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, which is the subject matter of this Abridged Prospectus, 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 21 November 2018 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 21 November 2018. The Documents are not intended to (and will not be made to) comply with the laws of any country or jurisdiction other than Malaysia and 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 E, 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 E 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.

This Abridged Prospectus has been registered by 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. The Documents have also been lodged with the Registrar of Companies in 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 27 August 2018. Approval has been obtained from Bursa Securities via its letters dated 18 July 2018 and 31 July 2018 for the admission of the Warrants E 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 E 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 7 OF THIS ABRIDGED PROSPECTUS.

STB

SANICHI TECHNOLOGY BERHAD

(Company No. 661826-K)

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

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,012,285,042 NEW ORDINARY SHARES IN SANICHI ("SANICHI SHARES" OR "SHARES") ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE TOGETHER WITH UP TO 506,142,521 FREE DETACHABLE WARRANTS IN SANICHI ("WARRANTS E") ON THE BASIS OF 2 RIGHTS SHARES TOGETHER WITH 1 FREE WARRANT E FOR EVERY 1 EXISTING SANICHI SHARE HELD BY ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 21 NOVEMBER 2018

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	:	Wednesday, 21 November 2018 at 5.00 p.m.
Last date and time for:		
Sale of Provisional Allotments	:	Wednesday, 28 November 2018 at 5.00 p.m.
Transfer of Provisional Allotments	:	Monday, 3 December 2018 at 4.00 p.m.
Acceptance and payment	:	Thursday, 6 December 2018 at 5.00 p.m.
Excess Rights Shares with Warrants E Application and payment	:	Thursday, 6 December 2018 at 5.00 p.m.

This Abridged Prospectus is dated 21 November 2018

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

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 RIGHTS ISSUE WITH WARRANTS 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 dated 21 November 2018 in relation to the Rights Issue with Warrants
Act	-	Companies Act, 2016 of Malaysia as may be amended from time to time and any re-enactment thereof
Additional Warrants	-	Additional Warrants C and Warrants D arising from the adjustments to the number of the outstanding Warrants C and Warrants D, as the case may be, as a result of the Rights Issue with Warrants in accordance with provisions of Deed Poll C and Deed Poll D respectively
Adjustments	-	Adjustments to the:- (i) total number of the outstanding Warrants C and Warrants D; and (ii) exercise price of Warrants C and Warrants D as a result of the Rights Issue with Warrants in accordance with provisions of Deed Poll C and Deed Poll D respectively
AED	-	United Arab Emirates dirham, the lawful currency of the United Arab Emirates
Base Case Scenario	-	Assuming that none of the existing Convertible Securities are exercised into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
Bloomberg	-	Bloomberg Finance Singapore L.P. and its affiliates
BNM	-	Bank Negara Malaysia
Board	-	The Board of Directors of Sanichi
Bursa Depository	-	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	-	Bursa Malaysia Securities Berhad (635998-W)
By-Laws	-	The by-laws governing the ESOS
CAGR	-	Compound 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	-	6 December 2018 at 5.00 p.m., being the last date and time for the acceptance of and payment for the Rights Shares with Warrants E or such later date and time as the Board may decide and announce not less than 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

DEFINITIONS (CONT'D)

Code	-	Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time
Convertible Securities	-	Collectively, the outstanding Warrants C and Warrants D
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 dated 30 May 2016 (as amended and supplemented by the supplemental deed poll executed by the Company on 18 August 2017)
Deed Poll E	-	Deed poll dated 2 November 2018 constituting the Warrants E
Directors	-	The directors of the Company
EGM	-	Extraordinary General Meeting
Entitled Shareholders	-	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to the Rights Issue with Warrants
Entitlement Date	-	21 November 2018, at 5.00 p.m., being the date on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Rights Issue with Warrants
EPS/LPS	-	Earnings per Share/Loss per Share
ESOS	-	Employee share option scheme of Sanichi which was effective on 7 November 2014 for a period of 5 years
EUR	-	The Euro, the lawful currency used by the Institutions of the European Union
Excess Rights Shares with Warrants E	-	Rights Shares with Warrants E which are not taken up or 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 E Application(s)	-	Application(s) for additional Rights Shares with Warrants E in excess of the Provisional Allotments
Exercise Period	-	Any time within a period of 3 years commencing from and including the date of issue of the Warrants E to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the third anniversary from the date of issue of the Warrants E. Any Warrants E not exercised during the exercise period will thereafter lapse and become null and void
Exercise Price	-	RM0.10, being the price at which 1 Warrant E is exercisable into 1 Sanichi Share, subject to adjustments in accordance with the provisions of the Deed Poll E
Exercise Rights	-	The right for the holder of Warrant E to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price

Foreign-Addressed Shareholders	-	Shareholders who have not provided to the Company a registered address or an address for service in Malaysia for the service of documents which will be issued in connection with the Rights Issue with Warrants
FPE	-	Financial period ended
FYE	-	Financial year(s) ended / ending, as the case may be
GDP	-	Gross domestic product
GDV	-	Gross development value
GP	-	Gross profit
GST	-	Goods and Services Tax
ICULS	-	4%, 5-year irredeemable convertible unsecured loan stocks at 100% of the nominal value in Sanichi as constituted by the Trust Deed
IMR Report	-	The independent market research report dated 29 October 2018 prepared by Protégé Associates
Listing Requirements	-	ACE Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time
LPD	-	26 October 2018, being the latest practicable date prior to the printing of this Abridged Prospectus
LTD	-	23 October 2018, being the last trading day prior to the date of fixing the issue price of the Rights Shares and Exercise Price
Market Day(s)	-	Any day between Monday and Friday (inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
Maximum Scenario	-	Assuming that all the existing Convertible Securities are exercised into new Shares prior to the Entitlement Date and all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants
Maximum Additional Warrants C Scenario	-	Assuming that all the outstanding Warrants D have been exercised prior to the Entitlement Date
Maximum Additional Warrants D Scenario	-	Assuming that all the outstanding Warrants C have been exercised prior to the Entitlement Date
Mercury Securities or the Principal Adviser	-	Mercury Securities Sdn Bhd (113193-W)
MFRS	-	Malaysian Financial Reporting Standards
Minimum Scenario	-	Assuming that that none of the Convertible Securities are exercised into new Shares prior to the Entitlement Date and the Rights Issue with Warrants is undertaken based on the Minimum Subscription Level
Minimum Subscription Level	-	Minimum subscription level for the Rights Issue with Warrants of 100,000,000 Rights Shares together with 50,000,000 Warrants E based on an issue price of RM0.10 per Rights Share
N/A	-	Not applicable

DEFINITIONS (CONT'D)

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
Options	-	Options granted under the ESOS pursuant to the By-Laws, where each holder of the Options can subscribe for new Shares pursuant to the exercise of Options held
PAT/LAT	-	Profit after tax/Loss after tax
PBT/LBT	-	Profit before tax/Loss before tax
PE	-	Price-to-earnings
Protégé Associates or the Independent Market Researcher	-	Protégé Associates Sdn Bhd (675767-H)
Provisional Allotments	-	The Rights Shares with Warrants E provisionally allotted to Entitled Shareholders
Record of Depositors	-	A record of securities holders established by Bursa Depository as issued pursuant to under the Rules of Bursa Depository
Rights Issue with Warrants	-	Renounceable rights issue of up to 1,012,285,042 Rights Shares together with up to 506,142,521 free Warrants E on the basis of 2 Rights Shares together with 1 free Warrant E for every 1 existing Share held by Entitled Shareholders on the Entitlement Date
Rights Shares	-	Up to 1,012,285,042 new Sanichi 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 Securities Industry (Central Depositories) Act, 1991 of Malaysia including any amendments thereof issued by Bursa Depository from time to time, including Securities Industry (Central Depositories) Amendment Act, 1998 of Malaysia
Rules on Take-Overs, Mergers and Compulsory Acquisitions	-	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
Sanichi or the Company	-	Sanichi Technology Berhad (661826-K)
Sanichi Group or the Group	-	Collectively, Sanichi and its subsidiaries
Sanichi Shares or Shares	-	Ordinary shares of the Company
SC	-	Securities Commission Malaysia

DEFINITIONS (CONT'D)

SGD	-	Singapore Dollar, the lawful currency of the Republic of Singapore
Shareholders	-	Registered holders of Sanichi Shares
SICDA	-	Securities Industry (Central Depositories) Act, 1991 of Malaysia and includes any amendments from time to time and any re-enactment thereof
SST	-	Sales and Services Tax
Substantial Shareholder	-	Has the meaning given in Section 136 of the Act
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
Undertaking	-	The written undertaking from the Undertaking Shareholder dated 9 October 2017 and 9 October 2018 pursuant to which the Undertaking Shareholder have irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for his 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 proceeds of Rights Shares received by Sanichi arising from the subscription by all Entitled Shareholders and/or their renouncee(s) amounts to not less than RM10.0 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
VWAP	-	Volume weighted average market price
Warrants B	-	Warrants 2013/2018 as constituted by Deed Poll B, which have since expired on 13 March 2018
Warrants C	-	Warrants 2014/2019 as constituted by Deed Poll C and expiring on 24 September 2019
Warrants D	-	Warrants 2016/2019 as constituted by Deed Poll D and expiring on 21 July 2019
Warrants E	-	Up to 506,142,521 free detachable Sanichi warrants to be allotted and issued pursuant to the Rights Issue with Warrants

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DEFINITIONS (CONT'D)

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

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CORPORATE DIRECTORY

SANICHI TECHNOLOGY BERHAD
(Company No. 661826-K)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

BOARD OF DIRECTORS

Name *(Designation)*	Address	Nationality	Profession
Dato' Abd Halim Bin Abd Hamid *(Chairman / Independent Non-Executive Director)*	No. 157, Jalan Titi Hj Idris Pekan Langgar 06500 Alor Setar Kedah	Malaysian	Company Director
Dato' Sri Dr Pang Chow Huat *(Managing Director)*	No 44, Jalan Indah 2/3 Taman Bukit Indah 81200 Johor Bahru Johor	Malaysian	Company Director
Dato' Sri Ahmad Said Bin Hamdan *(Non-Independent Non-Executive Director)*	No. 3, Jalan Pekaka 8/15F Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor	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 / Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Ong Tee Kein	Chairman	Independent Non-Executive Director
Dato' Abd Halim bin Abd Hamid	Member	Chairman / Independent Non-Executive Director
Dato' Sri Ahmad Said bin Hamdan	Member	Non-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 - 6203 5828 / 5322 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 - 6203 5828 / 5322 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 Website: www.sanichimould.com Email: marketing@sanichimould.com
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
AUDITORS AND REPORTING ACCOUNTANTS	:	CHENGCO PLT (formerly known as Cheng & Co) (LLP0017004-LCA & 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
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 RESEARCHERS	:	Protégé Associates Sdn Bhd Suite C-06-06, Plaza Mont' Kiara 2 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel : +603 - 6201 9301 Fax : +603 - 6201 7302

CORPORATE DIRECTORY (CONT'D)

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
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
STOCK EXCHANGE LISTING	:	ACE Market of Bursa Securities

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Company No. 661826-K

SANICHI TECHNOLOGY BERHAD

(Company No. 661826-K)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office

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

21 November 2018

Board of Directors:-

Dato' Abd Halim Bin Abd Hamid (*Chairman/ Independent Non-Executive Director*)
Dato' Sri Dr Pang Chow Huat *(Managing Director)*
Dato' Sri Ahmad Said Bin Hamdan *(Non-Independent Non-Executive Director)*
Ong Tee Kein *(Independent Non-Executive Director)*

To: Entitled Shareholders

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,012,285,042 RIGHTS SHARES AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE TOGETHER WITH UP TO 506,142,521 FREE DETACHABLE WARRANTS E ON THE BASIS OF 2 RIGHTS SHARES TOGETHER WITH 1 FREE WARRANT E FOR EVERY 1 EXISTING SANICHI SHARE HELD BY ENTITLED SHAREHOLDERS AT 5.00 P.M. ON 21 NOVEMBER 2018

1. INTRODUCTION

On 9 October 2017 and on 27 July 2018, Mercury Securities had, on behalf of the Board, announced that the Company proposes to undertake the Rights Issue with Warrants.

On 18 July 2018 and on 31 July 2018, Mercury Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letters dated 18 July 2018 and 31 July 2018, collectively granted its approval for the following:-

(i) admission of up to 506,142,521 Warrants E to the Official List of Bursa Securities;

(ii) listing and quotation of up to 1,012,285,042 Rights Shares and up to 506,142,521 Warrants E;

(iii) listing and quotation of up to 506,142,521 new Shares to be issued pursuant to the exercise of the Warrants E; and

(iv) listing and quotation of:-

    (a) up to 2,353,982 additional Warrants B[(1)];

    (b) up to 67,712,143 additional Warrants C; and

    (c) up to 110,002,895 additional Warrants D;

to be issued arising from the adjustments in accordance with the provisions of the Deed Poll B, Deed Poll C and Deed Poll D respectively; and

(v) listing and quotation of up to 177,715,038 new Shares to be issued pursuant to the exercise of the additional Warrants B[(1)], additional Warrants C and additional Warrants D.

Note:-

(1) Warrants B has since matured on 13 March 2018 and hence the approval for the listing and quotation of the additional Warrants B is no longer relevant.

The approval of Bursa Securities is subject to 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;	Noted
(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 E 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 27 August 2018, approved, amongst others, the Rights Issue with Warrants. A certified true extract of the resolution approving the Rights Issue with Warrants at the said EGM is attached in Appendix II of this Abridged Prospectus.

On 24 October 2018, 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 RM0.10 per Rights Share as well as the Exercise Price at RM0.10 per Warrant E.

On 5 November 2018, 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 21 November 2018.

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 Sanichi in connection with the Rights Issue with Warrants.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED 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

The Rights Issue with Warrants entails a provisional allotment of up to 1,012,285,042 Rights Shares together with up to 506,142,521 free Warrants E on a renounceable basis of 2 Rights Shares together with 1 free Warrant E for every 1 existing Share held by the Entitled Shareholders at an issue price of RM0.10 per Rights Share.

The actual number of Rights Shares and Warrants E to be issued will be based on the latest issued shares of the Company on the Entitlement Date. As at the LPD, the existing issued shares of the Company is 370,136,325 Shares. The Company has the following outstanding Convertible Securities as at the LPD:-

(i) 40,627,286 outstanding Warrants C; and

(ii) 95,378,910 outstanding Warrants D.

Assuming full exercise of these outstanding Convertible Securities, the number of Rights Shares and Warrants E to be issued is 1,012,285,042 Rights Shares together with 506,142,521 Warrants E.

In conjunction with the Rights Issue with Warrants, the Company has undertaken not to grant any further Options until completion of the Rights Issue with Warrants.

As the Rights Shares and Warrants E 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 E 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 E 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 E are exercisable into new Sanichi Shares and each Warrant E will entitle the Warrant Holder to subscribe for 1 new Sanichi Share at the Exercise Price. The Warrants E will be immediately detached from the Rights Shares upon issuance and traded separately. The Warrants E will be issued in registered form and constituted by the Deed Poll E. The salient terms of the Warrants E 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 E and the new Shares to be issued and allotted upon the exercise of the Warrants E 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 E.

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 E cannot be renounced separately. As such, the Entitled Shareholders who renounce all of their Rights Share entitlements will not be entitled to the Warrants E. If the Entitled Shareholders accept only part of their Rights Share entitlements, they shall be entitled to the Warrants E in proportion to their acceptance of the Rights Share entitlements.

The Rights Shares with Warrants E 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 E 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 8 Market Days from the last date for acceptance and payment of the Rights Shares with Warrants E or such other period as may be prescribed by Bursa Securities.

The Rights Shares and Warrants E will be admitted to the Official List and the listing and quotation of these securities will commence 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 RM0.10 per Rights Share, after taking into consideration the following:-

(i) the funding requirements of the Group as set out in Section 6 of this Abridged Prospectus;

(ii) the TEAP[(1)] of Sanichi Shares based on the 5-day VWAP of Sanichi Shares up to and including the LTD of RM0.1057; and

(iii) the historical share price and volatility of Sanichi Shares.

The issue price of RM0.10 per Rights Share represents a discount of approximately 5.39% to the TEAP of Sanichi Shares of RM0.1057, calculated based on the 5-day VWAP of Sanichi Shares up to and including the LTD of RM0.1227.

Note:-

(1) TEAP is computed as follows:-

$$\text{TEAP} = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

where:-

A = Number of Rights Shares

B = Number of Warrant E

C = Number of existing Shares

X = Issue price of the Rights Shares

Y = Exercise Price

Z = 5-day VWAP of Sanichi Shares up to and including the LTD

and the ratio of A:B:C is 2:1:1, in accordance with the entitlement basis of 2 Rights Shares together with 1 free Warrant E for every 1 existing Share held.

Exercise Price

The Board had fixed the exercise price of Warrants E at RM0.10 each. The Exercise Price was fixed after taking into consideration, amongst others, the TEAP of Sanichi Shares based on the 5-day VWAP of Sanichi Shares up to and including the LTD of RM0.1057.

The Exercise Price represents a discount of approximately 5.39% to the TEAP of Sanichi Shares of RM0.1057, calculated based on the 5-day VWAP of Sanichi Shares up to and including the LTD of RM0.1227.

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

Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing issued 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 the Shareholders, the entitlement date of which is prior to the date of allotment of the Rights Shares.

New Shares arising from the exercise of Warrants E

The new Shares to be issued pursuant to the exercise of the Warrants E shall, upon allotment, issuance and full payment of the exercise price of the Warrants E, rank *pari passu* in all respects with the then existing issued Shares, save and except that the new 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 Shares arising from the exercise of the Warrants E.

2.4 Last date and time for acceptance and payment

The Closing Date is 5.00 p.m. on **Thursday, 6 December 2018**.

2.5 Salient terms of the Warrants E

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

Issuer	:	Sanichi
Issue size	:	Up to 506,142,521 Warrants E
Form and detachability	:	The Warrants E will be issued in registered form and will immediately be detached from the Rights Shares upon allotment and issuance and separately traded on Bursa Securities.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants E shall be 100 units, unless otherwise revised by the relevant authorities.
Tenure of Warrants E	:	3 years from the date of issuance of the Warrants E.
Exercise period	:	The Warrants E may be exercised at any time within a period of 3 years commencing from and including the date of issue of the Warrants E to the close of business at 5.00 p.m. on the Market Day immediately preceding the date which is the third anniversary from the date of issue of the Warrants E. Any Warrants E not exercised during the exercise period will thereafter lapse and become null and void.
Exercise price	:	The exercise price of the Warrants E is at RM0.10 per Warrant E. The exercise price and/or the number of Warrants E in issue during the exercise period may also be adjusted in accordance with the terms and conditions set out in the Deed Poll E governing the Warrants E.
Exercise rights	:	Each Warrant E shall entitle its holder to subscribe for 1 new Share at any time during the exercise period at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll E.
Mode of exercise	:	The registered holders of the Warrants E shall pay subscription moneys made in RM by way of banker's draft or cashier's order or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia for the aggregate of the exercise price payable when exercising their Warrants E to subscribe for new Shares.
Adjustments to the final Exercise Price and/or the number of the Warrants E	:	The exercise price and/or the number of Warrants E 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 E, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll E.

Rights of the holders of Warrants E	:	The Warrants E 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 E exercise their Warrants E and are allotted and issued new Sanichi Shares arising from their exercise of the Warrants E or unless otherwise resolved by the Shareholders in general meeting.
Ranking of the new Shares to be issued pursuant to the exercise of the Warrants E	:	The new Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants E, rank *pari passu* in all respects with the then existing issued Shares, save and except that the 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 the new Shares arising from the exercise of the Warrants E and all the Warrants E issued in a single tranche.
Rights of the Warrant E 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 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 E (or some person designated by them for such purpose by special resolution of the holders of the Warrants E) shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the holders of the Warrants E; (b) After the passing of a resolution to voluntarily wind up the Company, every holder of the Warrants E shall thereupon be entitled, subject to the conditions set out in the Deed Poll E, to exercise his Warrants E 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 E to the Company) duly completed authorising the debiting of his Warrants E 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 E credited as fully paid subject to the prevailing laws and such Warrant E holder shall be entitled to receive out of the assets of the Issuer which would be available in liquidation if he had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.

		Subject to the above, if the Company is wound-up or an order has been granted for such compromise or arrangement, all Warrants E which are not exercised within 6 weeks of the passing of the resolution for winding-up or the presentation of the petition for the winding up or the granting of the court order sanctioning the compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), shall lapse and the Warrants E will cease to be valid for any purpose.
Modification of rights of the Warrant E holders	:	Save as otherwise provided in the Deed Poll E, a special resolution of the Warrant E holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant E holders.
Modification of the Deed Poll E	:	Any modification to the terms and conditions of the Deed Poll E may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll E. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). No amendment or addition may be made to the provisions of the Deed Poll E without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations or Malaysia Rules of the Bursa Depository, Securities Industry (Central Depositories) Act, 1991 and/or Listing Requirements or in the opinion of the Company upon consultation with an approved adviser appointed by the Company, will not be materially prejudicial to the interests of the Warrant E holders.
Listing	:	Bursa Securities had on 18 July 2018 and 31 July 2018 granted its approval for the admission of the Warrants E to the Official List and the listing and quotation of the Warrants E and new Shares to be issued arising from the exercise of Warrants E on the ACE Market of Bursa Securities. The listing and quotation of Warrants E on the ACE Market of Bursa Securities is subject to a minimum of 100 holders of Warrants E.
Transferability	:	The Warrants E 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	:	The Warrants E shall be constituted under the Deed Poll E which was executed by the Company on 2 November 2018.
Governing Law	:	The Warrants E and the Deed Poll E shall be governed by the laws of Malaysia.

2.6 Details of other corporate exercises

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.

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 6 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:-

Undertaking Shareholder	Existing direct shareholdings as at the LPD		Minimum Rights Shares to be subscribed for pursuant to the Undertaking			Assuming none of the other Entitled Shareholders subscribe for their Rights Shares	
	No. of Shares	(1)%	Subscription based on entitlement	Subscription based on excess shares application	Total	No. of Shares held after Rights Issue with Warrants	(2)%
Dato' Sri Dr. Pang Chow Huat	10,346,167	2.80	20,692,334	79,307,666	100,000,000	110,346,167	23.47

Notes:-

(1) Based on the issued share capital of 370,136,325 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 470,136,325 Shares pursuant to the Undertaking.

Pursuant to the Undertaking, the Undertaking Shareholder has:-

(i) irrevocably and unconditionally warranted that he shall not sell or in any other way dispose of or transfer his existing interest in the Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date; and

(ii) confirmed that he has sufficient financial means and resources to subscribe in full for his entitlement and additional Rights Shares not taken up by other Entitled Shareholders by way of excess shares applications to the extent such that the aggregate subscription proceeds of Rights Shares received by Sanichi arising from the subscription by all Entitled Shareholders and/or their renouncee(s) 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 for the Rights Shares and excess Rights Shares pursuant to the Undertaking.

The Undertaking Shareholder has confirmed that his subscription for Rights Shares and excess Rights Shares pursuant to the Undertaking will not give rise to any mandatory take-over offer obligation under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions immediately after the completion of the Rights Issue with Warrants.

In the event that the Undertaking Shareholder triggers an obligation to undertake a mandatory take-over offer under the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions pursuant to the Undertaking, a separate announcement will be made. Nonetheless, the Undertaking Shareholder has confirmed that he will at all times observe and ensure compliance with the provisions of the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions and will seek from the SC the necessary exemptions from undertaking such mandatory take-over offer, if required.

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

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Rule 8.02(1) of the Listing Requirements, which stipulates that a listed corporation must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

The pro forma public shareholding spread under the Minimum Scenario is illustrated as follows:-

Particulars	As at the LPD			After the Rights Issue with Warrants		
	No. of Shares	No. of Shareholders	%	No. of Shares	No. of Shareholders	%
Issued share capital	(1)370,136,325	5,332	100.00	(2)470,136,325	5,332	100.00
Less:						
Director of Sanichi						
- Dato' Sri Dr Pang Chow Huat	10,346,167	1	2.80	110,346,167	1	23.47
Directors of subsidiaries of Sanichi						
- Datin Sri Chen Choon Lee	4,367,718	1	1.18	4,367,718	1	0.93
Person connected and associated to the Directors(3)	-	-	-	-	-	-
Substantial Shareholders of Sanichi						
- Mah Wee Hian @ Mah Siew Kung	29,572,227	1	7.99	29,572,227	1	6.29
- Tan Kim Yin	23,227,725	1	6.28	23,227,725	1	4.94
Person connected and associated to the Substantial Shareholders(4)	3,804,616	1	1.03	3,804,616	1	0.81
Shareholders holding less than 100 Shares	40,186	1,053	0.01	40,186	1,053	0.01
Public shareholding spread	**298,777,686**	**4,274**	**80.72**	**298,777,686**	**4,274**	**63.55**

Notes:-

(1) Based on the 370,136,325 issued Shares as at the LPD.

(2) Based on the 470,136,325 issued Shares after the Rights Issue with Warrants under the Minimum Scenario.

(3) Person connected and associated to the Director is Datin Sri Chen Choon Lee (spouse of Dato' Sri Dr Pang Chow Huat) which has been accounted for under directors of subsidiaries of Sanichi.

(4) Being the spouse of Tan Kim Yin. The other person connected and associated to the Substantial Shareholder is Datin Sri Chen Choon Lee (spouse of Dato' Sri Dr Pang Chow Huat) which has been accounted for under directors of subsidiaries of Sanichi.

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 6 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 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 E 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 E 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 E 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 E 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 E 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 E 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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Company No. 661826-K

5. STATUS OF LAST FUND RAISING EXERCISE

On 29 July 2016, Sanichi completed a rights issue of shares with warrants exercise ("**Previous Rights Issue with Warrants**"), which raised a total of RM62.95 million.

The status of utilisation of the proceeds from the abovementioned rights issue of shares with warrants as at the LPD is as below:-

Proposed utilisation of proceeds	Proposed utilisation	Actual utilisation	Balance available for utilisation	Timeframe for utilisation from completion of the Previous Rights Issue with Warrants
	RM'000	RM'000	RM'000	
(i) Completing the construction of a factory building(1)	5,500	5,500	-	-
(ii) Expansion of production capacity	6,000	6,000	-	-
(iii) Marketing expenses	4,000	4,000	-	-
(iv) Acquisition of properties for investment (2)	36,000	-	36,000	(3)By 31 December 2019
(v) Acquisition and/or investment in other complementary businesses	4,957	4,957	-	-
(vi) Working capital	5,493	5,493	-	-
(vii) Estimated expenses	1,000	1,000	-	-
Total	**62,950**	**26,950**	**36,000**	

Notes:-

(1) The construction works for a factory building located at PLO136, Jalan Cyber 5, Kawasan Perindustrian Fasa 3, 81400 Senai, Johor Darul Takzim has been completed in the first quarter of 2018. The Company intends to utilise the factory for its precision moulding and tooling manufacturing business. The Company is in the midst of obtaining approvals from relevant authorities for the issuance of the factory building's certificate of fitness for occupation.

(2) As disclosed in the Company's circular to its shareholders dated 10 March 2016, the Company intended to acquire up to 3 units of grade A office units in GSH Plaza, Singapore and/or 2 adjoining 10-storey office blocks located at the intersection of Jalan Ampang and/or Jalan Tun Razak and an entire floor of office suites in Vertical II, Bangsar South.

The Company is in the midst of assessing commercial and financial feasibility of the properties. Upon finalisation of property to be acquired for investment, the Company will make the necessary announcement(s) as provided for in the Listing Requirements and seek for Shareholders' approval and/or other regulatory bodies' approval, if required.

Pending the identification and finalisation of properties to be invested in, the unutilised proceeds are being placed in interest-bearing bank deposits and/or money market financial instruments.

(3) As announced on Bursa Securities on 15 November 2018, the Board has resolved to extend the timeframe for the utilisation of proceeds for the acquisition of properties for investment to 31 December 2019. Any further extension shall be announced accordingly and Sanichi will continue to disclose the status of the utilisation in the Company's quarterly results and annual reports until it is fully utilised.

6. UTILISATION OF PROCEEDS

Based on the issue price of RM0.10 per Rights Share, the gross proceeds to be raised from the Rights Issue with Warrants will be utilised in the following manner:-

Proposed utilisation of proceeds	Expected timeframe for utilisation from receipt of proceeds	Minimum Scenario (RM'000)	[(1)]Base Case Scenario (RM'000)	[(1)]Maximum Scenario (RM'000)
(i) Property development activities	Within 36 months	8,000	60,000	84,000
(ii) Working capital	Up to 12 months	2,000	13,107	16,309
(iii) Estimated expenses in relation to the Rights Issue with Warrants	Immediate	[(2)]-	[(3)]920	[(3)]920
Total		**10,000**	**74,027**	**[(4)]101,229**

Notes:-

(1) The proceeds in excess of the RM8 million under the Minimum Scenario shall be utilised up to its respective allocation in the following order:-

(i) estimated expenses in relation to the Rights Issue with Warrants;
(ii) property development activities; and
(iii) working capital.

(2) Under the Minimum Scenario, the estimated expenses in relation to the Rights Issue with Warrants will be funded by the Company's internally generated funds.

(3) If the actual expenses incurred are higher than the budgeted amount of RM920,000, 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.

(4) The Board wishes to highlight that the illustrative amount of up to approximately RM101.2 million that will be raised under the Maximum Scenario is based on the assumption that all the outstanding Convertible Securities are exercised into new Shares prior to the Entitlement Date.

The Board is of the view that, based on the timeline for implementation of the Rights Issue with Warrants, it is unlikely for all the outstanding Convertible Securities to be exercised prior to the Entitlement Date in view that the remaining tenures, exercise price and last transacted market price of the Convertible Securities on the LPD are as follows:-

Convertible Securities	Maturity / Expiry date	Remaining tenure	Exercise price (RM)	Last transacted market price of Convertible Securities on the LPD (RM)	Last transacted market price of the Shares on the LPD (RM)
Warrants C	24 September 2019	10 months	0.63	0.005	0.12
Warrants D	21 July 2019	8 months	0.30	0.010	0.12

(i) Property development activities

The Group diversified into property development and property investment in June 2014. Since then, it has been continuously on the lookout for viable investment opportunities, both in Malaysia and overseas. This is in line with the Company's strategic plan to augment its property development and property investment business.

As landbanking activity is opportunistic, the Company needs to be in a state of readiness and have access to financial resources in order to capitalise on strategic opportunities, as and when they arise. Malaysia currently has a property overhang situation as set out in Section 8.5 of this Abridged Prospectus. As such, the Rights Issue with Warrants will provide the Company with a funding avenue to acquire landbank at a lower pricing due to the current property overhang situation. This allows the Group more room to price its future development projects at an attractive pricing and this could potentially yield higher returns during any future upcycle in the local property market.

The Group plans to utilise the proceeds to be raised from the Rights Issue with Warrants mainly to identify and acquire landbank at strategic locations in Malaysia and/or entering into joint venture with third party land owner(s) to jointly develop on the land to share a percentage of the development profit with the land owner(s).

Upon acquiring suitable landbank, the Group plans to undertake the development of the landbank which may be a residential / commercial / mixed development project or any other type of development that can only be determined by the Group later based on its assessment on the feasibility of the development project. The Group currently has an existing landbank measuring approximately 8,672 square meter located in Klebang, Melaka, which is currently under development for the Group's freehold mixed development project, Marina Point.

The proceeds of up to RM84 million will be utilised to finance the Company's future property development activities in the following manner:-

Property development activities	Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)
Acquisition of landbank and/or entering into joint venture with third party land owner(s) for the development of land(1)	8,000	24,000	33,600
Preliminary costs(2)	-	6,000	8,400
Property development costs(3)	-	30,000	42,000
Total	**8,000**	**60,000**	**84,000**

Notes:-

(1) The Group has estimated a budget for its future property development activities based on a specific GDV target. The typical land cost for undertaking a development project with a GDV of RM240 million is RM24 million i.e. 10% of the GDV. Likewise, a similar project with a bigger GDV of RM336 million will typically require a land cost of RM33.6 million.

Depending on the eventual amount of proceeds raised from the Rights Issue with Warrants, the Group may adjust its GDV target and budget accordingly. In doing so, the Group will also take into consideration other factors including, amongst others, property market conditions, location of the landbank to be identified, feasibility of the development project and regulatory requirement.

The Group may also consider entering into joint venture with third party land owner(s) to jointly develop the land and share a percentage of the development profit with the land owner(s), should the opportunity arises.

(2) Preliminary costs include professional fees for the design and planning of the development project and any other associated cost involved during the design and planning stage.

(3) Property development costs include, amongst others, construction cost, infrastructure and landscape, marketing and project management costs as well as contingencies. At this juncture, the Group is not able to estimate the breakdown of the property developments costs as it will depend on the Group's assessment on the feasibility of the development project upon identifying the landbank at the relevant time.

While the Group may adjust its GDV target and budget, there may still be a shortfall between the eventual amount of proceeds raised from the Rights Issue with Warrants and the Group's funding requirement. Such shortfall shall be funded via internally generated funds and/or bank borrowings. The exact funding breakdown cannot be determined at this juncture as it will depend on the eventual amount of proceeds raised from the Rights Issue with Warrants as well as the availability and suitability of the various funding options at the relevant time.

As at the LPD, the Company is still in the midst of identifying suitable landbank for acquisition. Pending the identification of landbank to be acquired, the Company will place the unutilised cash proceeds in interest-bearing bank deposits and/or money market financial instruments under a separate bank account from the other proceeds allocated for Sections 6(ii) and 6(iii) of this Abridged Prospectus. Any form of utilisation from this account shall be subject to the approval of the Audit Committee. The status of utilisation will also be reported in the quarterly financial results announcements as well as annual reports of the Company.

The Company will make the necessary announcement(s) as provided for in the Listing Requirements as and when it has entered into any agreement to acquire landbank or joint venture with third party land owners. In the event that approvals from the Shareholders and/or other regulatory authorities are required, the necessary approvals will be sought.

If the Company is unable to identify any suitable landbank for acquisition within 3 years from completion of the Rights Issue with Warrants, the Company shall undertake a capital reduction and repayment exercise to distribute the unutilised proceeds back to Shareholders. In such an event, the Company shall seek the necessary approvals from Shareholders and/or other relevant authorities to effect the capital reduction and repayment exercise.

(ii) Working capital

The balance proceeds of up to RM16.3 million will be utilised for working capital requirements of the Group in the following manner:-

Working capital	Percentage allocation	Allocation		
		Minimum Scenario (RM'000)	Base Case Scenario (RM'000)	Maximum Scenario (RM'000)
Purchase of steel (main raw material) and other loose components including but not limited to water manifolds, connectors, plugs and hydraulic cylinders. These materials and components are used for the fabrication of precision moulds and tooling used for plastic injection moulding	60	1,200	7,864	9,785
Fees to statutory bodies, utilities, staff salaries, rental costs, value added tax, transportation costs, marketing costs and other miscellaneous items	40	800	5,243	6,524
Total	**100**	**2,000**	**13,107**	**16,309**

(iii) Estimated expenses in relation to the Rights Issue with Warrants

The breakdown of the estimated expenses is set out as follows:-

Estimated expenses	Amount (RM'000)
Professional fees(1)	650
Fees to Bursa Securities, the SC and the Registrar of Companies in Malaysia	120
Printing, despatch, advertising expenses and meeting expenses	125
Miscellaneous charges	25
Total	**920**

Note:-

(1) Comprises estimated professional fees payable to the Principal Adviser, Company Secretary, Share Registrar, Solicitors, Independent Market Researcher and Reporting Accountants for the Rights Issue with Warrants.

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

The exact quantum of proceeds that may be raised by the Company from the exercise of the Warrants E would depend on the actual number of Warrants E exercised as well as the exercise price of the Warrants E, which shall be determined by the Board at a later date. The proceeds from the exercise of the Warrants E will be received on an "as and when basis" over the tenure of the Warrants E.

Strictly for illustrative purposes, based on the exercise price of RM0.10 per Warrant E, the Company will raise gross proceeds of up to approximately RM50.6 million upon full exercise of the Warrants E under the Maximum Scenario. Any proceeds arising from the exercise of the Warrants E in the future will be used to finance the Group's future working capital requirements including those disclosed in Section 6(ii) above. The exact breakdown cannot be determined at this juncture and would be dependent on the actual requirements at the relevant time.

7. RISK FACTORS

You should carefully consider, in addition to the other information contained in this Abridged Prospectus, the following risk factors before subscribing for or investing in the Rights Issue with Warrants:-

7.1 Risks relating to the Group

7.1.1 Risks relating to the Group's design and fabrication of precision moulds and tooling business

(i) Business risks

The Group currently focus on the design and fabrication of precision moulds for automotive segment. It is subject to the risks inherent to the manufacturing and automotive 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 business operations of the Group is also susceptible to operational risks such as breakdown of equipment and machinery and accidents involving operation facilities and personnel, which may result in delays in the completion of orders and/or cost overruns.

There will be no assurance that any changes to the risks associated with the industries will not have an adverse effect on the Group's business operations and financial performance.

(ii) 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.

(iii) Foreign exchange risks

The Group is exposed to foreign exchange risks as its export sales (98% of revenue for 18-Month FPE 31 December 2017) are mainly denominated in USD and EUR whilst its purchases are mainly denominated in RM.

The Group's exposure to foreign exchange risk are set out as follows:-

	18-Month FPE 31 December 2017 RM'000	From 31 December 2017 up to the LPD RM'000
Export revenue transacted in:-		
- USD	15,293	3,865
- EUR	18,893	15,913
- Thai Bhat[(1)]	1,103	-
Total export revenue in USD, EUR and Thai Baht	**35,289**	**19,778**
Total revenue	**35,894**	**19,790**
% of USD, EUR and Thai Baht export revenue over total revenue	98.3%	99.9%

Note:-

(1) Prior to the cessation of its operations in Thailand in November 2017 through its wholly-owned subsidiary, Sanichi Mould (Thailand) Co., Ltd, the Group used 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 EUR, the occurrence of which may affect the financial performance and position of the Group.

(iv) Dependence on skilled personnel

The Group's fabrication and tooling business requires a large pool of skilled personnel across the entire manufacturing process from designers at the mould design stage to skilled machine operators at the manufacturing stage. As such, any material loss of production workers or the Group's inability to replace and/or recruit workers may have a material and adverse impact on the Group's business operations and/or its growth prospects.

7.1.2 Risks relating to the Group's property development and property investment business

(i) Performance of the property market

Currently, the Group's development project is for residential and commercial purposes. As such, the performance of the Group's property development business is largely dependent on the performance of the property market. In turn, this is affected by, amongst others, fluctuation in cost of raw materials, availability of labour, drop in demand for residential and commercial properties, changes in general economic and business conditions, renegotiations or nullification of existing contracts and changes in the legal and environmental framework within which the industry operates.

Any adverse developments affecting the property market may have an adverse impact on the performance of the property development industry and in turn, have an adverse impact on the Group's business operations and financial performance.

(ii) Delay in commencement and completion of project

The timely commencement and completion of the development project are dependent on various factors, this includes, the work performance of the appointed building contractors and consultant, the timing of approval from authorities, land offices, local councils and other parties, timely hiring of sufficient number of workforce and procurement of raw materials as well as timely delivery of works by third party contractors.

Any non-performance or unsatisfactory performance by third party contractors may disrupt the progress and/or quality of the project which may lead to claims, penalties and negative reputation. This will have an adverse effect on the Group's business operations and financial performance.

If any of the above circumstances happen or occur for a prolonged period and/or non-performance or unsatisfactory performance by third party contractors, the progress and /or quality of the project which may have adverse effect on the Company's business operations and financial performance.

(iii) Cost overruns

The Group carries out internal cost and budgeting estimates of building materials, subcontracting costs and overheads based on the indicative pricings given by our suppliers and subcontractors, as well as the Group's own estimates of costs for its development projects.

However, incorrect estimations of costs may arise during the budgeting or costing stage due to unforeseen circumstances. Such events may include adverse soil conditions, unfavourable weather conditions or unanticipated construction constraints at the worksite or fluctuations in prices of raw materials and subcontractors' services, additional costs which are not previously factored into the costing. In such instances, our financial performance may be adversely affected.

(iv) Competitive property development business

The Group faces competition from both international and local property developers with respect to factors such as location, facilities and supporting infrastructure, services and pricing. Competition between property developers may result in increased costs for land acquisition and an oversupply of new properties as well as lower selling prices. Therefore, strong competition from other property developers may have an adverse effect on the business, financial condition, results of operations and prospects of the Group.

7.2 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 such as rapid economic decline or a major natural disaster, which is beyond the control of the Company and the Principal Adviser.

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 and if any such monies is not repaid within 14 days after it becomes liable, the Company and its officers shall be liable to return such money with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

In the event that the Rights Issue with Warrants is cancelled after the Rights Shares and Warrants E 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 creditors (where applicable) and may require the confirmation of the High Court of Malaya. In such an event, there can be no assurance that such monies can be returned 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 and the outlook of the industry in which the Company operates in. In view of this, there can be no assurance that the Shares (together with the Rights Shares and any new Shares issued pursuant to the exercise of the Warrants E) 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 E are new instruments issued by the Company. Therefore, there can be no assurance that an active market for the Warrants E will develop upon listing on Bursa Securities, or if developed, will be sustainable. In addition, there is no assurance that the Warrants E will be "in-the-money" during the Exercise Period.

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

(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.

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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.

8. INDUSTRY OVERVIEW AND PROSPECTS

8.1 Malaysian economy

The Malaysian economy expanded at a slower pace of 4.5% in the second quarter of 2018 (1Q 2018: 5.4%). Growth was slower on account of supply disruptions in the mining sector and lower agriculture production. The latter is due to supply constraints and adverse weather conditions. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.3% (1Q 2018: 1.4%).

Domestic demand recorded a stronger growth of 5.6% (1Q 2018: 4.1%), as the higher private sector activity (7.5%; 1Q 2018: 5.2%) more than offset the decline in public sector spending (-1.4%; 1Q 2018: -0.1%).

On the supply side, growth was affected by commodity-specific shocks. Major economic sectors, notably the services and manufacturing sectors (77.5% of GDP), remained supportive of growth.

Growth in the services sector was sustained during the quarter, driven primarily by the wholesale and retail trade sub-sector arising from increased household spending following the zerorisation of the GST rate. Growth was further supported by the information and communication sub-sector, following continued strong demand for data communication services. Growth in the finance and insurance sub-sector was driven by continued strength in lending activity.

The manufacturing sector grew at a more moderate pace supported by continued strength in the electronics and electrical (E&E), consumer- and construction-related clusters. This can be attributed to the continued demand from fast growing semiconductor segments (e.g. automotive and Internet of Things (IoT)), and the zerorisation of the GST rate. These gains partly offset the slower performance in the primary-related cluster which was affected by the commodity-specific shocks upstream.

Growth in the construction sector continued to moderate in the second quarter. In the civil engineering sub-sector, growth was supported by the ongoing transportation, petrochemical and power plant projects. In the residential and non-residential sub-sectors, growth continued to decline. The development partly reflected the significant number of unsold residential properties and oversupply of office spaces and shopping complexes.

The Malaysian economy continued to expand in the first half of 2018. Private sector activity remained firm. Going forward, growth is expected to be broadly sustained, supported mainly by private sector spending.

(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2018, BNM)

8.2 Global economy

In 2017, the global economy improved by registering a commendable growth of 3.7% as compared to 3.3% in 2016. The growth in the world output was mainly supported by growth in the advanced economies as well as emerging and developing economies.

Moving forward, the global economy is set to continue at a steady growth in the near future. World output is projected to grow by 3.7% in 2018 and 2019 respectively. The projected economic growth in the advanced economies as well as the emerging markets and developing countries are expected to provide the impetus for the strengthening of the global economy. However, there is a need for policymakers to implement structural reforms to sustain or drive growth. Downside risks such as tightening of financial conditions, rising trade costs and slow implementation of reforms may have a softening impact to the global growth. In addition, more pronounced downside risks since April 2018 includes the rising trade barriers with the US imposing tariffs on a wide range of imports and the retaliatory actions by trading partners which may disrupt global supply chain continues to be a concern to the global economy.

(Source: Independent market research report dated 29 October 2018 prepared by Protégé Associates)

8.3 Plastic injection mould fabrication industry in Malaysia

The mould and die industry in Malaysia is a sub-industry under the engineering support industry. Along with other sub-industries such as the machining, metal casting and surface engineering industries, the Malaysian engineering support industry has experienced rapid development over the past three decades in tandem with the overall growth of the local manufacturing sector.

In Malaysia, increasing demand for locally manufactured parts and components has boosted demand for moulds and dies. As an important industry supporting the manufacturing sector, investment is crucial for the continued expansion of the local mould and die industry. In 2017, the Malaysian Investment Development Authority had approved a total of 11 mould, tools and die projects with investments worth RM80.7 million.

At present, the mould and die industry in Malaysia is moving towards advanced manufacturing technologies to meet demands for large moulds (more than 10 tonnes) in the automotive industry and demands for very precise moulds (less than 5 microns tolerance) for the electrical and electronics and telecommunication industries. Despite the overall growth, the local mould and die industry faces constant pressure to improve performance particularly through the adoption of new or better technology such as using automation to reduce labour intensive activities.

The plastic injection mould fabrication industry which is part of the mould and die industry, shares a close symbiotic relationship with the injection moulded plastic industry. There are two crucial parties in this relationship namely the fabricators and the moulders. The fabricators are primarily involved in the design and fabrication of plastic injection moulds while moulders use the fabricated moulds to manufacture finished or semi-finished parts or components of injection moulded plastic.

Historical Market Size (Revenue) and Growth Forecast for the Plastic Injection Mould Fabrication Industry in Malaysia, 2016-2022

Year	Market size (Revenue) (RM million)	Growth rate (%)
2016	918.7	8.0
2017	996.8	8.5
2018f	1,086.5	9.0
2019f	1,189.7	9.5
2020f	1,296.8	9.0
2021f	1,426.5	10.0
2022f	1,576.3	10.5

CAGR (2018-2022) (base year of 2017): 9.6%
Note: f denotes forecast

Source: Protégé Associates

The mould and die industry in Malaysia, like most local manufacturing-based industries, is sensitive to economic cycles and is heavily affected by the conditions in the global and local economies. Any unfavourable global and local economic conditions may lead to the deterioration of the businesses in the manufacturing-based industries – leading to the delay or cancellation of plans to purchase the finished products (requiring injection moulded plastic products), and in turn affect business activities within the injection moulded plastic products industry and by extension the plastic injection mould fabrication industry.

On the global front, the global economy registered a growth of 3.7% growth for 2017 and International Monetary Fund has projected world output to expand by the same growth rate of 3.7% in 2018 and 2019. On the local front, Malaysia's real GDP expanded by 5.9% in 2017, and is estimated to grow by 5.0% in 2018. Expanding local and global economies can help to boost consumer sentiment and to fuel the consumption of consumer products. As a market relying greatly on its end-user industries, increased business activities would also indicate better demand injection moulded plastic products. As such, the expansion in the global and local economies are expected to have a positive impact on the growth of the local injection moulded plastic products industry and by extension the local plastic injection mould fabrication industry.

The plastic injection mould fabrication industry in Malaysia stood at RM996.8 million in 2017 and is forecast to reach RM1,086.5 million in 2018.

The positive outlook for the local plastic injection mould fabrication industry stems from the expected increase in demand for injection moulded plastic products. The injection moulded plastic products industry is expected to be bolstered by factors such as having diverse end-user industries for injection moulded plastic products as well as expansion in the global economy.

In terms of the market as a whole, Protégé Associates expects the plastic injection mould fabrication industry in Malaysia to expand at a steady pace. The market is projected to continue growing at a forecast CAGR of 9.6% for the 2018 to 2022 period with market size forecast to reach RM1,576.3 million in 2022.

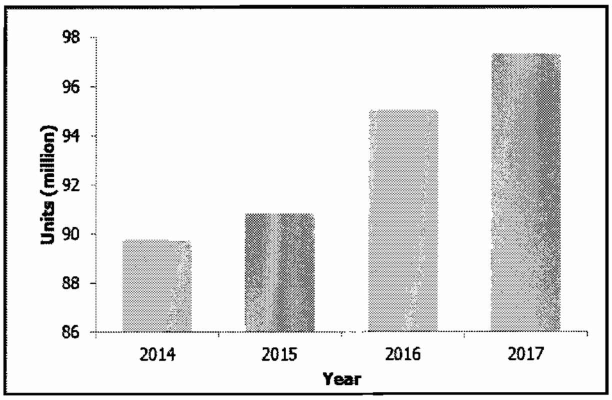
(Source: Independent market research report dated 29 October 2018 prepared by Protégé Associates)

8.4 Global automotive and automotive parts industry

The automotive industry is one of the world's largest manufacturing sectors and has benefited from plastic injection moulding for decades. Various parts and components used in automotive manufacturing are produced using plastic injection moulding. As such, the growth of the global automotive industry is expected to support the injection moulded plastic market and this in turn is also expected to boost the expansion of the plastic injection mould fabrication industry.

The global automotive industry continued to expand in 2017. This is in line with the performance of the global economy which expanded by 3.7% in 2017 as compared to 3.2% in 2016, leading to higher consumer confidence and expenditure. The global motor vehicle output increased 2.4% to 97.3 million units in 2017 from 95.1 million units in 2016. China has continued to provide the leadership in the global automotive industry with over a quarter of shares in the world's motor vehicle output. Figure below depicts the global motor vehicle output from 2014 to 2017.

Global Motor Vehicle Output, 2014-2017



Moving forward, the growth momentum in the global automotive industry is expected to continue in line with the expected sustained growth in the global economy, with global motor vehicle output forecast to reach 100.1 million units in 2018. This figure is forecast to reach 112.3 million units in 2022. China is expected to retain its position as the largest motor vehicle producer in the world – continuing to drive production growth in the global automotive industry.

Driven by the global automotive industry, the automotive parts industry is also expected to be on an expansionary track. The global automotive parts industry was estimated at a value of USD1,354.60 billion (equivalent to RM5,481.39 billion based on the conversion rate of USD1=RM4.0465) in 2017 and is forecast to reach USD1,414.20 billion (equivalent to RM5,722.56 billion based on the conversion rate of USD1=RM4.0465) in 2018. Going forward, Protégé Associates expects the global automotive parts industry to continue to grow, reaching USD1,709.16 billion (equivalent to RM6,916.12 billion based on the conversion rate of USD1=RM4.0465) in 2022.

(Source: Independent market research report dated 29 October 2018 prepared by Protégé Associates)

8.5 Property market in Malaysia

In 2017, the Malaysian property market registered a total transaction volume of 311,824, a decline as compared to 320,425 transactions in 2016. The residential property segment continued to dominate market activity in terms of volume, accounting for 62.4% of total transactions, followed by agriculture (22.5%), commercial (7.1%), development land (6.1%) and industrial (1.8%). In 2017, residential properties continued to dominate market activity which accounted for 62.4% and 49.0% of transaction volume and value respectively during that period.

In the first half of 2018 ("**H1 2018**"), the number and value of property transactions dropped as compared to the figures registered in the first half of 2017 ("**H1 2017**"). Total transaction volume during the H1 2018 stood at 149,889 transactions amounting to RM67.74 billion, as compared to 153,526 transactions amounting to RM67.83 billion in the corresponding period in 2017. Residential properties continued to dominate market activity in H1 2018 by accounting for 62.8% of total transactions, followed by agriculture (22.4%), commercial (7.2%), development land (5.9%) and industrial (1.7%).

Residential unit is the leading sub-sector in the local property market in terms of transactions volume and value. The types of property under the residential property sub-sector include single-storey terraced, 2-3 storey terraced, single storey semi-detached, 2-3 storey semi-detached, detached, town house, cluster, low cost house, low cost flat, flat, and condominium or apartment.

This sub-sector accounted for 62.4% of the total property transactions volume and 49.0% of the total property transactions value in 2017. During that year, there were 194,684 residential property transactions valued at approximately RM68.46 billion. There were approximately 5.4 million residential units in Malaysia by the end of 2017 with 480,892 residential units expected to be added to the existing stock and another 448,199 residential units being planned. Meanwhile, Selangor led all the other states and federal territories in terms of existing stock and incoming supply of residential units as at end of 2017, followed by Johor.

As at the end of H1 2018, there were 5.5 million existing residential units in Malaysia with 465,718 residential units expected to be added to the existing stock and another further 458,466 residential units being planned.

The property overhang situation in Malaysia had not improved in the second quarter of 2018. The combined overhang residential, commercial (shops, small office, home office ("**SOHO**") and serviced apartments) and industrial units in H1 2018 stood at 47,367 units, an increase of 27.3% over 37,210 units recorded in H1 2017. It is attributed to various factors including unaffordable prices and less-than-ideal location of the properties involved.

The various cooling measures implemented by the Malaysian Government have also impacted the local property market negatively. These measures include the implementation of a maximum loan-to-value ratio of 70% for the third mortgage and above taken out by a borrower and BNM implementing a maximum tenure of 35 years for financing granted for the purchase of residential and non-residential properties (from 45 years), maximum tenure of 10 years for financial extended for personal use (from 25 years) and prohibition on the offering of pre-approved personal financial products. The Malaysian Government also raised the real property gain tax ("**RPGT**") to 30% for gains on properties disposed of within three years, 20% for four years and 15% for 5 years, imposing 30% RPGT for properties disposed of by non-citizens within five years and 5% for disposals after five years and increasing the minimum price of property that can be purchased by foreigners from RM500,000 to RM1 million.

While there has been an overall decline in the transaction volume and value of properties in Malaysia, the outlook for the property market remains positive in tandem with the expanding Malaysian economy.

Malaysia's real GDP expanded by 5.9% in 2017 and is projected to grow by 5.0% in 2018. During good economic periods, the general population can expect better access to more job opportunities and salary growth, and this will accordingly provide them with greater propensity to purchase, upgrade or invest in properties. In addition, all the key stakeholders within the market in Malaysia namely existing borrowers (for purchasing property), contractors and property developers generally rely heavily on financing for various purposes such as purchasing property, working capital and capital expenditure. These stakeholders have been enjoying a favourable interest rate environment in Malaysia over the past years. The overnight policy rate in Malaysia has been relatively stable and it has only been hovering between 2.75% to 3.25% since 2011.

The Malaysian property market is also expected to benefit from government-led initiatives and spending particularly on various infrastructure projects and affordable housing schemes. These infrastructure projects are expected to increase the connectivity between various locations and are expected to bode well for the development of the local property market. Some of the ongoing or planned transportation infrastructure projects include the Johor Bahru-Singapore Rapid Transit System, the Mass Rapid Transit Line 2, the Light Rail Transit Line 3 as well as the Pan Borneo Highway in Sabah and Sarawak. While some of the cost of these projects have been rationalised under the mid-term review of the 11th Malaysia Plan 2016-2020 ("**11MP**"), construction activities for these projects are still expected to be sustained.

The affordable housing measures by the government are also expected to support the local property market. As announced in the mid-term review of the 11MP, 200,000 affordable homes are targeted to be built in the remaining 11MP period (in 2018 to 2020), including programmes by federal and state government agencies as well as private developers. At the same time, property developers have been offering various promotional activities and incentives to boost property sales.

The Malaysian Government is also in the midst of developing a new National Housing Policy that is expected to be announced by end of 2018. The new National Housing Policy is expected to drive the supply of cheaper and more comfortable homes for the Bottom 40% (B40) and the Middle 40% (M40) households. The new National Housing Policy will also likely address the definition of affordable housing, the current house price and the future building concept, size and amenities to be incorporated in public and private housing schemes.

Property developers as well as potential property buyers and sellers are waiting for more clarity in terms of new policies and action plans related to the property market as well as the construction industry that will be introduced by the Malaysian Government. Such announcements can set a clear tone on the direction of the property market in the coming years. Total property transactions in Malaysia in terms of volume and value are expected to be lower in 2018 as compared to the figures registered in 2017. However, the continuing expansion in the local economy can drive positive consumer and business sentiment that can help to boost demand for properties in Malaysia. In addition, the current low interest rate environment as well as various government-led initiatives and spending are expected to support the growth of the local property market.

(Source: Independent market research report dated 29 October 2018 prepared by Protégé Associates)

8.6 Prospects and future plans of the Group

Sanichi is principally engaged in investment holdings, designing and fabrication of precision moulds and tooling for use in automotive industry as well as property investment and development.

As a significant percentage of the Group's manufacturing clientele base is based in the United States and Europe (approximately 87.1% of the Group's audited revenue for the 18-month FPE 31 December 2017), the economic recoveries in the United States and Europe have had a positive impact on the Group's financial performance in recent years. Riding on the prospect and outlook of the world's automotive industry as set out above as well as the Group's established strong track record with its overseas automotive manufacturers, the Group expects its revenue to be generated from its manufacturing business to improve further.

The Group had acquired additional machines using the proceeds raised from its previous renounceable rights issue with warrants exercise (completed on 29 July 2016) in 2016 to support the increased level of its mould manufacturing operations. The additional machines were purchased to meet the demand of the Group's orders as well as to reduce its reliance on third party subcontractors, hence improving the Group's profit margin. Additionally, the construction works for a factory building located adjacent to the Group's current production facility has been completed in the first quarter of 2018 and is in the midst of obtaining the factory building's certificate of fitness for occupation. The Group expects that the commissioning of the additional factory will allow the Group to cater for any increase in demand for its products.

The Group has diversified into property development and investment business in June 2014 to broaden its revenue by reducing its reliance on its manufacturing business. The Group's first maiden property development project, Marina Point located at Klebang, Melaka has commenced construction in January 2017 and is expected to complete in the fourth quarter of 2019. Marina Point is a freehold mixed development project with a GDV of RM180 million comprising 121 mall retail units and 352 small office, home office units. The project was launched in November 2016 and it has sold 77% of its units up to the LPD.

To further expand its property development and property investment business, the Group plans to utilise the proceeds to be raised from the Rights Issue with Warrants mainly to identify and acquire landbank at strategic locations in Malaysia and/or entering into joint venture with third party land owner(s) to jointly develop on the land to share a percentage of the development profit with the land owner(s). As landbanking activity is opportunistic, the Company needs to be in a state of readiness and have access to financial resources in order to capitalise on strategic opportunities, as and when they arise. In view of the property overhang situation in Malaysia currently as set out in Section 8.5 above, the Company expects to be able to capitalise on this opportunity to acquire landbank at a lower price and undertake the development of such land during any future upcycle in the local property market. The proceeds from the Rights Issue with Warrants will provide the Group with the necessary financial resources required for the landbank acquisition and provide it a stronger position to negotiate for the funding of landbank acquisition, as and when the opportunities arise.

Upon acquiring suitable landbank, the Group plans to undertake a proposed development project to be assessed and identified that may generate an estimated GDV that ranges from RM240 million to RM336 million, depending on the eventual amount of proceeds raised from the Rights Issue with Warrants. Please refer to Section 6(i) for further details. The acquisition of landbank is expected to provide a long-term revenue source for the Group by locking the acquisition cost of the land at current price. Further, the successful development of the proposed development project is also expected to further improve the financial performance of the Group.

Premised on the growth prospect of the plastic injection mould fabrication, global automotive and automotive parts as well as property market industries as outlined above, the Group is optimistic that the outlook of these business will be positive in the future.

9. EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

9.1 Share capital

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

	Minimum Scenario		Base Case Scenario		Maximum Scenario	
	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	370,136,325	120,542,126	370,136,325	120,542,126	370,136,325	120,542,126
To be issued assuming full exercise of the Warrants C	-	-	-	-	(1)40,627,286	(1)34,869,320
To be issued assuming full exercise of the Warrants D	-	-	-	-	(2)95,378,910	(2)37,197,775
Enlarged issued share capital after full exercise of outstanding Convertible Securities	370,136,325	120,542,126	370,136,325	120,542,126	506,142,521	192,609,221
To be issued pursuant to the Rights Issue with Warrants	100,000,000	(3)10,000,000	740,272,650	(3)74,027,265	1,012,285,042	(3)101,228,504
Enlarged issued share capital after completion of the Rights Issue with Warrants	470,136,325	130,542,126	1,110,408,975	194,569,391	1,518,427,563	293,837,725
To be issued assuming full exercise of the Warrants E	50,000,000	(4)7,900,000	370,136,325	(4)58,481,539	506,142,521	(4)79,970,518
Enlarged issued share capital	**520,136,325**	**138,442,126**	**1,480,545,300**	**253,050,930**	**2,024,570,084**	**373,808,243**

Notes:-

(1) Assuming the Warrants C are exercised at an exercise price of RM0.63 each and after accounting for the reversal of RM9.2 million from the warrants reserve.

(2) Assuming the Warrants D are exercised at an exercise price of RM0.30 each and after accounting for the reversal of RM8.6 million from the warrants reserve.

(3) Based on the issue price of RM0.10 per Rights Share.

(4) Based on the exercise price of RM0.10 per Warrants E and after accounting for the reversal of RM2.9 million, RM21.5 million, RM29.4 million from the warrants reserve under the Minimum Scenario, Base Case Scenario and Maximum Scenario respectively,

9.2 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 31 December 2017 (RM'000)	(I) After adjusting for subsequent events[2] (RM'000)	(II) After (I) and Rights Issue with Warrants[3][4] (RM'000)	(III) After (II) and assuming full exercise of the Warrants E[5] (RM'000)
Share capital	107,451	120,542	130,542	138,442
Reserves[1]	83,462	76,318	75,398	72,498
Shareholders' equity / NA	190,913	196,860	205,940	210,940
Non-controlling interests	(5)	(5)	(5)	(5)
Total equity	**190,908**	**196,855**	**205,935**	**210,935**
No. of Shares in issue ('000)	312,118	370,136	470,136	520,136
NA per Share (RM)	0.61	0.53	0.44	0.41
Total borrowings (RM'000)	1,866	1,861	1,861	1,861
Gearing (times)	0.01	0.01	0.01	0.01

Notes:-

(1) Reserves include ESOS reserve, equity component of ICULS, foreign currency translation reserve, warrants reserve and retained earnings.

(2) The details of the adjustments are set out in Appendix III of this Abridged Prospectus. The adjustments were made for the following:-

(i) the conversion of ICULS with nominal value of RM579,268 into 919,473 new Shares at a conversion price of RM0.63 for 1 new Share from 3 January 2018 up to its maturity date on 20 March 2018;

(ii) the expiry of Warrants B on 13 March 2018;

(iii) a total of 45,099,300 Options granted to eligible employees from 8 January 2018 up to the LPD;

(iv) the issuance of new 12,000,000 Shares, 24,187,500 Shares and 20,911,800 Shares at an issue price of RM0.101, RM0.112 and RM0.10 per Share respectively pursuant to the exercise of 57,099,300 Options from 23 January 2018 up to 21 March 2018;

(v) the acquisition of an aircraft for a cash consideration of RM9.83 million on 22 March 2018. The acquisition of aircraft has been completed on 22 March 2018;

(vi) the acquisition of 50.0001% equity interest in Bina Bicara Sdn Bhd for a cash consideration of RM500,000 on 6 April 2018. The acquisition of this subsidiary has been completed on even date; and

(vii) the acquisition of 70% equity interest in Persada Ternama Sdn Bhd for a cash consideration of RM8 million on 10 April 2018. The acquisition of this subsidiary has been completed on even date.

(3) Based on the minimum subscription level of 100,000,000 Rights Shares at an issue price of RM0.10 per Rights Share together with 50,000,000 Warrants E.

(4) After accounting for the warrants reserve of RM2.9 million based on the issuance of 50,000,000 Warrants E at an allocated fair value of RM0.058 per Warrant E and after deducting estimated expenses incidental to the Rights Issue with Warrants of RM920,000.

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

Base Case Scenario

Group level	Audited as at 31 December 2017 (RM'000)	(I) After adjusting for subsequent events[2] (RM'000)	(II) After (I) and Rights Issue with Warrants[3][4] (RM'000)	(III) After (II) and assuming full exercise of the Warrants E[5] (RM'000)
Share capital	107,451	120,542	194,569	253,051
Reserves[1]	83,462	76,318	75,398	53,930
Shareholders' equity / NA	190,913	196,860	269,967	306,981
Non-controlling interests	(5)	(5)	(5)	(5)
Total equity	**190,908**	**196,855**	**269,962**	**306,976**
No. of Shares in issue ('000)	312,118	370,136	1,110,409	1,480,545
NA per Share (RM)	0.61	0.53	0.24	0.21
Total borrowings (RM'000)	1,866	1,861	1,861	1,861
Gearing (times)	0.01	0.01	0.01	0.01

Notes:-

(1) Reserves include ESOS reserve, equity component of ICULS, foreign currency translation reserve, warrants reserve and retained earnings.

(2) After adjusting for the following:-

(i) the conversion of ICULS with nominal value of RM579,268 into 919,473 new Shares at a conversion price of RM0.63 for 1 new Share from 3 January 2018 up to its maturity date on 20 March 2018;

(ii) the expiry of Warrants B on 13 March 2018;

(iii) a total of 45,099,300 Options granted to eligible employees from 8 January 2018 up to the LPD;

(iv) issuance of new 12,000,000 Shares, 24,187,500 Shares and 20,911,800 Shares at an issue price of RM0.101, RM0.112 and RM0.10 per Share respectively pursuant to the exercise of 57,099,300 Options from 23 January 2018 up to 21 March 2018;

(v) the acquisition of an aircraft for a cash consideration of RM9.83 million on 22 March 2018. The acquisition of aircraft has been completed on 22 March 2018;

(vi) the acquisition of 50.0001% equity interest in Bina Bicara Sdn Bhd for a cash consideration of RM500,000 on 6 April 2018. The acquisition of this subsidiary has been completed on even date; and

(vii) the acquisition of 70% equity interest in Persada Ternama Sdn Bhd for a cash consideration of RM8 million on 10 April 2018. The acquisition of this subsidiary has been completed on even date.

(3) Based on the full subscription of 740,272,650 Rights Shares at an issue price of RM0.10 per Rights Share together with 370,136,325 Warrants E.

(4) After accounting for the warrants reserve of RM21.5 million based on the issuance of 370,136,325 Warrants E at an allocated fair value of RM0.058 per Warrant E and after deducting estimated expenses incidental to the Rights Issue with Warrants of RM920,000.

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

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Maximum Scenario

Group level	Audited as at 31 December 2017 (RM'000)	(I) After adjusting for subsequent events[2] (RM'000)	(II) After (I) and assuming full exercise of all outstanding Convertible Securities[3] (RM'000)	(III) After (II) and Rights Issue with Warrants[4][5] (RM'000)	(IV) After (III) and assuming full exercise of the Warrants E[6] (RM'000)
Share capital	107,451	120,542	192,609	293,838	373,808
Reserves[1]	83,462	76,318	58,460	57,540	28,184
Shareholders' equity / NA	190,913	196,860	251,069	351,378	401,992
Non-controlling interests	(5)	(5)	(5)	(5)	(5)
Total equity	**190,908**	**196,855**	**251,064**	**351,373**	**401,987**
No. of Shares in issue ('000)	312,118	370,136	506,143	1,518,428	2,024,570
NA per Share (RM)	0.61	0.53	0.50	0.23	0.20
Total borrowings (RM'000)	1,866	1,861	1,861	1,861	1,861
Gearing (times)	0.01	0.01	0.01	0.01	[7]-

Notes:-

(1) Reserves include ESOS reserve, equity component of ICULS, foreign currency translation reserve, warrants reserve and retained earnings.

(2) After adjusting for the following:-
(i) the conversion of ICULS with nominal value of RM579,268 into 919,473 new Shares at a conversion price of RM0.63 for 1 new Share from 3 January 2018 up to its maturity date on 20 March 2018;
(ii) the expiry of Warrants B on 13 March 2018;
(iii) a total of 45,099,300 Options granted to eligible employees from 8 January 2018 up to the LPD;
(iv) the issuance of new 12,000,000 Shares, 24,187,500 Shares and 20,911,800 Shares at an issue price of RM0.101, RM0.112 and RM0.10 per Share respectively pursuant to the exercise of 57,099,300 Options from 23 January 2018 up to 21 March 2018;
(v) the acquisition of an aircraft for a cash consideration of RM9.83 million on 22 March 2018. The acquisition of aircraft has been completed on 22 March 2018;

(vi) the acquisition of 50.0001% equity interest in Bina Bicara Sdn Bhd for a cash consideration of RM500,000 on 6 April 2018. The acquisition of this subsidiary has been completed on even date; and

(vii) the acquisition of 70% equity interest in Persada Ternama Sdn Bhd for a cash consideration of RM8 million on 10 April 2018. The acquisition of this subsidiary has been completed on even date.

(3) For illustrative purposes only, the outstanding Convertible Securities are assumed to be fully exercised into new Shares prior the Entitlement Date.

(4) Assuming all the Entitled Shareholders and/or their renounces(s) fully subscribe for their respective entitlements at an issue price of RM0.10 per Rights Share.

(5) After accounting for the warrants reserve of RM29.4 million based on the issuance of 506,142,521 Warrants E at an allocated fair value of RM0.058 per Warrant E and after deducting estimated expenses incidental to the Rights Issue with Warrants of RM920,000.

(6) Based on an exercise price of RM0.10 per Warrant E.

(7) Negligible.

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9.3 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 Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants E			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Mah Wee Hian @ Mah Siew Kung	29,572,227	7.99	-	-	29,572,227	6.29	-	-	29,572,227	5.69	-	-
Tan Kim Yin	23,227,725	6.28	-	-	23,227,725	4.94	-	-	23,227,725	4.47	-	-
Dato' Sri Dr. Pang Chow Huat	10,346,167	2.80	(2)4,367,718	(2)1.18	110,346,167	23.47	(2)4,367,718	(2)0.93	160,346,167	30.83	(2)4,367,718	(2)0.84

Notes:-
(1) Based on the issued share capital of 370,136,325 Shares as at the LPD.
(2) Deemed interest pursuant to Section 8 of the Act by virtue of his spouse's shareholdings in the Company.
(3) Based on the enlarged issued share capital of 470,136,325 Shares.
(4) Based on the enlarged issued share capital of 520,136,325 Shares.

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Base Case Scenario

Under the Base Case Scenario, the Undertaking Shareholder, namely Dato' Sri Dr. Pang Chow Huat, will not become a Substantial Shareholder of the Company.

Substantial Shareholders	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants E			
	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	29,572,227	7.99	-	-	88,716,681	7.99	-	-	118,288,908	7.99	-	-
Tan Kim Yin	23,227,725	6.28	-	-	69,683,175	6.28	-	-	92,910,900	6.28	-	-

Notes:-

(1) Based on the issued share capital of 370,136,325 Shares as at the LPD.
(2) Based on the enlarged issued share capital of 1,110,408,975 Shares.
(3) Based on the enlarged issued share capital of 1,480,545,300 Shares.

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Maximum Scenario

Under the Maximum Scenario, the Undertaking Shareholder, namely Dato' Sri Dr. Pang Chow Huat, will not become a Substantial Shareholder of the Company.

Substantial Shareholders	As at the LPD				(I) Assuming full exercise of all outstanding Convertible Securities				(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	(5)%	No. of Shares	(5)%
Mah Wee Hian @ Mah Siew Kung	29,572,227	7.99	-	-	(3)43,291,313	8.55	-	-	129,873,939	8.55	-	-
Tan Kim Yin	23,227,725	6.28	-	-	(4)23,228,612	4.59	-	-	69,685,836	4.59	-	-

Substantial Shareholders	(III) After (II) and assuming full exercise of the Warrants E			
	Direct		Indirect	
	No. of Shares	(6)%	No. of Shares	(6)%
Mah Wee Hian @ Mah Siew Kung	173,165,252	8.55	-	-
Tan Kim Yin	92,914,448	4.59	-	-

Notes:-

(1) Based on the issued share capital of 370,136,325 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 506,142,521 Shares.

(3) Assuming the full exercise of 3,694,958 Warrants C and 10,024,128 Warrants D held by Mah Wee Hian @ Mah Siew Kung as at the LPD.

(4) Assuming the full exercise of 887 Warrants C held by Tan Kim Yin as at the LPD.

(5) Based on the enlarged issued share capital of 1,518,427,563 Shares.

(6) Based on the enlarged issued share capital of 2,024,570,084 Shares.

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9.4 Earnings and EPS

The effects of the Rights Issue with Warrants on the consolidated earnings and EPS of Sanichi for FYE 31 December 2018 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 E.

9.5 Convertible securities

9.5.1 Options

As at the LPD, there are no outstanding Options.

In conjunction with the Rights Issue with Warrants, the Company has undertaken not to grant any further Options from the LPD until the completion of the Rights Issue with Warrants.

9.5.2 Warrants C and Warrants D

As at the LPD, there are 40,627,286 outstanding Warrants C and 95,378,910 outstanding Warrants D in the Company.

The Rights Issue with Warrants will give rise to adjustments to the number and exercise price of the outstanding Warrants C and outstanding Warrants D pursuant to the Deed Poll C and Deed Poll D respectively.

For illustrative purpose only, the adjustments under the Minimum Scenario and Base Case Scenario are illustrated below:-

	Minimum Scenario			Base Case Scenario		
	Existing	Adjustments	After the adjustments	Existing	Adjustments	After the adjustments
Exercise price of Warrants C (RM)	0.63	(0.07)	0.56	0.63	(0.18)	0.45
Exercise price of Warrants D (RM)	0.30	(0.03)	0.27	0.30	(0.08)	0.22
Number of Warrants C	40,627,286	3,521,487	44,148,773	40,627,286	13,542,428	54,169,714
Number of Warrants D	95,378,910	8,267,241	103,646,151	95,378,910	31,792,970	127,171,880

For the avoidance of doubt, the adjustments shall depend on the total number of outstanding Convertible Securities on the Entitlement Date. The notices setting out the details of the above-mentioned adjustments will be despatched to the holders of the Warrants C and Warrants D respectively in due course.

Save for the above, the Company does not have any other outstanding convertible securities as at the LPD.

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

10.1 Working capital

The Board confirmed 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 12 months from the date of this Abridged Prospectus.

10.2 Borrowings

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

Borrowings	Total (RM'000)
Short term borrowings:	
- Finance lease payables	950
Total	**950**

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

10.3 Contingent liabilities

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

10.4 Material commitments

Save as disclosed below, 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.

Items(1)	Amount (RM'000)
Operating lease commitment:	
- Non-cancellable lease on certain commercial and residential units from the property development project	2,752
Capital commitment approved and contracted for:	
- Capital commitment as a result of a property acquisition	1,393
	4,145

Note:-

(1) Both the operating lease commitment and capital commitment approved and contracted for will be financed through the Group's internally generated funds.

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11. 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 E 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.

11.1 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 E that you have been provisionally allotted as well as to apply for Excess Rights Shares with Warrants E 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).

11.2 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.

11.3 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, 6 December 2018**, being the last date and time for the acceptance and payment for the Rights Shares with Warrants E, or such later date and time as the Board may decide and announce not less than 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).

1 RSF must be used for acceptance of the Provisional Allotments standing to the credit of 1 CDS Account. Separate RSFs must be used for the acceptance of Provisional Allotments standing to the credit of more than 1 CDS Account. The Rights Shares with Warrants E 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 E will be given the Warrants E on the basis of 1 Warrant E for every 2 Rights Shares successfully subscribed for. The minimum number of Rights Shares with Warrants E that can be accepted is 2 Rights Shares with 1 Warrant E. However, you should take note that a trading board lot comprises 100 Shares. Fractions of a Rights Share and/or Warrant E 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 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, 6 December 2018** (or such later date and time as the Board may decide and announce not less than 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 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 15 MARKET DAYS FROM THE CLOSING DATE.

ALL RIGHTS SHARES AND WARRANTS E TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES AND THE WARRANTS E 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, 6 December 2018** (or such later date and time as the Board may decide and announce not less than 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 E not validly taken up to applicants applying for the Excess Rights Shares with Warrants E in the manner as set out in Section 11.6 of this Abridged Prospectus.

11.4 Procedures for part acceptance

If you do not wish to accept the Rights Shares with Warrants E 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 E that may be accepted is 2 Rights Shares with 1 Warrant E. Fractions of a Rights Share and Warrant E arising from the Rights Issue with Warrants 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 E 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 11.3 of this Abridged Prospectus.

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

11.5 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 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 E applied for to the Share Registrar. Please refer to Section 11.3 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.

11.6 Procedures for the Excess Rights Shares with Warrants E Application

If you wish to apply for additional Rights Shares with Warrants E 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 E applied for, to our Share Registrar so as to arrive not later than 5.00 p.m. on **Thursday, 6 December 2018**, being the last time and date for Excess Rights Shares with Warrants E Applications and payment (or such later date and time as the Board may decide and announce not less than 2 Market Days before the stipulated date and time).

Payment for the Excess Rights Shares with Warrants E Application(s) must be made in the same manner as set out in Section 11.3 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, 6 December 2018** (or such later date and time as the Board may decide and announce not less than 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 E 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 E, 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 E, taking into consideration their respective shareholdings in the 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 E, 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 E, taking into consideration the quantum of their respective excess application.

The Excess Rights Shares with Warrants E will firstly be allocated to minimise the odd lots (if any) held by each applicant of Excess Rights Shares with Warrants E. Thereafter, the allocation process will perform items (ii), (iii) and (iv) in succession. Any remaining balance of Excess Rights Shares with Warrants E will be allocated by performing the same sequence of allocation i.e. items (ii), (iii) and (iv) again in succession until all Excess Rights Shares with Warrants E are allotted.

Notwithstanding the foregoing, the Board reserves the right to allot any Excess Rights Shares with Warrants E 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 11.6 (i), (ii), (iii) and (iv) above is achieved. The Board also reserves the right to allot any Excess Rights Shares with Warrants E 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.

NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES WITH WARRANTS E 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 8 MARKET DAYS FROM THE CLOSING DATE OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

EXCESS RIGHTS SHARES WITH WARRANTS E 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 E 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 15 MARKET DAYS FROM THE CLOSING DATE.

11.7 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 E and/or payment is the same as that which is applicable to Entitled Shareholders as described in Sections 11.3 to 11.6 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.

11.8 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 E. 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 E shall signify your consent to receiving such Rights Shares with Warrants E as deposited securities that will be credited directly into your CDS Account. No physical certificates will be issued.

All Excess Rights Shares with Warrants E 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 E that you subscribed for will be credited into the CDS Accounts where the Provisional Allotments are standing to the credit.

11.9 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 E 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 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 at 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.

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 E 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 E, 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 E 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 E; 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 E, 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 E.

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 E UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.

12. TERMS AND CONDITIONS

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

13. 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

APPENDIX I - INFORMATION ON THE COMPANY

1. HISTORY AND BUSINESS

Sanichi was incorporated in Malaysia as a public company limited by shares under the Companies Act,1965 on 5 August 2004 and is deemed registered under the Companies Act, 2016. Sanichi commenced operations on 20 June 2006 and was listed on the MESDAQ Market (currently known as ACE Market) of Bursa Securities on 7 September 2006.

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

As at the LPD, the issued share capital of the Company is RM120,542,125.50 comprising 370,136,325 Shares.

Details of the changes in the Company's issued share capital for the last 3 years prior to the date of this Abridged Prospectus are as follows:-

Date of allotment / reclassification	No of Shares allotted	Consideration / Type of issue	Cumulative share capital (RM)
25/3/2016	43,690	Conversion of ICULS	114,454,692.30
4/5/2016	-	Par value reduction via the cancellation of RM0.075 of the par value of every ordinary share of RM0.10 each in the Company	28,613,673.08
22/7/2016	572,273,460	Renounceable right issue with Warrants D	85,841,019.08
14/6/2017	504,966	Conversion of ICULS	85,947,072.08
14/9/2017	5,000,000	Exercise of Options	87,597,072.08
19/9/2017	5,000,000	Exercise of Options	89,247,072.08
26/10/2017	7,812,500	Exercise of Options	91,747,072.08
8/12/2017	8,000,000	Exercise of Options	93,363,072.08
31/12/2017	-	Transfer of the share premium account of RM14,087,736 to the share capital pursuant to the transitional provisions set out in Section 618(2) of the Act	107,450,808.08
3/1/2018	221,025	Conversion of ICULS	107,590,088.76
23/1/2018	36,185,500	Exercise of Options	115,867,463.76

Date of allotment / reclassification	No of Shares allotted	Consideration / Type of issue	Cumulative share capital (RM)
21/3/2018	20,911,800	Exercise of Options	120,102,103.26
28/3/2018	698,448	Conversion of ICULS	120,542,125.50

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Please refer to Section 9.3 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
Dato' Abd Halim bin Abd Hamid *(Chairman / Independent Non-Executive Director)*	69	No. 157, Jalan Titi Hj Idris Pekan Langgar 06500 Alor Setar Kedah	Malaysian	Company Director
Dato' Sri Dr. Pang Chow Huat *(Managing Director)*	44	No 44, Jalan Indah 2/3 Taman Bukit Indah 81200 Johor Bahru Johor	Malaysian	Company Director
Dato' Sri Ahmad Said bin Hamdan *(Non-Independent Non-Executive Director)*	66	No. 3, Jalan Pekaka 8/15F Seksyen 8, Kota Damansara 47810 Petaling Jaya Selangor	Malaysian	Company Director
Ong Tee Kein *(Independent Non-Executive Director)*	61	No. 85, Medan Athinahapan Dua Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Company Director / Accountant

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

Save for Dato' Sri Dr. Pang Chow Huat, none of the Directors have any direct and/or indirect shareholding in the Company as at the LPD.

The pro forma effects of the Rights Issue with Warrants on the shareholding of Dato' Sri Dr. Pang Chow Huat are as follows:-

Minimum Scenario

Director	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants E			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Dato' Sri Dr. Pang Chow Huat	10,346,167	2.80	(2)4,367,718	(2)1.18	110,346,167	23.47	(2)4,367,718	(2)0.93	160,346,167	30.83	(2)4,367,718	(2)0.84

Notes:-
(1) Based on the issued share capital of 370,136,325 Shares as at the LPD.
(2) Deemed interest pursuant to Section 59(11)(c) of the Act by virtue of his spouse's shareholdings in the Company.
(3) Based on the enlarged issued share capital of 470,136,325 Shares.
(4) Based on the enlarged issued share capital of 520,136,325 Shares.

Base Case Scenario

Director	As at the LPD				(I) After the Rights Issue with Warrants				(II) After (I) and assuming full exercise of the Warrants E			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
Dato' Sri Dr. Pang Chow Huat	10,346,167	2.80	(2)4,367,718	(2)1.18	31,038,501	2.80	(2)13,103,154	(2)1.18	41,384,668	2.80	(2)17,470,872	(2)1.18

Notes:-
(1) Based on the issued share capital of 370,136,325 Shares as at the LPD.
(2) Deemed interest pursuant to Section 59(11)(c) of the Act by virtue of his spouse's shareholdings in the Company.

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

(3) Based on the enlarged issued share capital of 1,110,408,975 Shares.
(4) Based on the enlarged issued share capital of 1,480,545,300 Shares.

Maximum Scenario

Director	As at the LPD				(I) Assuming full exercise of all outstanding Convertible Securities				(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	[(3)]%	No. of Shares	[(3)]%	No. of Shares	[(5)]%	No. of Shares	[(5)]%
Dato' Sri Dr. Pang Chow Huat	10,346,167	2.80	[(2)]4,367,718	[(2)]1.18	[(4)]10,596,167	2.09	[(2)(4)]4,367,718	[(2)]0.86	31,788,501	2.09	[(2)]13,103,886	[(2)]0.86

Director	(III) After (II) and assuming full exercise of the Warrants E			
	Direct		Indirect	
	No. of Shares	[(6)]%	No. of Shares	[(6)]%
Dato' Sri Dr. Pang Chow Huat	42,384,668	2.09	[(2)]17,471,848	[(2)]0.86

Notes:-
(1) Based on the issued share capital of 370,136,325 Shares as at the LPD.
(2) Deemed interest pursuant to Section 59(11)(c) of the Act by virtue of his spouse's shareholdings in the Company.
(3) Based on the enlarged issued share capital of 506,142,521 Shares.
(4) Assuming the full exercise of 250,000 Warrants D held by Dato' Sri Dr. Pang Chow Huat and 244 Warrants C held by his spouse as at the LPD.
(5) Based on the enlarged issued share capital of 1,518,427,563 Shares.
(6) Based on the enlarged issued share capital of 2,024,570,084 Shares.

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, Sanichi does not have any associated companies. The Company's subsidiaries as at the LPD are as follows:-

Company	Date and place of incorporation	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	Ceased operations
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	Dormant
Sanichi Capital Sdn Bhd	29 July 2016; Malaysia	RM400,000	100	Dormant
Bina Bicara Sdn Bhd	6 March 2018; Malaysia	RM1,000,000	50.001	Property investment and development and money remittance services business
Persada Ternama Sdn Bhd	1 April 2013; Malaysia	RM100,000	70	Property investment and development
Asia Glare Pte. Ltd.	20 July 2016; Singapore	SGD100	100	Dormant
Majestic International Limited	23 October 2016; United Arab Emirates	AED10,000	100	Dormant
Held by Sanichi Capital Sdn Bhd				
Air King Inc	3 March 2018; United States of America	USD1,000	100	Leasing of aircraft

6. PROFIT AND DIVIDEND RECORD

The profit and dividend records based on the audited consolidated financial statements of the Group for the FYE 30 June 2015, FYE 30 June 2016 and 18-month FPE 31 December 2017 as well as the unaudited 9-month FPEs 30 September 2017 and 30 September 2018 are as follows:-

	Audited			Unaudited	
	FYE 30 June 2015	FYE 30 June 2016 (Restated)[(1)]	18-month FPE 31 December 2017[(2)]	9-month FPE 30 September 2017 (Restated)[(3)]	9-month FPE 30 September 2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	42,838	34,049	35,894	16,795	27,546
Cost of sales	(30,251)	(21,939)	(28,256)	(9,002)	(19,832)
GP	**12,587**	**12,110**	**7,638**	7,793	7,714
Other income	1,987	1,483	2,978	566	977
Selling and distribution costs	(47)	(40)	(255)	-	-
Administrative expenses	(11,432)	(6,147)	(22,836)	(10,443)	(12,993)
Other expenses	(140)	(612)	(2,616)	(3)	-
Finance costs	(765)	(248)	(293)	(161)	(166)
PBT / (LBT) from continuing operations	**2,191**	**6,546**	**(15,384)**	**(2,248)**	**(4,468)**
Tax credit / (expense)	800	(3,065)	(2,117)	(82)	(430)
PAT / (LAT) from continuing operations	**2,990**	**3,481**	**(17,501)**	**(2,330)**	**(4,898)**
Profit / (Loss) from discontinued operations, net of tax	-	299	(1,065)	-	-
PAT / (LAT)	**2,990**	**3,780**	**(18,567)**	**(2,330)**	**(4,898)**
Profit / (Loss) attributable to:-					
- owners of the parent (continuing operations)	2,990	3,481	(17,497)	(2,330)	(4,898)
- owners of the parent (discontinued operations)	-	299	(1,065)	-	-
- non-controlling interests	-	-	(5)	-	(1)
PAT / (LAT)	**2,990**	**3,780**	**(18,567)**	**(2,330)**	**(4,898)**
Earnings / (Loss) before interest, tax, depreciation and armotisation	6,035	9,759	(11,893)	920	(3,060)
GP margin (%)	29.4	35.6	21.3	46.4	28.0
PAT / (LAT) margin from continuing operations (%)	7.0	10.2	(48.8)	(13.9)	(17.8)
Weighted average number of Shares in issue ('000)	858,922	333,788	290,171	286,590	360,487
Continuing operations:-					
- basic EPS / (LPS) (sen)	0.35	1.04	(6.03)	(0.81)	(1.36)
- diluted EPS / (LPS) (sen)	0.35	1.04	(5.77)	(0.81)	(1.36)

Discontinued operations:-					
- basic EPS / (LPS) (sen)	-	0.09	(0.37)	-	-
- diluted EPS / (LPS) (sen)	-	0.09	(0.35)	-	-
Dividend (sen)	-	-	-	-	-

Notes:-

(1) The Group ceased the operations of Sanichi Mould (Thailand) Co., Ltd in November 2017. Following thereto, the Group's audited financial statements for the FYE 30 June 2016 had been restated to reflect the discontinued operations of Sanichi Mould (Thailand) Co., Ltd for comparison purposes.

(2) As a result of change in the financial year end of the Company from 30 June to 31 December, the audited financial statements of the Company was for a period of 18 months from 1 July 2016 to 31 December 2017.

(3) There are no comparative figures for the unaudited 9-month FPE 30 September 2017 in view that the Company had on 14 August 2017 changed its financial year end from 30 June to 31 December. This set of figures has been prepared by the Company for the purpose of discussion and analysis in this section.

(i) FYE 30 June 2016 vs. FYE 30 June 2015

The Group recorded a 20.5% decrease in revenue for the FYE 30 June 2016 as compared to FYE 30 June 2015. This was due to the lower sales volume recorded as the Group has set higher profit margin requirements in undertaking projects for the precision moulds and tooling business segment.

Apart from a higher profit margin requirement during project selection, the improvement in GP margin from 29.4% to 35.6% was also due to lower raw material prices, the Group's adherence to the budgeted project costs and lower subcontractor costs as a result of lower sales volume.

Despite the lower revenue, the Group has recorded a 16.4% increase in the PAT for the FYE 30 June 2016 as compared to FYE 30 June 2015, mainly attributable to the improvement in GP margin as well as the lower administrative expenses in FYE 30 June 2016. The Group incurred a one-off share option expenses of RM6.2 million in the previous financial year (FYE 30 June 2016: Nil) resulting from the granting of ESOS options in FYE 30 June 2015.

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(ii) 18-month FPE 31 December 2017 vs. FYE 30 June 2016

In view that the Company changed its financial year end, for ease of reference and comparison, the following table sets out the relevant items for the audited FYE 30 June 2016 and 18-month FPE 31 December 2017 as well as an unaudited annualised 12-month FPE 31 December 2017:-

	Audited		Unaudited
	FYE 30 June 2016 (Restated)	18-month FPE 31 December 2017	Annualised 12-month FPE 31 December 2017
	RM'000	RM'000	RM'000
Continuing operations			
Revenue	34,049	35,894	23,929
Cost of sales	(21,939)	(28,256)	(18,837)
GP	**12,110**	**7,638**	**5,092**
Other income	1,483	2,978	1,985
Selling and distribution costs	(40)	(255)	(170)
Administrative expenses	(6,147)	(22,836)	(15,224)
Other expenses	(612)	(2,616)	(1,744)
Finance costs	(248)	(293)	(196)
PBT / (LBT) from continuing operations	**6,546**	**(15,384)**	**(10,256)**
Tax credit / (expense)	(3,065)	(2,117)	(1,4111)
PAT / (LAT) from continuing operations	**3,481**	**(17,501)**	**(11,668)**
GP margin (%)	35.6	21.3	21.3
PAT / (LAT) margin from continuing operations (%)	10.2	(48.8)	(48.8)

The Group recorded a 29.7% decrease in revenue for the annualised 12-month FPE 31 December 2017 as compared to the FYE 30 June 2016. While the Group has been receiving more orders from one of its customers during the annualised 12-month FPE 31 December 2017, the production cycle from design stage till completion of the manufactured product for this customer is longer as compared to the production cycle of the other customers of Sanichi. This customer requires a longer period to fine-tune and finalise the design and undergo quality testing due to more stringent requirements prior to the customer's acceptance of the products. Sanichi records the majority of the revenue from its projects upon the client's acceptance of the final mould for commercialisation. As such, the prolonged duration from design till the client's acceptance affects the Group's revenue cycle as the recognition of the revenue and the costs were not in the same financial year.

The decrease in GP was mainly due to the reduction of 14.3% in GP margin for the annualised 12-month FPE 31 December 2017 as compared to the FYE 30 June 2016. The reduction in GP margin was mainly attributable to the increased orders received from the abovementioned customer. The Group incurs the cost of raw materials upfront and only bills its client upon acceptance of the final mould design. The customer's stringent requirements led to a longer production cycle, thereby causing a decrease in the GP margin during this financial period.

The Group recorded LAT of RM17.5 million in the 18-month FPE 31 December 2017 (or RM11.7 million on an annualised basis) as compared to a PAT of RM3.5 million in the FYE 30 June 2016. In addition to the decrease in GP, this was mainly attributable to:-

(a) share option expenses of RM4.9 million incurred in the 18-month FPE 31 December 2017 (FYE 30 June 2016: Nil) resulting from the granting of Options during the said financial period;

(b) higher loss on disposal of property, plant and equipment of RM2.2 million in 18-month FPE 31 December 2017 as compared to RM0.18 million in FYE 30 June 2016. This was mainly due to loss on disposal of some of the Group's old machineries;

(c) impairment loss of RM0.8 million on a machine that has broken down and is not repaired in view that the Group's production process during this financial period does not require this machine; and

(d) higher property development expenses from the property development and property investment division of RM9.9 million (FYE 30 June 2016: RM1 million) mainly due to the marketing and promotional expenses incurred by the Group for its first maiden property development project, Marina Point that was launched in November 2016.

(iii) 9-month FPE 30 September 2018 vs. 9-month FPE 30 September 2017

The Group recorded a 64.0% increase in revenue for the 9-month FPE 30 September 2018 as compared to the previous corresponding period. The higher revenue was mainly attributable to:-

(i) the recovery in market condition which has increased the demand for automotive products. This led to an increase in approximately RM 2.8 million in revenue in the 9-month FPE 30 September 2018 as compared to the previous corresponding period; and

(ii) Recognition of RM 8.0 million in revenue arising from the property development segment following the adoption of MFRS 15, an accounting standard which was effective since 1 January 2018, that allowed the Group to recognise revenue and expenses in the profit or loss by using the stage of completion method. There was no revenue recorded in the previous corresponding period.

Despite the higher revenue, the Group's GP decreased by 18.4% in the 9-month FPE 30 September 2018 as compared to the previous corresponding period. This was mainly attributed by the reduction in GP margin from 46.4% in the 9-month FPE 30 September 2017 to 28.0% in the 9-month FPE 30 September 2018. The reduction in GP margin was mainly attributable to the increased orders received from one of its customers whereby the production cycle from design stage till completion of the manufactured product for this customer is longer as compared to the production cycle of the other customers of Sanichi due to more stringent requirements. The Group incurs the cost of raw materials upfront and only bills its client upon acceptance of the final mould design. This led to a decrease in GP margin during this financial period as the recognition of the revenue and the costs were not in the same financial period.

The lower GP and the higher administrative expenses due to higher share option expenses of RM5.3 million incurred in the 9-month FPE 30 September 2018 as compared to RM1.2 million incurred in previous corresponding period caused the Group's LAT to increase by 110.2% during the 9-month FPE 30 September 2018.

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7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Sanichi Shares traded on Bursa Securities for the past 12 months up to October 2018 (being the last full trading month prior to the date of this Abridged Prospectus) are as follows:-

	High (RM)	Low (RM)
2017		
November	0.130	0.100
December	0.115	0.100
2018		
January	0.150	0.105
February	0.120	0.105
March	0.115	0.095
April	0.135	0.080
May	0.110	0.090
June	0.125	0.085
July	0.110	0.095
August	0.110	0.095
September	0.105	0.090
October	0.130	0.095

	RM
Last transacted market price on 6 October 2017, being the last Market Day immediately prior to the announcement of the Rights Issue with Warrants (RM)	0.16
Last transacted market price as at the LPD (RM)	0.12
Last transacted market price on 15 November 2018, being the Market Day immediately prior to the ex-date for the Rights Issue with Warrants	0.11

(Source: Bloomberg)

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APPENDIX II - CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT THE EGM HELD ON 27 AUGUST 2018

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

Extract of Minutes of the Extraordinary General Meeting of the Company held at Sanichi Technology Berhad, PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim on Monday, 27 August 2018 at 2.00 p.m.

Mr. Chairman informed that the Ordinary Resolution on the agenda was to seek shareholders' approval for the Proposed Renounceable Rights Issue with Warrants as stipulated in the Circular to Shareholders dated 10 August 2018.

Upon the declaration of the poll result validated by Sharepolls Sdn Bhd, the Independent Scrutineer appointed by the Company, it was unanimously resolved that the Ordinary Resolution be approved:-

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,012,285,042 SHARES ("RIGHTS SHARES") TOGETHER WITH UP TO 506,142,521 FREE DETACHABLE WARRANTS ("WARRANTS E") ON THE BASIS OF 2 RIGHTS SHARES TOGETHER WITH 1 FREE WARRANT E FOR EVERY 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 ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

*"**THAT** subject to the approval of all relevant regulatory authorities or parties being obtained (if required), including but not limited to the approval-in-principle of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the rights shares and the warrants to be issued hereunder and the new ordinary shares in the Company to be issued pursuant to the conversion of the aforesaid warrants, the Board of Directors of the Company ("**Board**") be and is hereby authorised to:-*

*(a) to provisionally allot and issue by way of a renounceable rights issue of up to 1,012,285,042 Rights Shares together with up to 506,142,521 Warrants E 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 ("**Entitlement Date**") and/or their renouncee(s), on the basis of 2 Rights Shares together with 1 free Warrant E for every 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 E 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 E conferring the right to subscribe for 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 E in accordance with the provisions of a deed poll to be executed by the Company constituting the Warrants E ("**Deed Poll E**");*

*(c) to allot and issue such number of additional warrants pursuant to adjustments as provided under the Deed Poll E ("**Additional Warrants E**") and to adjust from time to time the exercise price of the Warrants E as a consequence of the adjustments under the provisions of the Deed Poll E 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 E upon their exercise of the relevant warrants to subscribe for new Shares during the tenure of the Warrants E, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants E and such adjustments in accordance with the provisions of the Deed Poll E.*

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 E 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 4 of the Circular to Shareholders dated 10 August 2018 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;*

THAT *the new Shares to be issued pursuant to the exercise of the Warrants E (including the Additional Warrants E, if any) shall, upon allotment, issue and full payment of the exercise price of the Warrants E (or the Additional Warrants E, 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 E (including the Additional Warrants E, if any);*

AND THAT *this Ordinary Resolution 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 E (including*

Sanichi Technology Berhad (Company No. 661826-K)
Extract of Minutes of the Extraordinary General Meeting held on 27 August 2018

Additional Warrants E, 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 AS A TRUE EXTRACT

CHAIRMAN OF THE MEETING
DATO' ABD HALIM BIN ABD HAMID

Dated: 3 September 2018

Chengco PLT (LLP0017004-LCA & AF 0886)
(formerly known as Cheng & Co)
Johor Bahru Office
No. 37-02, Jalan Harmonium 35/1, Taman Desa Tebrau, 81100 Johor Bahru, Johor Darul Takzim, Malaysia.
Tel: +607-357 5988 / 87 / 86 Fax: +607-357 5985
Email: johorbahru@chengco.com.my Website: www.chengco.com.my

Date: 02 NOV 2018

The Board of Directors
Sanichi Technology Berhad
PLO 135, Jalan Cyber 5
Kawasan Perindustrian Senai Fasa 3
81400 Senai
Johor Darul Takzim

Dear Sirs,

SANICHI TECHNOLOGY BERHAD AND ITS SUBSIDIARIES
REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

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 (collectively referred to as the "Group") as at 31 December 2017 together with the accompanying notes (which have been stamped by us for the purpose of identification) which have been compiled by the Board of Directors of Sanichi Technology Berhad ("Directors") for inclusion in the abridged prospectus to shareholders in relation to the renounceable rights issue of up to 1,012,285,042 new ordinary shares in Sanichi ("Sanichi Shares" or "Shares") ("Rights Shares") at an issue price of RM0.10 per Rights Share together with up to 506,142,521 free detachable warrants in Sanichi ("Warrants E") on the basis of two (2) Rights Shares together with one (1) free Warrant E for every one (1) existing Sanichi Share held by entitled shareholders of Sanichi at 5.00 p.m. on 21 November 2018 ("Entitlement Date") ("Rights Issue with Warrants"). The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statements of financial position are as described in the accompanying Note 1 and Note 2.

The pro forma consolidated statements of financial position have been compiled by the Directors, for illustrative purposes only, to show the effects of the Rights Issue with Warrants on the audited consolidated statements of financial position of the Group as at 31 December 2017, had the Rights Issue with Warrants been effected on that date.

The Directors' Responsibility for the Pro forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the pro forma consolidated statements of financial position as at 31 December 2017 on the basis as described in the accompanying Note 1 and Note 2.

Reporting Accountants' Independence and Quality Control

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

The firm applies International Standard on Quality Control 1 ("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 about whether the pro forma consolidated statements of financial position have been compiled by the Directors on the basis as described in the accompanying Note 1 and Note 2.

We conducted our engagement in accordance with the 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 comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma consolidated statements of financial position on the basis as described in the accompanying Note 1 and Note 2.

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 the pro forma consolidated statements of financial position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled on the basis as described in the accompanying Note 1 and Note 2 involves performing procedures to assess whether the basis as described in the said accompanying notes used by the Directors in the compilation of pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the audited consolidated statements of financial position of the Group as at 31 December 2017.

Reporting Accountants' Responsibilities (Cont'd)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluation of 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.

Opinion

In our opinion, the pro forma consolidated statements of financial position have been properly compiled, in all material respects, on the basis of applicable criteria as set out in the accompanying Note 1 and Note 2.

Emphasis of Matter

We draw attention to the maximum scenario of the pro forma consolidated statements of financial position. The market price of Sanichi Shares on close of business on 26 October 2018 (being the latest practicable date prior to printing of Abridged Prospectus ("LPD")) is RM0.12 per Share. Based on this market price, it is unlikely for all the Company's existing warrants 2014/2019 ("Warrants C") and warrants 2016/2019 ("Warrants D") to be exercised into new Sanichi Shares as the exercise prices of these instruments are above the last transacted market price of Sanichi Shares as at the LPD. The exercise price of Warrant C and Warrant D is RM0.63 and RM0.30 respectively. The pro forma consolidated statements of financial position under the maximum scenario are prepared solely to illustrate the effects on the enlarged issued share capital of Sanichi should these instruments be fully exercised. Our opinion is not qualified in respect of this matter.

Other Matters

This letter has been prepared at your request for inclusion in the abridged prospectus to shareholders of Sanichi in connection with the Rights Issue with Warrants. It is not intended to be used for any other purposes. We do not assume responsibility to any other person for the content of this letter.

Yours faithfully,

CHENGCO PLT	**HONG THUAN BOON**
(Formerly known as Cheng & Co)	02233/03/2020 J
LLP0017004-LCA & AF0886	Chartered Accountant
Chartered Accountants	

Johor Bahru,
Date: **02 NOV 2018**

SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

The pro forma consolidated statements of financial position of the Group as at 31 December 2017 as set out below have been prepared solely for illustrative purposes only to show the effects of the Rights Issue with Warrants on the assumption that the transaction has been effected on 31 December 2017 and should be read in conjunction with the accompanying notes:

Minimum Scenario

	Note	Audited as at 31.12.2017 RM'000	Adjusted for Subsequent Events RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Assets					
Non-current Assets					
Property, plant and equipment	4	41,568	51,398	51,398	51,398
Goodwill	5	-	8,500	8,500	8,500
		41,568	59,898	59,898	59,898
Current Assets					
Property development costs		46,510	46,510	46,510	46,510
Inventories		3,391	3,391	3,391	3,391
Trade and other receivables		43,915	43,915	43,915	43,915
Current tax assets		16	16	16	16
Cash and bank balances	6	70,239	64,856	73,936	78,936
		164,071	158,688	167,768	172,768
Assets held for sales		854	854	854	854
		164,925	159,542	168,622	173,622
Total Assets		206,493	219,440	228,520	233,520
Equity and Liabilities					
Current Liabilities					
Borrowings	7	1,133	1,128	1,128	1,128
Trade and other payables	8	9,304	16,309	16,309	16,309
Tax payable		1,396	1,396	1,396	1,396
		11,833	18,833	18,833	18,833
Liabilities held for sales		900	900	900	900
		12,733	19,733	19,733	19,733
Net Current Assets		152,192	139,809	148,889	153,889
Non-current Liabilities					
Borrowings	7	733	733	733	733
Deferred tax liabilities		2,119	2,119	2,119	2,119
		2,852	2,852	2,852	2,852
Total Liabilities		15,585	22,585	22,585	22,585
Net Assets		190,908	196,855	205,935	210,935

CHENGCO PLT, Chartered Accountants
(Formerly known as Cheng & Co)
LLP0017004-LCA & AF 0886
For Identification Purpose Only

SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

Minimum Scenario (Cont'd)

	Note	Audited as at 31.12.2017 RM'000	Adjusted for Subsequent Events RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Equity attributable to Owners of the Parent					
Share capital	9	107,451	120,542	130,542	138,442
Other reserve	9	18,646	15,917	18,817	15,917
Retained earnings	9	64,816	60,401	56,581	56,581
Shareholders' equity		190,913	196,860	205,940	210,940
Non-controlling interests		(5)	(5)	(5)	(5)
Total Equity		190,908	196,855	205,935	210,935
Total Equity and Liabilities		206,493	219,440	228,520	233,520
Number of ordinary shares ('000)		312,118	370,136	470,136	520,136
Net Assets per share (RM)		0.61	0.53	0.44	0.41
Total borrowings ('000)	7	1,866	1,861	1,861	1,861
Gearing (times)		0.01	0.01	0.01	0.01

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LLP0017004-LCA & AF 0886
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SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

The pro forma consolidated statements of financial position of the Group as at 31 December 2017 as set out below have been prepared solely for illustrative purposes only to show the effects of the Rights Issue with Warrants on the assumption that the transaction has been effected on 31 December 2017 and should be read in conjunction with the accompanying notes:

Base Case Scenario

	Note	Audited as at 31.12.2017 RM'000	Adjusted for Subsequent Events RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Assets					
Non-current Assets					
Property, plant and equipment	4	41,568	51,398	51,398	51,398
Goodwill	5	-	8,500	8,500	8,500
		41,568	59,898	59,898	59,898
Current Assets					
Property development costs		46,510	46,510	46,510	46,510
Inventories		3,391	3,391	3,391	3,391
Trade and other receivables		43,915	43,915	43,915	43,915
Current tax assets		16	16	16	16
Cash and bank balances	6	70,239	64,856	137,963	174,977
		164,071	158,688	231,795	268,809
Assets held for sales		854	854	854	854
		164,925	159,542	232,649	269,663
Total Assets		206,493	219,440	292,547	329,561
Equity and Liabilities					
Current Liabilities					
Borrowings	7	1,133	1,128	1,128	1,128
Trade and other payables	8	9,304	16,309	16,309	16,309
Tax payable		1,396	1,396	1,396	1,396
		11,833	18,833	18,833	18,833
Liabilities held for sales		900	900	900	900
		12,733	19,733	19,733	19,733
Net Current Assets		152,192	139,809	212,916	249,930
Non-current Liabilities					
Borrowings	7	733	733	733	733
Deferred tax liabilities		2,119	2,119	2,119	2,119
		2,852	2,852	2,852	2,852
Total Liabilities		15,585	22,585	22,585	22,585
Net Assets		190,908	196,855	269,962	306,976

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SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

Base Case Scenario (Cont'd)

	Note	Audited as at 31.12.2017 RM'000	Adjusted for Subsequent Events RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Equity attributable to Owners of the Parent					
Share capital	9	107,451	120,542	194,569	253,051
Other reserve	9	18,646	15,917	37,385	15,917
Retained earnings	9	64,816	60,401	38,013	38,013
Shareholders' equity		190,913	196,860	269,967	306,981
Non-controlling interests		(5)	(5)	(5)	(5)
Total Equity		190,908	196,855	269,962	306,976
Total Equity and Liabilities		206,493	219,440	292,547	329,561
Number of ordinary shares ('000)		312,118	370,136	1,110,409	1,480,545
Net Assets per share (RM)		0.61	0.53	0.24	0.21
Total borrowings ('000)	7	1,866	1,861	1,861	1,861
Gearing (times)		0.01	0.01	0.01	0.01

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SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

The pro forma consolidated statements of financial position of the Group as at 31 December 2017 as set out below have been prepared solely for illustrative purposes only to show the effects of the Rights Issue with Warrants on the assumption that the transaction has been effected on 31 December 2017 and should be read in conjunction with the accompanying notes:

Maximum Scenario

	Note	Audited as at 31.12.2017 RM'000	Adjusted for Subsequent Events RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Assets					
Non-current Assets					
Property, plant and equipment	4	41,568	51,398	51,398	51,398
Goodwill	5	-	8,500	8,500	8,500
		41,568	59,898	59,898	59,898
Current Assets					
Property development costs		46,510	46,510	46,510	46,510
Inventories		3,391	3,391	3,391	3,391
Trade and other receivables		43,915	43,915	43,915	43,915
Current tax assets		16	16	16	16
Cash and bank balances	6	70,239	64,856	219,374	269,988
		164,071	158,688	313,206	363,820
Assets held for sales		854	854	854	854
		164,925	159,542	314,060	364,674
Total Assets		206,493	219,440	373,958	424,572
Equity and Liabilities					
Current Liabilities					
Borrowings	7	1,133	1,128	1,128	1,128
Trade and other payables	8	9,304	16,309	16,309	16,309
Tax payable		1,396	1,396	1,396	1,396
		11,833	18,833	18,833	18,833
Liabilities held for sales		900	900	900	900
		12,733	19,733	19,733	19,733
Net Current Assets		152,192	139,809	294,327	344,941
Non-current Liabilities					
Borrowings	7	733	733	733	733
Deferred tax liabilities		2,119	2,119	2,119	2,119
		2,852	2,852	2,852	2,852
Total Liabilities		15,585	22,585	22,585	22,585
Net Assets		190,908	196,855	351,373	401,987

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SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

Maximum Scenario (Cont'd)

	Note	Audited as at 31.12.2017 RM'000	Adjusted for Subsequent Events RM'000	Pro Forma I RM'000	Pro Forma II RM'000
Equity attributable to Owners of the Parent					
Share capital	9	107,451	120,542	293,838	373,808
Other reserve	9	18,646	15,917	27,415	(1,941)
Retained earnings	9	64,816	60,401	30,125	30,125
Shareholders' equity		190,913	196,860	351,378	401,992
Non-controlling interests		(5)	(5)	(5)	(5)
Total equity		190,908	196,855	351,373	401,987
Total equity and liabilities		206,493	219,440	373,958	424,572
Number of ordinary shares ('000)		312,118	370,136	1,518,428	2,024,570
Net Assets per share (RM)		0.61	0.53	0.23	0.20
Total borrowings ('000)	7	1,866	1,861	1,861	1,861
Gearing (times)		0.01	0.01	0.01	-

Note:

- *Negligible*

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SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

1. BASIS OF PREPARATION

The pro forma consolidated statements of financial position have been prepared based on the audited consolidated statements of financial position of the Group as at 31 December 2017 and in accordance with 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 of the Group.

The pro forma consolidated statements of financial position have been prepared for illustrative purposes only, to show the effects on the audited consolidated statements of financial position of the Group as at 31 December 2017, had the adjustments described in Note 2 been effected on that date, and should be read in conjunction with the notes thereto.

The pro forma consolidated statements of financial position are presented in three (3) scenarios on the following assumptions:

Minimum Scenario: Assuming that none of the 40,627,286 outstanding Warrants C and 95,378,910 outstanding Warrants 2016/2019 Warrants D ("Convertible Securities") are exercised into new Shares prior to the Entitlement Date and only the undertaking shareholder, namely Dato' Sri Dr. Pang Chow Huat subscribes in full for his entitlement under the Rights Issue with Warrants of 100,000,000 Rights Shares at the issue price of RM0.10 each together with 50,000,000 Warrants E.

Base Case Scenario: Assuming that none of the existing Convertible Securities are exercised into new Shares prior to the Entitlement Date and all the entitled shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants of 740,272,650 Rights Shares together with 370,136,325 Warrants E.

Maximum Scenario: Assuming that all the existing 40,627,286 Warrants C and 95,378,910 Warrants D are exercised into new Shares at the exercise price of RM0.63 and RM0.30 respectively prior to the Entitlement Date and all the entitled shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Rights Issue with Warrants of 1,012,285,042 Rights Shares together with 506,142,521 Warrants E.

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SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

Fair Value of Warrants E

For illustrative purposes only, the Board of Directors of Sanichi have allocated a fair value of RM0.058 per Warrant E using the Black-Scholes Option Pricing Model based on the following input computed as at LPD:

(a) Exercise price	: RM0.10
(b) Theoretical ex-rights price	: RM0.1055
(c) Tenure	: 3 years from the date of issuance of the Warrants E
(d) Volatility rate	: 79.001%
(e) Risk free interest rate	: 4.18%

	Minimum Scenario	Base Case Scenario	Maximum Scenario
No. of Warrants E	50,000,000	370,136,325	506,142,521
Warrant Reserve (RM)	2,900,000	21,467,907	29,356,266

2. ADJUSTED FOR SUBSEQUENT EVENTS

The audited consolidated financial statement of financial position of the Group as at 31 December 2017 had been adjusted for the following events that occurred subsequent to 31 December 2017 and up to the LPD and prior to the implementation of the Rights Issue with Warrants:

(i) The conversion of irredeemable convertible unsecured loan stocks ("ICULS") with nominal value of RM579,268 into 919,473 new Shares at a conversion price of RM0.63 for 1 new Share from 3 January 2018 up to its maturity date on 20 March 2018.

(ii) The expiry of Warrants 2013/2018 which have since expired on 13 March 2018 ("Warrants B").

(iii) A total of 45,099,300 options granted under the Company's Employee Share Option Scheme ("Options") to eligible employees from 8 January 2018 up to the LPD.

(iv) Issuance of new 12,000,000 Shares, 24,187,500 Shares and 20,911,800 Shares at an issue price of RM0.101, RM0.112 and RM0.10 per Share respectively pursuant to the exercise of 57,099,300 Options from 23 January 2018 up to 21 March 2018.

(v) The acquisition of an aircraft for a cash consideration of RM9,830,000 on 30 January 2018. The acquisition of aircraft has been completed on 22 March 2018.

(vi) The acquisition of 50.0001% equity interest in Bina Bicara Sdn. Bhd. for a cash consideration of RM500,000 (fully paid as at LPD) with estimated expenses incidental to acquisition of subsidiary of RM5,000. The acquisition of subsidiary has been completed on 6 April 2018.

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SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

2. ADJUSTED FOR SUBSEQUENT EVENTS (CONT'D)

(vii) The acquisition of 70% equity interest in Persada Temama Sdn. Bhd. for a cash consideration of RM8,000,000 (paid RM1,000,000 as at LPD) with expenses incidental to acquisition of subsidiary of RM60,000. The acquisition of subsidiary has been completed on 10 April 2018.

3. PRO FORMA ADJUSTMENTS

Pro Forma I

Pro Forma I incorporates the effects of the Rights Issue with Warrants.

The gross proceeds raised from the Rights Issue with Warrants will be utilised as follows:

	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
Property development activities	8,000	60,000	84,000
Working capital	2,000	13,107	16,309
Estimated expenses in relation to the Rights Issue with Warrants	-	920	920
	10,000	74,027	101,229

Under the Minimum Scenario, the estimated expenses of RM920,000 in relation to the Rights Issue with Warrants will be funded by the Group's internally generated funds.

Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the effects of full exercise of the Warrants E at an exercise price of RM0.10 per Warrant E.

4. PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment of the Group are as follows:

	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
Audited as at 31 December 2017	41,568	41,568	41,568
Purchase of aircraft	9,830	9,830	9,830
As per Adjusted for Subsequent Events, Pro Forma I and Pro Forma II	51,398	51,398	51,398

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

5. GOODWILL

The movements in goodwill of the Group are as follows:

	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
Audited as at 31 December 2017	-	-	-
Purchase of subsidiaries	8,500	8,500	8,500
As per Adjusted for Subsequent Events, Pro Forma I and Pro Forma II	8,500	8,500	8,500

6. CASH AND BANK BALANCES

The movements in the cash and bank balances of the Group are as follows:

	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
Audited as at 31 December 2017	70,239	70,239	70,239
Exercise of Options	6,012	6,012	6,012
Purchase of aircraft	(9,830)	(9,830)	(9,830)
Purchase of subsidiaries	(1,560)	(1,560)	(1,560)
Conversion and settlement of ICULS	(5)	(5)	(5)
As per Adjusted for Subsequent Events	64,856	64,856	64,856
Exercise of outstanding Convertible Securities	-	-	54,209
Rights Issue with Warrants	9,080	73,107	100,309
As per Pro Forma I	73,936	137,963	219,374
Full exercise of Warrants E	5,000	37,014	50,614
As per Pro Forma II	78,936	174,977	269,988

7. BORROWINGS

The movements in borrowings (total of current and non-current liabilities) of the Group are as follows:

	Minimum Scenario RM000	Base Case Scenario RM000	Maximum Scenario RM000
Audited as at 31 December 2017	1,866	1,866	1,866
Conversion and settlement of ICULS	(5)	(5)	(5)
As per Adjusted for Subsequent Events, Pro Forma I and Pro Forma II	1,861	1,861	1,861

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

8. TRADE AND OTHER PAYABLES

The movements in trade and other payables of the Group are as follows:

	Minimum Scenario RM'000	Base Case Scenario RM'000	Maximum Scenario RM'000
Audited as at 31 December 2017	9,304	9,304	9,304
Purchase of subsidiaries (Note a)	7,005	7,005	7,005
As per Adjusted for Subsequent Events, Pro Forma I and Pro Forma II	16,309	16,309	16,309

Note:

(a) RM7.005 million comprises:

(i) RM5,000 of estimated expenses that remains unpaid as at the LPD for the acquisition of 50.0001% equity interest in Bina Bicara Sdn. Bhd., as detailed in Note 2(vi); and

(ii) the balance RM7 million cash consideration that remains unpaid as at the LPD for the acquisition of 70% equity interest in Persada Ternama Sdn. Bhd., as detailed in Note 2(vii).

9. SHARE CAPITAL, OTHER RESERVES AND RETAINED EARNINGS

The movements in the share capital, other reserves and retained earnings of the Group are as follows:

Minimum Scenario:

	Share Capital RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000
Audited as at 31 December 2017	107,451	18,646	64,816	190,913
Conversion and settlement of ICULS	579	(579)	-	-
Granting of Options	-	5,287	(5,287)	-
Exercise of Options	6,012	-	-	6,012
Transfer to share capital for Options exercised	6,500	(6,500)	-	-
Purchase of subsidiaries	-	-	(65)	(65)
Expiry of Warrants B	-	(937)	937	-
As per Adjusted for Subsequent Events	120,542	15,917	60,401	196,860
Rights Issue with Warrants	10,000	2,900	(2,900)	10,000
Estimated expenses in relation to the Rights Issue with Warrants	-	-	(920)	(920)
As per Pro Forma I	130,542	18,817	56,581	205,940
Exercise of Warrants E	7,900	(2,900)	-	5,000
As per Pro Forma II	138,442	15,917	56,581	210,940

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NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

9. SHARE CAPITAL, OTHER RESERVES AND RETAINED EARNINGS (CONT'D)

The movements in the share capital, other reserves and retained earnings of the Group are as follows: (cont'd)

Base Case Scenario:

	Share Capital RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000
Audited as at 31 December 2017	107,451	18,646	64,816	190,913
Conversion and settlement of ICULS	579	(579)	-	-
Granting of Options	-	5,287	(5,287)	
Exercise of Options	6,012	-	-	6,012
Transfer to share capital for Options exercised	6,500	(6,500)	-	-
Purchase of subsidiaries	-	-	(65)	(65)
Expiry of Warrants B	-	(937)	937	-
As per Adjusted for Subsequent Events	120,542	15,917	60,401	196,860
Rights Issue with Warrants	74,027	21,468	(21,468)	74,027
Estimated expenses in relation to the Rights Issue with Warrants	-	-	(920)	(920)
As per Pro Forma I	194,569	37,385	38,013	269,967
Exercise of Warrants E	58,482	(21,468)	-	37,014
As per Pro Forma II	253,051	15,917	38,013	306,981

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SANICHI TECHNOLOGY BERHAD ("SANICHI" OR "THE COMPANY") AND ITS SUBSIDIARIES ("THE GROUP")

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

9. SHARE CAPITAL, OTHER RESERVES AND RETAINED EARNINGS (CONT'D)

The movements in the share capital, other reserves and retained earnings of the Group are as follows: (cont'd)

Maximum Scenario:

	Share Capital RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000
Audited as at 31 December 2017	107,451	18,646	64,816	190,913
Conversion and settlement of ICULS	579	(579)	-	-
Granting of Options	-	5,287	(5,287)	-
Exercise of Options	6,012	-	-	6,012
Transfer to share capital for Options exercised	6,500	(6,500)	-	-
Purchase of subsidiaries	-	-	(65)	(65)
Expiry of Warrants B	-	(937)	937	-
As per Adjusted for Subsequent Events	120,542	15,917	60,401	196,860
Exercise of ourstanding convertible securities	72,067	(17,858)	-	54,209
Rights Issue with Warrants	101,229	29,356	(29,356)	101,229
Estimated expenses in relation to the Rights Issue with Warrants	-	-	(920)	(920)
As per Pro Forma I	293,838	27,415	30,125	351,378
Exercise of Warrants E	79,970	(29,356)	-	50,614
As per Pro Forma II	373,808	(1,941)	30,125	401,992

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HONG THUAN BOON
Partner

SANICHI TECHNOLOGY BERHAD

(Company No: 661826-K)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 JULY 2016 TO 31 DECEMBER 2017

CHENG & CO
AF: 0886
CHARTERED ACCOUNTANTS

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

CORPORATE INFORMATION

Directors	:	Dato' Sri Dr. Pang Chow Huat Dato' Sri Ahmad Said Bin Hamdan Dato' Abd Halim Bin Abd Hamid Ong Tee Kein
Company secretary	:	Foo Siew Loon (f) (MAICSA 7006874)
Registered office	:	Level 33A, Menara 1MK Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara 50480 Kual Lumpur
Principal business address	:	PLO 135, Jalan Cyber 5 Kawasan Perindustrian Senai Fasa 3 81400 Senai Johor Darul Takzim
Auditors	:	Cheng & Co AF: 0886 No. 8-2 & 10-2, Jalan 2/114 Kuchai Business Centre Jalan Klang Lama 58200 Kuala Lumpur

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

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

DIRECTORS' REPORT

For the financial period from 1 July 2016 to 31 December 2017

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period from 1 July 2016 to 31 December 2017.

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 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

Change of Financial Year

The Company has changed its financial year end from June to December.

Results

	Group RM	Company RM
Net loss for the financial period from continuing operations	(17,501,419)	(206,821)
Net loss for the financial period from discontinued operations	(1,065,383)	-
	(18,566,802)	(206,821)
Loss attributable to:		
Owners of the Company	(18,562,291)	(206,821)
Non-controlling interests	(4,511)	-
	(18,566,802)	(206,821)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

No dividends have 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 period.

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial period, other than those as disclosed in the financial statements.

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

Issue of Shares and Debentures

During the financial period, the following shares were issued:

Date	Purpose of issue	Class of shares	Number of shares	Term of issue
29.7.2016	Right issue	Ordinary share	572,273,460	Cash
16.6.2017	Conversion of ICULS	Ordinary share	504,966	N/A
18.9.2017	Exercise of ESOS	Ordinary share	5,000,000	Cash
21.9.2017	Exercise of ESOS	Ordinary share	5,000,000	Cash
30.10.2017	Exercise of ESOS	Ordinary share	7,812,500	Cash
12.12.2017	Exercise of ESOS	Ordinary share	8,000,000	Cash

On 6 September 2017, a share consolidation of every three (3) ordinary shares into one (1) ordinary share. The Company's issued and paid up capital has been consolidated from 858,915,156 ordinary shares (with equivalent to RM85,947,072) to 286,305,052 ordinary shares (with equivalent to RM85,947,072).

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

No debentures were issued during the financial period.

Options Granted over Unissued Shares

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted to the Company's Employee Share Option Scheme as below.

Employee Share Option Scheme (ESOS)

The details of the ESOS are disclosed in Note 17 to the financial statements.

Warrants and Irredeemable Convertible Unsecured Loan Stocks

The details of Warrants and Irredeemable Convertible Unsecured Loan Stocks ("ICULS") are disclosed in Note 15 and 16 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.

SANICHI TECHNOLOGY BERHAD
(Company No: 661826-K)
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Directors

The directors in office during the financial period and during the period from the end of the financial period to the date of report are:

Dato' Sri Dr. Pang Chow Huat
Dato' Sri Ahmad Said Bin Hamdan
Dato' Abd Halim Bin Abd Hamid
Ong Tee Kein

The names of directors of the Company's subsidiaries who served during the financial period until the date of this report, not including those directors mentioned above, are as follows:

Datin Sri Chen Choon Lee
Robert Garretson (Appointed on 3 March 2018)

Directors' Interests

According to the register of directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, the directors who held office at the end of the financial period and their interest in the Company during the financial period were as follows:

	Number of ordinary shares				
	At 1.7.2016	**Bought**	**Sold**	**Share Consolidation**	**At 31.12.2017**
Dato' Sri Dr. Pang Chow Huat					
- direct interest	15,272,053	24,867,104	(3,033,552)	(26,759,438)	10,346,167
- deemed interest	2,402,500	3,133,551	-	(1,668,333)	3,867,718

By virtue of his interests in shares of the Company, Dato' Sri Dr. Pang Chow Huat is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial period had any interest in the ordinary shares and options over shares of the Company during the financial period.

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 the benefits shown under Directors' remuneration) by reason of a contract made by the Company 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.

Neither during, nor at the end of the financial period, did there subsist any arrangement to which the Company was a party whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Directors' Remuneration

The details of the directors' remuneration are disclosed in Note 29(a) to the financial statements.

Other Statutory Information

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that there are no known bad debts to be written off and that adequate allowance has been made for doubtful debts in the financial statements of the Group and of the Company; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

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

Indemnities to Directors, Officers or Auditors

There was no indemnity given to or insurance affected for any director, officer or auditors of the Group and of the Company during the financial period.

Auditors' Remuneration

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

Significant Events During the Financial Period

The details of the significant events during the financial period are disclosed in Note 38 to the financial statements.

Events After the Reporting Period

The details of the events after the reporting period are disclosed in Note 39 to the financial statements.

Auditors

The auditors, Cheng & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors
in accordance with a resolution of the directors

....

Dato' Sri Dr. Pang Chow Huat
Director

....

Ong Teen Kein
Director

Date: 2 7 APR 2018

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

STATEMENT BY DIRECTORS
(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016)

We, Dato' Sri Dr. Pang Chow Huat and Ong Teen Kein, being two of the directors of Sanichi Technology Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements as set out on pages 12 to 88, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and their cash flows of the Group and of the Company for the financial period from 1 July 2016 to 31 December 2017.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors

....	....
Dato' Sri Dr. Pang Chow Huat	**Ong Teen Kein**
Director	Director

Date: 27 APR 2018

STATUTORY DECLARATION
(PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016)

I, Dato' Sri Dr. Pang Chow Huat, being the director primarily responsible for the financial management of Sanichi Technology Berhad, do solemnly and sincerely declare that the financial statements as set out on pages 12 to 88 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)
Puchong in the State of Selangor Darul Ehsan)
on this 27 APR 2018)

....
Dato' Sri Dr. Pang Chow Huat
Director

Before me,

PESURUHJAYA SUMPAH
No. PJS: B437
SAMUEL JOHN
A/L PONNIAH
No.Sijil Amalan Peguam: BC/S/1039
Tempoh Lantikan: 01-01-2018-31-12-2018
MALAYSIA

RAMA SAMUEL & ASSOCIATES
No. 23B, 1st Floor,
Jalan TK 1/11A, Taman Kinrara
47180 Puchong, Selangor

Cheng & Co
The Firm of the Future

CHENG & CO (AF 0886)
No. 8-2 & 10-2, Jalan 2/114, Kuchai Business Centre
Off Jalan Klang Lama, 58200 Kuala Lumpur
Tel:(60) 3 7984 8988 Fax:(60) 3 7980 0191
Website: www.chengco.com.my

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SANICHI TECHNOLOGY BERHAD

(Company No: 661826-K)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sanichi Technology Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2017 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 period from 1 July 2016 to 31 December 2017, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 88.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial period from 1 July 2016 to 31 December 2017 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANICHI TECHNOLOGY BERHAD

(Company No: 661826-K)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Recoverability of Trade Receivables

As at the reporting date, the Group has net trade receivables amounting to RM35,689,798, which represents 17% of the Group's total assets, and the associated impairment losses of trade receivables was RM8,956,391. The determination as to whether a trade receivable (either for a specific transaction or for a customer's overall balance is collectible involves management judgement, where management will consider specific factors such as the age of the debt, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Given its magnitude and the judgement involved, this is considered a key audit matter in our audit.

Our audit procedures included, amongst others:

(a) obtaining an understanding of the Group's control over the credit process, impairment review process and the Group's policy on impairment of trade receivables;

(b) assessing the reliability of the trade receivable ageing report used by management in assessing and monitoring the debtors' profile;

(c) considering the ageing of trade receivables and assessing whether adequate allowance for impairment has been provided for by assessing the assumptions used by the management. This includes considering post year-end payment records, historical payment patterns and any correspondence with customers on expected settlement dates or disputes;

(d) assessing the consistency of management's application of the methodology in respect of impairment for trade receivables. Specifically we considered how events during the financial year supported management's assumptions.

The disclosures on trade receivables and impairment of trade receivables are included in Note 2.8, Note 3.2(c) and Note 10 to the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SANICHI TECHNOLOGY BERHAD

(Company No: 661826-K)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANICHI TECHNOLOGY BERHAD

(Company No: 661826-K)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd)

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statement of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SANICHI TECHNOLOGY BERHAD

(Company No: 661826-K)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulating Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not audited as auditors, are disclosed in Note 5 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CHENG & CO
AF: 0886
Chartered Accountants

HONG THUAN BOON
02233/03/2020 J
Chartered Accountant

Kuala Lumpur,
Date: 27 April 2018

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

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2017

		Group		Company	
		31.12.2017	30.6.2016	31.12.2017	30.6.2016
	Notes	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	41,567,892	36,245,372	63	287
Investment in subsidiaries	5	-	-	20,172,213	15,240,051
Deferred tax assets	6	-	488,851	-	86,146
		41,567,892	36,734,223	20,172,276	15,326,484
Current assets					
Short term investment	7	-	501,249	-	501,249
Property development costs	8	46,509,661	16,589,938	-	-
Inventories	9	3,390,806	5,304,818	-	-
Trade and other receivables	10	43,914,930	72,104,560	102,073,384	95,546,512
Other current assets		-	739,043	-	671,343
Current tax assets		16,615	551,348	-	24,892
Cash and cash equivalents	11	70,239,360	21,443,311	62,539,724	6,936,612
		164,071,372	117,234,267	164,613,108	103,680,608
Assets classified as held for sale	12	853,509	-	-	-
		164,924,881	117,234,267	164,613,108	103,680,608
TOTAL ASSETS		206,492,773	153,968,490	184,785,384	119,007,092
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	107,450,808	28,613,673	107,450,808	28,613,673
Retained profits		64,816,465	91,962,858	54,681,726	63,472,649
Other reserves	14	18,645,597	18,820,198	20,586,810	19,261,751
Shareholders' equity		190,912,870	139,396,729	182,719,344	111,348,073
Non-controlling interests		(4,462)	-	-	-
TOTAL EQUITY		190,908,408	139,396,729	182,719,344	111,348,073
LIABILITIES					
Non-current liabilities					
Borrowings	18	733,249	689,129	-	-
Deferred tax liabilities	6	2,119,198	1,921,296	-	88,296
		2,852,447	2,610,425	-	88,296

The accompanying notes form an integral part of these financial statements.

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

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2017

		Group		Company	
		31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	Notes	**RM**	**RM**	**RM**	**RM**
LIABILITIES (CONT'D)					
Current liabilities					
Trade and other payables	21	9,303,495	10,112,815	1,581,466	7,236,964
Other current liabilities		-	935,036	-	205,435
Borrowings	18	1,132,900	913,485	5,015	128,324
Current tax liabilities		1,395,967	-	479,559	-
		11,832,362	11,961,336	2,066,040	7,570,723
Liabilities classified as held for sale	12	899,556	-	-	-
		12,731,918	11,961,336	2,066,040	7,570,723
TOTAL LIABILITIES		15,584,365	14,571,761	2,066,040	7,659,019
TOTAL EQUITY AND LIABILITIES		206,492,773	153,968,490	184,785,384	119,007,092

The accompanying notes form an integral part of these financial statements.

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period from 1 July 2016 to 31 December 2017
(With comparative figures from 1 July 2015 to 30 June 2016)

		Group		Company	
		1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016	1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016
	Notes	RM	RM	RM	RM
Continuing Operations					
Revenue	22	35,893,951	34,049,106	-	-
Cost of sales		(28,255,820)	(21,939,164)	-	-
Gross profit		7,638,131	12,109,942	-	-
Other operating income	23	2,978,001	1,483,534	1,911,324	-
General and administration expenses		(25,706,909)	(6,799,318)	(1,638,133)	(1,249,800)
Finance costs	24	(293,494)	(248,193)	-	(83,382)
(Loss)/Profit before tax from continuing operations	25	(15,384,271)	6,545,965	273,191	(1,333,182)
Tax expense	26	(2,117,148)	(3,065,177)	(480,012)	(88,296)
Net (loss)/profit after tax from continuing operations		(17,501,419)	3,480,788	(206,821)	(1,421,478)
Discontinued Operations					
(Loss)/Profit from discontinued operation, net of tax	27	(1,065,383)	298,881	-	-
Net (loss)/profit for the financial period/year		(18,566,802)	3,779,669	(206,821)	(1,421,478)
Other comprehensive loss, net of tax					

The accompanying notes form an integral part of these financial statements.

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial period from 1 July 2016 to 31 December 2017
(With comparative figures from 1 July 2015 to 30 June 2016)

		Group		Company	
	Notes	1.7.2016 to 31.12.2017 RM	1.7.2015 to 30.6.2016 RM	1.7.2016 to 31.12.2017 RM	1.7.2015 to 30.6.2016 RM
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation from continuing operations		(47,152)	-	-	-
Foreign currency translation from discontinued operations		(1,452,508)	(145,790)	-	-
Other comprehensive loss for the financial period/year, net of tax		(1,499,660)	(145,790)	-	-
Total comprehensive (loss)/income for the financial period/year		(20,066,462)	3,633,879	(206,821)	(1,421,478)
(Loss)/Profit attributable to:					
Owners of the Company		(18,562,291)	3,779,669	-	-
Non-controlling interests		(4,511)	-	-	-
		(18,566,802)	3,779,669	(206,821)	(1,421,478)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(20,061,951)	3,633,879	-	-
Non-controlling interests		(4,511)	-	-	-
		(20,066,462)	3,633,879	(206,821)	(1,421,478)
		31.12.2017	**30.6.2016**		
(Loss)/Earnings per share (sen)	28				
Basic:					
- Continuing operations		(6.03)	1.04		
- Discontinued operations		(0.37)	0.09		
Diluted:					
- Continuing operations		(5.77)	1.04		
- Discontinued operations		0.35	0.09		

The accompanying notes form an integral part of these financial statements.

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

STATEMENTS OF CHANGES IN EQUITY
For the financial period from 1 July 2016 to 31 December 2017
(With comparative figures from 1 July 2015 to 30 June 2016)

	Attributable to owners of the Company								
		Non-distributable							
Group	**Share capital RM**	**Share premium RM**	**Employee share option reserve RM**	**Foreign currency translation reserve RM**	**Warrant reserve RM**	**Equity component of ICULS RM**	**Retained profits RM**	**Non-controlling interest RM**	**Total RM**
At 1 July 2015	114,399,611	8,365,000	-	(295,763)	32,949,800	731,825	(20,396,225)	-	135,754,248
Comprehensive income									
Net profit for the financial year	-	-	-	-	-	-	3,779,669	-	3,779,669
Other comprehensive loss	-								
- Foreign currency translation	-	-	-	(145,790)	-	-	-	-	(145,790)
Total comprehensive income for the financial year	-	-	-	(145,790)	-	-	3,779,669	-	3,633,879
Transactions with owners									
Issuance of shares pursuant to:									
- Conversion of ICULS	55,081	-	-	-	-	(46,479)	-	-	8,602
Effect of par value reduction	(85,841,019)	-	-	-	(22,738,395)	-	108,579,414	-	-
Total transactions with owners	(85,785,938)	-	-	-	(22,738,395)	(46,479)	108,579,414	-	8,602
At 30 June 2016	28,613,673	8,365,000	-	(441,553)	10,211,405	685,346	91,962,858	-	139,396,729

The accompanying notes form an integral part of these financial statements.

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

STATEMENTS OF CHANGES IN EQUITY
For the financial period from 1 July 2016 to 31 December 2017
(With comparative figures from 1 July 2015 to 30 June 2016)

	Attributable to owners of the Company								
		Non-distributable							
Group	**Share capital RM**	**Share premium RM**	**Employee share option reserve RM**	**Foreign currency translation reserve RM**	**Warrant reserve RM**	**Equity component of ICULS RM**	**Retained profits RM**	**Non-controlling interest RM**	**Total RM**
At 1 July 2016	28,613,673	8,365,000	-	(441,553)	10,211,405	685,346	91,962,858	-	139,396,729
Comprehensive loss									
Net loss for the financial period	-	-	-	-	-	-	(18,562,291)	(4,511)	(18,566,802)
Other comprehensive loss									
- Foreign currency translation	-	-	-	(1,499,660)	-	-	-	-	(1,499,660)
Total comprehensive loss for the financial period	-	-	-	(1,499,660)	-	-	(18,562,291)	(4,511)	(20,066,462)

The accompanying notes form an integral part of these financial statements.

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 July 2016 to 31 December 2017
(With comparative figures from 1 July 2015 to 30 June 2016)

	Attributable to owners of the Company								
		Non-distributable							
Group	Share capital RM	Share premium RM	Employee share option reserve RM	Foreign currency translation reserve RM	Warrant reserve RM	Equity component of ICULS RM	Retained profits RM	Non-controlling interest RM	Total RM
Transactions with owners									
Issuance of shares pursuant to:									
- Non-controlling interests	-	-	-	-	-	-	-	49	49
- Conversion of ICULS	106,043	-	-	-	-	(106,043)	-	-	-
- Right issue	57,227,356	5,722,736	-	-	8,584,102	-	(8,584,102)	-	62,950,092
- Issuance of shares upon employees' share option exercised	3,708,000	-	-	-	-	-	-	-	3,708,000
- Recognition of employees' share option allotted [Note 29(b)]	-	-	4,920,000	-	-	-	-	-	4,920,000
- Transfer pursuant to Companies Act 2016	14,087,736	(14,087,736)	-	-	-	-	-	-	-
- Transfer to share capital for employees' share option exercised	3,708,000	-	(3,708,000)	-	-	-	-	-	-
Total transactions with owners	78,837,135	(8,365,000)	1,212,000	-	8,584,102	(106,043)	(8,584,102)	49	71,578,141
At 31 December 2017	107,450,808	-	1,212,000	(1,941,213)	18,795,507	579,303	64,816,465	(4,462)	190,908,408

The accompanying notes form an integral part of these financial statements.

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 July 2016 to 31 December 2017
(With comparative figures from 1 July 2015 to 30 June 2016)

	Attributable to owners of the Company						
		Non-distributable				Distributable	
Company	**Share capital RM**	**Share premium RM**	**Employee share option reserve RM**	**Warrant reserve RM**	**Equity component of ICULS RM**	**Retained profits RM**	**Total RM**
At 1 July 2015	114,399,611	8,365,000	-	32,949,800	731,825	(43,685,287)	112,760,949
Comprehensive loss							
Net loss for the financial year	-	-	-	-	-	(1,421,478)	(1,421,478)
Total comprehensive loss for the financial year	-	-	-	-	-	(1,421,478)	(1,421,478)
Transactions with owners							
Issuance of shares pursuant to:							
- Conversion of ICULS	55,081	-	-	-	(46,479)	-	8,602
Effect of par value reduction	(85,841,019)	-	-	(22,738,395)	-	108,579,414	-
Total transactions with owners	(85,785,938)	-	-	(22,738,395)	(46,479)	108,579,414	8,602
At 30 June 2016	28,613,673	8,365,000	-	10,211,405	685,346	63,472,649	111,348,073
At 1 July 2016	28,613,673	8,365,000	-	10,211,405	685,346	63,472,649	111,348,073
Comprehensive loss							
Net loss for the financial period	-	-	-	-	-	(206,821)	(206,821)

The accompanying notes form an integral part of these financial statements.

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 July 2016 to 31 December 2017
(With comparative figures from 1 July 2015 to 30 June 2016)

	Attributable to owners of the Company						
		Non-distributable				Distributable	
Company	**Share capital RM**	**Share premium RM**	**Employee share option reserve RM**	**Warrant reserve RM**	**Equity component of ICULS RM**	**Retained profits RM**	**Total RM**
Total comprehensive loss for the financial period	-	-	-	-	-	(206,821)	(206,821)
Transactions with owners							
Issuance of shares pursuant to:							
- Conversion of ICULS	106,043	-	-	-	(106,043)	-	-
- Right issue	57,227,356	5,722,736	-	8,584,102	-	(8,584,102)	62,950,092
- Issuance of shares upon employees' share option exercised	3,708,000	-	-	-	-	-	3,708,000
- Recognition of employees' share option allotted [Note 29(b)]	-	-	4,920,000	-	-	-	4,920,000
- Transfer pursuant to Companies Act 2016	14,087,736	(14,087,736)	-	-	-	-	-
- Transfer to share capital for employees' share option exercised	3,708,000	-	(3,708,000)	-	-	-	-
Total transactions with owners	78,837,135	(8,365,000)	1,212,000	8,584,102	(106,043)	(8,584,102)	71,578,092
At 31 December 2017	107,450,808	-	1,212,000	18,795,507	579,303	54,681,726	182,719,344

The accompanying notes form an integral part of these financial statements.

SANICHI TECHNOLOGY BERHAD
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STATEMENTS OF CASH FLOWS
For the financial period from 1 July 2016 to 31 December 2017
(With comparative figures from 1 July 2015 to 30 June 2016)

		Group		Company	
		1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016	1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016
	Notes	RM	RM	RM	RM
Cash flows from operating activities					
(Loss)/profit before tax		(16,449,654)	6,844,846	273,191	(1,333,182)
Adjustments for:					
Bad debts written off		-	192,875	-	192,875
Depreciation of property, plant and equipment	4	5,600,060	3,258,755	224	150
Fair value changes in short-term investment		-	118,751	-	118,751
Impairment loss on property, plant and equipment	4	772,603	-	-	-
Interest expense		293,494	248,193	-	83,382
Interest income		(2,231,487)	(141,087)	(1,853,903)	-
Loss on disposal of property, plant and equipment		2,615,852	18,722	-	-
Penalty		82,009	-	24,794	
Share-based payments	29(b)	4,920,000	-	-	-
Unrealised (gain)/loss on foreign exchange		(375,828)	592,996	-	-
Operating (loss)/profit before working capital changes		(4,772,951)	11,134,051	(1,555,694)	(938,024)
Changes in:					
Property development costs		(29,919,723)	(4,158,906)	-	-
Inventories		1,914,012	5,565,165	-	-
Trade and other receivables		27,914,897	(18,170,051)	(679,291)	(157,992)
Other current assets		739,043	(379,203)	671,343	(660,543)
Trade and other payables		(415,712)	7,375,053	(6,564,710)	6,918,488
Other current liabilities		(935,036)	(438,030)	(205,435)	(25,100)
Cash (used in)/generated from operations		(5,475,470)	928,079	(8,333,787)	5,136,829
Interest received		2,108,178	141,087	1,730,594	-
Tax refund		169,958	-	-	-
Tax paid		(141,170)	(663,052)	(2,505)	-
Net cash (used in)/from operating activities		(3,338,504)	406,114	(6,605,698)	5,136,829

The accompanying notes form an integral part of these financial statements.

SANICHI TECHNOLOGY BERHAD
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STATEMENTS OF CASH FLOWS
For the financial period from 1 July 2016 to 31 December 2017
(With comparative figures from 1 July 2015 to 30 June 2016)

		Group		Company	
		1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016	1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016
	Notes	RM	RM	RM	RM
Cash flows from investing activities					
Investment in subsidiaries		-	-	(12,162)	(51)
Placement of fixed deposits with maturity more than 3 months	11	(11,930,116)	-	(8,397,034)	-
Proceeds from disposal of property, plant and equipment		364,540	386,701	-	-
Purchase of property, plant and equipment	4(c)	(12,911,868)	(1,543,113)	-	-
Purchase of short term investments		-	(620,000)	-	(620,000)
Proceeds from disposal of short term investments		501,249	-	501,249	-
Net cash used in investing activities		(23,976,195)	(1,776,412)	(7,907,947)	(620,051)
Cash flows from financing activities					
Advance to subsidiaries		-	-	(5,847,581)	(997,728)
Interest paid		(293,494)	(248,193)	-	(83,382)
Issuance of shares		66,658,092	-	66,658,092	-
Repayment of term loan		(1,148,628)	(765,753)	-	-
Financing from a director		505,948	-	909,212	-
Repayment of finance lease payables		(228,235)	(18,397)	-	-
Net cash from/(used in) financing activities		65,493,683	(1,032,343)	61,719,723	(1,081,110)
Net increase/(decrease) in cash and cash equivalents		38,178,984	(2,402,641)	47,206,078	3,435,668
Effect of exchange rate changes		(1,181,359)	(745,441)	-	-
Cash and cash equivalents at beginning of the financial period/year		21,443,311	24,591,393	6,936,612	3,500,944
Cash and cash equivalents at end of financial period/year	11	58,440,936	21,443,311	54,142,690	6,936,612

The accompanying notes form an integral part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 July 2016 to 31 December 2017

1. GENERAL 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 and the principal place of business of the Company is located at PLO 135, Jalan Cyber 5, Kawasan Perindustrian Senai Fasa 3, 81400 Senai, Johor Darul Takzim.

The 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 5. There have been no significant changes in the nature of these activities during the financial period.

The Company has changed its financial year end from June to December.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements, which are presented in Ringgit Malaysia ("RM"), have been prepared on historical cost basis except as disclosed in the accounting policies below.

2.2 Standards Issued but not yet Effective

The Group and the Company have not applied the following standards, amendments, annual improvements and IC interpretations that have been issued as at the reporting date but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107 : *Disclosure Initiative*	1 January 2017
Amendments to MFRS 112: *Recognition of Deferred tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 2: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
MFRS 9: *Financial Instruments*	1 January 2018

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NOTES TO THE FINANCIAL STATEMENTS
For the financial period from 1 July 2016 to 31 December 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards Issued but not yet Effective (Cont'd)

The Group and the Company have not applied the following standards, amendments, annual improvements and IC interpretations that have been issued as at the reporting date but are not yet effective: (cont'd)

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
MFRS 15: *Revenue from Contracts with Customers*	1 January 2018
Amendments to MFRS 140: *Transfers of Investment Property*	1 January 2018
IC Interpretation 22: *Foreign Currency Transaction and Advance Consideration*	1 January 2018
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 9: *Prepayment Features with Negative Compensation*	1 January 2019
MFRS 16: *Leases*	1 January 2019
Amendments to MFRS 119: *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to MFRS 128: *Long Term Interests in Associates and Joint Ventures*	1 January 2019
IC Interpretation 23: *Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 17: *Insurance Contracts*	1 January 2021
Amendment to MFRS 10 and MFRS 128: *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The directors are of opinion that the adoption of the standards, amendments, annual improvements and IC interpretations above would have no material impact on the financial statements in the year of adoption other than below:

(a) *MFRS 15 Revenue from Contracts with Customers*

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts 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.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards Issued but not yet Effective (Cont'd)

(a) *MFRS 15 Revenue from Contracts with Customers (Cont'd)*

The Group and the Company plan to adopt the new standard on the required effective date using the modified retrospective method. The directors have assessed the effects of applying the new standard on the Group's and Company's financial statements and have identified the following areas that will be affected.

(i) *Rendering of Services*

The Group provides delivery services. These services are bundled together with the sale of goods to a customer. Currently, the Group accounts for the bundled sales as one deliverable and recognises revenue at a point in time. Under MFRS 15, the sale of goods and the rendering of delivery services are separate deliverables of bundled sales. The considerations received or receivable should be allocated between these deliverables based on relative stand-alone selling prices of each deliverable. The delivery services will be recognised over time and its stage of completion will be measured using the actual time incurred to date compared to the estimated time needed to complete the delivery services.

Based on the Group's assessment, the Group did not identify any material impact to revenue and profit for the financial year upon the adoption of MFRS 15.

(ii) *Property Development Revenue*

Under MFRS 15, the Group will recognise property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The Group assessed that if MFRS 15 is adopted in current financial period, revenue would increase by RM4,687,603 and cost of sales would increase by RM2,653,699.

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NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards Issued but not yet Effective (Cont'd)

(a) *MFRS 15 Revenue from Contracts with Customers (Cont'd)*

(iii) *Presentation and Disclosure Requirements*

The presentation and disclosure requirements in MFRS 15 are more detailed than the current standard. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgments made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In addition, extended disclosures are also expected as a result of the significant judgement made when assessing the contract where the Group has concluded that it acts as an agent instead of a principal. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

In 2017, the Group continued testing the appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

(b) *MFRS 9 Financial Instruments*

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. During 2017, the Group and the Company have performed a detailed impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group and the Company in 2018 when the Group and the Company adopt MFRS 9.

Based on the analysis of the Group's and of the Company's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that existed at that date, the directors of the Group and of the Company have assessed the impact of MFRS 9 to the Group and the Company's financial statements as follows:

(i) *Classification and Measurement*

The Group and the Company do not expect a significant impact on its statements of financial position or equity on applying the classification and measurement requirements of MFRS 9.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards Issued but not yet Effective (Cont'd)

(b) *MFRS 9 Financial Instrument (Cont'd)*

(i) *Classification and Measurement (Cont'd)*

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) *Impairment*

The Group and the Company will apply the simplified approach and record lifetime expected losses on all receivables. Due to the strong creditworthiness of the Group and the Company's debtors, the Group and the Company have determined that there will not be any loss allowance required

(iii) *Hedge accounting*

As the Group and the Company do not apply hedge accounting, applying the hedging requirements of MFRS 9 will not have a significant impact on the Group's and the Company's financial statements.

(c) *IC Interpretation 22 Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that, in determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a nonmonetary asset or non-monetary liability, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the amendments either retrospectively or prospectively. Specific transition provisions apply to prospective application. Early application is permitted and must be disclosed. The application of these amendments will not have an impact on the Group and the Company as the Group and the Company are already accounting for transactions involving the payment or receipt of advance consideration in foreign currency in a way that is consistent with the amendments.

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NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards Issued but not yet Effective (Cont'd)

(d) *MFRS 16 Leases*

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company are in the midst of assessing the potential impact of MFRS 16 on its financial statements.

2.3 Basic of Consolidation and Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at reporting date. 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basic of Consolidation and Subsidiaries (Cont'd)

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.

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.

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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basic of Consolidation and Subsidiaries (Cont'd)

Subsidiaries and Business Combination (Cont'd)

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.

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.

2.4 Functional and Foreign Currencies

(a) *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 consolidation financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) *Foreign Currency Transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Functional and Foreign Currencies (Cont'd)

(b) *Foreign Currency Transaction (Cont'd)*

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

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

2.5 Current versus Non-Current Classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification.

An asset is current when it is:

(i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

A liability is current when:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group and Company depreciate them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful life (years)
Building	50
Leasehold lands	60
Plant and machinery	8 to 19
Furniture and fittings and office equipment	6 to 7
Motor vehicles	5

Construction in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

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

2.7 Property Development Costs

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider the property as completed property.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when all the following conditions have been satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property Development Costs (Cont'd)

Where the contract is judged to be for the sale of a completed property, revenue is recognised when all the following conditions have been satisfied: (cont'd)

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

No revenue has been recognised as unable to satisfied all the conditions above.

2.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

(a) *Financial Assets*

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

The Group and the Company do not have any financial assets classified other than financial assets at fair value through profit or loss and loans and receivables.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Instruments (Cont'd)

(a) *Financial Assets (Cont'd)*

(i) *Financial Assets at Fair Value through Profit or Loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial asset) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Instruments (Cont'd)

(a) *Financial Assets (Cont'd)*

Derecognition (Cont'd)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial asset) is primarily derecognised when: (cont'd)

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of the Group's and the Company's continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of Financial Assets

The Group and the Company assess, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Instruments (Cont'd)

(a) *Financial Assets (Cont'd)*

Impairment of Financial Assets (Cont'd)

(i) *Financial Assets Carried at Amortised Cost*

For financial assets carried at amortised cost, the Group and the Company assess whether impairment exists for financial assets on an individual basis.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, 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 to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in the statement of profit or loss.

(b) *Financial Liabilities*

Initial Recognition and Measurement

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Instruments (Cont'd)

(b) *Financial Liabilities (Cont'd)*

Subsequent Measurement (Cont'd)

(i) *Financial Liabilities at Fair Value through Profit or Loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. No financial liability has been designated at fair value through profit or loss during the reporting period.

(ii) *Financial Liabilities at Amortised Cost*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender or 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial Instruments (Cont'd)

(c) *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

(a) Raw materials comprise purchase costs accounted for on a first in first out basis.

(b) Work in progress comprise cost of direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on weighted average on cost.

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.

2.10 Impairment of Non-Financial Assets

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

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Impairment of Non-Financial Assets (Cont'd)

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and fixed deposits with licensed bank and institution which have an insignificant risk of changes in value.

For the purpose of presenting statement of cash flows, cash and cash equivalents net of fixed deposits with maturity more than three months from the date of placement.

Cash and cash equivalents are categorised and measured as loans and receivables.

2.12 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital.

2.13 Share-Based Payments

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 29(b) to the financial statements.

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 Group and 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 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.

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.

2.15 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group and the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

2.17 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 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.18 Discontinued Operations

Discontinued operations is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sales, or is a subsidiary acquired exclusively with a view to resale. Classification of a discontinued operations occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued operations, the comparative income is restated as if the operation had been discontinued from the start of the comparative period.

2.19 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Provision

Provisions are recognised when the Group and Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Taxes

(a) *Current Income Tax*

Current income tax assets and liabilities for the current and prior financial periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred Tax*

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

Deferred tax liabilities are recognised for all temporary differences, except:

(i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes (Cont'd)

(b) *Deferred Tax (Cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

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

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

(c) *Goods and Services Tax ("GST")*

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes (Cont'd)

(c) *Goods and Services Tax ("GST") (Cont'd)*

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of Goods

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

2.23 Employee Benefits

(a) *Short Term Employee Benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Employee entitlement to annual leave is recognised when it accrues to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(b) *Post-Employment Benefits - Defined Contribution Plan*

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Related Party

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and to the Company if that person:
- (i) has control or joint control over the Company; or
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity.
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of the same entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Company.
- (vi) the entity is controlled or joint-controlled by a person identified in (a) above.
- (vii) a person identified in (a)(i) above has significant influence over the Company or is a member of the key management personnel of the Company (or a parent of the Company).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.25 Fair Value Measurement

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Fair Value Measurement (Cont'd)

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, theGroup and the Company determines whether transfers have occurred between levels in the hierarchy by re-accessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by directors for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The directors decide, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group and the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristic and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements Made in Applying Accounting Policies

The directors are of the opinion that any instances of application of judgments are not expected to have a significant effect on the amounts recognised in the financial statements.

3.2 Key Sources of Estimation of Uncertainty

The measurement of some assets and liabilities requires directors to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Group and of the Company are in measuring: (a) depreciation of property, plant and equipment, (b) measurement of income taxes and (c) loss allowance of financial assets.

(a) *Depreciation of Property, Plant and Equipment*

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.

(b) *Measurement of Income Taxes*

Significant judgement is required in determining the Group's and the Company's provision for current and deferred taxes because the ultimate tax liability for the Group and the Company are uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amount might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the financial period when such determination is made. The Group and the Company will adjust for the differences as over- or under- provision of current or deferred taxes in the current financial period in which those differences arise.

(c) *Loss Allowance of Financial Assets*

Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. The actual eventual losses may be different from the allowance made and this may affect the Group and the Company's financial position and results.

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4. PROPERTY, PLANT AND EQUIPMENT

Group	Building under construction RM	Furniture and fittings and office equipment RM	Leasehold building RM	Leasehold land RM	Motor vehicles RM	Plant and machinery RM	Total RM
Cost							
At 1 July 2015	3,368,968	4,206,149	4,760,838	2,616,917	1,965,420	35,638,297	52,556,589
Additions	-	201,789	251,995	-	635,352	453,977	1,543,113
Disposals	-	-	-	-	(858,979)	-	(858,979)
Transfer to property development costs (Note 8)	-	-	(1,628,037)	-	-	-	(1,628,037)
Translation adjustment	-	23,182	-	-	4,437	42,167	69,786
At 30 June 2016 and 1 July 2016	3,368,968	4,431,120	3,384,796	2,616,917	1,746,230	36,134,441	51,682,472
Additions	4,930,168	2,166,822	137,143	-	2,785,721	4,655,721	14,675,575
Disposals	-	(604,770)	-	-	(112,946)	(4,729,443)	(5,447,159)
Impairment	-	-	-	-	-	(1,200,000)	(1,200,000)
At 31 December 2017	8,299,136	5,993,172	3,521,939	2,616,917	4,419,005	34,860,719	59,710,888

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

Group	Building under construction RM	Leasehold building RM	Furniture and fittings and office equipment RM	Leasehold land RM	Motor vehicles RM	Plant and machinery RM	Total RM
Accumulated depreciation and impairment							
At 1 July 2015	-	276,786	2,944,015	181,683	800,542	8,444,509	12,647,535
Charge for the financial year	-	104,587	238,167	49,376	330,725	2,535,900	3,258,755
Disposals	-	-	-	-	(453,556)	-	(453,556)
Transfer to property development costs (Note 8)	-	(49,252)	-	-	-	-	(49,252)
Translation adjustment	-	-	17,751	-	1,970	13,897	33,618
At 30 June 2016 and 1 July 2016	-	332,121	3,199,933	231,059	679,681	10,994,306	15,437,100
Charge for the financial year	-	105,582	616,724	74,064	1,180,349	3,623,341	5,600,060
Disposals	-	-	(639,476)	-	(64,389)	(1,762,902)	(2,466,767)
Impairment	-	-	-	-	-	(427,397)	(427,397)
At 31 December 2017	-	437,703	3,177,181	305,123	1,795,641	12,427,348	18,142,996
Net carrying amount							
At 30 June 2016	3,368,968	3,052,675	1,231,187	2,385,858	1,066,549	25,140,135	36,245,372
At 31 December 2017	8,299,136	3,084,236	2,815,991	2,311,794	2,623,364	22,433,371	41,567,892

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

Company	Office equipment RM
Cost	
At 1 July 2015, 30 June 2016, 1 July 2016 and 31 December 2017	1,325
Accumulated depreciation	
At 1 July 2015	888
Charge for the financial year	150
At 30 June 2016 and 1 July 2016	1,038
Charge for the financial year	224
At 31 December 2017	1,262
Net carrying amount	
At 30 June 2016	287
At 31 December 2017	63

(a) The net carrying amount of the property, plant and equipment acquired under finance lease are as follows:

	Group	
	31.12.2017 RM	30.6.2016 RM
Funiture and fittings and office equipment	1,719,615	-
Motor vehicles	95,047	165,387
	1,814,662	165,387

(b) The net carrying amount of the property, plant and equipment registered under the name of a director and third parties on behalf of the Group are as follows:

	Group	
	31.12.2017 RM	30.6.2016 RM
Motor vehicles	364,937	666,281

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

(c) During the financial period/year, the Group acquired property, plant and equipment by the following means:

	Group	
	31.12.2017	30.6.2016
	RM	RM
Cash payments	12,911,868	1,543,113
Finance lease	1,763,707	-
	14,675,575	1,543,113

5. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2017	30.6.2016
	RM	RM
Unquoted shares, at cost		
At beginning of financial period/year	26,897,651	26,897,600
Additions	4,932,162	51
	31,829,813	26,897,651
Less: Impairment loss	(11,657,600)	(11,657,600)
At end of financial period/year	20,172,213	15,240,051

Name of companies	Principal activities	Principal place of business/country of incorporation	Equity holding 31.12.2017 %	Equity holding 30.6.2016 %
Sanichi Precision Mould Sdn. Bhd.	Design and fabrication of precision moulds and tooling	Malaysia	100	100
Asia Pinnacle Sdn. Bhd.	Design and fabrication of precision moulds and tooling	Malaysia	100	100
Sanichi Mould (Thailand) Co., Ltd. *	Design and fabrication of precision moulds and tooling	Thailand	100	100

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5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of companies	Principal activities	Principal place of business/country of incorporation	Equity holding 31.12.2017 %	30.6.2016 %
Sanichi Property Sdn. Bhd.	Property investment and development	Malaysia	100	100
Sanichi Protev Sdn. Bhd.	Dormant	Malaysia	51	51
Sanichi Capital Sdn. Bhd.	Dormant	Malaysia	100	-
Asia Glare Pte. Ltd. *	Dormant	Singapore	100	-
Majestic International Limited**	Dormant	United Arab Emirates	100	-

* *Subsidiaries not audited by Cheng & Co.*

** *This company is not audited. For consolidation purposes, this company is consolidated based on management financial statements as at 31 December 2017 which is reviewed by Cheng & Co.*

6. DEFERRED TAX (LIABILITIES)/ASSETS

	Group		Company	
	31.12.2017 RM	30.6.2016 RM	31.12.2017 RM	30.6.2016 RM
At beginning of financial period/year	(1,432,445)	1,888,796	(2,150)	88,296
Recognised in ICULS	-	(2,150)	-	(2,150)
Recognised in profit or loss (Note 26)	(686,753)	(3,319,091)	2,150	(88,296)
At end of financial period/year	(2,119,198)	(1,432,445)	-	(2,150)

Presented after appropriate off-setting as follows:

	Group		Company	
	31.12.2017 RM	30.6.2016 RM	31.12.2017 RM	30.6.2016 RM
Deferred tax liabilities	(2,119,198)	(1,921,296)	-	(88,296)
Deferred tax assets	-	488,851	-	86,146
	(2,119,198)	(1,432,445)	-	(2,150)

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6. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

The deferred tax liabilities are in respect of:

	Group		Company	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Property, plant and equipment	(5,628,973)	(1,833,000)	-	-
Others	(154,717)	(2,150)	-	2,150
Unabsorbed capital allowances	260,640	402,705	-	-
Unabsorbed industrial buidling allowan	1,593,433	-	-	-
Unabsorbed tax losses	1,810,419	-	-	-
	(2,119,198)	(1,432,445)	-	2,150

Deferred tax assets have not been recognised in respect of these items as it is not probable that the future taxable profit of the Group will be available against which the deductible temporary differences can be utilised are as follows:

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Property, plant and equipment	(12,092)	-
Unabsorbed capital allowances	30,205	-
Unutilised tax losses	2,332,106	-
	2,350,219	-

7. SHORT TERM INVESTMENT

	Group and Company	
	31.12.2017	**30.6.2016**
	RM	**RM**
Fair value through profit or loss:		
Quoted shares in Malaysia	-	501,249

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8. PROPERTY DEVELOPMENT COSTS

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
At beginning of financial period/year		
- Freehold land	7,700,000	-
- Development costs	8,889,938	-
	16,589,938	-
Transfer from non-current inventories	-	11,034,204
Transfer from property, plant and equipment (Note 4)	-	1,578,785
Add: Development costs during the financial year	29,919,723	3,976,949
At end of financial period/year	46,509,661	16,589,938
Summarised as:		
Freehold land	7,700,000	7,700,000
Development costs	38,809,661	8,889,938
	46,509,661	16,589,938

Freehold land with carrying amount of RM NIL (2016: RM7,700,000) is charged to a financial institution for banking facility granted to a subsidiary.

9. INVENTORIES

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Inventories, at cost, comprise the following:		
Raw materials	115,004	745,655
Work-in-progress	3,275,802	4,559,163
	3,390,806	5,304,818

During the financial period/year, the amounts of inventories recognised as an expense in cost of sales of the Group was RM17,181,691 (2016: RM21,939,164).

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10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Third parties	44,646,189	35,570,726	-	-
Less: Allowance for impairment loss	(8,956,391)	(8,956,391)	-	-
Trade receivables, net	35,689,798	26,614,335	-	-
Other receivables				
Other receivables	1,684,911	521,825	922,978	251,637
Deposits	6,540,221	44,968,400	8,950	1,000
Amoun due from subsidiaries	-	-	101,141,456	95,293,875
	8,225,132	45,490,225	102,073,384	95,546,512
Total trade and other receivables	43,914,930	72,104,560	102,073,384	95,546,512

(a) *Trade Receivables*

The Group's normal trade credit term ranges from 30 to 60 days (2016: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoiced amounts which represent their fair values on initial recognition. Included in trade receivables, there is an amount owing by a shareholder in a company under the Sanichi Group amounting to RM10,966,932 (2016: RM9,140,851).

Ageing Analysis of Trade Receivables

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Neither past due nor impaired	872,997	14,248,098
1 to 30 days past due not impaired	635,310	392,603
31 to 60 days past due not impaired	2,486,650	1,010,631
61 to 90 days past due not impaired	1,785,173	4,011,297
More than 91 days past due not impaired	29,909,668	6,951,706
	34,816,801	12,366,237
Impaired	8,956,391	8,956,391
	44,646,189	35,570,726

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10. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) *Trade Receivables (Cont'd)*

Receivables that are Past Due but not Impaired

Based on the pasts experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are Impaired

The movement of the allowance for impairment losses of trade receivables are as follows:

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
At beginning/end of financial period/year	8,956,391	8,956,391

Currency Exposure

The trade receivables are denominated in the following currencies:

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Ringgit Malaysia	464,001	93,506
United States Dollar	14,175,865	11,012,916
Euro	21,049,932	15,507,913
	35,689,798	26,614,335

(b) *Other Receivables*

Other receivables are unsecured and interest-free.

(c) *Amount Due from Subsidiaries*

These amounts are non-trade in nature, unsecured, interest free and recoverable on demand.

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11. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	5,062,205	21,443,311	896,938	6,936,612
Fixed deposits	65,177,155	-	61,642,786	-
Total cash and cash equivalents	70,239,360	21,443,311	62,539,724	6,936,612
Add: Cash under held for sale (Note 12)	131,692	-	-	-
Less: Fixed deposits with maturity more than 3 months	(11,930,116)	-	(8,397,034)	-
Cash and cash equivalents as presented in statements of cash flows	58,440,936	21,443,311	54,142,690	6,936,612

The cash and bank balances amounting to RM2,644,883 (2016: NIL) is held under Housing Development Account.

Fixed deposits are placed with licensed banks and institution, earn interest at rates ranging from 3.00% to 4.00% (2016: NIL) per annum and have maturity period of 3 months to 12 months (2016: NIL). Fixed deposits amounting to RM3,533,082 (2016: RM NIL) are registered under the name of a director of a subsidiary on behalf of the Group.

Currency Exposure

The cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	69,385,234	20,977,849	62,539,724	6,936,612
Arab Emirate Dirham	30,803	-	-	-
United States Dollar	632,731	169,549	-	-
Singapore Dollar	47,908	6	-	-
Euro	139,589	116,878	-	-
Mexican Peso	1,073	-	-	-
Chinese Renminbi	1,015	-	-	-
Pound Sterling	1,007	-	-	-
Thai Baht	-	179,029	-	-
	70,239,360	21,443,311	62,539,724	6,936,612

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12. ASSETS/LIABILITIES CLASSFIED AS HELD FOR SALE

On November 2017, the Group has ceased Sanichi Mould (Thailand) Co., Ltd's operations.

At the end of the current reporting period, the assets and liabilities of the manufacturing segment has been presented in the consolidated statement of financial position as "Assets classified as held for sale" and "Liabilities classified as held for sale", and its results are presented separately on the consolidated statement of profit or loss as "Loss after tax from discontinued operations".

The assets and liabilities classified as held for sale are as follows:

	Group 31.12.2017 RM
Trade and other receivables	274,733
Current tax assets	447,084
Cash and cash equivalents	131,692
Assets classified as held for sale	853,509
Trade and other payables	899,556
Liabilities classified as held for sale	899,556

13. SHARE CAPITAL

	Group and Company			
	Number of shares		31.12.2017	30.6.2016
	31.12.2017	30.6.2016	RM	RM
Issued and fully paid				
At beginning of period/year	286,136,010	1,143,996,110	28,613,673	114,399,611
Issued during the financial period/year:				
- converson of ICULS	504,966	550,810	106,043	55,081
- ESOS exercised	25,812,500	-	3,708,000	-
- rights issue with Warrant D	572,273,460	-	57,227,356	-
Employee share option reserves transfer to share capital upon ESOS exercised	-	-	3,708,000	-
Transfer of share premium pursuant to Companies Act, 2016	-	-	14,087,736	-
Effect of par value reduction	-	(858,410,910)	-	(85,841,019)
Consolidation of shares	(572,610,104)	-	-	-
At end of financial period/year	312,116,832	286,136,010	107,450,808	28,613,673

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13. SHARE CAPITAL (CONT'D)

The Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Section 74 of the Act states that all shares issued before or after 31 January 2017 shall have no par or nominal value. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. In addition, the Group's and the Company's share premium account was transferred to form part of the Group's and the Company's share capital.

During the financial period/year, the following shares were issued:

(a) the issuance of 572,273,460 new ordinary shares pursuant to rights issue with Warrant D.
(b) the issuance of 504,966 new ordinary shares from the conversion of the ICULS.
(c) the issuance of 25,812,500 new ordinary shares from the exercise of options under the Company's Employee Share Option Scheme at an exercise price ranging from RM0.101 to RM0.165 per option.

On 6 September 2017, a share consolidation of every three (3) ordinary shares into one (1) ordinary share. The Company's issued and paid up capital has been consolidated from 858,915,156 ordinary shares (with equivalent to RM85,947,072) to 286,305,052 ordinary shares (with equivalent to RM85,947,072).

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

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 restrictions.

14. OTHER RESERVES

	Group		Company	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Non-distributable				
Other reserves:				
Share premium	-	8,365,000	-	8,365,000
ESOS reserve (Note 17)	1,212,000	-	1,212,000	-
Foreign currency translation reserve	(1,941,213)	(441,553)	-	-
Warrant reserve (Note 15)	18,795,507	10,211,405	18,795,507	10,211,405
Equity component of ICULS (Note 16)	579,303	685,346	579,303	685,346
	18,645,597	18,820,198	20,586,810	19,261,751

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14. OTHER RESERVES (CONT'D)

(a) *Share Premium*

Share premium represents amounts transferred from warrants reserve, ESOS reserve upon exercise of the warrant and ESOS of the Company and arise from issuance of new ordinary share. Section 618(2) of the Companies Act 2016 states that upon the commencement of Section 74, the share premium account shall become part of share capital. The Group and the Company's share premium account was transferred to form part of the Group's and the Company's share capital.

(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*

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 profits. The salient features of the warrants are disclosed in Note 15 to the financial statements.

15. WARRANTS

Warrant B, C and D were constituted under the Deed Poll dated 21 November 2012, 14 August 2014 and 30 May 2016.

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 four(4) to 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 B are quoted on the ACE Market of Bursa Malaysia Securities Berhad on 20 March 2013. Each warrant entitles its holder the right to subscribe for one ordinary share each in the Company at any time up to the expiry date of 13 March 2018 at an exercise price of RM0.10 payable in cash.

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15. WARRANTS (CONT'D)

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

(e) Warrant C are 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 each in the Company at any time up to the expiry date of 24 September 2019 at an exercise price of RM0.63 payable in cash.

(f) Warrant D are quoted on the ACE Market of Bursa Malaysia Securities Berhad on 29 July 2016. Each warrant entitles its holder the right to subscribe for one ordinary share each in the Company at any time up to the expiry date of 21 July 2019 at an exercise price of RM0.30 payable in cash.

In accordance with the provision of the issuance of Warrant D and share consolidation, the Company has adjusted number of 7,061,948 Warrant B to the holders of outstanding Warrant B, adjusted number of 40,627,286 Warrant C to the holders of outstanding Warrant C and, adjusted number of 95,378,910 Warrant D to the holders of outstanding Warrant D as mentioned in Note 13 and 15(f) which were completed on 6 May 2016 and 29 July 2016 respectively.

The number of unexercised Warrants as at the end of the reporting period are as follows:

	Group	
	31.12.2017	**30.6.2016**
	Units	**Units**
Warrant B	7,061,948	15,121,250
Warrant C	40,627,286	86,992,800
Warrant D	95,378,910	-
	143,068,144	102,114,050

The fair value of warrant D is measured using the market price of the listing date which is RM0.30.

16. 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") 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 RM0.63 each;

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16. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (CONT'D)

The salient terms of the ICULS are as follows: (cont'd)

(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.

The liability component and the equity component of the ICULS as follows:

	Group and Company	
	31.12.2017	**30.6.2016**
	RM	**RM**
Liability component of ICULS		
At beginning of financial period/year	128,324	139,076
Conversion of ICULS to ordinary shares	-	(8,602)
Net interest recognised in profit or loss	(123,309)	-
Income tax relating to conversion of ICULS	-	(2,150)
At end of financial period/year	5,015	128,324
Equity component of ICULS		
At beginning of financial period/year	685,346	731,825
Conversion of ICULS to ordinary shares	(106,043)	(46,479)
At end of financial period/year	579,303	685,346
	584,318	813,670

17. EMPLOYEE SHARE OPTION RESERVE

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services rendered from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The main features of the ESOS are as follows:

(a) Eligible persons are employees and/or directors of the Group who have been confirmed in the employment of the Group and have served for at least 1 year before the date of the offer.

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17. EMPLOYEE SHARE OPTION RESERVE (CONT'D)

The main features of the ESOS are as follows: (cont'd)

(b) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 30% of the total number of issued share capital of the Company at any point in time when an offer is made throughout the duration of the scheme.

(c) The option price shall be determined by the ESOS Committee based on the 5-day volume weighted average market price of each ordinary share as quoted on Bursa Securities, immediately preceding the date of offer of the ESOS option, with a discount of not more than 10%.

(d) The option may be exercised by the option holders by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.

(e) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

During the financial period,:

(a) On 11 September 2017, the Company has granted share options to eligible employees under its ESOS, with an offer of options of 10,000,000 at an exercise price of RM0.165 per ordinary share.

(b) On 26 September 2017, the Company has granted share options to eligible employees under its ESOS, with an offer of options of 7,812,500 at an exercise price of RM0.16 per ordinary share.

(c) On 15 November 2017, the Company has granted share options to eligible employees under its ESOS, with an offer of options of 20,000,000 at an exercise price of RM0.101 per ordinary share.

Total unexercised ESOS option at the reporting date is 12,000,000 unit (exercised after reporting date).

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18. BORROWINGS

	Group		Company	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Current liabilities				
Finance lease payables (Note 19)	876,454	19,409	-	-
Term loan (Note 20)	251,431	765,752	-	-
ICULS (Note 16)	5,015	128,324	5,015	128,324
	1,132,900	913,485	5,015	128,324
Non-current liabilities				
Finance lease payables (Note 19)	733,249	54,822	-	-
Term loan (Note 20)	-	634,307	-	-
	733,249	689,129	-	-
Total borrowings				
Finance lease payables (Note 19)	1,609,703	74,231	-	-
Term loan (Note 20)	251,431	1,400,059	-	-
ICULS (Note 16)	5,015	128,324	5,015	128,324
	1,866,149	1,602,614	5,015	128,324

19. FINANCE LEASE PAYABLES

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Future minimum lease payments		
Not later than 1 year	1,010,236	22,560
Later than 1 year but not later than 5 years	765,213	58,296
	1,775,449	80,856
Less: Future finance charges	(165,746)	(6,625)
	1,609,703	74,231
Present value of liabilities		
Not later than 1 year	876,454	19,409
Later than 1 year but not later than 5 years	733,249	54,822
	1,609,703	74,231

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19. FINANCE LEASE PAYABLES (CONT'D)

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Analysed as:		
Due within 12 months	876,454	19,409
Due after 12 months	733,249	54,822
	1,609,703	74,231

The finance lease payables bear effective interest at rate ranging from 4.84% to 6.00% (2016: 4.84%) per annum. The finance lease payables amounting to RM44,236 are borrowed under the name of a third party on behalf of the Company.

20. TERM LOAN

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Current liabilities		
Not later than 1 year	251,431	765,752
Non-current liabilities		
Later than 1 year but not later than 5 years	-	634,307
	-	634,307
	251,431	1,400,059

Unsecured credit facility:

(a) The unsecured term loan bears effective interest at rate of 4.20% per annum.

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21. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Trade payables				
- Third parties	3,654,421	2,445,689	-	-
Other payables				
Other payables	4,574,112	7,098,112	506,504	7,071,214
Amount due to a director	1,074,962	569,014	1,074,962	165,750
	5,649,074	7,667,126	1,581,466	7,236,964
	9,303,495	10,112,815	1,581,466	7,236,964

(a) *Trade Payables*

Trade payables are unsecured and interest free.

Currency Exposure

The trade payables are denominated in the following currencies:

	Group		Company	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	2,255,027	2,110,007	-	-
Japanese Yen	114,408	-	-	-
United States Dollar	761,674	115,044	-	-
Singapore Dollar	129,221	144,781	-	-
Euro	394,091	75,857	-	-
	3,654,421	2,445,689	-	-

(b) *Other Payables*

Other payables are unsecured and interest free.

(c) *Amount Due to a Director*

This amount is non-trade in nature, unsecured, interest free and repayable on demand.

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22. REVENUE

	Group	
	1.7.2016 to 31.12.2017 RM	1.7.2015 to 30.6.2016 RM
Sales of goods	35,893,951	34,049,106

23. OTHER OPERATING INCOME

	Group		Company	
	1.7.2016 to 31.12.2017 RM	1.7.2015 to 30.6.2016 RM	1.7.2016 to 31.12.2017 RM	1.7.2015 to 30.6.2016 RM
ICULS interest	78,575	-	78,575	-
Interest income	2,152,912	141,087	1,775,328	-
Other income	61,457	573,676	57,421	-
Realised gain on foreign exchange	309,229	768,771	-	-
Unrealised gain on foreign exchange	375,828	-	-	-
	2,978,001	1,483,534	1,911,324	-

24. FINANCE COSTS

	Group		Company	
	1.7.2016 to 31.12.2017 RM	1.7.2015 to 30.6.2016 RM	1.7.2016 to 31.12.2017 RM	1.7.2015 to 30.6.2016 RM
Finance lease interest	52,523	4,163	-	-
ICULS interest	-	83,382	-	83,382
Term loan interest	240,971	160,648	-	-
	293,494	248,193	-	83,382

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25. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

	Group		Company	
	1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016	1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016
	RM	RM	RM	RM
Loss/(Profit) is arrived at after charging:				
Auditors' remuneration:				
- Audit fee				
: Cheng & Co	158,000	112,000	50,000	35,000
: Other auditors	-	7,572	-	-
- Non-audit fee				
: Cheng & Co	62,000	-	62,000	10,000
Bad debts written off	-	192,875	-	192,875
Depreciation of property, plant and equipment (Note 4)	5,429,288	3,106,339	224	150
Fair value changes in short term investment	-	118,751	-	118,751
Impairment loss on property, plant and equipment (Note 4)	772,603	-	-	-
Lease of equipment	9,733	2,716	-	-
Lease of hostel	108,370	51,360	4,500	-
Lease of premises	35,970	96,450	-	-
Loss on disposal of property, plant and equipment	2,158,241	18,722	-	-
Unrealised loss on foreign exchange	-	592,996	-	-

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26. TAX EXPENSE

(a) *Major Components of Tax Expense*

	Group		Company	
	1.7.2016 to 31.12.2017	**1.7.2015 to 30.6.2016**	**1.7.2016 to 31.12.2017**	**1.7.2015 to 30.6.2016**
	RM	**RM**	**RM**	**RM**
Current income tax				
Current financial period/year	1,405,362	21,200	482,162	-
Under/(Over) provision in prior financial year	25,033	(275,114)	-	-
	1,430,395	(253,914)	482,162	-
Deferred tax (Note 6)				
Current financial period/year	(534,755)	2,202,951	-	-
Under/(Over) provision in prior financial year	1,221,508	1,116,140	(2,150)	88,296
	686,753	3,319,091	(2,150)	88,296
	2,117,148	3,065,177	480,012	88,296

(b) *Relationship Between Tax Expense and Accounting (Loss)/Profit*

Reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate is as follows:

	Group		Company	
	1.7.2016 to 31.12.2017	**1.7.2015 to 30.6.2016**	**1.7.2016 to 31.12.2017**	**1.7.2015 to 30.6.2016**
	RM	**RM**	**RM**	**RM**
(Loss)/Profit before tax	(15,384,271)	6,545,965	273,191	(1,333,182)
Income tax calculated at tax rate 24%	(3,692,225)	1,571,032	65,566	(319,964)
Tax effects of expenses not deductible for tax purpose	2,212,613	653,119	416,596	319,964
Deferred tax assets not recognised during the financial period (Note 6)	2,350,219	-	-	-
Under/(Over) provision of deferred tax in prior financial year	1,221,508	1,116,140	(2,150)	88,296
Under/(Over) provision of income tax in prior financial year	25,033	(275,114)	-	-
	2,117,148	3,065,177	480,012	88,296

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27. (LOSS)/PROFIT FROM DISCONTINUED OPERATIONS, NET OF TAX

As disclosed in Note 12 to the financial statements, the Group has ceased Sanichi Mould Thailand Co., Ltd.'s operations in November 2017. An analysis of the results of the discontinued operations is as follows:

	Group	
	1.7.2016 to 31.12.2017	**1.7.2015 to 30.6.2016**
	RM	**RM**
Revenue	1,103,047	2,612,677
Cost of sales	(999,278)	(2,722,857)
Gross profit/(loss)	103,769	(110,180)
Other operating income	-	1,146,556
General and administration expenses	(1,169,152)	(737,495)
(Loss)/Profit before tax	(1,065,383)	298,881
Tax expense	-	-
(Loss)/Profit after tax from discontinued operations	(1,065,383)	298,881

(a) Included in loss before tax from the discontinued operations are as follows:

	Group	
	1.7.2016 to 31.12.2017	**1.7.2015 to 30.6.2016**
	RM	**RM**
Audit fee - Other auditors	-	7,572
Depreciation of property, plant and equipment (Note 4)	170,772	152,416
Lease of equipment	-	2,069
Loss on disposal of property, plant and equipment	457,611	-
Staff costs	963,950	1,351,948

(b) The cash flows attributable to the discontinued operations are as follows:

	Group	
	1.7.2016 to 31.12.2017	**1.7.2015 to 30.6.2016**
	RM	**RM**
Net operating cash flows	(1,859,354)	1,037,571
Net investing cash flows	54,565	(102,961)
Net cash (used in)/from discontinued operations	(1,804,789)	934,610

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28. (LOSS)/EARNINGS PER SHARE

	Group	
	1.7.2016 to 31.12.2017	**1.7.2015 to 30.6.2016**
(Loss)/Profit after tax attributable to owners of the Company (RM)		
- from continuing operations	(17,501,419)	3,480,788
- from discontinued operations	(1,065,383)	298,881
	(18,566,802)	3,779,669
Weighted average number of ordinary shares during the financial period/year	290,170,939	333,788,304
Basic (loss)/earnings per share (sen)		
- from continuing operations	(6.03)	1.04
- from discontinued operations	(0.37)	0.09

**Comparative figures for the weighted average number of ordinary shares in issue for the basic earnings per ordinary share has been restated to reflect the adjustments arising from the share consolidation which were completed on 6 September 2017.*

The basic earnings per share of the Group is calculated by dividing the Group's (loss)/profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year.

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28. (LOSS)/EARNINGS PER SHARE (CONT'D)

	Group	
	1.7.2016 to 31.12.2017	**1.7.2015 to 30.6.2016**
(Loss)/Profit after tax attributable to owners of the Company (RM)		
- from continuing operations	(17,501,419)	3,480,788
- from discontinued operations	(1,065,383)	298,881
	(18,566,802)	3,779,669
Weighted average number of ordinary shares during the financial period/year	290,170,939	333,788,304
Effect of dilution:		
- conversion of ICULS	919,473	-
- Employees' share option	12,000,000	-
Weighted average number of ordinary shares during the financial period/year	303,090,412	333,788,304
Basic (loss)/earnings per share (sen)		
- from continuing operations	(5.77)	1.04
- from discontinued operations	(0.35)	0.09

The diluted earnings per share of the Group is calculated by dividing the Group's (loss)/profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year adjusted for the effects of the dilutive potential ordinary shares.

There is no dilution effect to the earnings per share in the previous financial year as the exercise prices of warrants and ICULS were higher than the average market price of the ordinary shares during the previous financial year.

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29. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016	1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016
	RM	RM	RM	RM
Short term employee benefits	7,845,292	1,458,885	-	-
Directors' remuneration [Notes 29(a)]	810,597	600,034	161,466	216,100
Post-employement benefits	697,645	155,036	-	-
Others benefits	-	134,154	-	-
Share-based payments [Notes 29(b)]	4,920,000	-	-	-
	14,273,534	2,348,109	161,466	216,100

(a) *Directors' Remuneration*

	Group		Company	
	1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016	1.7.2016 to 31.12.2017	1.7.2015 to 30.6.2016
	RM	RM	RM	RM
Post-employment benefits	65,880	38,160	-	-
Fee - current financial period/year	245,000	180,000	245,000	180,000
Fee - (over)/ under provision in prior financial year	(102,034)	14,100	(102,034)	14,100
Others benefits	20,985	27,774	18,500	-
Remuneration	580,766	340,000	-	22,000
	810,597	600,034	161,466	216,100

(b) *Equity-Settled Share-Based Payments*

The fair value of services received in return for share options granted is based on the market price of the grant date with value of RM0.101, RM0.16 and RM0.165. Grant date is the date that the Company and its employees agree to a share-based payment arrangement, being when the entity and the Company and its employees have a shared understanding of the terms and conditions of the agreement.

The share options expense recognised in profit or loss of the Group during the financial period were RM4,920,000 (2016: RM NIL).

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30. RELATED PARTIES DISCLOSURE

There is no transaction with related party during the financial period.

The remuneration of key management personnel comprising solely executive directors is disclosed in Note 29(a) to the financial statements.

31. OPERATING LEASE COMMITMENTS

The Group has entered into non-cancellable lease of hostel. Besides that, The Group has entered into non-cancellable lease on certain commercial and residential units from its development project. The Group will lease back from the owners for 2 to 3 years upon the completion. The date of completion is expected to fall on December 2019.

The future aggregate minimum lease payments under non-cancellable operating lease commitments at the end of the reporting period are as follows:

	31.12.2017 RM	30.6.2016 RM
Not later than one year	24,350	-
Later than one year but not later than five year	1,929,655	-
	1,954,005	-

32. CAPITAL COMMITMENTS

	31.12.2017 RM	30.6.2016 RM
Acquisition of property, plant and equipment	1,590,109	-

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33. SEGMENT INFORMATION

The Group is organised into business units based on its products and services, and has three reportable operating segments as follow:

Manufacturing	Designing and fabrication of precision moulds and tooling for use in automobile.
Property development	Property development.
Others	Investment holding and provision for management services.

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.

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33. SEGMENT INFORMATION (CONT'D)

		← Continuing Operations		→	Discontinued Operation		
31.12.2017	**Notes**	**Manufacturing RM**	**Property Development RM**	**Others RM**	**Manufacturing RM**	**Adjustment & Eliminations RM**	**Consolidated RM**
Revenue							
External revenue		35,893,951	-	-	1,103,047	-	36,996,998
Result							
Depreciation		4,657,720	771,342	226	170,772	-	5,600,060
Impairment loss		772,603	-	-	-	-	772,603
Interest income		243,388	134,196	1,853,903	-	-	2,231,487
Other non-cash expenses	a	5,785,741	1,292,500	-	457,611	-	7,535,852
Segment (loss)/profit		(4,013,450)	(11,057,024)	(20,303)	(1,065,383)	-	(16,156,160)
Segment Assets							
Additional to non-current asset (excluding deferred tax assets)		11,704,286	2,971,289	-	-	-	14,675,575
Segment assets	b	106,730,901	55,414,107	185,436,528	853,509	(141,942,272)	206,492,773
Segment Liabilities	c	87,140,370	58,034,120	2,801,561	6,465,194	(138,856,880)	15,584,365

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33. SEGMENT INFORMATION (CONT'D)

		Continuing Operations			Discontinued Operation		
30.6.2016	Notes	Manufacturing RM	Property Development RM	Others RM	Manufacturing RM	Adjustment & Eliminations RM	Consolidated RM
Revenue							
External revenue		34,049,106	-	-	2,612,677	-	36,661,783
Result							
Depreciation		3,056,793	49,396	150	152,416	-	3,258,755
Interest income		141,087	-	-	-	-	141,087
Other non-cash expenses	a	330,348	-	-	-	-	330,348
Segment profit/(loss)		9,489,643	(1,197,492)	(1,497,993)	298,881	-	7,093,039
Segment Assets							
Additional to non-current asset (excluding deferred tax assets)		2,816,878	12,439,050	-	55,122	-	15,311,050
Segment assets	b	139,822,891	35,103,452	119,007,192	2,214,726	(142,179,771)	153,968,490
Segment Liabilities	c	117,934,772	11,104,003	7,661,019	5,307,890	(127,435,923)	14,571,761

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33. SEGMENT INFORMATION (CONT'D)

(a) Other material non-cash expenses consist of the following items:

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Bad debts written off	-	192,875
Fair value changes in short term investment	-	118,751
Loss on disposal of property, plant and equipment	2,615,852	18,722
Share-based payments	4,920,000	-
	7,535,852	330,348

(b) The following item are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Inter-segment assets	(141,942,272)	(142,179,771)

(c) The following item are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Inter-segment liabilities	(138,856,880)	(127,435,923)

(d) Geographical information

Revenue information based on the geographical location of customers is as follow:

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Germany	7,507,827	4,023,028
Hong Kong	-	17,240,542
Malaysia	551,891	4,487,317
Mexico	2,374,596	-
Poland	271,453	539,238
Russia	707,450	-
Thailand	1,103,047	2,612,677
Singapore	20,000	-
United States of America	24,460,734	7,758,981
	36,996,998	36,661,783

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33. SEGMENT INFORMATION (CONT'D)

(d) Geographical information (Cont'd)

The following is the analysis of non-current assets other than deferred tax assets analysed by the Group's geographical:

31.12.2017	**Malaysia**	**Thailand**	**Consolidated**
	RM	**RM**	**RM**
Property, plant and equipment	41,567,892	-	41,567,892

30.6.2016	**Malaysia**	**Thailand**	**Consolidated**
	RM	**RM**	**RM**
Property, plant and equipment	35,352,117	893,255	36,245,372

(e) Major customers

Revenue from two major group of customer in the manufacturing segment represents approximately RM27,967,031 (2016: RM29,048,353) or 78% (2016: 86%) of the Group revenue.

34. CATEGORIES OF FINANCIAL INSTRUMENTS

	Group		**Company**	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Financial assets				
Loans and receivables				
Trade and other receivables (Note 10)	43,914,930	72,104,560	102,073,384	95,546,512
Cash and cash equivalents (Note 11)	70,239,360	21,443,311	62,539,724	6,936,612
	114,154,290	93,547,871	164,613,108	102,483,124
Fair value through profit or loss				
Short term investment (Note 7)	-	501,249	-	501,249

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34. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

	Group		Company	
	31.12.2017	**30.6.2016**	**31.12.2017**	**30.6.2016**
	RM	**RM**	**RM**	**RM**
Financial liabilities				
Measured at amortised cost				
Trade and other payables (Note 21)	9,303,495	10,112,815	1,581,466	7,236,964
Borrowings (Note 18)	1,866,149	1,602,614	5,015	128,324
	11,169,644	11,715,429	1,586,481	7,365,288

35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risks, credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for management of these risks., which are executed by the management.

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivative shall be undertaken for hedging and speculative purposes. The Group and the Company do not apply hedge accounting.

The following sections provide the details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for management of these risks.

(a) *Foreign Currency Risk*

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

The Group is exposed to transactional currency exposure primarily through sales that are denominated in a currency other than the functional currency of the operations to which they relate. The significant foreign currencies in which these transactions are denominated are United States Dollar ("USD"), Euro ("EUR") and Singapore Dollar ("SGD"). There is no formal hedging policy with respect to foreign exchange exposure. Exposure to foreign currency is monitored on an on-going basis and the Group endeavours to keep the net exposures to an acceptable level. The Company does not exposed to transactional currency exposure.

The Group's an exposure to significant foreign currency risk, based on the carrying amounts as at the end of the reporting period was:

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35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(a) *Foreign Currency Risk (Cont'd)*

	Group	
	31.12.2017	**30.6.2016**
	RM	**RM**
Denominated in USD		
Trade and other receivables	14,175,865	11,012,916
Cash and cash equivalents	632,731	169,549
Trade and other payables	(761,674)	(115,044)
	14,046,922	11,067,421
Denominated in EUR		
Trade and other receivables	21,049,932	15,507,913
Cash and cash equivalents	139,589	116,878
Trade and other payables	(394,091)	(75,857)
	20,795,430	15,548,934
Denominated in SGD		
Cash and cash equivalents	47,908	6
Trade and other payables	(129,221)	(144,781)
	(81,313)	(144,775)

Sensitivity Analysis of Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the USD/RM, EUR/RM and SGD/RM exchange rates against the respective functional currencies, with all other variables held constant.

	Group	
	Increase/(Decrease)	
	31.12.2017	**30.6.2016**
	RM	**RM**
USD/RM		
- strengthening of USD by 5% (2016: 5%)	535,404	383,466
- weakening of USD by 5% (2016: 5%)	(535,404)	(383,466)
EUR/RM		
- strengthening of EUR by 5% (2016: 5%)	790,226	250,205
- weakening of EUR by 5% (2016: 5%)	(790,226)	(250,205)
SGD/RM		
- strengthening of SGD by 5% (2016: 5%)	(4,910)	(1,806)
- weakening of SGD by 5% (2016: 5%)	4,910	1,806

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35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(b) *Price Risk*

Price risk is the risk that the fair value or future cash flow of the financial statements will fluctuate because of changes in market prices (other than currency or interest rate).

The Group and the Company are not exposed to price risk as the Group and the Company do not hold listed securities in the current financial period.

(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.

Sensitivity Analysis of Interest Rate Risk

At the reporting date, if the interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been approximately RM9,554 (2016: RM53,202) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loan. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) *Credit Risk*

Credit risk is the risk of loss that may rise 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 trade receivables and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Group and the Company trades with all third parties but will only provide credit terms upon approval of the management. The receivable balances are monitored on an ongoing basis with the result that the Group and the Company's exposure to bad debts is not significant.

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 statement of financial position.

Credit Risk Concentration Profile

At the end of the reporting period, 79.06% (2016: 77.78%) of the Group's trade receivables were due from two major group customers who are involved in automotive industry.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(d) *Credit Risk (Cont'd)*

Financial Assets that are Neither Past Due nor Impaired

Information regarding financial assets that are neither past due nor impaired is disclosed in Note 10 to the financial statements. Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. Cash at bank and fixed deposits are placed with licensed banks and institution.

Financial Assets that are Past Due or Impaired

Information regarding financial assets that are past due or impaired is disclosed in Note 10 to the financial statements.

(e) *Liquidity Risk*

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that will have sufficient liquidity to meet its liabilities when they fall due.

Analysis of Financial Liabilities by Remaining Contractual Maturity Obligations

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

	Within 1 year or less RM	After 1 year but not more than 5 years RM	More than 5 years RM	Total RM
Group				
31.12.2017				
Trade and other payables	9,303,495	-	-	9,303,495
Borrowings	1,132,900	733,249	-	1,866,149
	10,436,395	733,249	-	11,169,644
30.6.2016				
Trade and other payables	10,112,815	-	-	10,112,815
Borrowings	913,485	689,129	-	1,602,614
	11,026,300	689,129	-	11,715,429

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35. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

(e) *Liquidity Risk (Cont'd)*

Analysis of Financial Liabilities by Remaining Contractual Mutuality Obligations

The table below summarises the mutuality profile of the Group's and the Company's liabilities at the statement of financial position based on contractual undiscounted repayment obligations. (Cont'd)

	Within 1 year or less RM	After 1 year but not more than 5 years RM	More than 5 years RM	Total RM
Company				
31.12.2017				
Trade and other payables	1,581,466	-	-	1,581,466
Borrowings	5,015	-	-	5,015
	1,586,481	-	-	1,581,466
30.6.2016				
Trade and other payables	7,236,964	-	-	7,236,964
Borrowings	128,324	-	-	128,324
	7,365,288	-	-	7,365,288

36. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern and to maintain a capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as the equity attributable to equity holders of the Company plus net debt.

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36. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	31.12.2017	30.6.2016	31.12.2017	30.6.2016
	RM	RM	RM	RM
Borrowings (Note 18)	1,866,149	1,602,614	5,015	128,324
Trade and other payables (Note 21)	9,303,495	10,112,815	1,581,466	7,236,964
	11,169,644	11,715,429	1,586,481	7,365,288
Less: Cash and cash equivalents (Note 11)	(70,239,360)	(21,443,311)	(62,539,724)	(6,936,612)
Net (cash)/debt	(59,069,716)	(9,727,882)	(60,953,243)	428,676
Shareholders' equity	190,912,870	139,396,729	182,719,344	111,348,073
Total capital	131,843,154	129,668,847	121,766,101	111,776,749
Gearing ratio	*	*	*	0.38%

* Not meaningful as the Group and the Company are in net cash position.

37. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying amounts of the financial assets and financial liabilities (other than stated in Note 37(a) at the statement of financial position date approximate the fair values due to the relatively short-term maturity of these financial instruments.

(a) The valuation technique and significant unobservable inputs in determining value of 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 instruments	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Financial liabilities			
4% 5 years nominal value of ICULS	Discounted cash flows method	Weighted	The higher the discount rate, average the lower of the fair value cost of capital of the ICULS would be

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38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) *Issuance of Shares*

On 29 July 2016, the Company has completed the renounceable right issue of up to 779,928,448 new shares ("Rights Shares") at an issue price of RM0.11 per Right Shares together with up to 389,964,224 free warrants ("Warrant D") on the basis of two Right Shares together with one free Warrant D for every one existing share held by the entitled shareholders on 14 June 2016.

On 16 June 2016, the Company has completed the conversion of ICULS with nominal value of RM106,043 into 504,966 ordinary shares at a conversion price of RM0.21 for 1 new ordinary share.

On 18 September 2017 and 21 September 2017, the Company has allotted 10,000,000 new ordinary shares pursuant to the exercise of share options granted under ESOS at an exercise price RM0.165 per ordinary share.

On 30 October 2017, the Company has allotted 7,812,500 new ordinary shares pursuant to the exercise of share options granted under ESOS at an exercise price RM0.16 per ordinary share.

On 12 December 2017, the Company has allotted 8,000,000 new ordinary shares pursuant to the exercise of share options granted under ESOS at an exercise price RM0.101 per ordinary share.

(b) *Consolidation of Shares*

On 6 September 2017, the Company has completed a share consolidation of every three (3) ordinary shares into one (1) ordinary share. The Company's issued and paid up capital has been consolidated from 858,915,156 ordinary shares (with equivalent to RM85,947,072) to 286,305,052 ordinary shares (with equivalent to RM85,947,072) on that day.

(c) *ESOS Granted*

On 11 September 2017, the Company has granted share options to eligible employees under its Employees' Share Options Scheme ("ESOS"), with an offer of options of 10,000,000 at an exercise price of RM0.165 per ordinary share.

On 26 September 2017, the Company has granted share options to eligible employees under its Employees' Share Options Scheme ("ESOS"), with an offer of options of 7,812,500 at an exercise price of RM0.16 per ordinary share.

On 15 November 2017, the Company has granted share options to eligible employees under its Employees' Share Options Scheme ("ESOS"), with an offer of options of 20,000,000 at an exercise price of RM0.101 per ordinary share.

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38. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

(d) *Incorporation of Subsidiaries*

On 20 July 2016, the Company incorporated a new wholly-owned subsidiary namely Asia Glare Pte Ltd ("AGPL"). AGPL is a private limited company incorporated in the Republic of Singapore with a paid-up capital of SGD100.

On 29 July 2016, the Company incorporated a new wholly-owned subsidiary namely Sanichi Capital Sdn. Bhd." ("SCSB"). SCSB is a private limited company incorporated in Malaysia with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each of which 2 ordinary shares have been issued and in fully paid-up.

On 23 October 2016, the Company incorporated a new wholly-owned subsidiary namely Majestic International Limited ("MIL"). MIL is an offshore company incorporated in Jebel Ali Free Zone, Dubai, United Arab Emirates, with an authorised and paid-up share capital of AED 10,000.00 divided into 100 shares of AED 100.00 each.

39. EVENTS AFTER THE REPORTING DATE

(a) *Issuance of Shares and ESOS Granted*

On 5 January 2018, the Company has completed the conversion of ICULS with nominal value of RM139,246 into 221,025 ordinary shares at a conversion price of RM0.63 for 1 new ordinary share.

On 8 January 2018, the Company has granted share options to eligible employees under its Employees' Share Options Scheme ("ESOS"), with an offer of options of 24,187,500 at an exercise price of RM0.112 per ordinary share.

On 25 January 2018, the Company has allotted 12,000,000 and 24,187,500 new ordinary shares pursuant to the exercise of share options granted under ESOS at an exercise price RM0.101 and RM0.112 per ordinary share.

On 9 March and 16 March 2018, the Company has granted share options to eligible under its Employees' Share Options Scheme ("ESOS"), with an offer of options of 20,000,000 and 911,800 at an exercise price of RM0.10 per ordinary share.

On 23 March 2018, the Company has allotted 20,911800 new ordinary shares pursuant to the exercise of share options granted under ESOS at an exercise price RM0.10 per ordinary share.

On 29 March 2018, the Company has completed the conversion of ICULS with nominal value of RM440,022 into 698,448 ordinary shares at a conversion price of RM0.63 for 1 new ordinary share.

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39. EVENTS AFTER THE REPORTING DATE (CONT'D)

(b) *Incorporation of Subsidiary and Acquisition of a Significant Asset*

On 22 March 2018, the Group has acquired an aircraft from a third party for cash consideration of USD 2,530,000 (approximately RM9,830,000.00 @ USD 1:RM3.885).

For the purpose of the above acquisition, the Company has incorporated a wholly-owned subsidiary (hold by Sanichi Capital Sdn. Bhd.) in the State of Wyoming, United States of America, Air King Inc. which has entered into a Purchase Agreement with the Seller.

Air King Inc. is incorporated with authorised common shares of 1,000 at USD 1 each.

(c) *Acquisition of Subsidiaries*

On 6 April 2018, the Company has entered into a Share Sale Agreement ("SSA") with a third party for the acquisition of 50.0001% equity interest in Bina Bicara Sdn. Bhd. (BBSB) comprising 500,001 ordinary shares for a cash purchase consideration of RM500,000. The acquisition is still under progress at the date of this report.

BBSB is involved in financial technology industry and is anticipated to execute a Memorandum of Understanding and subsequently Joint Venture Agreement with a company from Indonesia for the proposed provision of money remittance services including but not limited from Malaysia to Indonesia and other ancillary business resulting therefrom.

On 10 April 2018, the Company has entered into a Share Sale Agreement with a third party for the acquisition of 70% equity interest in Persada Ternama Sdn. Bhd. ("Persada") comprising 70,000 ordinary shares for a cash purchase consideration of RM8,000,000. The acquisition is still under progress at the date of this report.

Persada is involved in trade and business of land developers, builders and contractors for construction, to purchase or otherwise acquire for investment in lands, houses, buildings, plans and immovable property of any nature or any interest therein, to carry on any whatsoever form of business, trade or undertakings.

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Company Secretary

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018
(The figures below are unaudited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 30 September 2018 RM'000	Preceding Year Corresponding Quarter 30 September 2017 RM'000	Current Year to date 30 September 2018 RM'000	Preceding Year Corresponding Period 30 September 2017 RM'000
Revenue	12,868	3,890	27,546	-
Cost of sales	(8,653)	(2,053)	(19,832)	-
Gross profit	4,215	1,837	7,714	-
Other income/ (expenses)	1,546	1,229	977	-
Operating expenses	(2,951)	(1,896)	(12,993)	-
Profit /(Loss) from operations	2,810	1,170	(4,302)	-
Finance costs	(30)	(80)	(166)	-
Profit /(Loss) before taxation	2,780	1,090	(4,468)	-
Tax (expense) / credit	(409)	42	(430)	-
Profit / (Loss) for the financial period	2,371	1,132	(4,898)	-
Other Comprehensive (Loss) / Profit, net of tax				
Foreign currency translation	(272)	307	(6,909)	-
Overprovision of taxation	-	-		-
	(272)	307	(6,909)	-
Total Comprehensive Profit / (Loss) For The Financial Period	2,099	1,439	(11,807)	-
Profit / (Loss) attributable to:				
Owners of the Parent	2,372	1,132	(4,897)	-
Non-controlling interest	(1)	-	(1)	-
	2,371	1,132	(4,898)	-
Total comprehensive Profit / (Loss) attributable to:				
Owners of the Parent	2,099	1,439	(11,807)	-
Non-controlling interest	-	-	-	-
	2,099	1,439	(11,807)	-
Profit / (Loss) per share (sen)				
Basic (note B13)	0.66	0.13	(1.36)	-
Diluted (note B13)	0.66	0.13	(1.36)	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.
Note : In view of the change in financial year end from 30 June 2017 to 31 December 2017, there were no comparative financial information available for the cumulative year to date 9 months financiual period end to 30 September 2018.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	(Unaudited) As at 30 September 2018 RM'000	(Audited) As at 31 December 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	48,876	41,568
	48,876	41,568
Current assets		
Inventories	2,932	3,391
Short term Investment	2,100	-
Property development cost	55,056	46,510
Trade and other receivables	24,829	43,915
Tax assets / (liabilities)	(1,098)	(1,379)
Cash and cash equivalents	74,348	70,239
	158,167	162,676
Assets classified as held for sale	-	853
TOTAL ASSETS	207,043	205,097
EQUITY AND LIABILITIES		
EQUITY		
Share capital	120,547	107,451
Retained earnings	59,918	64,816
Warrant reserve	18,796	18,796
ESOS reserve	-	1,212
ICULS	-	579
Exchange translation reserve	(8,850)	(1,941)
Equity attributable to owners of the parent	190,411	190,913
Non-controlling interests	(6)	(4)
Total equity	190,405	190,909
Non-current liabilities		
Borrowings	-	733
Deferred tax liabilities	2,401	2,119
	2,401	2,852
Current liabilities		
Trade and other payables	13,276	9,303
Borrowings	961	1,133
	14,237	10,436
Liabilities classified as held for sale	-	900
TOTAL LIABILITIES	16,638	14,188
TOTAL EQUITY AND LIABILITIES	207,043	205,097
Net assets per share attributable to owners of the parent (RM)	0.51	0.18

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Attributable to Owners of the Parent								
			Non-Distributable						
	Share Capital RM'000	Share Premium RM'000	Translation reserve RM'000	Warrant reserve RM'000	ESOS reserve RM'000	ICULS RM'000	Accumulated Profit RM'000	Non-controlling interest RM'000	Total Equity RM'000
At 1 January 2018	107,451	-	(1,941)	18,796	1,212	579	64,816	(5)	190,908
Loss for the financial period	-	-	-	-	-	-	(4,898)	(1)	(4,899)
Foreign currency translation	-	-	(6,909)	-	-	-	-	-	(6,909)
Issuance and listing of Rights Issue Shares with Warrants D	-	-	-	-	-	-	-	-	-
Issuance of ESOS	6,012	-	-	-	5,288	5	-	-	11,305
Employee share option reserve transfer to share capital upon ESOS exercised	6,500	-	-	-	(6,500)	-	-	-	-
ICULS	584	-	-	-	-	(584)	-	-	-
At 30 September 2018 (unaudited)	120,547	-	(8,850)	18,796	-	-	59,918	(6)	190,405
At 1 July 2016	28,614	8,365	(442)	10,211	-	685	91,963	-	139,396
Profit/(Loss) for the financial year	-	-	-	-	-	-	(18,562)	-	(18,562)
Foreign currency translation	-	-	(1,499)	-	-	-	-	(5)	(1,504)
Issuance and listing of Rights Issue Shares with Warrants D	57,228	5,722	-	8,585	-	-	(8,585)	-	62,950
Issuance of ESOS	7,416	-	-		1,212	-	-	-	8,628
ICULS	106	-	-	-	-	(106)	-	-	-
Transfer pursuant to Companies Act 2016	14,087	(14,087)	-	-	-	-	-	-	-
At 31 December 2017 (audited)	107,451	-	(1,941)	18,796	1,212	579	64,816	(5)	190,908

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 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 30 SEPTEMBER 2018
(The figures below are unaudited)

	Current Year to 30 September 2018 RM'000	Preceding Year Corresponding Period to 30 September 2017 RM'000
Cash flows from operating activities		
(Loss) / Profit before tax	(4,468)	-
Adjustments for:-		
Bad debts written off	-	-
Depreciation of property, plant and equipment	3,582	-
Interest expenses	166	-
Interest income	(1,910)	-
Loss / (gain) on disposal of property, plant and equipment	-	-
Unrealised loss / (gain) on foreign exchange	514	-
Operating profit / (loss) before working capital changes	(2,116)	-
Property development costs	(8,546)	-
Inventories	19,086	-
Receivables	16,579	-
Payables	3,973	-
Cash from / (used in) operations	28,976	-
Interest received	1,910	-
Tax paid	(21)	-
Net cash from / (used in) operating activities	30,865	-
Cash flows from investing activities		
Purchase of short term investment	(2,100)	-
Proceeds from disposal of plant and equipment	-	-
Purchase of plant and equipment	(10,890)	-
Net cash used in investing activities	(12,990)	-
Cash flows from financing activities		
Interest paid	(166)	-
Proceeds from issuance of shares	6,012	-
Repayment of borrowings	(905)	-
Net cash from financing activities	4,941	-
Effects of changes in exchange rates	(6,909)	-
Net increase in cash and cash equivalents	15,907	-
Cash and cash equivalents at beginning of the period	58,441	-
Cash and cash equivalents at end of the period	74,348	-
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	68,688	-
Cash and bank balances**	5,660	-
	74,348	-

** Cash and bank balances include amounts held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and accompanying explanatory notes attached to the interim financial statements.
Note : In view of the change in financial year end from 30 June 2017 to 31 December 2017, there were no comparative financial information available for the cumulative year to date 9 months financiual period end to 30 September 2018.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

A. EXPLANATORY NOTES IN ACCORDANCE WITH FRS 134

A1. Basis of Preparation

The unaudited condensed interim financial statements for the quarter ended 30 September 2018 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") 31 December 2017.

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 31 December 2017, except in the current financial year, the Group has adopted all the new and revised standards which are effective for the financial year beginning 1 January 2018. The adoption of these standards did not have any effect on the financial performance or position of the Group and of the Company.

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.

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A7. Segmental Information

The board views the Group as having two segments from an industry perspective. The reportable segments are the Precision Mould business and the Property Development business. The Precision Mould business is geographically located in Malaysia and Thailand. The Property Development business is geographically located in Malaysia only.

The Group	**Precision Mould**	**Property Development**	**Elimination**	**Consolidated**
30 September 2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue				
External sales	19,583	7,963	-	27,546
Inter segment sales	-	-	-	-
Total revenue	19,583	7,963	-	27,546
Results				
Profit/(Loss) from operations	(4,050)	(252)	-	(4,302)
Finance cost	(166)	-	-	(166)
Income from other investment	-	-	-	-
Loss before tax				(4,468)
Income tax				(430)
Net loss for the period				(4,898)
Other Information				
Additions of fixed assets	10,890	-	-	10,890
Depreciation and amortization	3,582	-	-	3,582
Consolidated Balance Sheet Assets				
Segment assets	142,180	64,863	-	207,043
Segment liabilities	16,638	-	-	16,638

SANICHI TECHNOLOGY BERHAD
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The Group	Precision Mould	Property Development	Elimination	Consolidated
30 September 2017	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue				
External sales	3,890	-	-	3,890
Inter segment sales	-	-	-	-
Total revenue	3,890	-	-	3,890
Results				
Profit/(Loss) from operation	1,758	(588)	-	1,170
Finance cost	(81)	-	-	(80)
Profit before tax				1,090
Income tax credit				42
Net profit for the period				1,132
Other Information				
Additions of fixed assets	6,382	-	-	6,382
Depreciation and amortization	1,086	-	-	1,086
Consolidated Balance Sheet Assets				
Segment assets	151,933	57,897	-	209,830
Segment liabilities	14,164	1,227	-	15,391

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 except for those disclosed in note B7.

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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SANICHI TECHNOLOGY BERHAD

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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 30 September 2018

	Individual period (period ended 30 September 2018)			Cumulative period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (in Amount)	Current Year-to-date	Preceding Year Corresponding Period	Changes (in Amount)
	30 Sep 2018	30 Sep 2017		30 Sep 2018	30 Sep 2017	
	RM'00 0	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	12,868	3,890	8,978	14,678	-	N/A
Operating (loss) / profit	2,810	1,170	1,640	(7,112)	-	N/A
Profit / (Loss) before interest and tax	2,810	1,170	1,640	(7,112)	-	N/A
Profit / (Loss) before tax	2,780	1,090	1,690	(7,248)	-	N/A
Profit / (Loss) after tax	2,371	1,132	1,239	(7,269)	-	N/A
Profit / (Loss) attributable to ordinary equity holders of the parent	2,372	1,132	1,240	(7,269)	-	N/A

The Group recorded a revenue of RM 12.868 million for the quarter ended 30 September 2018. The Group's profit before tax ("PBT") and profit after tax ("PAT") for the quarter were RM 2.780 million and RM 2.371 million for the period respectively.

The Group recorded a revenue of RM 14.678 million for the year to date 30 September 2018. The Group achieved loss before tax ("LBT") and loss after tax ("LAT") of RM 7.248 million and RM 7.269 respectively for the year to date 30 September 2018.

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B2. Variation of Results for the Current Quarter Ended 30 June 2018 against Immediate Preceding Quarter

	Current Quarter 30/09/2018 RM'000	Preceding Quarter 30/06/2018 RM'000	Variance RM'000
Revenue	12,868	5,613	7,255
Operating (Loss) / Profit	2,810	(6,864)	9,674
(Loss) / Profit before Interest and tax	2,810	(6,864)	9,674
(Loss) / Profit before tax	2,780	(6,914)	9,694
(Loss) / Profit after tax	2,371	(6,925)	9,296
Loss attributable to ordinary equity holders of the parent holders of the parent	2,372	(6,925)	9,297

The Group recorded an increase of approximately 129% in its revenue to RM 12.868 million for the quarter ended 30 September 2018 against RM 5.613 million for the immediate preceding quarter ended 30 June 2018. The Group registered PBT and PAT of RM 2.780 million and RM 2.371 million respectively for the current quarter ended 30 September 2018, as compared to LBT and LAT of RM 6.914 million and RM 6.925 million respectively in the immediate preceding quarter ended 30 June 2018. The reason for the Group's higher revenue for the current quarter was mainly due to slow recovery of tooling job completion recorded as well as the contribution from property development division within the quarter ended 30 September 2018. A higher profit in current quarter was mainly due to the contribution from property development segment.

B3. Group's Prospects for FYE 31 December 2018

Barring any unforeseen circumstances, the Board expects the Group's performance to be challenging for the financial year ending 31 December 2018. Volatility of foreign exchange rates will continue to affect the Group's tooling business as a significant percentage of its revenue is derived from overseas markets. The Group property project in Melaka is expected to be completed in early 2019.

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	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
In respect of the current period:-				
Current taxation	(409)	(42)	(430)	-
Deferred taxation	-	-	-	-
	(409)	(42)	(430)	-
In respect of the previous period:-				
Taxation	-	-	-	-
Deferred taxation	-	-	-	-
Net tax charge/(credit)	(409)	(42)	(430)	-

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.

SANICHI TECHNOLOGY BERHAD
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B7. Status of Corporate Proposals Announced

There were no corporate proposal announced but not completed as at the date of this report except for on 9 October 2017 the Company proposes to undertake the proposed renounceable rights issue of up to 1,012,285,042 new ordinary shares in Sanichi ("Sanichi Shares" or "Shares") ("Rights Shares") together with up to 506,142,521 free detachable warrants in Sanichi ("Warrants E") on the basis of 2 Rights Shares together with 1 free Warrant E for every 1 existing Sanichi Share held by entitled shareholders of Sanichi on an entitlement date to be determined later ("Proposed Rights Issue With Warrants"). Bursa Malaysia had vide its letter dated 18 July 2018 approved this proposal. Shareholders via the deed poll had passed the resolution of EGM held on 27 August 2018. For more details, please refer to Bursa Malaysia announcement.

Status of Utilisation of Proceeds

Purpose	Proposed Utilisation	Actual Utilisation as at 30/09/2018	Intended Timeframe for Utilisation	Balance Unutilised	
	RM'000	RM'000		RM'000	%
Completing the construction of a factory building	5,500	5,500	Within eighteen (18) months	-	-
Expansion of production capacity	6,000	6,000	Within twenty four (24) months	-	-
Marketing expenses	4,000	4,000	Within twenty four (24) months	-	-
Acquisition of properties for investment	36,000	-	Within twenty four (24) months	36,000	100
Acquisition and/or investment in other complementary businesses	4,957	4,957	Within twenty four (24) months	-	-
Working capital	5,493	5,493	Within twenty four (24) months	-	-
Estimated expenses for the corporate exercise	1,000	1,000	Immediate	-	-
	62,950	26,950		36,000	57

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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	-
Hire Purchase Payables	961
	961
Long Term Borrowings	
Term Loans	-
ICULS	-
Hire Purchase Payables	-
	-
Total	**961**

The Group does not have any foreign borrowings and debt securities as at the date of this report.

B9. Trade Receivables

The Group's normal trade credit terms granted to trade receivables ranged from 1 month to 2 months (2016: 1 month to 2 months). Other credit terms are assessed and approved on a case by case basis. There are no trade receivables from related parties.

	As at quarter ended 30 September 2018				
	Current	1 – 3 months	3 – 6 months	More than 6 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Precision mould division	1,766	3,362	3,220	6,605	14,953
Property development division	131	180	1	249	561
Total	1,897	3,542	3,221	6,854	15,514

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report.

SANICHI TECHNOLOGY BERHAD

Company No. 661826-K
(Incorporated in Malaysia)

B11. Material Litigation

There was no material litigation involving the Group as at the date of this report.

B12. Dividend Proposed

No dividend was declared and recommended for payment during the quarter under review.

B13. Earnings Per Share ("EPS")

Basic EPS

	Current quarter ended		Cumulative quarter ended	
	30 September 2018	**30 September 2017**	**30 September 2018**	**30 September 2017**
Net (loss) / profit for the period (RM'000)	2,372	1,132	(4,897)	-
Weighted average number of shares in issue ('000)	360,487	858,997	360,487	-
Basic EPS / (LPS) (sen)	0.66	0.13	(1.36)	-

Basic EPS/(LPS) 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.

SANICHI TECHNOLOGY BERHAD

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B14. Comprehensive Income / (Expenses) Disclosure

	Current quarter ended		Cumulative quarter ended	
	30 September 2018 RM'000	30 September 2017 RM'000	30 September 2018 RM'000	30 September 2017 RM'000
Interest income	1,196	1,313	1,910	-
Interest expense	(30)	(80)	(166)	-
Depreciation and amortization	(1,686)	(1,086)	(3,582)	-
Unrealized (Loss) / Gain on foreign exchange	321	868	(514)	-
Realized (loss) / gain on foreign exchange	25	(78)	(490)	-
Share based payments	(5,288)	-	(5,288)	-

B15. Audit Report of Preceding Annual Financial Statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2017 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: 07 NOV 2018

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 31 December 2017 (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) there are no contingent liabilities that has arisen by reason of any guarantee or indemnities given by the Group;

(v) there has been, since the last audited consolidated financial statements of the Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing of any corporation within the Group;

(vi) there has been, since the last audited consolidated financial statements of the Group, no material change in the published reserves or unusual factor affecting the profits of the Group; and

(vii) as disclosed above and up to 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

1. SHARE CAPITAL

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

(ii) As at the date of this Abridged Prospectus, there is only 1 class of shares in the Company, namely ordinary shares of 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 E, 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) 40,627,286 outstanding Warrants C carrying the right to subscribe for 1 new Share at an exercise price of RM0.63 per Warrant C;

(b) 95,378,910 outstanding Warrants D carrying the right to subscribe for 1 new Share at an exercise price of RM0.30 per Warrant D; and

(c) 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 share capital (excluding treasury shares, if any) at any point of time during the duration of the 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. DIRECTORS' REMUNERATION

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

<u>Article 110 - Remuneration</u>

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, the Board confirmed 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 2 years preceding the date of this Abridged Prospectus:-

(i) Purchase agreement entered between Steve Wilson and Air King Inc, a subsidiary of the Company dated 6 March 2018 whereby the Company agrees to purchase the aircraft including all flights manuals, engine and airframe logbooks, wiring diagrams and any other records, spare parts or loose equipment related to the aircraft for a total consideration of USD2,530,000 (RM9,830,000). The acquisition of aircraft was completed on 22 March 2018;

(ii) Share sale agreement entered between Saifulrizam bin Zainal and the Company dated 6 April 2018 whereby the Company agrees to purchase 500,001 ordinary shares representing 50.0001% of equity interest in Bina Bicara Sdn Bhd for a total cash consideration of RM500,000. The acquisition was completed on 6 April 2018; and

(iii) Share sale agreement entered between Persada Ternama Holdings Sdn Bhd and the Company dated 10 April 2018 whereby the Company agrees to purchase 70,000 ordinary shares representing 70% of equity interest in Persada Ternama Sdn Bhd for a total consideration of RM8,000,000. The acquisition was completed on 10 April 2018 .

4. MATERIAL LITIGATION

As at the LPD, the Board confirmed that neither Sanichi nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position of the Group and, to the best of the Board's knowledge and belief, the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might 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 1 year from the date of this Abridged Prospectus;

(ii) Save as disclosed in Section 7 and Section 10.4 this Abridged Prospectus, 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 commitments 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;

   (e) substantial increase in revenues; and

(f) 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 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 Auditors and 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 the Group for the 18-Month FPE 31 December 2017 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 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 are available for inspection at the Registered Office of the Company following the date of this Abridged Prospectus during normal business hours from Monday to Friday (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

(i) Constitution of Sanichi;

(ii) the pro forma consolidated statements of financial position of the Group as at 31 December 2017 together with the Reporting Accountants' report thereon as set out in Appendix III of this Abridged Prospectus;

(iii) the audited consolidated financial statements of the Group for FYE 30 June 2016 and 18-Month FPE 31 December 2017;

(iv) the unaudited consolidated financial statements of the Group for the 9-month FPE 30 September 2018;

(v) the independent market research report dated 29 October 2018 prepared by Protégé Associates;

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

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

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

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

(x) the Deed Poll E.

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.

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