36)	-
Arising from the Par Value Reduction	-	(85,841)	-	-	-	-	85,841
Arising from the Share Consolidation	(858,410)	-	-	-	-	-	-
Adjusted consolidated statement of financial position as at 30 June 2015	286,137	28,614	8,365	(296)	32,950	696	65,445
Arising from the Rights Issue with Warrants	90,909	9,091	-	-	6,364	-	(5,455)
- defrayment of estimated expenses	-	-	-	-	-	-	(1,000)
Per Pro Forma I	377,046	37,705	8,365	(296)	39,314	696	58,990
Arising from assuming full exercise of Warrants D	45,455	4,545	6,364	-	(6,364)	-	-
Per Pro Forma II	422,501	42,250	14,729	(296)	32,950	696	58,990

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

5. Movements in Share Capital and Reserves (Continued)

5.2 Maximum Scenario

	Share capital					Equity	(Accumulated
	Number of Shares '000	Amount RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Warrant Reserve RM'000	Component of ICULS RM'000	Losses)/ Retained Earnings RM'000
Audited consolidated statement of financial position as at 30 June 2015	1,143,996	114,400	8,365	(296)	32,950	732	(20,396)
Arising from exercise of ICULS up to LPD	551	55	-	-	-	(36)	-
Arising from the Par Value Reduction	-	(85,841)	-	-	-	-	85,841
Arising from the Share Consolidation	(858,410)	-	-	-	-	-	-
Adjusted consolidated statement of financial position as at 30 June 2015	286,137	28,614	8,365	(296)	32,950	696	65,445
Arising from assuming full exercise/conversion of:-							
- Outstanding Warrants B	15,121	1,512	7,561	-	(3,024)	-	-
- Outstanding Warrants C	86,993	8,699	56,024	-	(29,926)	-	-
- The remaining ICULS	1,713	171	515	-	-	(696)	42
Per Pro Forma I	389,964	38,996	72,465	(296)	-	-	65,487
Arising from the Rights Issue with Warrants	779,928	77,993	-	-	54,595	-	(46,796)
- defrayment of estimated expenses	-	-	-	-	-	-	(1,000)
Per Pro Forma II	1,169,892	116,989	72,465	(296)	54,595	-	17,691
Arising from assuming full exercise of Warrants D	389,964	38,996	54,595	-	(54,595)	-	-
Per Pro Forma III	1,559,856	155,985	127,060	(296)	-	-	17,691

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

6. Movements in Cash and Cash Equivalents

6.1 Minimum Scenario

	RM'000
Audited consolidated statement of financial position as at 30 June 2015	24,591
Arising from exercise of ICULS up to LPD	-
Arising from the Par Value Reduction	-
Arising from the Share Consolidation	-
Adjusted consolidated statement of financial position as at 30 June 2015	24,591
Arising from the Rights Issue with Warrants	
- proceeds from issuance of shares	10,000
- payment for completing the construction of a factory building	(5,500)
- payment for expansion of production capacity	(6,000)
- defrayment of estimated expenses	(1,000)
Per Pro Forma I *	22,091
Arising from assuming full exercise of Warrants D	4,545
Per Pro Forma II *	26,636

* *Included in the cash and cash equivalents is an amount of RM2.00 million arising from the Rights Issue with Warrants earmarked for the marketing expenses purposes.*

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (Continued)

6. Movements in Cash and Bank Balances (Continued)

6.2 Maximum Scenario

	RM'000
Audited consolidated statement of financial position as at 30 June 2015	24,591
Arising from exercise of ICULS up to LPD	-
Arising from the Par Value Reduction	-
Arising from the Share Consolidation	-
Adjusted consolidated statement of financial position as at 30 June 2015	24,591
Arising from assuming full exercise of	
- Outstanding Warrants B	6,049
- Outstanding Warrants C	34,797
Arising from assuming full conversion of the remaining ICULS	-
As per Pro Forma I	65,437
Arising from the Rights Issue with Warrants	
- proceeds from issuance of shares	85,792
- payment for completing the construction of a factory building	(5,500)
- payment for expansion of production capacity	(6,000)
- defrayment of estimated expenses	(1,000)
Per Pro Forma II *	138,729
Arising from assuming full exercise of Warrants D	38,996
Per Pro Forma III *	177,725

* *Included in the cash and cash equivalents are amounts of RM4.00 million, RM36.00 million, RM27.79 million and RM5.50 million arising from the Rights Issue with Warrants earmarked for the marketing expenses, acquisition of properties for investment, acquisition and/or investment in other complementary business and/or assets and working capital purposes respectively.*

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SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Sanichi in accordance with a resolution dated 31 MAY 2016

....	....
Dato' Sri Dr. Pang Chow Huat	Dato' Sri Ahmad Said Bin Hamdan
Director	Director

BAKER TILLY MONTEIRO HENG
AF0117
For Identification Purposes Only

SANICHI TECHNOLOGY BERHAD

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Contents	**Pages**

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	2,990,029	(1,118,503)
Profit/(Loss) attributable to:		
Owners of the parent	2,990,029	(1,118,503)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in Note 20 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that no provision for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group or of the Company which have arisen since the end of the financial year.

No contingent liabilities or other liabilities of the Group or of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the following shares were issued:-

Date	Purpose of issue	Class of shares	Number of shares	Term of issue
08.09.2014	Conversion of ICULS	Ordinary shares of RM0.10 each	12,190	Cash
25.09.2014	Rights Issue	Ordinary shares of RM0.10 each	521,957,503	Cash
09.10.2014	Conversion of ICULS	Ordinary shares of RM0.10 each	13,912,340	Cash
02.12.2014	ESOS	Ordinary shares of RM0.10 each	130,000,000	Cash
23.12.2014	Conversion of ICULS	Ordinary shares of RM0.10 each	53,280	Cash
24.03.2015	ESOS	Ordinary shares of RM0.10 each	130,000,000	Cash
10.06.2015	Conversion of ICULS	Ordinary shares of RM0.10 each	89,130	Cash

The new ordinary shares issued during the financial year ranked pari passu in all respect with the existing ordinary shares of the Company.

No debentures were issued during the financial year.

WARRANTS AND IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

The details of Warrants and Irredeemable Convertible Unsecured Loan Stocks ("ICULS") are disclosed in Notes 27 and 28 to the financial statements respectively.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of warrants and ICULS holders, other than the directors, who have been granted warrants and ICULS to subscribe for the ordinary shares of the Company.

EMPLOYEES' SHARE OPTIONS SCHEME

The interests of employees in office at the end of the financial year in options over shares in the Company during the financial year were as follows:

			← Number of ESOS →			
Name	Exercise price RM	Grant date	Balance as at 1.7.2014	Granted	Exercised	Balance as at 30.6.2015
Chai Sim Hian	0.10	7.11.2014	-	60,000,000	60,000,000	-
Chan Wah Chuan	0.10	7.11.2014	-	60,000,000	60,000,000	-
Chew Ah Kian	0.10	7.11.2014	-	40,000,000	40,000,000	-
Ho Kee Wee	0.10	7.11.2014	-	40,000,000	40,000,000	-
Tan Kim Yin	0.10	7.11.2014	-	60,000,000	60,000,000	-

The details of options granted under Employees' Share Options Scheme ("ESOS") are disclosed in Note 21 to the financial statements.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:

DATO' SRI DR. PANG CHOW HUAT
TAN SRI DATO' SRI ABDUL HALIL BIN ABD MUTALIF
DATUK SERI AHMAD SAID BIN HAMDAN
DATO' ABD HALIM BIN ABD HAMID
ONG TEE KEIN

DIRECTORS' INTERESTS

The interests of a director in office at the end of the financial year in the ordinary shares of the Company during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965 are as follow:

	Number of Ordinary Shares of RM0.10 each			
	At 1.7.2014	**Bought**	**Sold**	**At 30.6.2015**
Direct Interest				
Dato' Sri Dr. Pang Chow Huat	3,595,414	29,692,800	-	33,288,214

None of the other directors holding office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during financial year are disclosed in Note 36 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

Details of significant event subsequent to the financial year are disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution dated 16 October 2015.

DATO' SRI DR. PANG CHOW HUAT

TAN SRI DATO' SRI ABDUL HALIL BIN ABD MUTALIF

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 10 to 85 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 86 has been prepared in accordance with the 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 ("Bursa Securities") Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Securities.

Signed on behalf of the Board in accordance with a resolution dated 16 October 2015.

DATO' SRI DR. PANG CHOW HUAT

TAN SRI DATO' SRI ABDUL HALIL BIN ABD MUTALIF

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Sri Dr. Pang Chow Huat, being the director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 10 to 85 and the supplementary information as set out on page 86 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at Kuala Lumpur in the Federal Territory on 16 October 2015

DATO' SRI DR. PANG CHOW HUAT

Before me

PESURUHJAYA SUMPAH
W 541
ZULKIFLA MOHD DAHLIM
MALAYSIA

NO: 17, JALAN PETALING
50000 KUALA LUMPUR

BAKER TILLY

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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 as at 30 June 2015 of the Group and of the Company, and the statements of profit or loss and other 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 10 to 85.

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 the 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 controls as the directors determine are 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 judgement, 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 controls 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 controls. 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.

BAKER TILLY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANICHI TECHNOLOGY BERHAD (continued)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the 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 Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries 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 consolidated financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

BAKER TILLY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANICHI TECHNOLOGY BERHAD (continued)
(Incorporated in Malaysia)

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 contents of this report.

BAKER TILLY MONTEIRO HENG
AF 0117
Chartered Accountants

LOCK PENG KUAN
2819/10/16(J)
Chartered Accountant

Kuala Lumpur
16 October 2015

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Revenue	4	42,838,125	22,413,104	-	-
Cost of sales		(30,251,237)	(15,759,804)	-	-
Gross profit		12,586,888	6,653,300	-	-
Other income		1,987,359	1,396,249	-	4,152
Selling and distribution costs		(47,010)	(73,308)	-	-
Administrative expenses		(11,431,738)	(4,145,367)	(1,227,947)	(1,364,257)
Other expenses		(140,191)	(779,964)	-	-
		(11,618,939)	(4,998,639)	(1,227,947)	(1,364,257)
Profit/(Loss) from operations		2,955,308	3,050,910	(1,227,947)	(1,360,105)
Finance costs		(764,806)	(1,200,706)	(58,441)	(115,594)
Profit/(Loss) before tax	5	2,190,502	1,850,204	(1,286,388)	(1,475,699)
Tax credit/(expense)	6	799,527	427,465	167,885	(167,885)
Profit/(Loss) for the financial year		2,990,029	2,277,669	(1,118,503)	(1,643,584)
Other comprehensive (loss)/ income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(498,215)	326,453	-	-
Total comprehensive income/(loss) for the financial year		2,491,814	2,604,122	(1,118,503)	(1,643,584)

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Profit/(Loss) attributable to owners of the parent		2,990,029	2,277,669	(1,118,503)	(1,643,584)
Total comprehensive income/ (loss) attributable to owners of the parent		2,491,814	2,604,122	(1,118,503)	(1,643,584)
Earnings per ordinary share attributable to owners of the parent					
Basic (sen)	7	0.35	0.68		
Diluted (sen)	7	0.35	0.68		

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	39,909,054	34,250,826
Inventories	13	11,034,204	-
Development expenditure	9	-	-
Goodwill on consolidation	11	-	-
Deferred tax assets	12	2,739,096	1,504,880
		53,682,354	35,755,706
Current Assets			
Inventories	13	10,869,983	1,948,747
Trade receivables	14	37,129,639	17,902,870
Other receivables, deposits and prepayments	15	17,205,141	6,084,526
Tax assets		65,912	69,430
Cash and cash equivalents	17	24,591,393	1,528,479
		89,862,068	27,534,052
Non-current assets classified as held for sale	18	-	4,615,885
TOTAL ASSETS		143,544,422	67,905,643

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015 (continued)

	Note	2015 RM	2014 RM
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	114,399,611	34,797,167
(Accumulated losses)/Retained earnings	20	(20,396,225)	6,539,296
Other reserves	20	41,750,862	7,011,945
Total Equity		135,754,248	48,348,408
LIABILITIES			
Non-Current Liabilities			
Borrowings	22	1,474,283	8,954,049
Deferred tax liabilities	12	850,300	863,700
		2,324,583	9,817,749
Current liabilities			
Trade payables	29	1,819,277	659,910
Other payables, deposits and accruals	30	2,291,551	3,363,305
Borrowings	22	923,233	3,510,036
Tax liabilities		431,530	-
		5,465,591	7,533,251
Liabilities directly associated with non-current assets classified as held for sale	18	-	2,206,235
Total Liabilities		7,790,174	19,557,235
TOTAL EQUITY AND LIABILITIES		143,544,422	67,905,643

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 RM	2014 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	437	587
Investment in subsidiaries	10	15,240,000	2
Deferred tax assets	12	88,296	39,980
		15,328,733	40,569
Current Assets			
Other receivables, deposits and prepayments	15	298,320	292,800
Amounts owing by subsidiaries	16	94,296,147	29,793,698
Tax assets		24,892	24,892
Cash and cash equivalents	17	3,500,944	207,657
		98,120,303	30,319,047
TOTAL ASSETS		113,449,036	30,359,616

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015 (continued)

	Note	2015 RM	2014 RM
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19	114,399,611	34,797,167
Accumulated losses	20	(43,685,287)	(12,641,234)
Other reserves	20	42,046,625	6,809,493
Total Equity		112,760,949	28,965,426
LIABILITIES			
Current Liabilities			
Other payables, deposits and accruals	30	549,011	657,269
Borrowings	22	139,076	736,921
		688,087	1,394,190
Total Liabilities		688,087	1,394,190
TOTAL EQUITY AND LIABILITIES		113,449,036	30,359,616

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Attributable to owners of the Company						
		Non-distributable				Distributable	
	Share Capital RM	Share Premium RM	Currency Translation Reserve RM	Warrant Reserve RM	Equity Component of ICULS RM	Retained Earnings RM	Total Equity RM
Group							
As at 1.7.2013	30,171,072	2,125,000	(124,001)	3,024,250	2,739,460	4,261,627	42,197,408
Comprehensive income							
Profit for the financial year	-	-	-	-	-	2,277,669	2,277,669
Other comprehensive income							
Foreign currency translation	-	-	326,453	-	-	-	326,453
Total comprehensive income for the financial year	-	-	326,453	-	-	2,277,669	2,604,122
Transactions with owners							
Issuance of shares pursuant to the conversion of ICULS	1,626,095	-	-	-	(1,079,217)	-	546,878
Issuance of share pursuant to private placement	3,000,000	-	-	-	-	-	3,000,000
Total transactions with owners	4,626,095	-	-	-	(1,079,217)	-	3,546,878
At 30.6.2014	34,797,167	2,125,000	202,452	3,024,250	1,660,243	6,539,296	48,348,408

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

	Attributable to owners of the Company							
		Non-distributable					Distributable	
	Share Capital RM	Share Premium RM	Currency Translation Reserve RM	ESOS Reserve RM	Warrant Reserve RM	Equity Component of ICULS RM	Retained Earnings/ (Accumulated Losses) RM	Total Equity RM
Group								
As at 1.7.2014	34,797,167	2,125,000	202,452	-	3,024,250	1,660,243	6,539,296	48,348,408
Comprehensive income								
Profit for the financial year	-	-	-	-	-	-	2,990,029	2,990,029
Other comprehensive loss								
Foreign currency translation	-	-	(498,215)	-	-	-	-	(498,215)
Total comprehensive income for the financial year	-	-	(498,215)	-	-	-	2,990,029	2,491,814
Transactions with owners								
Issuance of shares pursuant to:								
- Conversion of ICULS	1,406,694	-	-	-	-	(928,418)	-	478,276
- Rights issue with Warrant C	52,195,750	-	-	-	29,925,550	-	(29,925,550)	52,195,750
- Exercise of ESOS	26,000,000	6,240,000	-	(6,240,000)	-	-	-	26,000,000
ESOS granted	-	-	-	6,240,000	-	-	-	6,240,000
Total transactions with owners	79,602,444	6,240,000	-	-	29,925,550	(928,418)	(29,925,550)	84,914,026
At 30.6.2015	114,399,611	8,365,000	(295,763)	-	32,949,800	731,825	(20,396,225)	135,754,248

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	← Attributable to owners of the Company				→	
		← Non-distributable		→		
	Share Capital RM	Share Premium RM	Warrant Reserve RM	ICULS RM	Accumulated Losses RM	Total Equity RM
Company						
As at 1.7.2013	30,171,072	2,125,000	3,024,250	2,739,460	(10,997,650)	27,062,132
Comprehensive loss						
Loss for the financial year	-	-	-	-	(1,643,584)	(1,643,584)
Total comprehensive loss for the financial year	-	-	-	-	(1,643,584)	(1,643,584)
Transactions with owners						
Issuance of shares pursuant to the conversion of ICULS	1,626,095	-	-	(1,079,217)	-	546,878
Issuance of shares pursuant to private placement	3,000,000	-	-	-	-	3,000,000
Total transactions with owners	4,626,095	-	-	(1,079,217)	-	3,546,878
At 30.6.2014	34,797,167	2,125,000	3,024,250	1,660,243	(12,641,234)	28,965,426

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

	Attributable to owners of the Company						
		Non-distributable					
	Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrant Reserve RM	ICULS RM	Accumulated Losses RM	Total Equity RM
Company							
As at 1.7.2014	34,797,167	2,125,000	-	3,024,250	1,660,243	(12,641,234)	28,965,426
Comprehensive loss							
Loss for the financial year	-	-	-	-	-	(1,118,503)	(1,118,503)
Total comprehensive loss for the financial year	-	-	-	-	-	(1,118,503)	(1,118,503)
Transactions with owners							
Issuance of shares pursuant to:							
- Conversion of ICULS	1,406,694	-	-	-	(928,418)	-	478,276
- Rights issue with Warrant C	52,195,750	-	-	29,925,550	-	(29,925,550)	52,195,750
- Exercise of ESOS	26,000,000	6,240,000	(6,240,000)	-	-	-	26,000,000
ESOS granted	-	-	6,240,000	-	-	-	6,240,000
Total transactions with owners	79,602,444	6,240,000	-	29,925,550	(928,418)	(29,925,550)	84,914,026
At 30.6.2015	114,399,611	8,365,000	-	32,949,800	731,825	(43,685,287)	112,760,949

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash Flows from Operating Activities					
Profit/(Loss) before tax		2,190,502	1,850,204	(1,286,388)	(1,475,699)
Adjustments for:					
Bad debts written off		-	9,232	-	-
Deposits written off		-	12,000	-	-
Depreciation of property, plant and equipment	8	3,200,011	3,029,672	150	151
Fixed deposit written off		-	61,507	-	-
(Gain)/Loss on disposal of property, plant and equipment		(4,921)	13,185	-	-
Goodwill written off	11	-	6,711	-	-
Impairment loss on trade receivables	14	-	671,730	-	-
Interest expense		763,674	1,199,616	58,441	115,594
Interest income		(118,900)	(3,805)	-	(3,797)
Inventories written off	13	-	3,334	-	-
Prepayment written off		26,581	-	-	-
Reversal of impairment loss on trade receivables	14	-	(767,445)	-	-
Share-based payments		6,240,000	-	-	-
Unrealised gain on foreign exchange		(1,573,385)	(435,627)	-	-
Operating profit/(loss) before working capital changes		10,723,562	5,650,314	(1,227,797)	(1,363,751)
Inventories		(19,955,440)	(654,482)	-	-
Receivables		(29,452,518)	(8,594,667)	(5,520)	250,989
Payables		739,551	1,717,888	(108,258)	262,134
Cash used in operations		(37,944,845)	(1,880,947)	(1,341,575)	(850,628)
Interest received		118,900	3,805	-	3,797
Tax paid		(145,360)	(96,820)	-	(47,028)
Tax refunded		12,750	-	-	-
Net cash used in operating activities		(37,958,555)	(1,973,962)	(1,341,575)	(893,859)
Cash Flows from Investing Activities					
Subscription of additional shares in a subsidiary	10	-	-	(8,999,998)	(2)
Proceeds from disposal of property, plant and equipment		150,996	23,342	-	-
Purchase of property, plant and equipment	8	(4,176,846)	(2,181,133)	-	-
Net cash used in investing activities		(4,025,850)	(2,157,791)	(8,999,998)	(2)

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 (continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Cash Flows from Financing Activities					
Advances to subsidiaries		-	-	(64,502,449)	(6,450,155)
Interest paid		(763,674)	(1,199,616)	(58,441)	(115,594)
Proceeds from issuance of shares		78,195,750	3,000,000	78,195,750	3,000,000
Payment of finance lease		(7,372)	(11,901)	-	-
Repayment of term loans		(11,070,767)	(1,392,862)	-	-
Net cash from/(used in) financing activities		66,353,937	395,621	13,634,860	(3,565,749)
Effect of exchange rate changes		(609,798)	326,881	-	-
Net increase/(decrease) in cash and cash equivalents		23,759,734	(3,409,251)	3,293,287	(4,459,610)
Cash and cash equivalents at beginning of financial year		831,659	4,240,910	207,657	4,667,267
Cash and cash equivalents at end of financial year	17	24,591,393	831,659	3,500,944	207,657

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

SANICHI TECHNOLOGY BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS –30 JUNE 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

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 is located at PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 10. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors dated 16 October 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as otherwise disclosed in the significant accounting policies.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of Amendments/Improvements to MFRSs and New IC Interpretation ("IC Int")

The Group and the Company have adopted the following amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 124	Related Party Disclosures
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
New IC Int	
IC Int 21	Levies

The adoption of the above amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company or did not result in significant changes to the Group's and the Company's existing accounting policies.

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (continued)

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

Classification and measurement
MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statement of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statement of financial position.

Impairment
MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting
MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (continued)

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purpose of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New MFRSs and Amendments/Improvements to MFRSs that have been issued, but yet to be effective (continued)

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting for the accumulated depreciation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

In addition, the amendments to MFRS 116 also clarify that bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investment in subsidiaries, joint ventures and associates, in addition to the existing options.

2.4 Basis of Consolidation and Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and Business Combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of Consolidation and Subsidiaries (continued)

(a) Subsidiaries and Business Combination (continued)

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 2.11.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of Consolidation and Subsidiaries (continued)

(a) Subsidiaries and Business Combination

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture or an available-for-sale financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

2.5 Functional Currency

(i) Functional and Presentation Currency

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. All financial information presented in RM has been rounded to the nearest RM, unless otherwise stated.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Functional Currency (continued)

(iii) Foreign Operations Denominated in Functional Currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

2.6 Revenue Recognition

i. Goods Sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii. Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

2.7 Employee Benefits

i. Short Term Employee Benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as 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 costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Property, plant and equipment are depreciated on the straight line method to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Buildings	2%
Long-term leasehold lands	60 years
Plant and machinery	8 to 19 years
Furniture and fittings and office equipment	15%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. These are adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

2.10 Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary companies at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of Assets

(a) Impairment and Uncollectibility of Financial Assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

(b) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of Assets (continued)

(b) Impairment of Non-Financial Assets (continued)

The recoverable amount of an asset of CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

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

For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had 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 as a revaluation increase.

2.12 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Inventories (continued)

Property development inventories

Cost includes:

- freehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

2.13 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.

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 reporting date which are classified as non-current.

A financial asset is derecognised where 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 profit or loss.

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial Assets (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

2.14 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2.15 Non-Current Assets Classified as 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 or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Non-Current Assets Classified as Held For Sale (continued)

Intangible assets and property, plant and equipment once classified as held for sales are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once reclassified as held for sale or distribution.

2.16 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and the Company's cash management.

2.17 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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.

2.18 Share-based Payments

Equity-settled share-based payment

The cost of equity-settled share-based payment is determined by the fair value at the date when the grant is made using an appropriate valuation model. Details regarding the determination of the fair value of equity-settled share-based payments are set out in Note 21.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revise its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods and services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

2.19 Compound Financial Instruments

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any transaction costs that are directly attributable are allocated to the liability and equity components in proportion to the allocated proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Compound Financial Instruments (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition except on conversion or expiry.

Irredeemable Convertible Unsecured Loan Stocks ("ICULS") are recognised as compound financial instruments. Compound financial instruments issued by the Company comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

2.20 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

2.21 Leases

i. Finance Leases – the Group as Lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment.

ii. Operating Leases – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 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's and the Company's financial liabilities include trade and other payables and borrowings.

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

Term 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 have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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 profit or loss.

2.23 Borrowing Costs

Borrowing costs in respect of expenditure incurred on acquisition of property, plant and equipment is capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which 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.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by their respective segment managers responsible for the performance of the respective segments under their charge. The segment manager report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are disclosed in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(i) Depreciation of property, plant and equipment (Note 8)

The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 60 years. These are common life expectancies applied generally. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of loans and receivables and amounts owing by subsidiaries (Notes 14, 15 and 16)

The Group and the Company assess at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectible. To determine whether there is objective evidence of impairment, 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. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.

(iii) Deferred tax assets (Note 12)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses 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.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(iv) Write down for obsolete or slow moving inventories (Note 13)

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(v) Non-current assets classified as held for sale (Note 18)

In the previous financial year, the Group entered into an asset disposal agreement with a bank in accordance to the restructuring scheme to dispose the leasehold property of the Group.

During the financial year, the bankers' acceptance, term loan and bank overdrafts of the Group were fully settled with the secured leasehold property discharged.

In view of the termination of the disposal agreement, the Group has reclassified the leasehold property to property, plant and equipment.

(vi) Computation of the equity and liability component on ICULS (Note 28)

The Group has recognised the compound instruments consisting of an equity and liability component. At the issue date, the value of the liability component is determined using a prevailing market interest rate. The judgment is made on the market interest rate used in determining the equity and liability components.

(vii) Valuation of warrants

The Group and the Company measures the value of the warrants as disclosed in Note 27 to the financial statements using the Binomial Option Pricing Model.

The following basis are used in respect of the key assumptions:

(a) The risk free interest rate is based on the prevailing Malaysian Government Securities of similar tenure;
(b) The expected share price volatility is based on the available historical volatility of the share price of the Company; and
(c) The expected dividend yield is based on management's expectation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(viii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 39(b).

(ix) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of the asset may be more than the recoverable amount.

In assessing the impairment of an asset, the recoverable amount is measured at fair value less cost of disposal for that asset. The measurement of fair value for non-financial assets is determined with reference to current prices in an active market for similar properties in the same location and condition.

(x) Share-based payments

The Company grants share options to employees of its subsidiaries who have met the specified conditions. The share options granted are measured at fair value at grant date using a binomial option pricing model. The key assumptions or inputs used in the binomial option pricing model include: (a) the current price, (b) the exercise price, (c) the risk-free rate, (d) the volatility of the share price (e) the dividend yield and (f) the time period to maturity, and with an adjustment for an early exercise of option based on the Group's and the Company's past experience with early exercises. As the volatility of the share price is estimated based on past price movements, the actual volatility may not coincide with the estimates made. Similarly, the actual early exercise of options granted may not coincide with the estimates made. These differences may affect the fair value measurement of the options granted but they are not adjusted retrospectively because the equity component of the options granted is not remeasured to fair value subsequent to their initial recognition.

The carrying amount of share option reserve and assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21.

4. REVENUE

This represents invoiced value of goods sold less discount and returns.

5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration:				
- statutory audit	111,786	74,186	35,000	30,000
- non-statutory audit	10,000	10,000	10,000	10,000
- over provision in prior year	(1,390)	-	-	-
Bad debts written off	-	9,232	-	-
Deposits written off	-	12,000	-	-
Depreciation of property, plant and equipment	3,200,011	3,029,672	150	151
Employee benefits expense (Note (a))	10,961,628	3,526,555	201,000	205,000
Fixed deposit written off	-	61,507	-	-
Loss/(Gain) on foreign exchange:				
- realised	89,491	(170,082)	-	(11)
- unrealised	(1,573,385)	(435,627)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(4,921)	13,185	-	-
Goodwill written off	-	6,711	-	-
Impairment loss on trade receivables	-	671,730	-	-
Interest expense:				
- bank overdrafts	18,462	66,971	-	-
- bankers' acceptance	351,686	-	-	-
- finance lease payable	4,332	5,151	-	-
- ICULS	58,441	115,594	58,441	115,594
- term loans	330,753	1,011,900	-	-
Interest income	(118,900)	(3,805)	-	(3,797)
Inventories written off	-	3,334	-	-
Prepayment written off	26,581	-	-	-
Rental of equipment	28,360	8,863	-	-
Rental of hostel	55,951	22,100	-	-
Rental of premises	157,439	143,227	-	-
Reversal of impairment loss on trade receivables	-	(767,445)	-	-

5. PROFIT/(LOSS) BEFORE TAX (continued)

(a) Employee benefits expense are:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Salaries and wages	3,824,399	2,745,184	-	-
Contributions to defined contribution plans	261,121	202,615	-	-
Executive directors' remuneration (Note (b))	517,740	511,544	201,000	205,000
Other benefits	118,368	67,212	-	-
Share-based payments	6,240,000	-	-	-
	10,961,628	3,526,555	201,000	205,000

(b) The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Executive Directors:				
- fees	180,000	180,000	180,000	180,000
- remuneration	289,500	289,000	21,000	25,000
- contributions to defined contribution plans	32,220	31,680	-	-
- other emoluments	16,020	10,864	-	-
	517,740	511,544	201,000	205,000

6. TAX (CREDIT)/EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current income tax:				
Based on results for the financial year	445,300	-	-	-
Under provision in prior financial year	122,358	5,850	-	-
	567,658	5,850	-	-

6. TAX (CREDIT)/EXPENSE (continued)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax (Note 12):				
Origination and reversal of temporary differences	569,800	(845,900)	-	153,900
Relating to changes in tax rate	-	26,900	-	13,800
(Over)/Under provision in prior financial year	(1,936,985)	385,685	(167,885)	185
	(1,367,185)	(433,315)	(167,885)	167,885
Tax (credit)/expense	(799,527)	(427,465)	(167,885)	167,885

The reconciliations of tax amount at statutory income tax rate to the Group's and Company's tax (credit)/expense are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit/(Loss) before tax	2,190,502	1,850,204	(1,286,388)	(1,475,699)
Tax at the Malaysian statutory income tax rate of 25% (2014: 25%)	547,647	462,551	(321,597)	(368,900)
Effect of difference tax rate in foreign jurisdiction	(46,104)	-	-	-
Tax effects arising from:				
- non-deductible expenses	416,476	800,169	321,597	529,213
- non-taxable income	(57,776)	(191,900)	-	-
Effect of changes in tax rate on opening balance of deferred tax	-	26,900	-	13,800
Deferred tax recognised at different tax rates	(18,037)	(3,502)	-	(6,413)
Deferred tax assets not recognised during the financial year	361,494	112,382	-	-
Utilisation of previously unrecognised deferred tax assets	(188,600)	(2,025,600)	-	-
Under/(Over) provision in prior financial year:				
- current tax	122,358	5,850	-	-
- deferred tax	(1,936,985)	385,685	(167,885)	185
Tax (credit)/expense	(799,527)	(427,465)	(167,885)	167,885

6. TAX (CREDIT)/EXPENSE (continued)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic statutory tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. The computation of deferred tax as at 30 June 2014 and 2015 has reflected these changes.

Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has estimated unutilised tax losses and unabsorbed capital allowances of RM3,436,184 (2014: RM2,718,909) and RM3,117 (2014: Nil) respectively, available to be carried forward to set-off against future taxable profits.

7. EARNINGS PER SHARE

(a) Basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	**2014**
	RM	**RM**
Basic earnings per share		
Net profit attributable to owners of the parent	2,990,029	2,277,669
Weighted average number of ordinary shares for basic earnings per share computation	858,921,729	337,014,436
Basic earnings per share (sen)	0.35	0.68

On 17 September 2015, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of 507,120 ordinary shares of RM0.10 each pursuant to conversion of ICULS.

(b) Diluted

Diluted earnings per share of the Group for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

The diluted earnings per share is the same as basic earnings per share as the exercise prices of warrant, ICULS and ESOS are higher than the average market price of the ordinary shares during the financial year.

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Long-term leasehold land RM	Plant and machinery RM	Furniture and fittings and office equipment RM	Motor vehicles RM	Building under construction RM	Total RM
Group							
Cost							
At 1.7.2014	3,384,796	1,370,000	34,114,707	3,081,661	1,808,420	-	43,759,584
Additions	1,376,042	-	1,395,352	1,060,424	445,028	-	4,276,846
Disposals	-	-	-	-	(292,600)	-	(292,600)
Reclassification from NCAHFS (Note 18)	-	1,246,917	-	-	-	3,368,968	4,615,885
Translation adjustments	-	-	128,238	64,064	4,572	-	196,874
At 30.6.2015	4,760,838	2,616,917	35,638,297	4,206,149	1,965,420	3,368,968	52,556,589
Accumulated Depreciation							
At 1.7.2014	196,729	79,098	5,980,270	2,658,910	593,751	-	9,508,758
Charge for the financial year	80,057	102,585	2,432,517	236,526	348,326	-	3,200,011
Disposals	-	-	-	-	(146,525)	-	(146,525)
Translation adjustments	-	-	31,722	48,579	4,990	-	85,291
At 30.6.2015	276,786	181,683	8,444,509	2,944,015	800,542	-	12,647,535
Net Carrying Amount							
At 30.6.2015	4,484,052	2,435,234	27,193,788	1,262,134	1,164,878	3,368,968	39,909,054

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings RM	Long-term leasehold land RM	Plant and machinery RM	Furniture and fittings and office equipment RM	Motor vehicles RM	Total RM
Group						
Cost						
At 1.7.2013	3,336,450	1,370,000	32,544,024	2,985,155	1,409,999	41,645,628
Additions	48,346	-	1,573,130	100,461	459,196	2,181,133
Disposals	-	-	-	-	(60,010)	(60,010)
Written off	-	-	-	-	-	-
Translation adjustments	-	-	(2,447)	(3,955)	(765)	(7,167)
At 30.6.2014	3,384,796	1,370,000	34,114,707	3,081,661	1,808,420	43,759,584
Accumulated Depreciation						
At 1.7.2013	129,385	53,249	3,625,239	2,415,295	286,140	6,509,308
Charge for the financial year	67,344	25,849	2,358,065	246,774	331,640	3,029,672
Disposals	-	-	-	-	(23,483)	(23,483)
Translation adjustments	-	-	(3,034)	(3,159)	(546)	(6,739)
At 30.6.2014	196,729	79,098	5,980,270	2,658,910	593,751	9,508,758
Net Carrying Amount						
At 30.6.2014	3,188,067	1,290,902	28,134,437	422,751	1,214,669	34,250,826

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Office equipment RM
Company	
Cost	
At 1.7.2014/30.6.2015	1,325
Accumulated Depreciation	
At 1.7.2013	587
Charge for the financial year	151
At 30.6.2014	738
Charge for the financial year	150
At 30.6.2015	888
Net Carrying Amount	
At 30.6.2014	587
At 30.6.2015	437

(a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM4,276,846 (2014: RM2,181,133) which are satisfied by the followings:

	Group 2015 RM	2014 RM
Additions of property, plant and equipment	4,276,846	2,181,133
Financed by finance lease arrangement	(100,000)	-
Cash payments on purchase of property, plant and equipment	4,176,846	2,181,133

(b) The carrying amount of property, plant and equipment of the Group held under finance lease arrangements and restructured term loans is as follows:

	Group 2015 RM	2014 RM
Motor vehicle	212,280	71,340
Plant and machinery	3,088,344	4,037,314
	3,300,624	4,108,654

8. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) The carrying amount of property, plant and equipment of the Group pledged to licensed banks for credit facilities granted to the subsidiaries are as follows (Notes 23, 24 and 26):

	Group	
	2015	2014
	RM	RM
Buildings	-	3,188,066
Long-term leasehold land	-	1,290,902
Plant and machinery	-	4,395,775
	-	8,874,743

9. DEVELOPMENT EXPENDITURE

	Group	
	2015	2014
	RM	RM
Cost		
At 1 July/30 June	135,335	135,335
Accumulated amortisation		
At 1 July/30 June	(135,335)	(135,335)
Net carrying amount	-	-

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

10. INVESTMENT IN SUBSIDIARIES

	Company	
	2015	2014
	RM	RM
Unquoted shares, at cost		
At 1 July 2014/2013	11,657,602	11,657,600
Addition	8,999,998	2
	20,657,600	11,657,602
ESOS granted to employees of subsidiaries	6,240,000	-
	26,897,600	11,657,602
Less: Impairment loss	(11,657,600)	(11,657,600)
At 30 June	15,240,000	2

10. INVESTMENT IN SUBSIDIARIES (continued)

Particulars of the subsidiaries are as follows:

Name of Company	Principal Place of Business/ Country of incorporation	Principal activities	Proportion of Ownership Interest 2015	Proportion of Ownership Interest 2014
Sanichi Precision Mould Sdn. Bhd.	Malaysia	Design and fabrication of precision moulds and tooling	100%	100%
Asia Pinnacle Sdn. Bhd.	Malaysia	Design and fabrication of precision moulds and tooling	100%	100%
Sanichi Mould (Thailand) Co., Ltd. *	Thailand	Design and fabrication of precision moulds and tooling	100%	100%
Sanichi Property Sdn. Bhd.	Malaysia	Property investment and development	100%	100%

* *Subsidiary not audited by Baker Tilly Monteiro Heng.*

11. GOODWILL ON CONSOLIDATION

	Group 2015 RM	Group 2014 RM
Cost		
At 1 July 2014/2013	-	6,711
Less: Written off	-	(6,711)
At 30 June	-	-

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax assets/ (liabilities)				
At 1 July 2014/2013	641,180	344,585	39,980	344,585
Recognised in ICULS (Note 28)	(119,569)	(136,720)	(119,569)	(136,720)
Recognised in profit or loss (Note 6)	1,367,185	433,315	167,885	(167,885)
At 30 June	1,888,796	641,180	88,296	39,980

(a) Presented after appropriate off-setting as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax assets	2,739,096	1,504,880	88,296	39,980
Deferred tax liabilities	(850,300)	(863,700)	-	-
	1,888,796	641,180	88,296	39,980

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follow:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax assets				
Effect of ICULS	88,296	39,980	88,296	39,980
Unutilised tax losses	490,425	-	-	-
Unabsorbed industrial building allowances	139,755	-	-	-
Unabsorbed reinvestment allowances	2,020,620	1,464,900	-	-
	2,739,096	1,504,880	88,296	39,980

12. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follow: (continued)

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Deferred tax liabilities				
Difference between the carrying amounts of property, plant and equipment and their tax base	(775,600)	(863,700)	-	-
Unrealised gain on foreign exchange	(74,700)	-	-	-
	(850,300)	(863,700)	-	-

During the financial year, RM2,650,800 of previously unrecognised tax losses of a subsidiary that was suffering loss were recognised as the directors considered if probable that future taxable profits will be available against which they can be utilised.

(c) The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2015	2014
	RM	RM
Unutilised tax losses	3,436,184	2,718,909
Unabsorbed capital allowances	3,117	-
	3,439,301	2,718,909

13. INVENTORIES

	Group	
	2015	2014
	RM	RM
At cost:		
Non-current		
Property held for development		
- Freehold land at cost	7,700,000	-
- Development costs	3,334,204	-
	11,034,204	-
Current		
Raw materials	1,515,659	1,029,721
Work-in-progress	9,354,324	329,026
Finished goods	-	590,000
	10,869,983	1,948,747
Total inventories	21,904,187	1,948,747

13. **INVENTORIES** (continued)

(a) The cost of inventories of the Group recognised as cost of sales during the financial year was RM30,251,237 (2014: RM15,759,804).

(b) The amount of inventories written off which was recognised in cost of sales was Nil (2014: RM3,334).

14. TRADE RECEIVABLES

	Group 2015 RM	Group 2014 RM
Third parties	46,086,030	26,859,261
Less: Allowance for impairment loss	(8,956,391)	(8,956,391)
Trade receivable, net	37,129,639	17,902,870

(a) Credit term of trade receivables

The Group's normal trade credit term ranges from 30 to 60 days (2014: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. The credit term varies from customers to customers after taking into consideration their background, business relationship, potential future additional business and size of transactions. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

(b) The ageing analysis of the Group's trade receivables are as follows:

	Group 2015 RM	Group 2014 RM
Neither past due nor impaired	34,784,769	14,956,222
1 to 30 days past due not impaired	-	-
31 to 60 days past due not impaired	98,826	985,060
61 to 90 days past due not impaired	-	-
More than 90 days past due not impaired	2,246,044	1,961,588
	2,344,870	2,946,648
Impaired	8,956,391	8,956,391
	46,086,030	26,859,261

14. TRADE RECEIVABLES (continued)

(b) The ageing analysis of the Group's trade receivables are as follows: (continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are impaired

The trade receivables that are impaired at the end of each reporting date are as follows:

	Group	
	2015	**2014**
	RM	**RM**
Individually impaired		
Trade receivables (nominal amounts)	8,956,391	8,956,391
Less: Allowance for impairment loss	(8,956,391)	(8,956,391)
	-	-

Trade receivables that are individually determined to be impaired at the reporting date 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. The Group has no debtors that are collectively determined to be impaired at the reporting date.

Movement in impairment loss:

	Group	
	2015	**2014**
	RM	**RM**
At 1 July 2014/2013	8,956,391	9,052,106
Charge for the financial year (Note 5)	-	671,730
Reversal of impairment losses (Note 5)	-	(767,445)
At 30 June	8,956,391	8,956,391

14. TRADE RECEIVABLES (continued)

(c) The foreign currency exposure profile of the trade receivables of the Group are as follows:

	Group	
	2015	2014
	RM	RM
Euro Dollar	7,194,766	4,352,102
United States Dollar	12,791,358	3,873,768

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other receivables				
- third parties	7,202,656	492,805	255,884	251,000
- related parties	194,148	193,512	30,636	30,000
	7,396,804	686,317	286,520	281,000
Deposits	9,448,497	4,456,423	1,000	1,000
Deposit for acquisition of land	-	693,000	-	-
Other receivables and deposits, net of prepayments	16,845,301	5,835,740	287,520	282,000
Prepayments	359,840	248,786	10,800	10,800
	17,205,141	6,084,526	298,320	292,800

(a) Included in other receivables from third parties are advances to staff of the Group amounting to RM6,690,000 (2014: RM Nil) which are unsecured, interest-free and repayable on demand.

(b) The amounts owing from related parties are non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(c) Included in deposits of the Group are security deposit paid to a customer and deposits paid for the purchase of materials amounting to Nil (2014: RM4,144,220) and RM9,194,220 (2014: Nil) respectively.

16. AMOUNTS OWING BY SUBSIDIARIES

These amounts are non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash and bank balances	13,515,403	1,527,471	3,500,944	207,657
Cash deposits with licensed banks	11,075,990	1,008	-	-
Cash and cash equivalents as presented in statements of financial position	24,591,393	1,528,479	3,500,944	207,657
Less: Bank overdrafts (Notes 18 and 26)	-	(696,820)	-	-
Cash and cash equivalents as presented in statements of cash flows	24,591,393	831,659	3,500,944	207,657

Cash deposits placed with licensed banks earn interest rates ranging from 3.5% to 6.3% (2014: 6.3%) per annum and mature within 6 months (2014: 3 months).

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE ("NCAHFS")

As at the end of the reporting period, the assets and liabilities of the non-current assets are as follows:-

	Group	
	2015	2014
	RM	RM
Non-current assets classified as held for sale		
Long-term leasehold land	1,246,917	1,246,917
Building under construction	3,368,968	3,368,968
	4,615,885	4,615,885
Reclassified to property, plant and equipment (Note 8)	(4,615,885)	-
	-	4,615,885

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE ("NCAHFS") (continued)

	Group	
	2015	2014
	RM	RM
Liabilities directly associated with non-current assets classified as held for sale		
Bankers' acceptance (Note 23)	-	1,035,917
Term loan	-	473,498
Bank overdrafts (Notes 17 and 26)	-	696,820
	-	2,206,235

In the previous financial years, the Group entered into an asset disposal agreement with a bank in accordance to the restructuring scheme to dispose the leasehold property of the Group.

During the financial year, the bankers' acceptance, term loan and bank overdrafts of the Group were fully settled with the secured leasehold property being discharged.

In view of the termination of the disposal agreement, the Group has reclassified the leasehold property to property, plant and equipment.

19. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2015	2014	2015	2014
	Unit	Unit	RM	RM
Ordinary shares of RM0.10 each				
Authorised				
At 1 July 2014/2013	5,000,000,000	1,000,000,000	500,000,000	100,000,000
Created during the financial year	-	4,000,000,000	-	400,000,000
At 30 June	5,000,000,000	5,000,000,000	500,000,000	500,000,000

19. SHARE CAPITAL (continued)

	Group/Company			
	Number of shares		Amount	
	2015	2014	2015	2014
	Unit	Unit	RM	RM
Ordinary shares of RM0.10 each				
Issued and fully paid				
At 1 July 2014/2013	347,971,670	301,710,720	34,797,167	30,171,072
Issued during the financial year:				
- conversion of ICULS	14,066,940	16,260,950	1,406,694	1,626,095
- issued for cash under ESOS	260,000,000	-	26,000,000	-
- private placement	-	30,000,000	-	3,000,000
- rights issue with Warrant C	521,957,500	-	52,195,750	-
At 30 June	1,143,996,110	347,971,670	114,399,611	34,797,167

During the financial year, the issued and fully paid up ordinary share capital of the Company increased from RM34,797,167 to RM114,399,611 by way of rights issue of 521,957,500 new ordinary shares of RM0.10 each, conversion of ICULS to 14,066,940 new ordinary shares of RM0.10 each and the exercise of Employees' Share Options Scheme ("ESOS") of 260,000,000 new ordinary shares of RM0.10 each.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and rank equally with regard to the Company's residual assets.

20. RESERVES

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Distributable				
(Accumulated losses)/ retained earnings	(20,396,225)	6,539,296	(43,685,287)	(12,641,234)
Non-distributable				
Share premium	8,365,000	2,125,000	8,365,000	2,125,000
Foreign currency translation reserve	(295,763)	202,452	-	-
Warrant reserve	32,949,800	3,024,250	32,949,800	3,024,250
Equity component of ICULS (Note 28)	731,825	1,660,243	731,825	1,660,243
	41,750,862	7,011,945	42,046,625	6,809,493
	21,354,637	13,551,241	(1,638,662)	(5,831,741)

(a) Share premium

Share premium represents amounts transferred from warrants reserve and ESOS reserve upon exercise of the warrant and ESOS of the Company.

(b) Foreign currency translation reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Warrant reserve

Warrant reserve arose from the issuance of 85,000,000 Restricted Issue Shares and 120,970,000 Rights Shares together with free warrants B 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 RM0.05 per warrant.

During the financial year, there is additional warrant reserve arose from the rights issue of 521,957,503 new ordinary shares of RM0.10 each together with 347,971,517 free detachable Warrant C at issue price of RM0.10 per right share on the basis of 3 rights shares together with 2 Warrant C for every existing shares of the Company. The fair value of the Warrant C is RM0.086 per warrant.

The warrant reserve is transferred to the share premium account upon the exercise of warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

The salient features of the warrants are disclosed in Note 27.

21. EMPLOYEE BENEFITS

Equity-settled share-based payments arrangement

On 7 November 2014, the Company has granted share options to eligible employees under its Employees' Share Options Scheme ("ESOS"), with an offer of options of 260 million at an exercise price of RM0.10 per ordinary share.

On 2 December 2014, the Compny has allotted 130,000,000 new ordinary shares of RM0.10 each pursuant to the exercise of share options granted under ESOS at an exercise price of RM0.10 per ordinary share.

On 24 March 2015, the Company has allotted 130,000,000 new ordinary shares of RM0.10 each pursuant to the exercise of share options granted under ESOS at an exercise price of RM0.10 per ordinary share.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using binomial option pricing model, with the following inputs:

Fair value of share options and assumptions

Fair value at grant date (RM)	0.024
Option life (months)	3
Risk-free rate (%)	3.31
Expected dividends (%)	None
Expected volatility (%)	100.5

The expected volatility is based on the historical share price volatility over the last 3 months. When determining the fair value, the management has also taken into consideration of the exercise restrictions and exercise behaviour.

The share options expenses recognised in the profit or loss of the Group during the financial year were RM6,240,000.

22. BORROWINGS

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Current liabilities				
Term loans (Note 24)				
- secured	-	2,760,491	-	-
- unsecured	765,752	-	-	-
Finance lease payable (Note 25)	18,405	12,624	-	-
ICULS (Note 28)	139,076	736,921	139,076	736,921
	923,233	3,510,036	139,076	736,921
Non-current liabilities				
Term loans (Note 24)				
- secured	-	8,870,297	-	-
- unsecured	1,400,060	-	-	-
Finance lease payable (Note 25)	74,223	83,752	-	-
	1,474,283	8,954,049	-	-
	2,397,516	12,464,085	139,076	736,921
Total borrowings				
Term loans (Note 24)				
- secured	-	11,630,788	-	-
- unsecured	2,165,812	-	-	-
Finance lease payable (Note 25)	92,628	96,376	-	-
ICULS (Note 28)	139,076	736,921	139,076	736,921
	2,397,516	12,464,085	139,076	736,921

23. BANKERS' ACCEPTANCE

(a) The bankers' acceptance are secured by way of:-

(i) facilities agreements;
(ii) open all monies first party legal charge over a leasehold land and building of the Group;
(iii) corporate guarantee by the Company;
(iv) joint and several guarantee by certain directors of the Company;
(v) first party first legal and second legal charge over the building of the Group;
(vi) third party forth and sixth legal charge over a leasehold industrial land with a factory building of a third party;
(vii) loan and advances given to subsidiaries by the Company;
(viii) specific debenture creating fixed charge over the assets financed; and
(ix) guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.

(b) The secured bankers' acceptance bears effective interest rate at Nil (2014: 4.42%) per annum.

(a) During the financial year, the bankers' acceptance of the Group was fully settled with the above securities discharged.

(b) Information on financial risks of bankers' acceptance is disclosed in Note 38.

24. TERM LOANS

	Group 2015 RM	Group 2014 RM
Term loans - restructured (Note 22)	2,165,812	11,630,788
Secured		
- Due within 1 year	-	2,760,491
- Due after 1 year	-	8,870,297
Unsecured		
- Due within 1 year	765,752	-
- Due after 1 year	1,400,060	-
	2,165,812	11,630,788

(a) The term loans are secured by way of:-

(i) facilities agreements;
(ii) open all monies first party legal charge over a leasehold land and building of the Group;
(iii) corporate guarantee by the Company;
(iv) joint and several guarantee by certain directors of the Company;
(v) first party first legal and second legal charge over the building of the Group;
(vi) third party forth and sixth legal charge over a leasehold industrial land with a factory building of a third party;
(vii) loan and advances given to subsidiaries by the Company;
(viii) specific debenture creating fixed charge over the assets financed; and
(ix) guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.

24. TERM LOANS (continued)

(b) The secured term loans bear effective interest rates ranging from 4.20% (2014: 4.20% to 8.10%) per annum.

(c) During the financial year, the restructured term loans of the Group of RM8,699,224 were fully settled with the above securities discharged. The remaining restructured term loans of RM2,165,812 are unsecured.

(d) Information on financial risks of term loans is disclosed in Note 38.

25. FINANCE LEASE PAYABLE

	Group	
	2015 RM	2014 RM
Future minimum lease payments	103,400	112,241
Less: Future finance charges	(10,772)	(15,865)
Total present value of minimum lease payments	92,628	96,376
Payable within one year		
Future minimum lease payments	22,560	17,052
Less: Future finance charges	(4,155)	(4,428)
Present value of minimum lease payments	18,405	12,624
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	80,840	95,189
Less: Future finance charges	(6,617)	(11,437)
Present value of minimum lease payments	74,223	83,752
Total present value of minimum lease payments	92,628	96,376

(a) The finance lease payable of the Group bears effective interest rate at 4.99% (2014: 4.90%) per annum.

(b) Information on financial risks of finance lease payable is disclosed in Note 38.

26. BANK OVERDRAFTS

(a) The bank overdrafts are secured by way of:-

(i) facilities agreements;
(ii) open all monies first party legal charge over a land and building of the Group;
(iii) corporate guarantee by the Company;
(iv) letter of authorisation;
(v) joint and several guarantee by certain directors of the Company;
(vi) third party forth and sixth legal charge over a leasehold industrial land with a factory building of a third party;
(vii) loan and advances given to subsidiaries by the Company;
(viii) specific debenture over two units of machineries; and
(ix) guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad.

(b) The bank overdrafts bear effective interest rate at Nil (2014: 7.85%) per annum.

(c) During the financial year, the bank overdrafts of the Group were fully settled with the above securities discharged.

(d) Information on financial risks of banker overdrafts is disclosed in Note 38.

27. WARRANTS

Warrant A and Warrant B were constituted under the Deed Poll dated 21 November 2012. Warrant C was constituted under the Deed Poll dated 14 August 2014.

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.

(d) Warrant A and Warrant B are quoted on the ACE Market of Bursa Malaysia Securities Berhad on 20 March 2013 and 1 October 2014 respectively. Each warrant entitles its holder the right to subscribe for one ordinary share of RM0.10 each in the Company at any time up to the expiry date of 13 March 2018 and 24 September 2019 respectively at an exercise price of RM0.10 payable in cash.

(e) Warrant C is quoted on the ACE Market of Bursa Malaysia Securities Berhad on 1 October 2014. Each warrant entitles its holder the right to subscribe for one ordinary share of RM0.10 each in the Company at any time up to the expiry date of 24 September 2019 at an exercise price of RM0.10 payable in cash.

27. WARRANTS (continued)

The number of unexercised Warrants as at the end of the financial year are as follows:

	Group and Company	
	2015	2014
	Unit	Unit
Warrant B	60,485,000	60,485,000
Warrant C	347,971,517	-
	408,456,517	60,485,000

The fair value of warrants C is measured using the binominal option pricing model with the following inputs:-

Fair value of warrant C and assumptions

Fair value at grant date (RM)	0.086
Warrant life (years)	5
Risk-free rate (%)	3.71
Expected dividends (%)	-
Expected volatility (%)	90.4

28. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

On 20 March 2013, the Company issued 46,236,560 five (5)-years 4.0%, irredeemable convertible unsecured loan stocks ("ICULS") at a nominal value of RM0.10 per ICULS pursuant to debt restructuring scheme.

The salient terms of the ICULS are as follows:

(a) 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;

(b) 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 each;

(c) 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

(d) 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.

28. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (continued)

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

	Group/Company	
	2015	2014
	RM	RM
Liability component of ICULS		
At 1 July 2014/2013	736,921	1,420,519
Income tax relating to conversion of ICULS (Note 12)	(119,569)	(136,720)
Conversion of ICULS to ordinary shares	(478,276)	(546,878)
At 30 June	139,076	736,921
Equity component of ICULS		
At 1 July 2014/2013	1,660,243	2,739,460
Conversion of ICULS to ordinary shares	(928,418)	(1,079,217)
At 30 June	731,825	1,660,243
	870,901	2,397,164

29. TRADE PAYABLES

(a) The normal trade credit term granted to the Group ranges from 60 to 90 days (2014: 60 to 90 days).

(b) The foreign currency exposure profile of trade payables of the Group are as follows:

	Group	
	2015	2014
	RM	RM
Singapore Dollar	26,867	6,588
United States Dollar	445,478	-

30. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Other payables				
- third parties	65,185	1,520,874	162,726	319,684
- related party	157,247	157,247	-	-
	222,432	1,678,121	162,726	319,684
Deposits	100,000	-	-	-
Accruals	1,373,066	1,236,574	230,535	196,835
	1,695,498	2,914,695	393,261	516,519
Amount owing to a director	596,053	448,610	155,750	140,750
	2,291,551	3,363,305	549,011	657,269

(a) Included in other payables of the Group is an amount owing to a related party which is non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(b) Included in other payables of the Group and of the Company is an amount owing to a director which is non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(c) The foreign currency exposure profile of other payables of the Group are as follows:

	Group	
	2015	2014
	RM	RM
Singapore Dollar	3,231	891,112

31. CAPITAL COMMITMENTS

	Group	
	2015	2014
	RM	RM
In respect of capital expenditure approved and contracted for:		
- Property, plant and equipment	3,117,560	10,124,560

32. OPERATING LEASE COMMITMENTS

The Group has entered into a commercial lease for its office premises and leases on hostels for its employees. These leases have tenure of 1 to 3 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2015 RM	2014 RM
Not later than one year	192,220	143,227
Later than one year and not later than five years	16,780	119,355
	209,000	262,582

33. CORPORATE GUARANTEE

	Company	
	2015 RM	2014 RM
Corporate guarantee given to licensed banks for facilities granted to subsidiaries	-	33,960,000

34. RELATED PARTIES DISCLOSORE

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have a related party relationship with their direct subsidiaries and directors of the Company.

(b) There is no transaction with related party during the financial year.

34. RELATED PARTIES DISCLOSORE (continued)

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Short term employees benefits	485,520	479,864	201,000	205,000
Contribution to Employees Provident Fund	32,220	31,680	-	-
	517,740	511,544	201,000	205,000

35. SEGMENT INFORMATION

The Group is organised into business units based on its products and services, and has two reportable operating segments as follows:-

Investment holding and investment property	Investment in shares, property investment and development
Manufacturing	Designing and fabrication of precision moulds and tooling for use in automobile, home appliance, audio visual, computer peripheral, electrical and telecommunication industry

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

35. SEGMENT INFORMATION (continued)

	Note	Investment Holding & Investment Property RM	Manufacturing RM	Adjustments & Eliminations RM	Consolidated RM
2015					
Revenue					
External revenue		-	42,838,125	-	42,838,125
Results					
Depreciation		14,128	3,185,883	-	3,200,011
Interest income		(5,053)	(113,847)	-	(118,900)
Other non-cash expenses	a	-	26,581	-	26,581
Segment (loss)/profit	b	(2,811,372)	5,001,874	-	2,190,502
Segment Assets					
Additions to non-current assets (excluding DTA and Goodwill)		12,494,172	2,816,878	-	15,311,050
Segment assets	c	129,079,148	136,973,414	(122,508,140)	143,544,422
Segment liabilities	d	7,976,196	124,168,307	(124,354,329)	7,790,174
2014					
Revenue					
External revenue		-	22,413,104	-	22,413,104
Results					
Depreciation		151	3,029,521	-	3,029,672
Interest income		(3,805)	-	-	(3,805)
Other non-cash expenses	a	-	770,988	6,711	777,699
Segment (loss)/profit	b	(1,568,712)	3,056,439	362,477	1,850,204
Segment Assets					
Additions to non-current assets (excluding DTA and Goodwill)		-	2,181,133	-	2,181,133
Segment assets	c	31,053,305	78,432,876	(41,580,538)	67,905,643
Segment liabilities	d	2,180,890	76,043,070	(58,666,725)	19,557,235

35. SEGMENT INFORMATION (continued)

(a) Other material non-cash expenses consist of the following items as presented in the respective notes:

	2015 RM	2014 RM
Bad debts written off	-	9,232
Deposits written off	-	12,000
Fixed deposit written off	-	61,507
Goodwill written off	-	6,711
Impairment loss on trade receivables	-	671,730
Inventories written off	-	3,334
Loss on disposal of property, plant and equipment	-	13,185
Prepayment written off	26,581	-
	26,581	777,699

(b) The following items are added to segment (loss)/profit to arrive at profit before tax presented in the consolidated statement of profit or loss and other comprehensive income:

	2015 RM	2014 RM
Other expenses	-	362,477

(c) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2015 RM	2014 RM
Inter-segment assets	(122,508,140)	(41,580,538)

(d) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2015 RM	2014 RM
Inter-segment liabilities	(124,354,329)	(58,666,725)

35. SEGMENT INFORMATION (continued)

(e) Geographical Information

Revenue information based on the geographical location of customers is as follows:

	2015 RM	2014 RM
Germany	6,835,919	3,223,935
Hong Kong	22,180,060	13,237,000
India	-	36,844
Malaysia	3,142,972	14,900
Thailand	2,624,136	2,103,335
United States of America	8,055,038	3,797,090
	42,838,125	22,413,104

The following is the analysis of non-current assets other than deferred tax assets analysed by the Group's geographical location:

	Malaysia RM	Thailand RM	Consolidated RM
2015			
Property, plant and equipment	38,921,507	987,547	39,909,054
Inventories	11,034,204	-	11,034,204
	49,955,711	987,547	50,943,258
2014			
Property, plant and equipment	33,329,975	920,851	34,250,826

(f) Major customer

Revenue from one (1) customer in the manufacturing segment represents approximately RM32,188,590 (2014: RM17,333,106) or 75% (2014: 77%) of the Group revenue.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 8 September 2014, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of 12,190 ordinary shares of RM0.10 each pursuant to conversion of ICULS.

(ii) On 25 September 2014, the Company increased its issued and fully paid-up ordinary share capital by way of rights issue of 521,957,503 new ordinary shares of RM0.10 each together with 347,971,517 free detachable Warrant C at an issue price of RM0.10 per rights share on the basis of 3 rights shares together with 2 warrants C for every 2 existing shares of the Company ("Rights Issue").

(iii) On 9 October 2014, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of 13,912,340 ordinary shares of RM0.10 each pursuant to conversion of ICULS.

(iv) On 18 November 2014, the Company subscribed additional 8,999,998 ordinary shares of RM1 each in the share capital of Sanichi Property Sdn. Bhd. for a total purchase consideration of RM8,999,998.

(v) On 7 November 2014, the Company has granted share options to eligible employees under its Employees' Share Options Scheme ("ESOS"), with an offer of options of 260 million at an exercise price of RM0.10 per ordinary share.

(vi) On 2 December 2014, the Company has allotted 130,000,000 new ordinary shares of RM0.10 each pursuant to the exercise of share options granted under ESOS at an exercise price of RM0.10 per ordinary share.

(vii) On 23 December 2014, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of 53,280 ordinary shares of RM0.10 each pursuant to conversion of ICULS.

(viii) On 24 March 2015, the Company has allotted 130,000,000 new ordinary shares of RM0.10 each pursuant to the exercise of share options granted under ESOS at an exercise price of RM0.10 per ordinary share.

(ix) On 10 June 2015, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of 89,130 ordinary shares of RM0.10 each pursuant to conversion of ICULS.

37. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 17 September 2015, the Company increased its issued and fully paid-up ordinary share capital by way of issuance of 507,120 ordinary shares of RM0.10 each pursuant to conversion of ICULS.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risk and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

(a) 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 arises primarily from receivables. For other financial assets, the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

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 reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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 follow:

	Group	
	2015	2014
	RM	RM
Asia	22,878,900	10,497,205
Malaysia	1,671,257	21,400
Europe	12,579,482	7,384,265
	37,129,639	17,902,870

At the end of the reporting period, 91.4% (2014: 98.1%) of the Group's trade receivables were due from two (2014: two) major customers who are involved in automotive industry.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit Risk (continued)

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiaries and their financial performance.

The maximum exposure to credit risk amounted to Nil (2014: RM33,960,000) representing the outstanding credit facilities of the subsidiaries guaranteed by the Company at the reporting date. At the reporting date, there was no indication that the subsidiaries would default on their repayments.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely that the subsidiaries will default within the guarantee provided.

(b) 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.

38. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)

(b) **Liquidity Risk** (continued)

	Carrying amount RM	Total contractual cash flow RM	On demand or less than 1 year RM	Within 1-5 years RM
Group				
2015				
Financial liabilities:				
Trade payables	1,819,277	1,819,277	1,819,277	-
Other payables, deposits and accruals	2,291,551	2,291,551	2,291,551	-
Term loans	2,165,812	2,620,980	926,400	1,694,580
Finance lease payable	92,628	103,400	22,560	80,840
ICULS	139,076	227,843	227,843	-
	6,508,344	7,063,051	5,287,631	1,775,420

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity Risk (continued)

	Carrying amount RM	Total contractual cash flow RM	On demand or less than 1 year RM	Within 1-5 years RM
Group				
2014				
Financial liabilities:				
Trade payables	659,910	659,910	659,910	-
Other payables, deposits and accruals	3,363,305	3,363,305	3,363,305	-
Term loans	11,630,788	13,651,052	3,522,356	10,128,696
Finance lease payable	96,376	112,241	17,052	95,189
Liabilities directly associated with non-current assets classified as held for sale	2,206,235	2,410,335	2,410,335	-
ICULS	736,921	825,688	825,688	-
	18,693,535	21,022,531	10,798,646	10,223,885

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity Risk (continued)

Company	**Carrying amount RM**	**Total contractual cash flow RM**	**On demand or less than 1 year RM**	**Within 1-5 years RM**
2015				
Financial liabilities:				
Other payables, deposits and accruals	549,011	549,011	549,011	-
ICULS	139,076	227,843	227,843	-
	688,087	776,854	776,854	-
2014				
Financial liabilities:				
Other payables, deposits and accruals	657,269	657,269	657,269	-
ICULS	736,921	825,688	825,688	-
	1,394,190	1,482,957	1,482,957	-

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) 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's exposure to interest rate risk arises primarily from interest bearing financial assets and financial liabilities. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the end of the financial year, if average interest rates increased/decreased by 1% with all other variable held constant, the Group's profit net of tax for the financial year ended 30 June 2015 will be lower/higher by RM Nil (2014: RM79,324) as a result of exposure to floating rate borrowings.

(d) 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 has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currency of the Group entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly in Euro Dollar ("EURO"), Singapore Dollar ("SGD") and United States Dollar ("USD").

The Group is also exposed to currency translation risk arising from its net investment in foreign operation. The Group's net investment in Thailand is not hedged as currency position in the functional currency of that country is considered to be long-term in nature.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Foreign Currency Risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign currencies exchange rates against RM, with all other variables held constant:

	Group Profit net of tax	
	2015 RM	2014 RM
EUR/RM - strengthen by 5% (2014: 5%)	269,804	163,204
- weaken by 5% (2014: 5%)	(269,804)	(163,204)
SGD/RM - strengthen by 5% (2014: 5%)	(1,129)	(33,664)
- weaken by 5% (2014: 5%)	1,129	33,664
USD/RM - strengthen by 5% (2014: 5%)	462,971	145,266
- weaken by 5% (2014: 5%)	(462,971)	(145,266)

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Financial assets				
Loans and receivables				
Trade receivables	37,129,639	17,902,870	-	-
Other receivables and deposits, net of prepayments	7,651,081	5,835,740	287,520	282,000
Cash and cash equivalents	24,591,393	1,528,479	3,500,944	207,657
	69,372,113	25,267,089	3,788,464	489,657

39. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Financial liabilities				
Trade payables	1,819,277	659,910	-	-
Other payables, deposits and accruals	2,291,551	3,363,305	549,011	657,269
Borrowings	2,397,516	12,464,085	139,076	736,921
Liabilities directly associated non-current assets classified as held for sale	-	2,206,235	-	-
	6,508,344	18,693,535	688,087	1,394,190

(b) Fair values of financial instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of the financial year approximate their fair values except for the following:-

	Group	
	Carrying Amount	**Fair Value**
	RM	**RM**
2015		
Financial liabilities		
Finance lease payable	92,628	93,571
Term loans	2,165,812	2,467,346
ICULS	139,076	139,076
2014		
Financial liabilities		
Finance lease payable	96,376	93,724
Term loans	11,630,788	12,002,105
ICULS	736,921	736,921

(c) Methods and assumptions used to estimate fair value

The fair value of the following classes of financial assets and liabilities are as follow:

(i) Cash and Cash Equivalents, Receivables and Payables

The carrying amounts are reasonable approximation of fair values due to the relatively short term maturity of these financial assets and liabilities.

39. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value (continued)

(ii) Borrowings

The carrying amounts of the short term borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate or near reporting date.

The fair value of finance lease payable and long term fixed rate loans are estimated using discounted cash flow analysis, based on current lending rate for similar type of borrowing arrangement.

The fair value of ICULS (liability components) is estimated using Binomial Option Pricing Model based on similar liability that does not have an equity convention option.

40. FAIR VALUE HIERARCHY

(a) Policy on transfer between levels

The fair value of the asset and liability to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

(b) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfer between Level 1 and Level 2 fair values

There is no transfer between Level 1 and Level 2 fair values during the financial year.

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

40. FAIR VALUE HIERARCHY (continued)

(c) The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair value, is detailed in the table below.

Financial instrument	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Financial liabilities			
4% 5 years nominal value Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	Discounted cash flows method	Weighted average cost of capital	The higher the discount rate, the lower the fair value of the ICULS would be.

The table below analyses the fair value of financial instruments not carried at fair values for which fair value is disclosed together with their carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	fair value	amount
Group	RM	RM	RM	RM	RM	RM
2015						
Financial liabilities						
Other financial liabilities						
- finance lease payable	-	93,571	-	93,571	93,571	92,628
- term loans	-	2,467,346	-	2,467,346	2,467,346	2,165,812
- ICULS	-	-	139,076	139,076	139,076	139,076
	-	2,560,917	139,076	2,699,993	2,699,993	2,397,516

40. FAIR VALUE HIERARCHY (continued)

The table below analyses the fair value of financial instruments not carried at fair values for which fair value is disclosed together with their carrying amounts shown in the statements of financial position. (continued)

	Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
Group	RM	RM	RM	RM	RM	RM
2014						
Financial liabilities						
Other financial liabilities						
- finance lease payable	-	93,724	-	93,724	93,724	96,376
- term loans	-	12,002,105	-	12,002,105	12,002,105	11,630,788
- ICULS	-	-	736,921	736,921	736,921	736,921
	-	12,095,829	736,921	12,832,750	12,832,750	12,464,085

41. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 30 June 2015 and 30 June 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt include borrowings and payables, less cash and cash equivalents whilst total equity is the shareholders' funds of the Group. The Group's gearing ratio is shown as follow:

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Borrowings	2,397,516	12,464,085	139,076	736,921
Trade payables	1,819,277	659,910	-	-
Other payables	2,291,551	3,363,305	549,011	657,269
Liabilities directly associated with non-current assets classified as held for sale	-	2,206,235	-	-
Less: Cash and cash equivalents	(24,591,393)	(1,528,479)	(3,500,944)	(207,657)
Net (cash)/debt	(18,083,049)	17,165,056	(2,812,857)	1,186,533
Total equity	135,754,248	48,348,408	112,760,949	28,965,426
Total equity and net debt	117,671,199	65,513,464	109,948,092	30,151,959
Gearing ratio	*	26%	*	4%

* The Group and the Company are in net cash position.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 30 June 2015 and 30 June 2014 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 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.

The (accumulated losses)/retained earnings of the Group and of the Company as at reporting date is analysed as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Total (accumulated losses)/ retained earnings of the Company and its subsidiaries				
- realised	(40,875,234)	(14,049,571)	(43,596,991)	(12,601,254)
- unrealised	(315,411)	(205,553)	(88,296)	(39,980)
	(41,190,645)	(14,255,124)	(43,685,287)	(12,641,234)
Less: Consolidation adjustments	20,794,420	20,794,420	-	-
Total (accumulated losses)/ retained earnings	(20,396,225)	6,539,296	(43,685,287)	(12,641,234)

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2016
(The figures below are unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31 March 2016 RM'000	Preceding Year Corresponding Quarter 31 March 2015 RM'000	Current Year to date 31 March 2016 RM'000	Preceding Year Corresponding Period 31 March 2015 RM'000
Revenue	9,626	14,323	20,996	30,847
Cost of sales	(5,361)	(10,466)	(13,264)	(21,495)
Gross profit	4,265	3,857	7,732	9,352
Other income	-	40	857	276
Operating expenses	(2,959)	(2,422)	(4,971)	(5,437)
Profit/(Loss) from operations	1,306	1,475	3,618	4,191
Finance costs	(40)	(42)	(137)	(665)
Profit/(Loss) before taxation	1,266	1,433	3,481	3,526
Tax credit/(expense)	-	-	-	-
Profit/(Loss) for the financial period	1,266	1,433	3,481	3,526
Other Comprehensive Income/(Loss), net of tax				
Foreign currency translation	228	(256)	(49)	(565)
Overprovision of taxation	296	-	296	-
	524	(256)	247	(565)
Total Comprehensive Income/(Loss) For The Financial Period	1,790	1,177	3,728	2,961
Income attributable to:				
Owners of the Parent	1,266	1,433	3,481	3,526
Non-controlling interest	-	-	-	-
	1,266	1,433	3,481	3,526
Total comprehensive income attributable to:				
Owners of the Parent	1,790	1,177	3,728	2,961
Non-controlling interest	-	-	-	-
	1,790	1,177	3,728	2,961
Profit per share (sen)				
Basic (note B13)	0.11	0.14	0.30	0.45
Diluted (note B13)	0.11	0.14	0.30	0.45

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD
Company No.661826-K
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	(Unaudited) As at 31 March 2016 RM'000	(Audited) As at 30 June 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,302	39,909
Investment	620	-
Inventories	12,439	11,034
Deferred tax assets	2,739	2,739
	54,100	53,682
Current assets		
Inventories	11,766	10,870
Trade receivables	36,424	37,130
Other receivables, deposits and prepayments	27,164	17,205
Tax assets	463	66
Cash and cash equivalents	17,304	24,591
	93,121	89,862
TOTAL ASSETS	147,221	143,544
EQUITY AND LIABILITIES		
EQUITY		
Share capital	114,455	114,400
Retained earnings/(Accumulated losses)	(16,915)	(20,396)
Share premium	8,365	8,365
Warrant reserve	32,949	32,949
ICULS	685	732
Exchange translation reserve	(345)	(296)
Equity attributable to owners of the parent	139,194	135,754
Non-current liabilities		
Borrowings	1,118	1,474
Deferred tax liabilities	850	850
	1,968	2,324
Current liabilities		
Trade payables	3,562	1,819
Other payables, deposits and accruals	1,658	2,292
Borrowings	839	923
Tax liabilities	-	432
	6,059	5,466
TOTAL LIABILITIES	8,027	7,790
TOTAL EQUITY AND LIABILITIES	147,221	143,544
Net assets per share attributable to owners of the parent (RM)	0.12	0.12

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2016
(The figures below are unaudited)

	Current Year to 31 March 2016 RM'000	Preceding Year Corresponding Period to 31 March 2015 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	3,481	3,526
Adjustments for:-		
Depreciation and amortisation	2,444	2,316
Unrealised (gain)/loss on foreign exchange	438	(416)
Gain/(loss) on disposal of property, plant and equipment	254	(5)
Interest expenses	295	664
Interest income	(158)	(39)
Operating profit/(loss) before working capital changes	6,754	6,046
Inventories	(2,301)	(9,982)
Receivables	(10,089)	(26,699)
Payables	1,033	528
Cash used in operations	(4,603)	(30,107)
Income tax refunded/(paid)	(431)	(118)
Interest paid	(295)	(664)
Interest received	158	39
Net cash from/(used in) operating activities	(5,171)	(30,850)
Cash flows from investing activities		
Investment	(620)	234
Purchase of plant and equipment	(1,090)	(14,279)
Net cash from/(used in) investing activities	(1,710)	(14,045)
Cash flows from financing activities		
Proceed from issuance of shares	-	79,594
Net repayment of term loans	(342)	(11,403)
Net repayment of hire purchase liabilities	(15)	(99)
Net cash from/(used in) financing activities	(357)	68,092
Effects of changes in exchange rates	(49)	(565)
Net increase/(decrease) in cash and cash equivalents	(7,287)	22,632
Cash and cash equivalents at beginning of the period	24,591	1,528
Cash and cash equivalents at end of the period	17,304	24,160
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks**	5,576	8,000
Cash and bank balances	11,728	16,160
	17,304	24,160

** 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 2015 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2016

	Attributable to Owners of the Parent								
		Non-Distributable							
	Share Capital RM'000	Share Premium RM'000	Warrant reserve RM'000	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 2015	114,400	8,365	32,949	(296)	732	(20,396)	135,754	-	135,754
Total comprehensive income /(loss) for the period	-	-	-	(49)	-	3,481	3,432	-	3,432
ICULS conversion	55	-	-	-	(47)	-	8	-	8
At 31 March 2016	114,455	8,365	32,949	(345)	685	(16,915)	139,194	-	139,194
At 1 July 2014	34,797	2,125	3,024	203	1,660	6,539	48,348	-	48,348
Total comprehensive income /(loss) for the period	-	-	-	(565)	-	3,526	2,961	-	2,961
Issuance of shares	79,594	-	-	-	(1,391)	-	78,203	-	78,203
At 31 March 2015	114,391	2,125	3,024	(362)	269	10,065	129,512	-	129,512

(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 2015 and accompanying explanatory notes attached to the interim financial statements.)

SANICHI TECHNOLOGY BERHAD
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A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the third quarter ended 31 March 2016 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 2015.

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2015.

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
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A7. Segmental Information

The board views the Group has a single business segment from the geographic perspective. The reportable segments are Malaysia and Thailand. The Malaysian segment is in design and fabrication of precision moulds and tooling, and property development. The Thailand segment is in design and fabrication of precision moulds and tooling only.

The Group **31 March 2016**	**Malaysia** **RM'000**	**Thailand** **RM'000**	**Elimination** **RM'000**	**Consolidated** **RM'000**
Revenue				
External sales	18,830	2,166	-	20,996
Inter segment sales	-	-	-	-
Total revenue	18,830	2,166	-	20,996
Results				
Profit from operations	3,521	97	-	3,618
Finance cost	(137)	-	-	(137)
Income from other investment	-	-	-	-
Profit before tax				3,481
Income tax				-
Net profit for the period				3,481
Other Information				
Additions of fixed assets	1,090	-	-	1,090
Depreciation and amortization	2,329	115	-	2,444
Consolidated Balance Sheet				
Assets				
Segment assets	144,915	2,306	-	147,221
Segment liabilities	6,656	1,371	-	8,027

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The Group 31 March 2015	**Malaysia RM'000**	**Thailand RM'000**	**Elimination RM'000**	**Consolidated RM'000**
Revenue				
External sales	28,802	2,045	-	30,847
Inter segment sales	-	-	-	-
Total revenue	28,802	2,045	-	30,847
Results				
Profit from operation	3,559	632	-	4,191
Finance cost	(665)	-	-	(665)
Income from other investment	-	-	-	-
Profit before tax				3,526
Income tax expenses				-
Net profit for the period				3,526
Other Information				
Additions of fixed assets	14,062	217	-	14,279
Depreciation and amortization	2,221	95	-	2,316
Consolidated Balance Sheet Assets				
Segment assets	136,579	3,007	-	139,586
Segment liabilities	8,043	2,032	-	10,074

Segment sales	**Current Quarter 31.03.2016 RM'000**	**Preceding Year Corresponding Quarter to 31.03.2015 RM'000**
Malaysia	-	-
European countries	7,301	4,958
Other countries in Asia Pacific	2,325	9,365
	8,626	30,847

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Segment sales	Current Year To date 31.03.2016 RM'000	Preceding Year Corresponding Period to 31.03.2015 RM'000
Malaysia	-	1
European countries	15,200	12,589
Other countries in Asia Pacific	5,796	18,257
	20,996	16,524

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

During the quarter under review, there were no significant changes in the composition of the Group.

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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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 31 March 2016

The Group recorded a revenue of RM 9.626 million for the quarter ended 31 March 2016. The Group's profit before tax ("PBT") and profit after tax ("PAT") for the quarter were RM 1.266 million each for the period respectively.

The Group's revenue of RM 20,996 million for the 9 months' period ended 31 March 2016 represents a decrease of approximately 31.9% as compared to the preceding corresponding period. The Group achieved PBT and PAT of RM 3.481 million respectively for the 9 month period ended 31 March 2016, as compared to PBT and PAT of RM 3.526 million for the preceding period ended 31 March 2015.

The main reason for the Group's lower performance in revenue for the year to date was mainly due to higher gross margin requirements as part of project selection for the mould business segment as compared to the preceding corresponding period. Profit from operations for the 9 month period ended 31 March 2016, is lower at RM 3.481 million, which includes unrealized foreign exchange losses of RM 0.438 million.

B2. Variation of Results for the Current Quarter Ended 31 March 2016 against Immediate Preceding Quarter

The Group recorded an increase of approximately 57% in its revenue to RM 9.626 million for the quarter ended 31 March 2016 against RM 6.117 million for the immediate preceding quarter ended 31 December 2015. The Group registered both PBT and PAT of RM 1.266 million respectively for the current quarter ended 31 March 2016, as compared to both PBT and PAT of RM 0.792 million respectively in the immediate preceding quarter ended 31 December 2015.

The Group recorded an increase in revenue by approximately RM 3.509 million for the current quarter under review as compared to preceding quarter ended 31 December 2015. The reason for the Group's higher revenue for the current quarter was mainly due to timing differences resulting in certain tooling job completion dates falling within the quarter ended 31 March 2016.

B3. Group's Prospects for FYE 30 June 2017

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the financial year ending 30 June 2017.

However, the volatility of foreign exchange rates will impose challenges for the Group as a significant percentage of its revenue is derived from overseas markets.

B4. Variance of Profit Forecast

The Group did not publish any profit forecast for the period/year under review.

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B5. Tax Expenses

Taxation comprises the following:-

	Individual quarter ended		Cumulative quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:-				
Current taxation	-	-	-	-
Deferred taxation	-	-	-	-
	-	-	-	-
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation	-	-	-	-
Net tax charge	-	-	-	-

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. Status of Corporate Proposals Announced

(i) On behalf of the Board of Directors of Sanichi, the Company had on 25 March 2015 announced that 130,000,000 ordinary shares at RM0.10 each was issued pursuant to ESOS. The paid-up capital of the Company now stands at 1,143,906,983 ordinary shares at RM0.10 each.

(ii) On behalf of the Board of Directors of Sanichi, the Company had on 18 September 2015 announced that 507,120 ordinary shares at RM0.10 each were issued pursuant to the conversion of Irredeemable Convertible Unsecured Loan Stocks ("ICULS"). The paid-up capital of the Company now stands at 1,143,996,113 ordinary shares at RM0.10 each.

(iii) On behalf of the Board of Directors of Sanichi, Mercury Securities Sdn Bhd had on 18 February 2016 announced that the Company proposes to undertake:
a) par value reduction via the cancellation of RM0.075 from the par value of every existing ordinary share of RM0.10 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction")
b) proposed consolidation of every four (4) ordinary shares of RM0.025 each (after the Proposed Par Value Reduction) in Sanichi into one (1) ordinary share of RM0.10 each ("Proposed Share Consolidation")
c) proposed renounceable rights issue of up to 779,928,448 new Shares ("Rights Shares") together with up to 389,964,224 free warrants ("Warrants D") on the basis of two (2) Rights Shares together with one (1) free Warrant D for every one (1) existing Share held

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by the entitled shareholders on an entitlement date to be determined (after the Proposed Share Consolidation) ("Proposed Rights Issue with Warrants")

On 8 March 2016, Mercury Securities Sdn Bhd further announced on behalf of the Board of Directors of Sanichi, that Bursa Securities had approved the Proposed Share Consolidation and Proposed Rights Issue with Warrants, vide Bursa Securities' letter dated 7 March 2016, subject to conditions stated in that same letter.

On 10 March 2016, the Company on behalf of the Board of Directors of Sanichi, announced and issued a Circular/Notice to Shareholders in relation to these proposals. An Extraordinary General Meeting was then duly held on 5 April 2016 during which the proposals were approved by the shareholders of Sanichi.

On 27 April 2016, Mercury Securities announced on behalf of the Board of Directors of Sanichi, that the High Court had on 27 April 2016 granted an order confirming the Par Value Reduction. On 4 May 2016, Mercury Securities further announced on behalf of the Board of Directors of Sanichi, that the court order has been lodged with the Registrar of Companies, making the Par Value Reduction effective and complete.

Status of Utilisation of Proceeds

(A) Proposed Rights Issue with Warrants

On 26 February 2014, the Company announced that it proposed to implement a 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.

On 23 September 2014, the Company announced that as at the close of acceptance and payment for the Rights Issue with Warrants at 5.00 p.m. on 17 September 2014 ("closing date"), the total valid acceptances and excess applications received under the Rights Issue with Warrants were 732,740,867 Rights Shares. This represents an over-subscription of 210,783,364 Rights Shares or approximately 40.38% over the total of 521,957,503 Rights Shares available for subscription under the Rights Issue with Warrants.

On 30 September 2014, PIVB had on behalf of the Board, announced that 521,957,503 Rights Shares issued pursuant to the Rights Issue with Warrants would be granted listing and quotation with effect from 9.00 a.m., Wednesday, 1 October 2014; and 347,971,517 Warrants C issued pursuant to the Rights Issue with Warrants would be admitted to the Official List of Bursa Securities and the listing and quotation of these Warrants on the ACE Market will be granted with effect from 9.00 a.m., Wednesday, 1 October 2014.

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The utilization of the gross proceeds of RM52,196,000 from the renounceable rights issue is as follows:-

Purpose	Proposed Utilisation	Actual Utilisation as at 31/12/2015	Intended Timeframe for Utilisation	Balance Unutilised	
	RM'000	RM'000		RM'000	%
Funding for the acquisition	7,007	7,007	Within six (6) months	-	-
Repayment of bank borrowings	13,000	13,000	Within six (6) months	-	-
Funding for the Project	22,500	14,500	Within thirty-six (36) months	8,000	15.32
Working capital	8,689	8,689	Within eighteen (18) months	-	-
Estimated expenses for the Corporate Exercise	1,000	1,000	Within three (3) months	-	-
	52,196	44,196		8,000	15.32

(B) ESOS

On 26 February 2014, the Company announced that it proposed to establish and implement 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 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.

The gross proceeds arising from the exercise of the options, if any, would be for Sanichi Group's working capital requirements.

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On 7 November 2014, the Company had made an offer of options for 260,000,000 new shares at an exercise price of RM0.10 to eligible employees under its ESOS. The vesting period of the options is on the date of offer.

On 4 December 2014, the Company announced that 130,000,000 ordinary shares of RM0.10 each has been issued pursuant to ESOS ("Batch 1"). As at 31 March 2015, the proceeds of RM130,000,000 from the ESOS (Batch 1) has been fully utilized as working capital.

On 25 March 2015, the Company announced that 130,000,000 ordinary shares at RM0.10 each has been issued pursuant to ESOS ("Batch 2"). As at 31 March 2016, the proceeds from the said ESOS has yet to be fully utilized.

B8. 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	
Term Loans	766
Hire Purchase Payables	18
ICULS	55
	839
Long Term Borrowings	
Term Loans	1,058
Hire Purchase Payables	60
	1,118
Total	**1,957**

The Group does not have any foreign borrowings and debt securities as at the date of this report.

B9. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

B10. Material Litigation

There was no material litigation involving the Group as at the date of this report.

B11. Dividend Proposed

No dividend was declared and recommended for payment during the quarter under review.

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B12. Earnings Per Share ("EPS")

Basic EPS

	Current quarter ended		**Cumulative quarter ended**	
	31 March 2016	**31 March 2015**	**31 March 2016**	**31 March 2015**
Net profit for the period (RM'000)	1,266	1,808	3,481	3,526
Weighted average number of shares in issue ('000)	1,143,996	1,017,759	1,143,976	776,285
Basic EPS (sen)	0.11	0.14	0.30	0.45

Basic EPS is calculated by dividing the net profit attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted EPS

Diluted earnings per share of the Group is calculated by dividing the profit for the financial period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

The diluted earnings per share is the same as basic earnings per share as the exercise prices of warrant, ICULS and ESOS are higher than the average market price of the ordinary shares during the financial period.

B13. Retained Profits/(Accumulated Losses)

	As at 31 March 2016 **RM'000**	As at 31 March 2015 **RM'000**
Realized (Loss) / Gain	(38,943)	(11,202)
Unrealized (Loss) / Gain	1,205	416
	(37,738)	(10,786)
Less Consolidation adjustments	20,823	20,852
Total group retained profit	**(16,915)**	**10,066**

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B14. Comprehensive Income Disclosure

	Current quarter ended		Cumulative quarter ended	
	31 March 2016 RM'000	**31 March 2015 RM'000**	**31 March 2016 RM'000**	**31 March 2015 RM'000**
Interest income	106	-	158	-
Interest expense	(198)	(291)	(295)	(623)
Depreciation and amortization	(893)	(771)	(2,444)	(1,535)
Unrealised (Loss) / Gain on foreign exchange	(1,262)	39	(438)	403
Realized gain/ (loss) on foreign exchange	356	-	1,180	(45)

B15. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiaries for the FYE 30 June 2015 were not subject to any qualification.

SANICHI TECHNOLOGY BERHAD (661826-K)
(Incorporated in Malaysia)
PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa3, 81400 Senai, Johor, Malaysia.
Tel No. : 607-598 8866 Fax No. : 607-598 2886

Date: 31 MAY 2016

To: The Entitled Shareholders of Sanichi Technology Berhad ("Sanichi" or the "Company")

Dear Sir / Madam,

On behalf of the Board of Directors of Sanichi ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 30 June 2015 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than 14 days before the date of issuance of this Abridged Prospectus), that:-

(i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(ii) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;

(iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) save as disclosed in this Abridged Prospectus, there are no contingent liabilities that has arisen by reason of any guarantee or indemnities given by the Group;

(v) there has not been, since the last audited consolidated financial statements of the Group, any default or known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings of the Group;

(vi) save as disclosed in the unaudited consolidated financial statements of the Group for the nine (9)-month financial period ended 31 March 2016 as set out in Appendix VI of this Abridged Prospectus, there has not been, since the last audited consolidated financial statements of the Group, any material changes in the published reserves or unusual factors affecting the profits of the Group; and

(vii) as disclosed above and up the date of this letter, no other reports are required in relation to items (i) to (vi) above.

Yours faithfully
For and behalf of the Board of
SANICHI TECHNOLOGY BERHAD

DATO' SRI DR. PANG CHOW HUAT
Managing Director