

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.2 HK Kanger (Cont'd)

7.2.5 Notes to the Financial Statements (Cont'd)

7.2.5.4 Share Capital (Cont'd)

	Amount					
	30.9.2012		31.12.2012		30.6.2013	
	USD	RM	USD	RM	USD	RM
Ordinary shares of HK\$1 each						
Authorised						
At date of incorporation/ 1 October/						
1 January	1,287	4,456	1,287	4,456	6,886,673	21,434,887
Created during the period	-	-	6,885,386	21,430,431	-	-
At 30 September/31 December/30 June	1,287	4,456	6,886,673	21,434,887	6,886,673	21,434,887
Issued and fully paid						
At date of incorporation/ 1 October/						
1 January	1,287	4,456	1,287	4,456	6,886,673	21,434,887
Issued during the period	-	-	6,885,386	21,430,431	-	-
At 30 September/31 December/30 June	1,287	4,456	6,886,673	21,434,887	6,886,673	21,434,887

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of HK Kanger.

The holders of ordinary shares are entitled to receive dividends as and when declared by HK Kanger. All ordinary shares carry one vote per share without restrictions and rank equally with regard to HK Kanger's residual assets.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.2 HK Kanger (Cont'd)

7.2.5 Notes to the Financial Statements (Cont'd)

7.2.5.5 Amount Owing to a Related Company

Amount owing to a related company, namely Shenzhen Kanger, represents unsecured, interest free advances and is repayable on demand.

7.2.5.6 Amount owing to a Director

This represents unsecured, interest free advances and is repayable on demand.

7.2.5.7 Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to HK Kanger if HK Kanger has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where HK Kanger and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of HK Kanger either directly or indirectly. The key management personnel include all the Directors of HK Kanger.

HK Kanger has related party relationships with its related companies as well as key management personnel.

(b) HK Kanger does not have any transaction with related party during these financial periods.

(c) HK Kanger does not have any key management personnel compensation during these financial periods.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.2 HK Kanger (Cont'd)

7.2.5 Notes to the Financial Statements (Cont'd)

7.2.5.8 Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 5.2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	30.9.2012		31.12.2012		30.6.2013	
	USD	RM	USD	RM	USD	RM
Financial Assets						
Other receivables	-	-	-	-	150,000	477,212
Amounts owing by subsidiary companies	-	-	4,227,335	12,942,345	4,560,313	14,508,237
Cash and bank balances	225,169	691,538	558,963	1,711,313	75,983	241,733
Total Financial Assets	225,169	691,538	4,786,298	14,653,658	4,786,296	15,227,182
Financial Liabilities						
					Other Financial Liabilities at Amortised Cost	
Accruals	870	2,672	-	-	-	-
Amount owing to a related company	1,329	4,082	-	-	-	-
Amount owing to a Director	2,324,139	7,137,880	-	-	-	-
Total Financial Liabilities	2,326,338	7,144,634	-	-	-	-

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.2 HK Kanger (Cont'd)

7.2.5 Notes to the Financial Statements (Cont'd)

7.2.5.8 Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

HK Kanger's financial risk management policy is to ensure that adequate financial resources are available for the development of HK Kanger's operations whilst managing its financial risks, including credit risk, liquidity risk and market risks. HK Kanger operates within clearly defined guidelines that are approved by the Board and HK Kanger's policy is not to engage in speculative transactions.

(c) Credit risk

Receivables are monitored on an ongoing basis via HK Kanger's management reporting procedures and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents HK Kanger's maximum exposure to credit risk in relation to financial assets. HK Kanger has major concentration of credit risk on amounts owing by Ganzhou Kanger, Shenzhen Kanger, Yanshan Kanger and Kar Masterpiece.

(d) Liquidity risk

HK Kanger's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. HK Kanger monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

	<-----On demand/Repayable within one year----->					
	30.9.2012		31.12.2012		30.6.2013	
	USD	RM	USD	RM	USD	RM
Accruals	870	2,672	-	-	-	-
Amount owing to a related company	1,329	4,082	-	-	-	-
Amount owing to a Director	2,324,139	7,137,880	-	-	-	-
	<u>2,326,338</u>	<u>7,144,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.2 HK Kanger (Cont'd)

7.2.5 Notes to the Financial Statements (Cont'd)

7.2.5.8 Financial Instruments (Cont'd)

(e) Market risk

(i) Foreign currency exchange risk

HK Kanger incurs foreign currency risk on transactions that are denominated in foreign currencies. The currencies giving rise to this risk are primarily the United States Dollar. HK Kanger has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant.

Financial Liabilities

USD RM

30 September 2012

Amount owing to a related company	4,082	4,082
Amount owing to a Director	7,137,880	7,137,880
	<u>7,137,880</u>	<u>7,137,880</u>

Financial Assets

USD RM

31 December 2012

Amounts owing by subsidiary companies	<u>12,942,345</u>	<u>12,942,345</u>
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Financial Assets

USD RM

30 June 2013

Amounts owing by subsidiary companies	<u>14,508,237</u>	<u>14,508,237</u>
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13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.2 HK Kanger (Cont'd)

7.2.5 Notes to the Financial Statements (Cont'd)

7.2.5.8 Financial Instruments (Cont'd)

(e) Market risk (Cont'd)

(ii) Interest rate risk

HK Kanger is exposed to interest rate risk arising from the placement of cash in bank. However, the interest rate risk is insignificant and any fluctuations in the interest rate would have no material impact on the results of HK Kanger.

(f) Fair values of financial assets and financial liabilities

- (i) The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amount derived from such methods and valuation technique are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of amount estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statement of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of HK Kanger are as follows:

Cash and cash equivalents, amounts owing by subsidiary companies, amount owing to a related company, accruals and amount owing to a Director.

The carrying amounts are considered to approximate the fair values as they are within the normal credit terms or they have short-term maturity period.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.2 HK Kanger (Cont'd)

7.2.5 Notes to the Financial Statements (Cont'd)

7.2.5.8 Financial Instruments (Cont'd)

(f) Fair values of financial assets and financial liabilities (Cont'd)

(ii) Fair value of financial instruments by categories that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

	Carrying amount		Fair value	
	USD	RM	USD	RM
30.9.2012				
Unquoted shares, at cost	2,100,980	6,452,515	- *	- *
	Carrying amount		Fair value	
	USD	RM	USD	RM
31.12.2012				
Unquoted shares, at cost	2,100,980	6,452,515	- *	- *
	Carrying amount		Fair value	
	USD	RM	USD	RM
30.6.2013				
Unquoted shares, at cost	2,100,980	6,452,515	- *	- *

* It is not practicable to estimate the fair value of the unquoted investment due to lack of quoted market prices and without incurring excessive costs.

7.2.5.9 Capital Risk Management Objectives and Policies

HK Kanger's Management manages its capital to ensure that HK Kanger is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. The Management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

The capital of HK Kanger consists of issued capital and cash and cash equivalents.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS

7.3 Ganzhou Kanger

7.3.1 Statement of Comprehensive Income

Note	← FYE 31 December →						FPE 30 June	
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
7.3.5.1	32,503,410	15,433,919	52,673,531	24,983,056	71,562,820	35,056,240	33,798,159	16,939,637
Cost of sales	(29,045,003)	(13,791,729)	(45,073,672)	(21,378,443)	(55,542,639)	(27,208,487)	(27,676,663)	(13,871,543)
Gross profit	3,458,407	1,642,190	7,599,859	3,604,613	16,020,181	7,847,753	6,121,496	3,068,094
Other income	448,450	212,942	893,127	423,610	1,007,251	493,419	341,982	171,401
Administrative expenses	(892,997)	(424,031)	(1,323,953)	(627,951)	(1,558,041)	(763,232)	(666,957)	(334,279)
Distribution expenses	(178,651)	(84,831)	(323,242)	(153,314)	(597,306)	(292,600)	(130,927)	(65,621)
Other operating expenses	(9,270)	(4,402)	(4,208)	(1,996)	(32,900)	(16,117)	(20,000)	(10,024)
Finance costs	(841,734)	(399,689)	(939,025)	(445,380)	(1,839,767)	(901,241)	(605,932)	(303,693)
Net profit for the financial year/period carried forward	1,984,205	942,179	5,902,558	2,799,582	12,999,418	6,367,982	5,039,662	2,525,878

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.1 Statement of Comprehensive Income (Cont'd)

	Note	FYE 31 December				FPE 30 June			
		2010		2011		2012		2013	
		RMB	RM	RMB	RM	RMB	RM	RMB	RM
Net profit for the financial year/period brought forward	7.3.5.3	1,984,205	942,179	5,902,558	2,799,582	12,999,418	6,367,982	5,039,662	2,525,878
Taxation	7.3.5.4	(709)	(337)	(1,514,562)	(718,357)	(1,912,412)	(936,827)	(759,783)	(380,803)
Net profit for the financial year/period		1,983,496	941,842	4,387,996	2,081,225	11,087,006	5,431,155	4,279,879	2,145,075
Other comprehensive income for the financial year/period, net of tax									
- Revaluation of leasehold land		-	-	1,143,217	575,495	-	-	-	-
- Foreign currency translation		-	69,699	-	238,799	-	(1,915)	-	413,527
Total comprehensive income for the financial year/period		1,983,496	1,011,541	5,531,213	2,895,519	11,087,006	5,429,240	4,279,879	2,558,602

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.2 Statement of Financial Position

Note	As at 31 December				As at 30 June			
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Non-Current Assets								
7.3.5.5	13,316,654	6,224,204	15,539,698	7,822,684	18,206,029	8,944,622	17,570,659	9,047,132
Property, plant and equipment								
Investments in subsidiary companies	10,000,000	5,084,000	10,000,000	5,084,000	16,000,000	8,134,400	16,000,000	8,134,400
	23,316,654	11,308,204	25,539,698	12,906,684	34,206,029	17,079,022	33,570,659	17,181,532
Current Assets								
7.3.5.7	12,693,413	5,932,901	16,365,883	8,238,586	20,317,680	9,982,076	17,821,159	9,176,115
Inventories								
7.3.5.8	4,108,912	1,920,505	8,528,454	4,293,224	8,430,885	4,142,094	8,486,073	4,369,479
Trade receivables								
7.3.5.9	1,478,801	691,192	2,148,698	1,081,655	5,174,744	2,829,952	2,572,138	1,324,394
Other receivables								
Amounts owing by subsidiary companies	-	-	4,628,925	2,330,201	308,183	151,410	681,888	351,104
Fixed deposits with licensed banks	3,080,118	1,439,647	3,654,774	1,839,813	1,250,000	614,125	470,000	242,003
7.3.5.11								
7.3.5.12	2,021,294	944,753	4,084,337	2,056,055	15,731,264	7,728,770	12,811,276	6,596,526
Cash and bank balances								
	23,382,538	10,928,998	39,411,071	19,839,534	51,212,756	25,448,427	42,842,534	22,059,621
	46,699,192	22,237,202	64,950,769	32,746,218	85,418,785	42,527,449	76,413,193	39,241,153

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.2 Statement of Financial Position (Cont'd)

Equity	Note	2010		2011		2012		As at 30 June 2013	
		RMB	RM	RMB	RM	RMB	RM	RMB	RM
Share capital	7.3.5.13	11,000,000	5,592,400	14,000,000	7,042,600	14,000,000	7,042,600	14,000,000	7,042,600
Other reserves	7.3.5.14	417,472	202,039	1,560,689	1,016,333	1,560,689	1,014,418	1,560,689	1,427,945
Retained earnings/ (Accumulated losses)		2,127	(46,918)	4,390,123	2,034,307	15,477,129	7,465,462	19,757,008	9,610,537
Total Equity		11,419,599	5,747,521	19,950,812	10,093,240	31,037,818	15,522,480	35,317,697	18,081,082
Current Liabilities									
Trade payables	7.3.5.15	1,671,455	781,238	6,332,790	3,187,926	501,147	246,214	305,062	157,076
Other payables	7.3.5.16	3,761,431	1,758,093	4,017,775	2,022,548	120,082	58,996	1,271,839	654,870
Amounts owing to subsidiary companies	7.3.5.10	2,399,188	1,121,380	1,237,646	623,031	1,218,000	598,403	563,832	290,317
Amount owing to holding company	7.3.5.17	-	-	-	-	19,521,638	9,878,581	20,479,034	10,544,655
Amount owing to a Director	7.3.5.18	12,179,750	5,692,815	10,194,000	5,131,660	-	-	-	-
Bank borrowings	7.3.5.19	15,267,060	7,135,824	22,809,548	11,482,326	32,000,000	15,721,600	17,850,000	9,190,965
Tax payable		709	331	408,198	205,487	1,020,100	501,175	625,729	322,188
Total Liabilities		35,279,593	16,489,681	44,999,957	22,652,978	54,380,967	27,004,969	41,095,496	21,160,071
Total Equity and Liabilities		46,699,192	22,237,202	64,950,769	32,746,218	85,418,785	42,527,449	76,413,193	39,241,153

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.3 Statement of Cash Flows

	<-----FYE 31 December----->						FPE 30 June	
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Cash Flows from Operating Activities								
Profit before taxation	1,984,205	942,179	5,902,558	2,799,582	12,999,418	6,367,982	5,039,662	2,525,878
Adjustments for:								
Depreciation of property, plant and equipment	1,078,105	503,907	1,089,548	548,479	1,342,190	659,419	649,250	325,404
Interest expenses	841,734	399,689	939,025	445,380	1,839,768	901,241	605,932	303,693
Interest income	(111,536)	(52,962)	(67,891)	(32,201)	(81,155)	(39,755)	(174,615)	(87,517)
Waiver of debts from other payables	(90,913)	(43,169)	(14,817)	(7,028)	(173,596)	(85,039)	-	-
Operating profit before working capital changes	3,701,595	1,749,644	7,848,423	3,754,212	15,926,625	7,803,848	6,120,229	3,067,458
Decrease/(Increase) in working capital								
Inventories	104,740	48,955	(3,672,470)	(1,848,721)	(3,951,797)	(1,941,518)	2,496,521	1,285,459
Trade receivables	(2,809,302)	(1,313,068)	(4,419,542)	(2,224,797)	97,569	47,936	(55,188)	(28,416)
Other receivables	(436,456)	(204,000)	(669,897)	(337,226)	(3,026,046)	(1,774,296)	2,602,606	1,340,082
Trade payables	(81,710)	(38,191)	4,661,335	2,346,516	(5,831,643)	(2,865,086)	(196,085)	(100,964)
Other payables	(4,871,070)	(2,276,738)	271,161	136,502	(3,724,097)	(1,829,649)	942,014	485,043
Amounts owing by/to subsidiary companies	2,363,354	1,104,632	(5,790,467)	(2,914,921)	4,301,096	2,113,128	(1,027,873)	(529,252)
Amount owing to holding company	-	-	-	-	19,521,638	9,878,581	957,396	492,963
Amount owing by a Director	14,559,600	6,805,157	(1,985,750)	(999,627)	(10,194,000)	(5,008,312)	-	-
	8,829,156	4,126,747	(11,605,630)	(5,842,274)	(2,807,280)	(1,379,216)	5,719,391	2,944,915

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.3 Statement of Cash Flows (Cont'd)

	FYE 31 December				FPE 30 June			
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Cash generated from/(used in) operations	12,530,751	5,876,391	(3,757,207)	(2,088,062)	13,119,345	6,424,632	11,839,620	6,012,373
Interest paid	(841,734)	(399,689)	(939,025)	(445,380)	(1,839,768)	(901,241)	(605,932)	(303,693)
Interest received	111,536	52,962	67,891	32,201	81,155	39,755	174,615	87,517
Tax paid	-	-	(1,107,073)	(525,085)	(1,300,510)	(637,076)	(944,411)	(473,339)
	(730,198)	(346,727)	(1,978,207)	(938,264)	(3,059,123)	(1,498,562)	(1,375,728)	(689,515)
Net cash generated from/(used in) operating activities	11,800,553	5,529,664	(5,735,414)	(3,026,326)	10,060,222	4,926,070	10,463,892	5,322,858
Cash Flows from Investing Activities								
Purchase of plant, property and equipment	(275,621)	(128,825)	(2,169,375)	(1,092,063)	(4,008,521)	(1,969,387)	(13,880)	(7,147)
Additional investments in subsidiary companies	(10,000,000)	(4,674,000)	-	-	(6,000,000)	(2,947,800)	-	-
Net cash used in investing activities	(10,275,621)	(4,802,825)	(2,169,375)	(1,092,063)	(10,008,521)	(4,917,187)	(13,880)	(7,147)

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.3 Statement of Cash Flows (Cont'd)

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Cash Flows From Financing Activities								
Drawdown of term loans	9,000,000	4,206,600	8,500,000	4,278,900	19,400,000	9,531,220	2,350,000	1,210,015
Drawdown of factoring	22,738,087	10,627,782	12,000,000	6,040,800	22,000,000	10,808,600	-	-
Drawdown of bills payables	-	-	16,840,099	8,477,306	7,500,000	3,684,750	1,500,000	772,350
Proceeds from issuance of share capital	-	-	3,000,000	1,510,200	-	-	-	-
Repayment of term loans	(9,000,000)	(4,206,600)	(10,000,000)	(5,034,000)	(11,400,000)	(5,600,820)	(10,000,000)	(5,149,000)
Repayment of factoring	(26,780,287)	(12,517,106)	(19,797,611)	(9,966,117)	(21,000,000)	(10,317,300)	(8,000,000)	(4,119,200)
Repayment of bills payables	-	-	-	-	(7,309,548)	(3,591,181)	-	-
Net cash (used in)/generated from financing activities	(4,042,200)	(1,889,324)	10,542,488	5,307,089	9,190,452	4,515,269	(14,150,000)	(7,285,835)
Net (decrease)/increase in cash and cash equivalents	(2,517,268)	(1,162,485)	2,637,699	1,188,700	9,242,153	4,524,152	(3,699,988)	(1,970,124)
Foreign exchange differences	-	(276,931)	-	322,768	-	(77,125)	-	465,758
Cash and cash equivalents at beginning of the financial year/period	7,618,680	3,823,816	5,101,412	2,384,400	7,739,111	3,895,868	16,981,264	8,342,895
Cash and cash equivalents at end of the financial year/period	5,101,412	2,384,400	7,739,111	3,895,868	16,981,264	8,342,895	13,281,276	6,838,529

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.3 Statement of Cash Flows (Cont'd)

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Cash and cash equivalents at end of the financial year/period comprises:								
Cash and bank balances	2,021,294	944,753	4,084,337	2,056,055	15,731,264	7,728,770	12,811,276	6,596,526
Fixed deposits with licensed banks	3,080,118	1,439,647	3,654,774	1,839,813	1,250,000	614,125	470,000	242,003
	5,101,412	2,384,400	7,739,111	3,895,868	16,981,264	8,342,895	13,281,276	6,838,529

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.4 Statement of Changes in Equity

	Share Capital		Other Reserves		(Accumulated Losses)/ Retained Earnings		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
31 December 2010								
At 1 January 2010	11,000,000	5,592,400	417,472	132,340	(1,981,369)	(988,760)	9,436,103	4,735,980
Foreign currency translation differences, representing other comprehensive income for the year	-	-	-	69,699	-	-	-	69,699
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	1,983,496	941,842	1,983,496	941,842
At 31 December 2010	11,000,000	5,592,400	417,472	202,039	2,127	(46,918)	11,419,599	5,747,521

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.4 Statement of Changes in Equity (Cont'd)

	Share Capital		Other Reserves		(Accumulated losses)/ Retained Earnings		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
31 December 2011								
At 1 January 2011	11,000,000	5,592,400	417,472	202,039	2,127	(46,918)	11,419,599	5,747,521
Issuance of shares	3,000,000	1,450,200	-	-	-	-	3,000,000	1,450,200
Revaluation surplus	-	-	1,143,217	575,495	-	-	1,143,217	575,495
Foreign currency translation differences	-	-	-	238,799	-	-	-	238,799
Other comprehensive income for the financial year	-	-	1,143,217	814,294	-	-	1,143,217	814,294
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	4,387,996	2,081,225	4,387,996	2,081,225
At 31 December 2011	14,000,000	7,042,600	1,560,689	1,016,333	4,390,123	2,034,307	19,950,812	10,093,240

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.4 Statement of Changes in Equity (Cont'd)

	Share Capital		Other Reserves		Retained Earnings		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
31 December 2012								
At 1 January 2012	14,000,000	7,042,600	1,560,689	1,016,333	4,390,123	2,034,307	19,950,812	10,093,240
Foreign currency translation differences, representing other comprehensive income for the year	-	-	-	(1,915)	-	-	-	(1,915)
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	11,087,006	5,431,155	11,087,006	5,431,155
At 31 December 2012	14,000,000	7,042,600	1,560,689	1,014,418	15,477,129	7,465,462	31,037,818	15,522,480

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.4 Statement of Changes in Equity (Cont'd)

30 June 2013

	Share Capital		Other Reserves		Retained Earnings		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
At 1 January 2013	14,000,000	7,042,600	1,560,689	1,014,418	15,477,129	7,465,462	31,037,818	15,522,480
Foreign currency translation differences, representing other comprehensive income for the period	-	-	-	413,527	-	-	-	413,527
Net profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	4,279,879	2,145,075	4,279,879	2,145,075
At 30 June 2013	14,000,000	7,042,600	1,560,689	1,427,945	19,757,008	9,610,537	35,317,697	18,081,082

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements

7.3.5.1 Revenue

This represents the invoiced value of goods sold, net of sales tax, discount and returns, if any.

7.3.5.2 Finance Costs

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Interest expenses on:								
Factoring	838,447	398,128	486,366	230,683	393,351	192,690	93,388	46,806
Term loans	3,287	1,561	311,599	147,792	1,446,416	708,551	512,544	256,887
Other	-	-	141,060	66,905	-	-	-	-
	841,734	399,689	939,025	445,380	1,839,767	901,241	605,932	303,693

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.3 Profit before Taxation

The profit before taxation is arrived at after charging/(crediting):-

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Auditors' remuneration	-	-	-	-	3,860	1,891	19,600	9,824
Depreciation of property, plant and equipment	1,078,105	511,927	1,089,548	516,773	1,342,191	657,495	649,250	325,404
Realised gain on foreign exchange	-	-	(418)	(198)	-	-	(167,367)	(83,884)
Government grant	(246,000)	(116,811)	(810,000)	(384,183)	(2,484,000)	(1,216,829)	-	-
Directors' remuneration - fee	29,700	14,103	32,100	15,225	42,000	20,574	21,000	42,000
Interest income	(111,536)	(52,962)	(67,892)	(32,201)	(81,155)	(39,755)	(174,615)	(87,517)
Waiver of debts from other payables	(90,913)	(43,169)	(14,817)	(7,028)	-	-	-	-

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.4 Taxation

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Current income tax								
Current tax provision	709	337	1,514,562	718,357	1,912,412	936,827	755,949	378,882
Underprovision in prior year/period	-	-	-	-	-	-	3,834	1,921
Tax expense for the financial year/period	709	337	1,514,562	718,357	1,912,412	936,827	759,783	380,803

Ganzhou Kanger has been granted with preferential tax rate of 15% effective from FYE 2012 (FYE 2010: 25%, FYE 2011: 25% and FYE 2012: 15%) pursuant to the Jianxi local taxation Bureaus.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.4 Taxation (Cont'd)

A reconciliation of income tax expense applicable to profit before taxation at the preferential/statutory income tax rates to income tax expense at the effective income tax rate of Ganzhou Kanger is as follows:

	2010		2011		2012		FYE 31 December		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Profit before taxation	1,984,205	942,179	5,902,558	2,799,582	12,999,418	6,367,982	5,039,662	2,525,878		
Tax at preferential/ tax rates of 15% (FYE 2010 and FYE 2011: 25%, FYE 2012:15%)	496,051	235,545	1,475,640	699,896	1,949,913	955,197	755,949	378,882		
Expenses not deductible for tax purposes	-	-	38,922	18,461	-	-	-	-		
Income not taxable for tax purposes	-	-	-	-	(37,501)	(18,370)	-	-		
Underprovision of taxation in prior year/period	-	-	-	-	-	-	3,834	1,921		
Utilisation of deferred tax assets not recognised in prior year/period	(495,342)	(235,208)	-	-	-	-	-	-		
Tax expense for the financial year/period	709	337	1,514,562	718,357	1,912,412	936,827	759,783	380,803		

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.5 Property, Plant and Equipment

	At valuation		At cost				Total RMB
	Leasehold land RMB	Leasehold building RMB	Office equipment RMB	Plant and machinery RMB	Construction in progress RMB		
31 December 2010							
Cost							
At 1 January 2010	5,434,466	4,939,041	61,670	6,151,328	6,480	16,592,985	
Additions	-	-	48,685	121,111	105,825	275,621	
Reclassification	-	112,305	-	-	(112,305)	-	
At 31 December 2010	5,434,466	5,051,346	110,355	6,272,439	-	16,868,606	
Accumulated depreciation							
At 1 January 2010	99,632	85,356	30,560	2,258,299	-	2,473,847	
Charge for the financial year	108,689	244,082	13,940	711,394	-	1,078,105	
At 31 December 2010	208,321	329,438	44,500	2,969,693	-	3,551,952	
Carrying amount							
At 31 December 2010	5,226,145	4,721,908	65,855	3,302,746	-	13,316,654	

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.5 Property, Plant and Equipment (Cont'd)

	At valuation		At cost				Total RM
	Leasehold land RM	Leasehold building RM	Office equipment RM	Plant and machinery RM	Construction in progress RM		
31 December 2010							
Cost							
At 1 January 2010	2,727,558	2,478,905	30,952	3,087,552	3,252	8,328,019	
Additions	-	-	22,755	56,607	49,463	128,825	
Reclassification	-	52,491	-	-	(52,491)	-	
Exchange differences	(187,488)	(170,396)	(2,128)	(212,221)	(224)	(572,457)	
At 31 December 2010	2,540,070	2,361,000	51,579	2,931,738	-	7,884,387	
Accumulated depreciation							
At 1 January 2010	50,005	42,840	15,338	1,133,440	-	1,241,623	
Charge for the financial year	50,801	114,084	6,516	332,506	-	503,907	
Exchange differences	(3,437)	(2,945)	(1,054)	(77,911)	-	(85,347)	
At 31 December 2010	97,369	153,979	20,800	1,388,035	-	1,660,183	
Carrying amount							
At 31 December 2010	2,442,701	2,207,021	30,779	1,543,703	-	6,224,204	

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.5 Property, Plant and Equipment (Cont'd)

	At valuation		At cost				Total RMB
	Leasehold land RMB	Leasehold building RMB	Office equipment RMB	Plant and machinery RMB	Tools and equipment RMB		
31 December 2011							
Cost							
At 1 January 2011	5,434,466	5,051,346	110,355	6,272,439	-	16,868,606	
Additions	-	92,764	28,898	412,479	1,635,234	2,169,375	
Written off	-	-	(25,060)	(287,560)	(13,060)	(325,680)	
Revaluation	1,143,217	-	-	-	-	1,143,217	
Reclassification	-	(112,306)	11,600	(999,461)	1,100,167	-	
At 31 December 2011	6,577,683	5,031,804	125,793	5,397,897	2,722,341	19,855,518	
Accumulated depreciation							
At 1 January 2011	208,321	329,438	44,500	2,969,693	-	3,551,952	
Charge for the financial year	108,689	244,483	31,488	455,687	249,201	1,089,548	
Written off	-	-	(25,060)	(287,560)	(13,060)	(325,680)	
Reclassification	-	(4,539)	2,157	(500,176)	502,558	-	
At 31 December 2011	317,010	569,382	53,085	2,637,644	738,699	4,315,820	
Carrying amount							
At 31 December 2011	6,260,673	4,462,422	72,708	2,760,253	1,983,642	15,539,698	

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.5 Property, Plant and Equipment (Cont'd)

	At valuation		At cost				Total RM
	Leasehold land RM	Leasehold building RM	Office equipment RM	Plant and machinery RM	Tools and equipment RM		
31 December 2011							
Cost							
At 1 January 2011	2,540,070	2,361,000	51,579	2,931,738	-	7,884,387	
Additions	-	46,697	14,547	207,642	823,177	1,092,063	
Written off	-	-	(12,615)	(144,758)	(6,574)	(163,947)	
Revaluation	575,495	-	-	-	-	575,495	
Reclassification	-	(56,535)	5,839	(503,128)	553,824	-	
Exchange differences	195,641	181,848	3,974	225,808	-	607,271	
At 31 December 2011	3,311,206	2,533,010	63,324	2,717,302	1,370,427	9,995,269	
Accumulated depreciation							
At 1 January 2011	97,369	153,979	20,800	1,388,035	-	1,660,183	
Charge for the financial year	54,714	123,073	15,851	229,393	125,448	548,479	
Written off	-	-	(12,615)	(144,758)	(6,574)	(163,947)	
Reclassification	-	(2,285)	1,086	(251,789)	252,988	-	
Exchange differences	7,500	11,860	1,601	106,909	-	127,870	
At 31 December 2011	159,583	286,627	26,723	1,327,790	371,862	2,172,585	
Carrying amount							
At 31 December 2011	3,151,623	2,246,383	36,601	1,389,512	998,565	7,822,684	

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.5 Property, Plant and Equipment (Cont'd)

	At valuation		At cost				Total
	Leasehold land RMB	Leasehold building RMB	Office equipment RMB	Plant and machinery RMB	Tools and equipment RMB	Capital work in progress RMB	
31 December 2012							
Cost							
At 1 January 2012	6,577,683	5,031,804	125,793	5,397,897	2,722,341	-	19,855,518
Additions	-	-	9,336	-	77,991	3,921,194	4,008,521
At 31 December 2012	6,577,683	5,031,804	135,129	5,397,897	2,800,332	3,921,194	23,864,039
Accumulated depreciation							
At 1 January 2012	317,010	569,382	53,085	2,637,644	738,699	-	4,315,820
Charge for the financial year	108,689	249,074	35,493	469,299	479,635	-	1,342,190
At 31 December 2012	425,699	818,456	88,578	3,106,943	1,218,334	-	5,658,010
Carrying amount							
At 31 December 2012	6,151,984	4,213,348	46,551	2,290,954	1,581,998	3,921,194	18,206,029

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.5 Property, Plant and Equipment (Cont'd)

	At valuation		At cost				Total RM
	Leasehold land RM	Leasehold building RM	Office equipment RM	Plant and machinery RM	Tools and equipment RM	Capital work in progress RM	
31 December 2012							
Cost							
At 1 January 2012	3,311,206	2,533,010	63,324	2,717,302	1,370,427	-	9,995,269
Additions	-	-	4,587	-	38,317	1,926,483	1,969,387
Exchange differences	(79,590)	(60,884)	(1,522)	(65,315)	(32,940)	-	(240,251)
At 31 December 2012	3,231,616	2,472,126	66,389	2,651,987	1,375,804	1,926,483	11,724,405
Accumulated depreciation							
At 1 January 2012	159,583	286,627	26,723	1,327,790	371,862	-	2,172,585
Charge for the financial year	53,399	122,370	17,438	230,567	235,645	-	659,419
Exchange differences	(3,836)	(6,890)	(642)	(31,915)	(8,938)	-	(52,221)
At 31 December 2012	209,146	402,107	43,519	1,526,442	598,569	-	2,779,783
Carrying amount							
At 31 December 2012	3,022,470	2,070,019	22,870	1,125,545	777,235	1,926,483	8,944,622

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.5 Property, Plant and Equipment (Cont'd)

	At valuation		At cost				Total RMB
	Leasehold land RMB	Leasehold building RMB	Office equipment RMB	Plant and machinery RMB	Tools and equipment RMB	Capital work in progress RMB	
30 June 2013							
Cost							
At 1 January 2013	6,577,683	5,031,804	135,129	5,397,897	2,800,332	3,921,194	23,864,039
Additions	-	-	13,880	-	-	-	13,880
At 30 June 2013	6,577,683	5,031,804	149,009	5,397,897	2,800,332	3,921,194	23,877,919
Accumulated depreciation							
At 1 January 2013	425,699	818,456	88,578	3,106,943	1,218,334	-	5,658,010
Charge for the financial period	54,345	124,537	16,326	230,246	223,796	-	649,250
At 30 June 2013	480,044	942,993	104,904	3,337,189	1,442,130	-	6,307,260
Carrying amount							
At 30 June 2013	6,097,639	4,088,811	44,105	2,060,708	1,358,202	3,921,194	17,570,659

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.5 Property, Plant and Equipment (Cont'd)

	At valuation		At cost				Total RM
	Leasehold land RM	Leasehold building RM	Office equipment RM	Plant and machinery RM	Tools and equipment RM	Capital work in progress RM	
30 June 2013							
Cost							
At 1 January 2013	3,231,616	2,472,126	66,389	2,651,987	1,375,804	1,926,483	11,724,405
Additions	-	-	7,147	-	-	-	7,147
Exchange differences	155,233	118,750	3,189	127,390	66,087	92,540	563,189
At 30 June 2013	3,386,849	2,590,876	76,725	2,779,377	1,441,891	2,019,023	12,294,741
Accumulated depreciation							
At 1 January 2013	209,146	402,107	43,519	1,526,442	598,569	-	2,779,783
Charge for the financial period	27,238	62,418	8,183	115,399	112,166	-	325,404
Exchange differences	10,791	21,022	2,313	76,478	31,818	-	142,422
At 30 June 2013	247,175	485,547	54,015	1,718,319	742,553	-	3,247,609
Carrying amount							
At 30 June 2013	3,139,674	2,105,329	22,710	1,061,058	699,338	2,019,023	9,047,132

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.5 Property, Plant and Equipment (Cont'd)

(a) The leasehold land of Ganzhou Kanger were last revalued by the Director based on an open market value basis for existing use based on the valuation exercise carried out by independent professional valuers in November 2010.

Had the leasehold land been carried at historical cost less accumulated depreciation, the carrying amount of the leasehold land that would have been included in the financial statements at the end of the financial years/period would be as follows:

	As at 31 December		2012		As at 30 June 2013	
	2010	2011	RMB	RM	RMB	RM
Leasehold land	4,756,534	2,223,204	4,657,439	2,344,555	4,558,345	2,239,515
					4,508,798	2,321,580

(b) The carrying amounts of property, plant and equipment of Ganzhou Kanger which have been pledged to licensed banks for credit facilities granted to Ganzhou Kanger as disclosed in Note 7.3.5.19 are as follows:

	As at 31 December		2012		As at 30 June 2013	
	2010	2011	RMB	RM	RMB	RM
Leasehold land	5,226,145	2,442,701	6,260,673	3,151,623	6,151,984	3,022,470
Leasehold building	4,721,908	2,207,020	4,462,422	2,246,383	4,337,885	2,070,019
Plant and machinery	-	-	-	-	2,525,603	1,125,545
	9,948,053	4,649,721	10,723,095	5,398,006	13,015,472	6,218,034
					10,100,574	5,200,785

(c) The remaining lease terms of the leasehold land is 45 (31.12.2010: 48, 31.12.2011: 47, 31.12.2012: 46) years.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.6 Investments in Subsidiary Companies

(a) Investments in subsidiary companies

	As at 31 December 2011		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
Unquoted shares, at cost						
Outside Malaysia	10,000,000	5,084,000	10,000,000	5,084,000	16,000,000	8,134,400

(b) The subsidiary companies and the shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		31.12.2010	31.12.2012	
Shenzen Kanger	China	100	100	Trading of bamboo flooring related products
Yanshan Kanger	China	100	100	Manufacturing and trading of bamboo flooring related products

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.6 Investments in Subsidiary Companies (Cont'd)

The investments in subsidiary companies are accounted based on cost method.

All the financial statements of the subsidiary companies are audited by UHY Malaysia, solely for the purpose of the preparation of the Proforma Consolidated Financial Statements of Kanger International for its Listing, which involved Ganzhou Kanger and its subsidiary companies. For this purpose, Ganzhou Kanger elects to present separate financial statements.

7.3.5.7 Inventories

	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
At cost:								
Raw materials	6,732,974	3,146,992	8,005,790	4,030,115	2,719,790	1,336,233	5,166,505	2,660,234
Work-in-progress	2,046,960	956,749	4,631,792	2,331,644	12,258,323	6,022,514	8,326,289	4,287,206
Finished goods	3,913,479	1,829,160	3,728,301	1,876,827	5,339,567	2,623,329	4,328,365	2,228,675
	<u>12,693,413</u>	<u>5,932,901</u>	<u>16,365,883</u>	<u>8,238,586</u>	<u>20,317,680</u>	<u>9,982,076</u>	<u>17,821,159</u>	<u>9,176,115</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.8 Trade Receivables

Ganzhou Kanger's normal trade credit terms range from 60 to 90 days (31.12.2010, 31.12.2011 and 31.12.2012: 60 to 90 days). Other credit terms are assessed and approved on a case to case basis.

Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

Analysis of the trade receivables ageing is as follows:

	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Neither past due nor impaired	2,239,602	1,046,790	2,393,306	1,204,790	8,262,847	4,059,537	8,486,073	4,369,479
Past due for less than 30 days but not impaired	-	-	2,735,487	1,377,044	-	-	-	-
Past due for more than 31 to 60 days but not impaired	-	-	2,130,351	1,072,419	168,038	82,557	-	-
Past due for more than 60 days but not impaired	1,869,310	873,715	1,269,310	638,971	-	-	-	-
	4,108,912	1,920,505	8,528,454	4,293,224	8,430,885	4,142,094	8,486,073	4,369,479

Ganzhou Kanger has not recognised any impairment loss on the receivables that are past due at the end of financial year/period, as there has not been any significant change in credit quality and these amounts are still considered recoverable.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.9 Other Receivables

	2010		2011		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Other receivables	1,275,948	596,379	1,823,708	918,055	616,587	302,929	745,705	383,964
Advances to suppliers	202,853	94,813	324,990	163,600	4,558,157	2,527,023	1,826,433	940,430
	<u>1,478,801</u>	<u>691,192</u>	<u>2,148,698</u>	<u>1,081,655</u>	<u>5,174,744</u>	<u>2,829,952</u>	<u>2,572,138</u>	<u>1,324,394</u>

7.3.5.10 Amounts owing by/to subsidiary companies

The amounts owing by/to subsidiary companies, namely Shenzhen Kanger and Yanshan Kanger, are unsecured, interest free advances and repayable on demand.

7.3.5.11 Fixed deposits with licensed banks

The interest rates of fixed deposits of Ganzhou Kanger is 3.08% (FYE 2010: 1.98% to 2.32%, FYE 2011: 2.80% to 3.05% and FYE 2012: 1.68% to 2.79%) per annum.

The fixed deposits with licensed banks of Ganzhou Kanger are pledged to licensed banks for credit facilities granted to Ganzhou Kanger as disclosed in Note 7.3.5.19.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.12 Cash and Bank Balances

Included in the cash and bank balances is an amount held in trust by a Director amounting to Nil (31.12.2010 and 31.12.2011: Nil, 31.12.2012: RMB8,000,000 or RM4,027,200).

7.3.5.13 Share Capital

	Number of shares			
	31.12.2010 Units	31.12.2011 Units	31.12.2012 Units	31.6.2013 Units
Ordinary shares of RMB1 each				
Authorised				
At 1 January	11,000,000	11,000,000	14,000,000	14,000,000
Created during the year/period	-	3,000,000	-	-
At 31 December/30 June	<u>11,000,000</u>	<u>14,000,000</u>	<u>14,000,000</u>	<u>14,000,000</u>
Issued and fully paid				
At 1 January	11,000,000	11,000,000	14,000,000	14,000,000
Issued during the year/period	-	3,000,000	-	-
At 31 December/30 June	<u>11,000,000</u>	<u>14,000,000</u>	<u>14,000,000</u>	<u>14,000,000</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.13 Share Capital (Cont'd)

	31.12.2010		31.12.2011		31.12.2012		31.6.2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Ordinary shares of RMB1 each								
Authorised								
At 1 January	11,000,000	5,592,400	11,000,000	5,592,400	14,000,000	7,042,600	14,000,000	7,042,600
Created during the year/period	-	-	3,000,000	1,450,200	-	-	-	-
At 31 December/30 June	11,000,000	5,592,400	14,000,000	7,042,600	14,000,000	7,042,600	14,000,000	7,042,600
Issued and fully paid								
At 1 January	11,000,000	5,592,400	11,000,000	5,592,400	14,000,000	7,042,600	14,000,000	7,042,600
Issued during the year/period	-	-	3,000,000	1,450,200	-	-	-	-
At 31 December/30 June	11,000,000	5,592,400	14,000,000	7,042,600	14,000,000	7,042,600	14,000,000	7,042,600

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of Ganzhou Kanger.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Ganzhou Kanger. All ordinary shares carry one vote per share without restrictions and rank equally with regard to Ganzhou Kanger residual assets.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.14 Other Reserves

	2010		2011		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Revaluation reserve	417,472	212,243	1,560,689	787,738	1,560,689	787,738	1,560,689	787,738
Exchange translation reserve [Note (a)]	-	(10,204)	-	228,595	-	226,680	-	640,207
	417,472	202,039	1,560,689	1,016,333	1,560,689	1,014,418	1,560,689	1,427,945

(a) Exchange translation reserve

The exchange reserve is used to record the foreign exchange differences arising from the translation of the financial statements of foreign operations.

The movements in the reserves are reflected in the statements of changes in equity.

7.3.5.15 Trade Payables

The normal trade credit term granted to Ganzhou Kanger is 90 days (31.12.2010, 31.12.2011 and 31.12.2012: 90 days). Other credit terms are assessed and approved on a case to case basis.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.16 Other Payables

	←-----As at 31 December----->		As at 30 June	
	2010	2011	2012	2013
	RMB	RM	RMB	RM
Other payables	3,761,431	1,758,093	4,017,775	2,022,548
			120,082	58,996
			1,271,839	654,870

7.3.5.17 Amount owing to Holding Company

The amount owing to holding company, namely HK Kanger, represents unsecured, interest free advances and is repayable on demand.

7.3.5.18 Amount owing to a Director

This represents unsecured, interest free advances and is repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.19 Bank Borrowings

	2010		2011		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Secured								
Term loans	-	-	8,500,000	4,278,900	16,500,000	8,106,450	8,850,000	4,556,865
Factoring	5,000,000	2,337,000	7,000,000	3,523,800	8,000,000	3,930,400	-	-
Bill payables	10,267,060	4,798,824	7,309,548	3,679,626	7,500,000	3,684,750	9,000,000	4,634,100
Total bank borrowings (repayable within twelve months)	15,267,060	7,135,824	22,809,548	11,482,326	32,000,000	15,721,600	17,850,000	9,190,965

The above credit facilities obtained from licensed banks are secured by the following:

- (a) Legal charge over leasehold land and building, plant and machinery and fixed deposits with licensed banks of Ganzhou Kanger as disclosed in Notes 7.3.5.5(b) and 7.3.5.11; and
- (b) Jointly and severally guarantee by a third party guarantor

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.19 Bank Borrowings (Cont'd)

Ranges of the interest rate charges per annum are as follows:

	←-----FYE 31 December----->	FPE 30 June
	2010	2012
Term loans	-	6.30% - 9.84%
Factoring	5.40%	5.6% - 8.42%
		2013
		6.30% - 9.60%

7.3.5.20 Employee Benefits Expenses

	←-----FYE 31 December----->				FPE 30 June
	2010	2011	2012	2013	
	RMB	RMB	RMB	RMB	RMB
Employee benefits expenses	390,907	516,805	862,305	898,454	450,305
(excluding Director)	185,618	245,121	422,414	-	-

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.21 Related Party Disclosure

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to Ganzhou Kanger if Ganzhou Kanger has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Ganzhou Kanger and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of Ganzhou Kanger either directly or indirectly. The key management personnel include all the Directors of Ganzhou Kanger.

Ganzhou Kanger has related party relationships with the holding and subsidiary companies as well as key management personnel.

(b) In addition to the transactions detailed elsewhere in this report, Ganzhou Kanger had the following transactions with related parties during the financial year/period:

	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Subsidiary companies								
Sales of goods	11,121,763	5,198,312	15,617,053	74,077,168	15,083,041	7,153,886	2,317,936	1,161,750
Purchase of goods	-	-	9,798,675	4,647,512	8,890,690	4,355,253	752,232	377,019

<-----FYE 31 December-----> FPE 30 June

13. ACCOUNTANTS' REPORT (Cont'd)


HISTORICAL FINANCIAL STATEMENTS (CONT'D)
Ganzhou Kanger (Cont'd)
Notes to the Financial Statements (Cont'd)
7.3.5.21 Related Party Disclosure (Cont'd)

(c) Information regarding the compensation of key management personnel is as follows:

	←-----FYE 31 December----->		FPE 30 June	
	2011		2013	
	RMB	RM	RMB	RM
Short-term employee benefits	160,400	76,164	180,500	85,611
			315,636	154,620
			68,638	34,401

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of Ganzhou Kanger.

7.3.5.22 Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 5.2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

13. ACCOUNTANTS' REPORT (Cont'd)

**7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)****7.3 Ganzhou Kanger (Cont'd)****7.3.5 Notes to the Financial Statements (Cont'd)****7.3.5.22 Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies**

Ganzhou Kanger's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and interest rate risk), credit risk, and liquidity and cash flows risk. Ganzhou Kanger's overall financial risk management objectives are to ensure that there is sufficient level of liquidity and its ability to finance for the Ganzhou Kanger operations, with a view of minimising potential adverse effects on the financial performance of and to create value for the shareholders. Financial risk management is carried out through risk reviews, internal control systems, insurance programme and adherence to the Ganzhou Kanger's financial risk management policies. The Management regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

(c) Credit risk

Fixed deposits with licensed banks and cash at banks are placed with credit worthy financial institutions.

Credit risk arises mainly from the inability of its customers to make payments when due. Ganzhou Kanger has adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via the management reporting procedures and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represents the Ganzhou Kanger's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk.

(d) Liquidity risk

Ganzhou Kanger's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. Ganzhou Kanger monitors its cash flows and ensures that sufficient funding is in place to meet its obligations as and when they fall due. Ganzhou Kanger relies on its shareholders/holding company for appropriate financial support to enable it to meet its obligations as and when they fall due.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.22 Financial Instruments (Cont'd)

(d) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Ganzhou Kanger can be required to pay.

	←-----On demand/Repayable within one year----->						As at 30 June	
	←-----As at 31 December----->							
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade payables	1,671,455	781,238	6,332,790	3,187,926	501,147	246,214	305,062	157,076
Other payables	3,761,431	1,758,093	4,017,775	2,022,548	120,082	58,996	1,271,839	654,870
Amounts owing to subsidiary companies	2,399,188	1,121,380	1,237,646	623,031	1,218,000	598,403	563,832	290,317
Amount owing to holding company	-	-	-	-	19,521,638	9,878,581	20,479,034	10,544,655
Amount owing to a Director	12,179,750	5,692,815	10,194,000	5,131,660	-	-	-	-
Bank borrowings	15,267,060	7,135,824	22,809,548	11,482,326	32,000,000	15,721,600	17,850,000	9,190,965
	<u>35,278,884</u>	<u>16,489,350</u>	<u>44,591,759</u>	<u>22,447,491</u>	<u>53,360,867</u>	<u>26,503,794</u>	<u>40,469,767</u>	<u>20,837,883</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.22 Financial Instruments (Cont'd)

(e) Market risk

(i) Foreign currency exchange risk

Ganzhou Kanger does not has foreign currency denominated financial assets and financial liabilities at the end of the reporting period.

(ii) Interest rate risk

Ganzhou Kanger obtains financing through other financial liabilities. Ganzhou Kanger's policy is to obtain financing with the most favourable interest rates in the market.

Ganzhou Kanger constantly monitors its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no interest rate swap contracts or other derivative instruments outstanding.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.22 Financial Instruments (Cont'd)

(e) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The carrying amounts of Ganzhou Kanger's financial instruments that are exposed to interest rate risk are as follows:

	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Financial asset								
Fixed deposits with licensed banks	3,080,118	1,493,647	3,654,774	1,839,813	1,250,000	614,125	470,000	242,003
Financial liability								
Bank borrowings	15,267,060	7,135,824	22,809,548	11,482,326	32,000,000	15,721,600	17,850,000	9,190,965

Ganzhou Kanger is exposed to interest rate risk arising from its short term debts obligations, and its fixed deposits. Fixed deposits interest rate is insignificant and any fluctuations in the rate would have no material impact on the results of Ganzhou Kanger.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.22 Financial Instruments (Cont'd)

(e) Market risk (Cont'd)

(iii) Interest rate risk sensitivity

An increase in market interest rates by 1% on financial assets and financial liabilities of Ganzhou Kanger which have variable interest rates at the end of the reporting period would decrease the profit before taxation by RMB173,800 or RM87,109 (FYE 2010: RMB1,284,456 or RM609,860, FYE 2011: RMB1,915,477 or RM908,511 and FYE 2012: RMB2,370,000 or RM1,161,063). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial assets and financial liabilities of Ganzhou Kanger which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(f) Fair value of financial assets and financial liabilities

- (i) The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amount derived from such methods and valuation technique are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of amount estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of Ganzhou Kanger are as follows:

Cash and cash equivalents, trade and other receivables, intercompany balances, trade and other payables, amount owing by a director and short-term borrowings

The carrying amounts are considered to approximate the fair values as they are within the normal credit terms or they have short-term maturity period.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.3 Ganzhou Kanger (Cont'd)

7.3.5 Notes to the Financial Statements (Cont'd)

7.3.5.22 Financial Instruments (Cont'd)

(f) Fair value of financial assets and financial liabilities (Cont'd)

- (ii) Fair value of financial instruments by categories that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

	Carrying amount		Fair value	
	RMB	RM	RMB	RM
31.12.2010				
Unquoted shares, at cost	10,000,000	5,084,000	- *	- *
31.12.2011				
Unquoted shares, at cost	10,000,000	5,084,000	- *	- *
31.12.2012				
Unquoted shares, at cost	16,000,000	8,134,400	- *	- *
30.6.2013				
Unquoted shares, at cost	16,000,000	8,134,400	- *	- *

* It is not practicable to estimate the fair value of the unquoted investment due to lack of quoted market prices and without incurring excessive costs.

13. ACCOUNTANTS' REPORT (Cont'd)


HISTORICAL FINANCIAL STATEMENTS (CONT'D)
Ganzhou Kanger (Cont'd)
Notes to the Financial Statements (Cont'd)
7.3.5.23 Capital Risk Management Objectives and Policies

Ganzhou Kanger's Management manages its capital to ensure that Ganzhou Kanger is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. The Management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

The capital of Ganzhou Kanger consists of issued capital and cash and cash equivalents.

7.3.5.24 Capital Commitment

	As at 31 December				As at 30 June	
	2010	2011	2012	2013	2013	2013
	RMB	RMB	RMB	RMB	RMB	RM
Approved and contractor for:						
Plant and machinery	-	-	2,100,000	1,031,730	2,100,000	1,081,290

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger

7.4.1 Statement of Comprehensive Income

Note	FYE 31 December				FPE 30 June			
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Revenue	9,862,180	4,682,958	13,362,959	6,338,051	21,537,770	10,550,636	8,594,498	4,307,562
Cost of sales	(8,338,200)	(3,959,311)	(11,514,881)	(5,461,508)	(17,158,849)	(8,405,548)	(6,828,023)	(3,422,205)
Gross profit	1,523,980	723,647	1,848,078	876,543	4,378,921	2,145,088	1,766,475	885,357
Other income	4,838	2,297	896	425	282	138	-	-
Administrative expenses	(489,292)	(232,335)	(563,724)	(267,374)	(1,647,315)	(806,965)	(751,719)	(376,762)
Distribution expenses	(788,656)	(374,485)	(835,968)	(396,500)	(904,259)	(442,966)	(283,670)	(142,175)
Other operating expenses	-	-	-	-	(45)	(22)	-	-
Finance costs	(197,463)	(93,763)	(291,938)	(138,466)	(287,352)	(140,764)	(69,537)	(34,852)
Net profit for the financial year/period carried forward	53,407	25,361	157,344	74,628	1,540,232	754,509	661,549	331,568

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.1 Statement of Comprehensive Income (Cont'd)

	Note	FYE 31 December				FPE 30 June	
		2010	2011	2012	2013	2013	2013
		RMB	RM	RMB	RM	RMB	RM
Net profit for the financial year/period brought forward	7.4.5.3	53,407	25,361	157,344	74,628	1,540,232	754,509
Taxation	7.4.5.4	-	-	-	-	(288,889)	(141,517)
Net profit for the financial year/period		53,407	25,361	157,344	74,628	1,251,343	612,992
Other comprehensive income for the financial year/period, net of tax							
- Foreign currency translation		-	(329,545)	-	349,956	-	(116,195)
Total comprehensive income for the financial year/period		53,407	(304,184)	157,344	424,584	1,251,343	496,797
						543,367	539,439

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.2 Statement of Financial Position

Note	2010		2011		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Non-Current Asset								
Property, plant and equipment	128,824	60,212	87,330	43,962	58,148	28,568	47,749	24,586
Current Assets								
Inventories	9,489,810	4,435,537	13,865,157	6,979,720	11,651,959	5,724,607	7,170,796	3,692,243
Trade receivables	3,349,657	1,565,630	4,431,754	2,230,945	1,066,926	524,181	5,921,574	3,049,018
Other receivables	640,312	299,282	38,584	19,423	97,566	47,934	1,214,530	625,361
Amount owing by related company	-	-	-	-	-	-	50,000	25,745
Amounts owing by holding company	2,399,188	1,121,380	-	-	-	-	443,578	228,398
Cash and bank balances	19,137	8,945	682,644	343,643	811,646	398,762	1,598,531	823,084
	15,898,104	7,430,774	19,018,139	9,573,731	13,628,097	6,695,484	16,399,009	8,443,849
	16,026,928	7,490,986	19,105,469	9,617,693	13,686,245	6,724,052	16,446,758	8,468,435
Equity								
Share capital	10,000,000	5,084,000	10,000,000	5,084,000	10,000,000	5,084,000	10,000,000	5,084,000
Exchange translation reserve	-	(397,837)	-	(47,881)	-	(164,076)	-	103,028
(Accumulated losses)/ Retained earnings	(406,169)	(202,007)	(248,825)	(127,379)	1,002,518	485,613	1,545,885	757,948
Total Equity	9,593,831	4,484,156	9,751,175	4,908,740	11,002,518	5,405,537	11,545,885	5,944,976

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.2 Statement of Financial Position (Cont'd)

Note	2010		2011		2012		As at 31 December		As at 30 June	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Current Liabilities										
Trade payables	1,241,008	580,048	503,097	253,260	-	-	-	-	-	-
Other payables	627,936	293,497	201,486	101,428	212,543	104,422	342,815	176,515		
Amount owing to holding company	-	-	4,628,925	2,330,201	393,439	193,297	-	-	-	-
Amount owing to a Director	2,664,153	1,245,225	2,030,786	1,022,298	-	-	-	-	-	-
Amount owing to ultimate holding company	-	-	-	-	-	-	-	-	1,592,658	820,060
Bank borrowings	1,900,000	888,060	1,990,000	1,001,766	1,800,000	884,340	2,800,000	1,441,720		
Tax payable	-	-	-	-	277,745	136,456	165,400	85,164		
Total Liabilities	6,433,097	3,006,830	9,354,294	4,708,953	2,683,727	1,318,515	4,900,873	2,523,459		
Total Equity and Liabilities	16,026,928	7,490,986	19,105,469	9,617,693	13,686,245	6,724,052	16,446,758	8,468,435		

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.3 Statement of Cash Flows

	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Cash Flows from Operating Activities								
Profit before taxation	53,407	25,361	157,344	74,628	1,540,232	754,509	661,549	331,568
Adjustments for:								
Depreciation of property, plant and equipment	41,492	19,393	41,494	20,888	33,370	16,395	10,399	5,212
Bad debt written off	30,717	14,357	4,281	2,155	-	-	-	-
Interest expenses	197,463	93,763	291,938	138,466	287,352	140,764	69,537	34,852
Interest income	(874)	(409)	(896)	(451)	(282)	(139)	-	-
Operating profit before working capital changes	322,205	152,465	494,161	235,686	1,860,672	911,529	741,485	371,632

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.3 Statement of Cash Flows (Cont'd)

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Decrease/(Increase) in working capital	(3,403,514)	(1,590,802)	(4,375,347)	(2,202,550)	2,213,198	1,087,344	4,481,163	2,307,351
Inventories	683,026	319,246	(1,086,378)	(546,883)	3,364,828	1,653,140	(4,854,648)	(2,499,658)
Trade receivables	(421,478)	(196,999)	601,728	302,910	(58,982)	(28,978)	(1,116,964)	(575,125)
Other receivables	-	-	-	-	-	-	(50,000)	(25,745)
Amount owing by related company	48,437	22,639	(737,911)	(371,464)	(503,097)	(247,172)	-	-
Trade payables	299,715	140,087	(426,450)	(214,675)	11,057	5,432	130,272	67,077
Other payables	7,602,531	3,553,423	(633,367)	(318,837)	(2,030,786)	(997,725)	-	-
Amount owing by a Director	(2,363,354)	(1,104,632)	7,028,113	3,537,952	(4,235,486)	(2,080,894)	(837,017)	(430,980)
Amounts owing by/to holding company	-	-	-	-	-	-	1,592,658	820,060
Amount owing to ultimate holding company	2,445,363	1,142,962	370,388	186,433	(1,239,268)	(608,853)	(654,536)	(337,020)

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.3 Statement of Cash Flows (Cont'd)

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Cash generated from operations	2,767,568	1,295,427	864,549	422,139	621,404	302,676	86,949	34,612
Interest paid	(197,463)	(93,763)	(291,938)	(138,466)	(287,352)	(140,764)	(69,537)	(34,852)
Interest received	874	409	896	451	282	139	-	-
Tax paid	-	-	-	-	(11,144)	(5,459)	(230,527)	(115,540)
Net cash generated from/(used in) operating activities	(196,589)	(93,354)	(291,042)	(138,015)	(298,214)	(146,084)	(300,064)	(150,392)
Net cash generated from/(used in) operating activities	2,570,979	1,202,073	573,507	284,124	323,190	156,592	(213,115)	(115,780)
Cash Flows from Investing Activity								
Purchase of plant, property and equipment	-	-	-	-	(4,188)	(2,058)	-	-
Net cash used in investing activity	-	-	-	-	(4,188)	(2,058)	-	-
Cash Flows From Financing Activities								
Drawdown of bank borrowings	6,900,000	3,225,060	6,710,000	3,377,814	7,100,000	3,488,230	3,000,000	1,544,700
Repayment of bank borrowings	(9,630,000)	(4,501,062)	(6,620,000)	(3,332,508)	(7,290,000)	(3,581,577)	(2,000,000)	(1,029,800)
Net cash (used in)/generated from financing activities	(2,730,000)	(1,276,002)	90,000	45,306	(190,000)	(93,347)	1,000,000	514,900

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.3 Statement of Cash Flows (Cont'd)

	← FYE 31 December →				FPE 30 June			
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Net (decrease)/increase in cash and cash equivalents	(159,021)	(73,929)	663,507	329,430	129,002	61,187	786,885	399,120
Foreign exchange differences	-	(6,544)	-	5,268	-	(6,068)	-	25,202
Cash and cash equivalents at beginning of the financial year/period	178,158	89,418	19,137	8,945	682,644	343,643	811,646	398,762
Cash and cash equivalents at end of the financial year/period	19,137	8,945	682,644	343,643	811,646	398,762	1,598,531	823,084
Cash and cash equivalents at end of the financial year/period comprises:								
Cash and bank balances	19,137	8,945	682,644	343,643	811,646	398,762	1,598,531	823,084

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.4 Statement of Changes in Equity

	Share Capital		Exchange Translation Reserve		Accumulated Losses		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
31 December 2010								
At 1 January 2010	10,000,000	5,084,000	-	(68,292)	(459,576)	(227,368)	9,540,424	4,788,340
Foreign currency translation differences, representing other comprehensive income for the year	-	-	-	(329,545)	-	-	-	(329,545)
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	53,407	25,361	53,407	25,361
At 31 December 2010	10,000,000	5,084,000	-	(397,837)	(406,169)	(202,007)	9,593,831	4,484,156

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.4 Statement of Changes in Equity (Cont'd)

	Share Capital		Exchange Translation Reserve		Accumulated Losses		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
31 December 2011								
At 1 January 2011	10,000,000	5,084,000	-	(397,837)	(406,169)	(202,007)	9,593,831	4,484,156
Foreign currency translation differences, representing other comprehensive income for the year	-	-	-	349,956	-	-	-	349,956
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	157,344	74,628	157,344	74,628
At 31 December 2011	10,000,000	5,084,000	-	(47,881)	(248,825)	(127,379)	9,751,175	4,908,740

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.4 Statement of Changes in Equity (Cont'd)

	Share Capital		Exchange Translation Reserve		(Accumulated Losses)/ Retained Earnings		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
31 December 2012								
At 1 January 2012	10,000,000	5,084,000	-	(47,881)	(248,825)	(127,379)	9,751,175	4,908,740
Foreign currency translation differences, representing other comprehensive income for the year	-	-	-	(116,195)	-	-	-	(116,195)
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	1,251,343	612,992	1,251,343	612,992
At 31 December 2012	10,000,000	5,084,000	-	(164,076)	1,002,518	485,613	11,002,518	5,405,537

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.4 Statement of Changes in Equity (Cont'd)

	Share Capital		Exchange Translation Reserve		Retained Earnings		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
30 June 2013								
At 1 January 2013	10,000,000	5,084,000	-	(164,076)	1,002,518	485,613	11,002,518	5,405,537
Foreign currency translation differences, representing other comprehensive income for the period	-	-	-	267,104	-	-	-	267,104
Net profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	543,367	272,335	543,367	272,335
At 30 June 2013	10,000,000	5,084,000	-	103,028	1,545,885	757,948	11,545,885	5,944,976

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements

7.4.5.1 Revenue

This represents the invoiced value of goods sold, net of sales tax, discount and returns, if any.

7.4.5.2 Finance Costs

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Interest expenses on:								
Term loans	197,463	93,763	291,938	138,466	287,352	140,764	69,537	34,852

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.3 Profit Before Taxation

Profit before taxation is derived at after charging/(crediting):-

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Bad debt written off	30,717	14,357	4,281	2,155	-	-	-	-
Depreciation of property, plant and equipment	41,492	19,393	41,494	20,888	33,370	16,395	10,399	5,212
Directors' remuneration - Fees	36,000	17,093	42,000	19,921	51,028	24,999	26,288	13,176
Rental expenses	-	-	-	-	67,515	33,076	34,644	17,364
Interest income	(874)	(409)	(896)	(451)	(282)	(139)	-	-

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.4 Taxation

	FYE 31 December				FPE 30 June			
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Current income tax								
Current tax provision	-	-	-	-	288,889	141,517	165,400	82,899
Overprovision in prior year/period	-	-	-	-	-	-	(47,218)	(23,666)
Tax expense for the financial year/period	-	-	-	-	288,889	141,517	118,182	59,233

Current income tax is calculated at the statutory tax rate of 25% (FYE 2010, FYE 2011 and FYE 2012: 25%) of the estimated assessable profit for the financial year/period.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.4 Taxation (Cont'd)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of Shenzhen Kanger is as follows:

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Profit before taxation	53,407	25,361	157,344	74,628	1,540,232	754,509	661,549	331,568
Tax at statutory tax rate of 25% (FYE 2010, FYE 2011 and FYE 2012: 25%)	13,352	6,340	39,336	18,657	385,058	188,627	165,400	82,899
Overprovision of taxation in prior year/period	-	-	-	-	-	-	(47,218)	(23,666)
Utilisation of deferred tax assets not recognised in prior year/period	(13,352)	(6,340)	(39,336)	(18,657)	(96,169)	(47,110)	-	-
Tax expense for the financial year/period	-	-	-	-	288,889	141,517	118,182	59,233

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.5 Property, Plant and Equipment

	Office equipment		Motor vehicles		Total	
	RMB	RM	RMB	RM	RMB	RM
31 December 2010						
Cost						
At 1 January 2010	73,902	37,091	295,500	148,311	369,402	185,402
Exchange differences	-	(2,549)	-	(10,195)	-	(12,744)
At 31 December 2010	73,902	34,542	295,500	138,116	369,402	172,658
Accumulated depreciation						
At 1 January 2010	25,557	12,827	173,529	87,094	199,086	99,921
Charge for the financial year	6,033	2,820	35,459	16,573	41,492	19,393
Exchange differences	-	(882)	-	(5,986)	-	(6,868)
At 31 December 2010	31,590	14,765	208,988	97,681	240,578	112,446
Carrying amount						
At 31 December 2010	42,312	19,777	86,512	40,435	128,824	60,212

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.5 Property, Plant and Equipment (Cont'd)

	Office equipment		Motor vehicles		Total	
	RMB	RM	RMB	RM	RMB	RM
31 December 2011						
Cost						
At 1 January 2011	73,902	34,542	295,500	138,116	369,402	172,658
Exchange differences	-	2,661	-	10,639	-	13,300
At 31 December 2011	73,902	37,203	295,500	148,755	369,402	185,958
Accumulated depreciation						
At 1 January 2011	31,590	14,765	208,988	97,681	240,578	112,446
Charge for the financial year	6,034	3,038	35,460	17,850	41,494	20,888
Exchange differences	-	1,137	-	7,525	-	8,662
At 31 December 2011	37,624	18,940	244,448	123,056	282,072	141,996
Carrying amount						
At 31 December 2011	36,278	18,263	51,052	25,699	87,330	43,962

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.5 Property, Plant and Equipment (Cont'd)

	Office equipment		Motor vehicles		Total	
	RMB	RM	RMB	RM	RMB	RM
31 December 2012						
Cost						
At 1 January 2012	73,902	37,203	295,500	148,755	369,402	185,958
Additions	4,188	2,058	-	-	4,188	2,058
Exchange differences	-	(894)	-	(3,576)	-	(4,470)
At 31 December 2012	78,090	38,367	295,500	145,179	373,590	183,546
Accumulated depreciation						
At 1 January 2012	37,624	18,940	244,448	123,056	282,072	141,996
Charge for the financial year	6,277	3,084	27,093	13,311	33,370	16,395
Exchange differences	-	(455)	-	(2,958)	-	(3,413)
At 31 December 2012	43,901	21,569	271,541	133,409	315,442	154,978
Carrying amount						
At 31 December 2012	34,189	16,798	23,959	11,770	58,148	28,568

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.5 Property, Plant and Equipment (Cont'd)

	Office equipment		Motor vehicles		Total	
	RMB	RM	RMB	RM	RMB	RM
30 June 2013						
Cost						
At 1 January 2013	78,090	38,367	295,500	145,179	373,590	183,546
Exchange differences	-	1,842	-	6,974	-	8,816
At 30 June 2013	78,090	40,209	295,500	152,153	373,590	192,362
Accumulated depreciation						
At 1 January 2013	43,901	21,569	271,541	133,409	315,442	154,978
Charge for the financial period	3,046	1,527	7,353	3,685	10,399	5,212
Exchange differences	-	1,077	-	6,509	-	7,586
At 30 June 2013	46,947	24,173	278,894	143,603	325,841	167,776
Carrying amount						
At 30 June 2013	31,143	16,036	16,606	8,550	47,749	24,586

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.6 Inventories

	As at 31 December				As at 30 June			
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
At cost:								
Finished goods	9,489,810	4,435,537	13,865,157	6,979,720	11,651,959	5,724,607	7,170,796	3,692,243

7.4.5.7 Trade Receivables

Shenzhen Kanger's normal trade credit terms ranges from 30 to 90 days (31.12.2010: 30 to 90 days, 31.12.2011: 60 to 120 days and 31.12.2012: 30 to 90 days). Other credit terms are assessed and approved on a case to case basis.

Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.7 Trade Receivables (Cont'd)

Analysis of the trade receivables ageing is as follows:

	As at 31 December				As at 30 June			
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Neither past due nor impaired	2,556,588	1,194,949	2,894,549	1,457,116	1,054,426	518,040	5,915,868	3,046,080
Past due for less than 30 days	306,239	143,136	405,340	204,048	12,500	6,141	5,706	2,938
but not impaired								
Past due for more than 31 to 60 days but not impaired	78,439	36,663	167,183	84,160	-	-	-	-
Past due for more than 60 days but not impaired	408,391	190,882	964,682	485,621	-	-	-	-
	<u>3,349,657</u>	<u>1,565,630</u>	<u>4,431,754</u>	<u>2,230,945</u>	<u>1,066,926</u>	<u>524,181</u>	<u>5,921,574</u>	<u>3,049,018</u>

Shenzhen Kanger has not recognised any impairment loss on certain receivables that are past due at the end of financial year/period, as there has not been any significant change in credit quality and these amounts are still considered receivable.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kangcr (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.8 Other Receivables

	2010		2011		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Other receivables	35,291	16,495	-	-	97,566	47,934	-	-
Prepayments	605,021	282,787	38,584	19,423	-	-	1,214,530	625,361
	<u>640,312</u>	<u>299,282</u>	<u>38,584</u>	<u>19,423</u>	<u>97,566</u>	<u>47,934</u>	<u>1,214,530</u>	<u>625,361</u>

7.4.5.9 Amount owing by Related Company

Amount owing by related company, namely Yanshan Kangcr, represents unsecured, interest free advances and is repayable on demand.

7.4.5.10 Amounts owing by/to Holding Company

The amounts owing by/to holding company, namely Ganzhou Kangcr, represent unsecured, interest free advances and is repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.11 Share Capital

	Number of shares			
	31.12.2010 Units	31.12.2011 Units	31.12.2012 Units	30.6.2013 Units
Ordinary shares of RMB1 each				
Authorised				
At 1 January/31 December/30 June	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid				
At 1 January/31 December/30 June	10,000,000	10,000,000	10,000,000	10,000,000
	-----Amount-----			
	31.12.2010	31.12.2011	31.12.2012	30.6.2013
Ordinary shares of RMB1 each	RMB	RMB	RMB	RM
Authorised				
At 1 January/31 December/30 June	10,000,000	10,000,000	10,000,000	5,084,000
Issued and fully paid				
At 1 January/31 December/30 June	5,084,000	5,084,000	5,084,000	5,084,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Shenzhen Kanger. All ordinary shares carry one vote per share without restrictions and rank equally with regard to Shenzhen Kanger residual assets.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.12 Trade Payables

The normal trade credit term granted to Shenzhen Kanger is 60 to 120 days (31.12.2010, 31.12.2011 and 31.12.2012: 60 to 120 days). Other credit terms are assessed and approved on a case to case basis.

7.4.5.13 Other Payables

	2010		2011		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Other payables	623,210	291,288	104,629	52,670	93,800	46,084	342,815	176,515
Accruals	4,726	2,209	96,857	48,758	118,743	58,338	-	-
	<u>627,936</u>	<u>293,497</u>	<u>201,486</u>	<u>101,428</u>	<u>212,543</u>	<u>104,422</u>	<u>342,815</u>	<u>176,515</u>

7.4.5.14 Amount owing to a Director

This represents unsecured, interest free advances and are repayable on demand.

7.4.5.15 Amount owing to Ultimate Holding Company

The amount owing to Ultimate Holding Company, namely HK Kanger, represents unsecured, interest free advances and are repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.16 Bank Borrowings

	As at 31 December----->				As at 30 June			
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Secured								
Factoring	1,900,000	888,060	1,990,000	1,001,766	-	-	-	-
Term loan	-	-	-	-	1,800,000	884,340	2,800,000	1,441,720
Total bank borrowings (repayable within twelve months)	1,900,000	888,060	1,990,000	1,001,766	1,800,000	884,340	2,800,000	1,441,720

The above credit facilities obtained from licensed banks are secured by guarantee by a third party guarantor.

Ranges of interest rates per annum are as follows:

	FYE 31 December----->		FPE 30 June	
	2010	2011	2012	2013
Factoring	6.00%	6.10%-6.55%	-	-
Term loan	-	-	8.86%	7.80%

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.17 Employee Benefits Expenses

	FYE 31 December				FPE 30 June	
	2010		2011		2013	
	RMB	RM	RMB	RM	RMB	RM
Employee benefits expenses (excluding Director)	624,276	296,431	689,727	327,138	921,350	451,339
					642,924	322,234

7.4.5.18 Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to Shenzhen Kanger if Shenzhen Kanger has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Shenzhen Kanger and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of Shenzhen Kanger either directly or indirectly. The key management personnel include all the Directors of Shenzhen Kanger.

Shenzhen Kanger has related party relationships with with the ultimate holding, holding and related companies as well as key management personnel.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.18 Related Party Disclosures (Cont'd)

(b) In addition to the transactions detailed elsewhere in the financial statements, Shenzhen Kanger had the following transactions with related parties during the financial year/period:

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Holding company								
Purchase of goods	11,121,763	5,281,058	15,617,059	7,407,171	14,997,785	7,346,915	2,317,936	1,161,750

(c) Information regarding the compensation of key management personnel is as follows:

	2010		2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Short-term employee benefits	66,593	31,621	96,102	45,581	167,673	82,137	66,226	33,192

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of Shenzhen Kanger.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.19 Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	As at 31 December						As at 30 June	
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Other Financial Liabilities at Amortised Cost								
Trade payables	1,241,008	580,048	503,097	253,260	-	-	-	-
Other payables	627,936	293,497	201,486	101,428	212,543	104,422	342,815	176,515
Amount owing to holding company	-	-	4,628,925	2,330,201	393,439	193,297	-	-
Amount owing to a Director	2,664,153	1,245,225	2,030,786	1,022,298	-	-	-	-
Amount owing to ultimate holding company	-	-	-	-	-	-	1,592,658	820,060
Bank borrowings	1,900,000	888,060	1,990,000	1,001,766	1,800,000	884,340	2,800,000	1,441,720
Total Financial Liabilities	6,433,097	3,006,830	9,354,294	4,708,953	2,405,982	1,182,059	4,735,473	2,438,295

13. ACCOUNTANTS' REPORT (Cont'd)

**7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)****7.4 Shenzhen Kanger (Cont'd)****7.4.5 Notes to the Financial Statements (Cont'd)****7.4.5.19 Financial Instruments (Cont'd)****(b) Financial risk management objectives and policies**

Shenzhen Kanger's financial risk management policy is to ensure that adequate financial resources are available for the development of the Shenzhen Kanger's operations whilst managing its financial risks, including credit risk, liquidity risk and market risks. Shenzhen Kanger operates within clearly defined guidelines that are approved by the Board and Shenzhen Kanger's policy is not to engage in speculative transactions.

(c) Credit risk

Cash at banks are placed with credit worthy financial institutions.

Credit risk arises mainly from the inability of its customers to make payments when due. Shenzhen Kanger has adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via Shenzhen Kanger's management reporting procedures and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statement of financial position at the end of the reporting period represents the Shenzhen Kanger's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk.

(d) Liquidity risk

Shenzhen Kanger's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. Shenzhen Kanger monitors its cash flows and ensures that sufficient funding is in place to meet its obligations as and when they fall due.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.19 Financial Instruments (Cont'd)

(d) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Shenzhen Kanger can be required to pay.

	On demand/Repayable within one year						As at 30 June	
	As at 31 December			As at 30 June				
	2010		2011		2012		2013	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade payables	1,241,008	580,048	503,097	253,260	-	-	-	-
Other payables	627,936	293,497	201,486	101,428	212,543	104,422	342,815	176,515
Amount owing to holding company	-	-	4,628,925	2,330,201	393,439	193,297	-	-
Amount owing to a Director	2,664,153	1,245,225	2,030,786	1,022,298	-	-	-	-
Amount owing to ultimate holding company	-	-	-	-	-	-	1,592,658	820,060
Bank borrowings	1,900,000	888,060	1,990,000	1,001,766	1,800,000	884,340	2,800,000	1,441,720
	6,433,097	3,006,830	9,354,294	4,708,953	2,405,982	1,182,059	4,735,473	2,438,295

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.19 Financial Instruments (Cont'd)

(e) Market risk

(i) Foreign currency exchange risk

Shenzhen Kanger does not have foreign currency denominated financial assets and financial liabilities at the end of the reporting period.

(ii) Interest rate risk

Shenzhen Kanger obtains financing through other financial liabilities. Shenzhen Kanger's policy is to obtain the financing with the most favourable interest rates in the market.

Shenzhen Kanger constantly monitors its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no interest rate swap contracts or other derivative instruments outstanding.

The carrying amounts of the Shenzhen Kanger's financial instruments that are exposed to interest rate risk are as follows:

	As at 31 December		As at 30 June	
	2010	2011	2012	2013
	RMB	RM	RMB	RM
Financial liability				
Bank borrowings	1,900,000	888,060	1,990,000	1,001,766
			1,800,000	884,340
				2,800,000
				1,441,720

Shenzhen Kanger is exposed to interest rate risk arising from its short-term debts obligations.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.19 Financial Instruments (Cont'd)

(e) Market risk (Cont'd)

(iii) Interest rate risk sensitivity

An increase in market interest rates by 1% on financial assets and financial liabilities of Shenzhen Kanger which have variable interest rates at the end of the reporting period would decrease the profit before taxation by RMB28,000 or RM14,034 (FYE 2010: RMB19,000 or RM8,881, FYE 2011: RMB19,900 or RM10,018 and FYE 2012: RMB18,000 or RM8,843). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial assets and financial liabilities of Shenzhen Kanger which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(f) Fair values of financial assets and financial liabilities

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amount derived from such methods and valuation technique are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of amount estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Shenzhen Kanger are as follows:

Cash and cash equivalents, trade and other receivables, intercompany balances, other payables, amount owing to a director and short-term borrowings.

The carrying amounts are considered to approximate the fair values as they are within the normal credit terms or they have short-term maturity period.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.4 Shenzhen Kanger (Cont'd)

7.4.5 Notes to the Financial Statements (Cont'd)

7.4.5.20 Capital Risk Management Objective And Policies

Shenzhen Kanger's Management manages its capital to ensure that Shenzhen Kanger is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. The Management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

The capital of Shenzhen Kanger consists of issued capital and cash and cash equivalents.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger

7.5.1 Statement of Comprehensive Income

	Note	2011		2012		FPE 30 June 2013	
		RMB	RM	RMB	RM	RMB	RM
Revenue	7.5.5.1	8,784,523	4,166,499	9,581,123	4,693,473	3,331,947	1,669,972
Cost of sales		(7,898,729)	(3,746,367)	(7,578,689)	(3,712,547)	(2,651,344)	(1,328,854)
Gross profit		885,794	420,132	2,002,434	980,926	680,603	341,118
Other income		87	41	307	150	49	25
Administrative expenses		(343,619)	(162,978)	(380,715)	(186,500)	(257,912)	(129,265)
Distribution expenses		(292)	(138)	(2,536)	(1,242)	(31,266)	(15,671)
Other operating expenses		(258)	(122)	(22,735)	(11,137)	-	-
Finance costs	7.5.5.2	(70,899)	(33,627)	(97,706)	(47,863)	(53,766)	(26,948)
Profit before taxation	7.5.5.3	470,813	223,308	1,499,049	734,334	337,708	169,259
Taxation	7.5.5.4	(153,114)	(72,622)	(374,762)	(183,583)	(52,747)	(26,437)
Net profit for the financial year/period carried forward		317,699	150,686	1,124,287	550,751	284,961	142,822

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.1 Statement of Comprehensive Income (Cont'd)

Note	2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
Net profit for the financial year/period brought forward	317,699	150,686	1,124,287	550,751	284,961	142,822
Foreign currency translation differences, representing other comprehensive income for the financial year/period	-	(5,757)	-	(59,532)	-	179,537
Net profit for the financial year/period representing total comprehensive income for the financial year/period	317,699	144,929	1,124,287	491,219	284,961	322,359

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.2 Statement of Financial Position

Note	As at 31 December		As at 30 June	
	2011	2012	2013	2013
	RMB	RM	RMB	RM
Non-Current Asset				
Property, plant and equipment	4,707,451	2,369,731	5,240,234	2,574,527
Current Assets				
Inventories	2,844,630	1,431,987	4,595,398	2,257,719
Trade receivables	223,894	112,708	-	-
Other receivables	390,605	196,631	1,510,816	742,264
Amount owing by holding company	1,237,646	623,031	1,218,000	598,403
Cash and bank balances	22,328	11,240	2,281,159	1,120,733
Total Assets	9,426,554	4,745,328	14,845,607	7,293,646
Equity				
Share capital	3,000,000	1,525,200	6,000,000	3,020,100
Exchange translation reserve	-	(5,757)	-	(65,289)
Retained earnings	317,699	150,686	1,441,986	701,437
Total Equity	3,317,699	1,670,129	7,441,986	3,656,248
			4,931,980	2,539,477
			4,202,692	2,163,966
			-	-
			2,247,886	1,157,437
			-	-
			4,449,025	2,290,803
			10,899,603	5,612,206
			15,831,583	8,151,683
			6,000,000	3,020,100
			-	114,248
			1,726,947	844,259
			7,726,947	3,978,607

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.2 Statement of Financial Position (Cont'd)

	Note	2011		2012		As at 30 June 2013	
		RMB	RM	RMB	RM	RMB	RM
Current Liabilities							
Trade payables	7.5.5.12	1,057,206	532,198	-	-	-	-
Other payables	7.5.5.13	573,182	288,540	63,923	31,405	303,401	156,221
Amount owing to a Director	7.5.5.14	4,447,246	2,238,744	-	-	-	-
Amount owing to related company	7.5.5.15	-	-	-	-	50,000	25,745
Amount owing to holding company	7.5.5.9	-	-	-	-	681,888	351,104
Amount owing to ultimate holding company							
Bank borrowing	7.5.5.16	-	-	6,003,947	2,949,739	6,003,947	3,091,432
Tax payable	7.5.5.17	-	-	1,000,000	491,300	1,000,000	514,900
		31,221	15,717	335,751	164,954	65,400	33,674
Total Liabilities		6,108,855	3,075,199	7,403,621	3,637,398	8,104,636	4,173,076
Total Equity and Liabilities		9,426,554	4,745,328	14,845,607	7,293,646	15,831,583	8,151,683

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.3 Statement of Cash Flows

	2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
Cash Flows from Operating Activities						
Profit before taxation	470,813	223,308	1,499,049	734,334	337,708	169,259
Adjustments for:						
Depreciation of property, plant and equipment	316,781	159,468	452,705	222,414	287,747	144,218
Interest expenses	70,899	33,627	97,706	47,863	53,766	26,948
Interest income	(87)	(41)	(87)	(43)	(49)	(25)
Operating profit before working capital changes	858,406	416,362	2,049,373	1,004,568	679,172	340,400
Decrease/(Increase) in working capital						
Inventories	(1,320,880)	(664,931)	(1,750,768)	(860,152)	392,706	202,204
Trade receivables	(223,894)	(112,708)	223,894	109,999	-	-
Other receivables	(390,605)	(196,631)	(1,120,211)	(550,360)	(737,070)	(379,517)
Trade payables	1,057,206	532,198	(1,057,206)	(519,405)	-	-
Other payables	573,182	288,540	(509,259)	(250,199)	239,478	123,307
Amount owing to Directors	4,447,246	2,238,744	(4,447,246)	(2,184,932)	-	-
Amounts owing by/to holding company	(1,237,646)	(623,031)	19,646	9,652	1,899,888	978,252
Amount owing to related company	-	-	-	-	50,000	25,745
Amount owing to ultimate holding company	-	-	6,003,947	2,949,739	-	-
	2,904,609	1,462,181	(2,637,203)	(1,295,658)	1,845,002	949,991

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.3 Statement of Cash Flows (Cont'd)

	2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
Cash generated from/(used in) operations	3,763,015	1,878,543	(587,830)	(291,090)	2,524,174	1,290,391
Interest paid	(70,899)	(33,627)	(97,706)	(47,863)	(53,766)	(26,948)
Interest received	87	41	87	43	49	25
Tax paid	(167,676)	(79,529)	(70,232)	(34,404)	(283,061)	(141,870)
	(238,488)	(113,115)	(167,851)	(82,224)	(336,778)	(168,793)
Net cash generated from/(used in) operating activities	3,524,527	1,765,428	(755,681)	(373,314)	2,187,396	1,121,598
Cash Flows from Investing Activity						
Purchase of property, plant and equipment	(3,352,096)	(1,687,445)	(985,488)	(484,171)	(19,530)	(10,056)
Net cash used in investing activity	(3,352,096)	(1,687,445)	(985,488)	(484,171)	(19,530)	(10,056)
Cash Flows From Financing Activities						
Drawdown of bank borrowings	700,000	352,380	1,000,000	491,300	1,000,000	514,900
Repayment of bank borrowings	(1,400,000)	(704,760)	-	-	(1,000,000)	(514,900)
Proceeds from issuance of shares	-	-	3,000,000	1,473,900	-	-
Net cash (used in)/generated from financing activities	(700,000)	(352,380)	4,000,000	1,965,200	-	-

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.3 Statement of Cash Flows (Cont'd)

	-----FYE 31 December ----->		FPE 30 June	
	2011	2012	2013	
	RMB	RM	RMB	RM
Net (decrease)/increase in cash and cash equivalents	(527,569)	(274,397)	2,167,866	1,111,542
Effects of exchange rate changes	-	8,819	-	58,528
Cash and cash equivalents at beginning of the financial year/period	549,897	276,818	2,281,159	1,120,733
Cash and cash equivalents at end of the financial year/period	22,328	11,240	4,449,025	2,290,803
Cash and cash equivalents at end of the financial year/period comprises:				
Cash and bank balances	22,328	11,240	2,281,159	1,120,733
			4,449,025	2,290,803

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.4 Statement of Changes in Equity

	Share Capital		Exchange Translation Reserve		Retained Earnings		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
31 December 2011								
At 1 January 2011	3,000,000	1,525,200	-	-	-	-	3,000,000	1,525,200
Foreign currency translation differences, representing other comprehensive income for the year	-	-	-	(5,757)	-	-	-	(5,757)
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	317,699	150,686	317,699	150,686
At 31 December 2011	<u>3,000,000</u>	<u>1,525,200</u>	<u>-</u>	<u>(5,757)</u>	<u>317,699</u>	<u>150,686</u>	<u>3,317,699</u>	<u>1,670,129</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.4 Statement of Changes in Equity (Cont'd)

	Share Capital		Exchange Translation Reserve		Retained Earnings		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
31 December 2012								
At 1 January 2012	3,000,000	1,525,200	-	(5,757)	317,699	150,686	3,317,699	1,670,129
Issuance of shares	3,000,000	1,494,900	-	-	-	-	3,000,000	1,494,900
Foreign currency translation differences, representing other comprehensive income for the year	-	-	-	(59,532)	-	-	-	(59,532)
Net profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	1,124,287	550,751	1,124,287	550,751
At 31 December 2012	6,000,000	3,020,100	-	(65,289)	1,441,986	701,437	7,441,986	3,656,248

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.4 Statement of Changes in Equity (Cont'd)

	Share Capital		Exchange Translation Reserve		Retained Earnings		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
30 June 2013								
At 1 January 2013	6,000,000	3,020,100	-	(65,289)	1,441,986	701,437	7,441,986	3,656,248
Foreign currency translation differences, representing other comprehensive income for the period	-	-	-	179,537	-	-	-	179,537
Net profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	284,961	142,822	284,961	142,822
At 30 June 2013	6,000,000	3,020,100	-	114,248	1,726,947	844,259	7,726,947	3,978,607

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.4 Taxation

	2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
Current income tax						
Current tax provision	153,114	72,622	374,762	183,583	84,427	42,315
Overprovision in prior year/period	-	-	-	-	(31,680)	(15,878)
Tax expense for the financial year/period	153,114	72,622	374,762	183,583	52,747	26,437

Current income tax is calculated at the statutory tax rate of 25% (FYE 2011 and FYE 2012: 25%) of the estimated assessable profit for the financial year/period.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of Yanshan Kanger is as follows:

	2011		2012		FPE 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
Profit before taxation	470,813	223,308	1,499,049	734,334	337,708	169,259
Tax at statutory tax rate of 25% (FYE 2011 and FYE 2012: 25%)	117,703	55,827	374,762	183,583	84,427	42,315
Expenses not deductible for tax purposes	35,411	16,795	-	-	-	-
Overprovision of taxation in prior year/period	-	-	-	-	(31,680)	(15,878)
Tax expense for the financial year/period	153,114	72,622	374,762	183,583	52,747	26,437

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.5 Property, Plant and Equipment

	Leasehold land and building		Office equipment		Plant and machinery		Capital work in progress		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM	RMB	RM
31.12.2011										
Cost										
At 1 January 2011	-	-	24,509	11,456	1,437,276	671,783	210,351	98,318	1,672,136	781,557
Additions	1,249,761	629,130	24,240	12,202	2,078,095	1,046,113	-	-	3,352,096	1,687,445
Reclassification	210,351	105,891	-	-	-	-	(210,351)	(105,891)	-	-
Exchange differences	-	-	-	882	-	51,742	-	7,573	-	60,197
At 31 December 2011	1,460,112	735,021	48,749	24,540	3,515,371	1,769,638	-	-	5,024,232	2,529,199
Accumulated depreciation										
At 1 January 2011	-	-	-	-	-	-	-	-	-	-
Charge for the financial year	60,838	30,626	12,139	6,111	243,804	122,731	-	-	316,781	159,468
At 31 December 2011	60,838	30,626	12,139	6,111	243,804	122,731	-	-	316,781	159,468
Carrying amount										
At 31 December 2011	1,399,274	704,395	36,610	18,429	3,271,567	1,646,907	-	-	4,707,451	2,369,731

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.5 Property, Plant and Equipment (Cont'd)

31.12.2012	Leas hold land and building		Office equipment		Plant and machinery		Capital work in progress		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Cost										
At 1 January 2012	1,460,112	735,021	48,749	24,540	3,515,371	1,769,638	-	-	5,024,232	2,529,199
Additions	309,500	152,057	26,952	13,242	373,486	183,494	275,550	135,378	985,488	484,171
Exchange differences	-	(17,667)	-	(590)	-	(42,536)	-	-	-	(60,793)
At 31 December 2012	1,769,612	869,411	75,701	37,192	3,888,857	1,910,596	275,550	135,378	6,009,720	2,952,577
Accumulated depreciation										
At 1 January 2012	60,838	30,626	12,139	6,111	243,804	122,731	-	-	316,781	159,468
Charge for the financial year	69,304	34,049	10,765	5,289	372,636	183,076	-	-	452,705	222,414
Exchange differences	-	(736)	-	(147)	-	(2,949)	-	-	-	(3,832)
At 31 December 2012	130,142	63,939	22,904	11,253	616,440	302,858	-	-	769,486	378,050
Carrying amount										
At 31 December 2012	1,639,470	805,472	52,797	25,939	3,272,417	1,607,738	275,550	135,378	5,240,234	2,574,527

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.5 Property, Plant and Equipment (Cont'd)

	Leasehold land and building		Office equipment		Plant and machinery		Capital work in progress		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM	RMB	RM
30.6.2013										
Cost										
At 1 January 2013	1,769,612	869,411	75,701	37,192	3,888,857	1,910,596	275,550	135,378	6,009,720	2,952,577
Additions	-	-	8,250	4,248	11,280	5,808	-	-	19,530	10,056
Reclassification	-	-	-	-	235,513	121,266	(235,513)	(121,266)	-	-
Transfer	-	-	-	-	-	-	(40,037)	(20,615)	(40,037)	(20,615)
Exchange differences	-	41,762	-	1,786	-	91,778	-	6,503	-	141,829
At 30 June 2013	1,769,612	911,173	83,951	43,226	4,135,650	2,129,448	-	-	5,989,213	3,083,847
Accumulated depreciation										
At 1 January 2013	130,142	63,939	22,904	11,253	616,440	302,858	-	-	769,486	378,050
Charge for the financial period	51,978	26,051	7,199	3,608	228,570	114,559	-	-	287,747	144,218
Exchange differences	-	3,784	-	639	-	17,679	-	-	-	22,102
At 30 June 2013	182,120	93,774	30,103	15,500	845,010	435,096	-	-	1,057,233	544,370
Carrying amount										
At 30 June 2013	1,587,492	817,399	53,848	27,726	3,290,640	1,694,352	-	-	4,931,980	2,539,477

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.5 Property, Plant and Equipment (Cont'd)

The carrying amounts of property, plant and equipment of Yanshan Kanger which have been pledged to licensed banks for term loan granted to Yanshan Kanger as disclosed in Note 7.5.5.17 are as follows:

	As at 31 December 2011		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
Leasehold land and building	296,783	149,401	275,888	138,882	260,496	134,129
Office equipment	25,212	12,692	16,137	8,123	11,742	6,046
Plant and machinery	2,965,299	1,492,732	2,595,877	1,306,765	2,404,405	1,238,028
	<u>3,287,294</u>	<u>1,654,825</u>	<u>2,887,902</u>	<u>1,453,770</u>	<u>2,676,643</u>	<u>1,378,203</u>

7.5.5.6 Inventories

	As at 31 December 2011		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
At cost						
Raw material	375,799	189,177	408,109	200,504	136,738	70,406
Work in progress	682,952	343,798	1,704,931	837,633	1,578,995	813,025
Finished goods	1,785,879	899,012	2,482,358	1,219,582	2,486,959	1,280,535
	<u>2,844,630</u>	<u>1,431,987</u>	<u>4,595,398</u>	<u>2,257,719</u>	<u>4,202,692</u>	<u>2,163,966</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.7 Trade Receivables

Yanshan Kanger's normal trade credit terms are 60 to 90 days (31.12.2011 and 31.12.2012: 60 to 90 days). Other credit terms are assessed and approved on a case to case basis.

Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

Analysis of the trade receivables ageing is as follows:

	As at 31 December		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
Neither past due nor impaired	223,894	112,708	-	-	-	-

7.5.5.8 Other Receivables

	As at 31 December		2012		As at 30 June 2013	
	RMB	RM	RMB	RM	RMB	RM
Other receivables	302,359	152,208	1,482,216	728,213	2,244,442	1,155,663
Deposits	4,000	2,014	-	-	-	-
Prepayments	84,246	42,409	28,600	14,051	3,444	1,774
	<u>390,605</u>	<u>196,631</u>	<u>1,510,816</u>	<u>742,264</u>	<u>2,247,886</u>	<u>1,157,437</u>

Other receivables mainly consist of advances to suppliers for the purchase of raw materials.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.9 Amount owing by Holding Company

The amount owing by holding company, namely Ganzhou Kanger, represents unsecured, interest free advances and is repayable on demand.

7.5.5.10 Cash and Bank Balances

Included in the cash and bank balances is an amount held in trust by a Director amounting to Nil (31.12.2011: Nil, 31.12.2012: RMB1,100,000 or RM553,740).

7.5.5.11 Share Capital

	<-----Number of shares----->	
	31.12.2011	31.12.2012
	Units	Units
Ordinary shares of RMB1 each:		
Authorised		
At 1 January	3,000,000	3,000,000
Created during the year/period	-	3,000,000
At 31 December/30 June	<u>3,000,000</u>	<u>6,000,000</u>
Issued and fully paid		
At 1 January	3,000,000	3,000,000
Issued during the year/period	-	3,000,000
At 31 December/30 June	<u>3,000,000</u>	<u>6,000,000</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.11 Share Capital (Cont'd)

	Amount					
	31.12.2011		31.12.2012		30.6.2013	
	RMB	RM	RMB	RM	RMB	RM
Ordinary shares of RMB1 each:						
Authorised						
At 1 January	3,000,000	1,525,200	3,000,000	1,525,200	6,000,000	3,020,100
Created during the financial year/period	-	-	3,000,000	1,494,900	-	-
At 31 December/30 June	3,000,000	1,525,200	6,000,000	3,020,100	6,000,000	3,020,100
Issued and fully paid						
At 1 January	3,000,000	1,525,200	3,000,000	1,525,200	6,000,000	3,020,100
Issued during the financial year/period	-	-	3,000,000	1,494,900	-	-
At 31 December/30 June	3,000,000	1,525,200	6,000,000	3,020,100	6,000,000	3,020,100

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of Yanshan Kanger.

The holders of ordinary shares are entitled to receive dividends as and when declared by Yanshan Kanger. All ordinary shares carry one vote per share without restrictions and rank equally with regard to Yanshan Kanger's residual assets.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.12 Trade Payables

Yanshan Kanger's normal trade credit terms are 30 to 60 days (31.12.2011 and 31.12.2012: 30 to 60 days). Other credit terms are assessed and approved on a case to case basis.

7.5.5.13 Other Payables

	As at 31 December----->		As at 30 June	
	2011	2012	2013	2013
	RMB	RM	RMB	RM
Other payables	398,232	200,470	6,623	3,254
Accruals	174,950	88,070	57,300	28,151
	<u>573,182</u>	<u>288,540</u>	<u>63,923</u>	<u>31,405</u>
			<u>255,791</u>	<u>131,707</u>
			<u>47,610</u>	<u>24,514</u>
			<u>303,401</u>	<u>156,221</u>

7.5.5.14 Amount owing to a Director

This represents unsecured, interest free advances and is repayable on demand.

7.5.5.15 Amount owing to Related Company

Amount owing to related company, namely Shenzhen Kanger, represents unsecured, interest free advances and is repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.16 Amount owing to Ultimate Holding Company

Amount owing to Ultimate Holding Company, namely HK Kanger, represents unsecured, interest free advances and is repayable on demand.

7.5.5.17 Bank Borrowing

	As at 31 December		As at 30 June	
	2011	2012	2012	2013
	RMB	RM	RMB	RM
Secured				
Term loan, repayable within twelve months	-	-	1,000,000	491,300
			1,000,000	1,000,000
				514,900

The interest rates per annum at the end of the reporting period were as follows:

	FYE 31 December	FPE
	2011	2012
	%	%
	N/A	8.11
		9.00

Term loan

The bank borrowing obtained from licensed banks is secured by a legal charge over the property, plant and equipment of Yanshan Kanger as disclosed in Note 7.5.5.5.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.18 Employee Benefits Expenses

	-----FYE 31 December ----->		FPE 30 June	
	2011	2012	2013	
	RMB	RMB	RMB	RM
Employee benefits expenses (excluding Director)	160,138	131,955	271,108	139,594

7.5.5.19 Related Party Disclosure

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to Yanshan Kanger if Yanshan Kanger has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Yanshan Kanger and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of Yanshan Kanger either directly or indirectly. The key management personnel include all the Directors of Yanshan Kanger.

Yanshan Kanger has related party relationships with the ultimate holding, holding and related companies as well as key management personnel.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.19 Related Party Disclosure (Cont'd)

- (b) In addition to the transactions detailed elsewhere in this report, Yanshan Kanger had the following transactions with related parties during the financial year/period:

	←-----FYE 31 December-----→		FPE 30 June	
	2011	2012	2013	
	RMB	RM	RMB	RM
Holding company				
Sales of goods	8,784,523	4,166,499	8,890,690	4,355,253
			752,232	377,019

- (c) Information regarding the compensation of key management personnel is as follows:

	←-----FYE 31 December-----→		FPE 30 June	
	2011	2012	2013	
	RMB	RM	RMB	RM
Short-term employee benefits	85,500	40,553	145,160	71,109
			54,000	27,065

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of Yanshan Kanger.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.20 Financial Instruments

(b) Financial risk management objectives and policies

Yanshan Kanger's financial risk management policy is to ensure that adequate financial resources are available for the development of Yanshan Kanger's operations whilst managing its financial risks, including credit risk, liquidity risk and market risks. Yanshan Kanger operates within clearly defined guidelines that are approved by the Board and Yanshan Kanger's policy is not to engage in speculative transactions.

(c) Credit risk

Cash at banks are placed with credit worthy financial institutions.

Credit risk arises mainly from the inability of its customers to make payments when due. Yanshan Kanger has adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via Yanshan Kanger's management reporting procedures and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statement of financial position at the end of the reporting period represents Yanshan Kanger's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk.

(d) Liquidity risk

Yanshan Kanger's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. Yanshan Kanger monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.20 Financial Instruments (Cont'd)

(d) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Yanshan Kanger can be required to pay.

	-----On demand/Repayable within one year----->					
	-----As at 31 December----->			-----As at 30 June----->		
	2011		2012		2013	
RMB	RM	RMB	RM	RMB	RM	
Financial liabilities						
Trade payables	1,057,206	532,198	-	-	-	-
Other payables	573,182	288,540	63,923	31,405	303,401	156,221
Amount owing to holding company	-	-	-	-	681,888	351,104
Amount owing to related company	-	-	-	-	50,000	25,745
Amount owing to ultimate holding company	-	-	6,003,947	2,949,739	6,003,947	3,091,432
Amount owing to a Director	4,447,246	2,238,744	-	-	-	-
Bank borrowing	-	-	1,000,000	491,300	1,000,000	514,900
	<u>6,077,634</u>	<u>3,059,482</u>	<u>7,067,870</u>	<u>3,472,444</u>	<u>8,039,236</u>	<u>4,139,402</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.20 Financial Instruments (Cont'd)

(e) Market risk

(i) Foreign currency exchange risk

Yanshan Kanger does not have any foreign currency denominated financial assets and financial liabilities at the end of the reporting period.

(ii) Interest rate risk

Yanshan Kanger obtains financing through other financial liabilities. Yanshan Kanger's policy is to obtain the financing with the most favourable interest rates in the market.

Yanshan Kanger constantly monitors its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The carrying amounts of Yanshan Kanger's financial instruments that are exposed to interest rate risk are as follows:

	As at 31 December		As at 30 June	
	2011		2013	
	RMB	RM	RMB	RM
Financial Liability				
Bank borrowing	-	-	491,300	1,000,000
			1,000,000	514,900

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.20 Financial Instruments (Cont'd)

(e) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Yanshan Kanger is exposed to interest rate risk arising from its short term debts obligations.

(iii) Interest rate risk sensitivity

An increase in market interest rates by 1% on financial assets and financial liabilities of Yanshan Kanger which have variable interest rates at the end of the reporting period would decrease the profit before RMB10,000 or RM5,012 (FYE 2011: Nil, FYE 2012: RMB10,000 or RM4,889). This analysis assumes that all other variables remain unchanged.

A decrease in market interest rates by 1% on financial assets and financial liabilities of Yanshan Kanger which have variable interest rates at the end of the reporting period would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

(f) Fair values of financial assets and financial liabilities

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amount derived from such methods and valuation technique are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of amount estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of Yanshan Kanger are as follows:

Cash and cash equivalents, trade and other receivables, intercompany balances, trade and other payables, amount owing to a director and short-term borrowing

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.5 Yanshan Kanger (Cont'd)

7.5.5 Notes to the Financial Statements (Cont'd)

7.5.5.20 Financial Instruments (Cont'd)

(f) Fair values of financial assets and financial liabilities (Cont'd)

The carrying amounts are considered to approximate the fair values as they are within the normal credit terms or they have short-term maturity period.

7.5.5.21 Capital Risk management Objectives and Policies

Yanshan Kanger's Management manages its capital to ensure that Yanshan Kanger is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. The Management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

The capital of the Yanshan Kanger consists of issued capital and cash and cash equivalents.

7.5.5.22 Capital Commitment

	As at 31 December		As at 30 June	
	2011	2012	2013	
	RMB	RM	RMB	RM
Approved and contracted for:				
Plant and machinery	-	-	15,000	7,370
				-

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece

7.6.1 Statement of Comprehensive Income

	Note	7.6.2010 to	1.7.2011 to	1.7.2012 to	1.1.2013 to
		30.6.2011	30.6.2012	31.12.2012	30.6.2013
		RM	RM	RM	RM
Revenue	7.6.5.1	77,458	-	-	-
Cost of sales		(54,196)	-	-	-
Gross profit		23,262	-	-	-
Administrative expenses		(37,586)	(54,212)	(105,174)	(41,018)
Distribution expenses		(8,030)	(1,331)	(16,127)	(2,405)
Other operating expenses		(2,698)	(1,233)	(48,983)	-
Loss before taxation	7.6.5.2	(25,052)	(56,776)	(170,284)	(43,423)
Taxation	7.6.5.3	-	-	-	-
Total comprehensive income for the financial period/year		(25,052)	(56,776)	(170,284)	(43,423)

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.2 Statement of Financial Position

Note	30.6.2011 RM	30.6.2012 RM	31.12.2012 RM	30.6.2013 RM
Non-Current Asset	-	-	249	224
Property, plant and equipment				
Current Assets				
Inventories	73,203	73,203	73,203	73,203
Other receivables	10,000	10,159	10,000	650,403
Cash and bank balances	12,575	52,308	1,302	11,004
Total Assets	<u>95,778</u>	<u>135,670</u>	<u>84,505</u>	<u>734,610</u>
	<u>95,778</u>	<u>135,670</u>	<u>84,754</u>	<u>734,834</u>
Equity				
Share capital	20,000	20,000	200,000	200,000
Accumulated losses	(25,052)	(81,828)	(252,112)	(295,535)
Total Equity	<u>(5,052)</u>	<u>(61,828)</u>	<u>(52,112)</u>	<u>(95,535)</u>
Current Liabilities				
Accruals	8,890	13,733	22,835	28,559
Amount owing to a related company	-	-	-	448,180
Amount owing to a Director	91,940	183,765	114,031	353,630
Total Liabilities	<u>100,830</u>	<u>197,498</u>	<u>136,866</u>	<u>830,369</u>
Total Equity and Liabilities	<u>95,778</u>	<u>135,670</u>	<u>84,754</u>	<u>734,834</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.3 Statement of Cash Flows

	7.6.2010 to 30.6.2011	1.7.2011 to 30.6.2012	1.7.2012 to 31.12.2012	1.1.2013 to 30.6.2013
	RM	RM	RM	RM
Cash Flows from Operating Activities				
Loss before taxation	(25,052)	(56,776)	(170,284)	(43,423)
Adjustment for:				
Depreciation for property, plant and equipment	-	-	-	25
Operating loss before working capital change	(25,052)	(56,776)	(170,284)	(43,398)
(Increase)/Decrease in working capital				
Inventories	(73,203)	-	-	-
Other receivables	(10,000)	(159)	159	(640,403)
Accruals	100,830	96,668	9,102	5,724
Amount owing to a related company	-	-	-	448,180
Amount owing to a Director	-	-	(69,734)	239,599
Net cash (used in)/generated from operating activities	(7,425)	39,733	(230,757)	9,702
Cash Flows from Investing Activity				
Purchase of property, plant and equipment	-	-	(249)	-
Net cash used in investing activity	-	-	(249)	-

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.3 Statement of Cash Flows (Cont'd)

	7.6.2010 to 30.6.2011 RM	1.7.2011 to 30.6.2012 RM	1.7.2012 to 31.12.2012 RM	1.1.2013 to 30.6.2013 RM
Cash Flows From Financing Activity				
Proceeds from issuance of shares	20,000	-	180,000	-
Net cash generated from financing activity	20,000	-	180,000	-
Net increase/(decrease) in cash and cash equivalents	12,575	39,733	(51,006)	9,702
Cash and cash equivalents at beginning of the financial period/year	-	12,575	52,308	1,302
Cash and cash equivalents at end of the financial period/year	12,575	52,308	1,302	11,004
Cash and cash equivalents at end of the financial period/year				
the financial period comprises:				
Cash and bank balances	12,575	52,308	1,302	11,004

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.4 Statement of Changes in Equity

	Share Capital RM	Accumulated Losses RM	Total RM
At date of incorporation	100	-	100
Issuance of shares	19,900	-	19,900
Net loss for the financial period, representing total comprehensive income for the financial period	-	(25,052)	(25,052)
At 30 June 2011	<u>20,000</u>	<u>(25,052)</u>	<u>(5,052)</u>
At 1 July 2011	20,000	(25,052)	(5,052)
Net loss for the financial year, representing total comprehensive income for the financial year	-	(56,776)	(56,776)
At 30 June 2012	<u>20,000</u>	<u>(81,828)</u>	<u>(61,828)</u>
At 1 July 2012	20,000	(81,828)	(61,828)
Issuance of shares	180,000	-	180,000
Net loss for the financial period representing total comprehensive income for the financial year	-	(170,284)	(170,284)
At 31 December 2012	<u>200,000</u>	<u>(252,112)</u>	<u>(52,112)</u>
At 1 January 2013	200,000	(252,112)	(52,112)
Net loss for the financial period, representing total comprehensive income for the financial year	-	(43,423)	(43,423)
At 30 June 2013	<u>200,000</u>	<u>(295,535)</u>	<u>(95,535)</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.5 Notes to the Financial Statements

7.6.5.1 Revenue

This represents the invoiced value of goods sold, net of sales tax, discount and returns, if any.

7.6.5.2 Loss before Taxation

	7.6.2010 to 30.6.2011	1.7.2011 to 30.6.2012	1.7.2012 to 31.12.2012	1.1.2013 to 30.6.2013
	RM	RM	RM	RM
Auditor's remuneration				
- Special	-	1,000	-	1,000
- Statutory	1,500	1,000	-	2,000
- Underprovision in prior period/year	-	-	-	777
Depreciation of property, plant and equipment	-	-	-	25
Director remuneration	-	-	45,000	39,750
Incorporation fee	2,000	-	-	-
Rental of office equipment	-	100	-	100
Rental of premises	30,000	36,000	34,500	18,000

7.6.5.3 Taxation

No provision for taxation for the financial year/period was made as KAR Masterpiece was in a tax loss position.

A reconciliation of taxation applicable to loss before taxation at the statutory income tax rate to taxation at the effective income tax rate of the KAR Masterpiece is as follows:

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.3 Taxation (Cont'd)

	7.6.2010 to 30.6.2011 RM	1.7.2011 to 30.6.2012 RM	1.7.2012 to 31.12.2012 RM	1.1.2013 to 30.6.2013 RM
Loss before taxation	(25,052)	(56,776)	(170,284)	(43,423)
Tax at the Malaysia statutory tax rate of 25% (7.6.2010 to 30.6.2011, FYE 2012, and 1.7.2012 to 31.12.2012: 25%)	(6,263)	(14,194)	(42,571)	(10,856)
Expenses not deductible for tax purposes	6,263	14,194	42,571	10,856
Tax expense for the financial period/year	-	-	-	-

7.6.5.4 Property, Plant and Equipment

	Office Equipment RM
31 December 2012	
Cost	
At 1 July 2012	-
Additions	249
At 31 December 2012	249
Accumulated depreciation	
At 1 July 2012	-
Charge for the financial period	-
At 31 December 2012	-
Carrying amount	
At 31 December 2012	249

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.4 Property, Plant and Equipment (Cont'd)

	Office Equipment RM
30 June 2013	
Cost	
At 1 January 2013/30 June 2013	<u>249</u>
Accumulated depreciation	
At 1 January 2013	-
Charge for the financial period	<u>25</u>
At 30 June 2013	<u>25</u>
Carrying amount	
At 30 June 2013	<u>224</u>

7.6.5.5 Inventories

	30.6.2011	30.6.2012	31.12.2012	30.6.2013
	RM	RM	RM	RM
At cost:				
Finished goods	<u>73,203</u>	<u>73,203</u>	<u>73,203</u>	<u>73,203</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Materpiece (Cont'd)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.6 Share Capital

	<-----Number of shares----->			
	30.6.2011 Units	30.6.2012 Units	31.12.2012 Units	30.6.2013 Units
Ordinary shares of RM1 each				
Authorised				
At date of incorporation/ 1 July/1 January	100,000	100,000	100,000	500,000
Created during the period	-	-	400,000	-
At 30 June/31 December	<u>100,000</u>	<u>100,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid				
At date of incorporation/ 1 July/1 January	20,000	20,000	20,000	200,000
Issued during the period	-	-	180,000	-
At 30 June/31 December	<u>20,000</u>	<u>20,000</u>	<u>200,000</u>	<u>200,000</u>
	<-----Amount----->			
	30.6.2011 RM	30.6.2012 RM	31.12.2012 RM	30.6.2013 RM
Ordinary shares of RM1 each				
Authorised				
At date of incorporation/ 1 July/1 January	100,000	100,000	100,000	500,000
Created during the period	-	-	400,000	-
At 30 June/31 December	<u>100,000</u>	<u>100,000</u>	<u>500,000</u>	<u>500,000</u>

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Materpiece (Cont'd)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.6 Share Capital (Cont'd)

	<-----Amount----->			
	30.6.2011	30.6.2012	31.12.2012	30.6.2013
	RM	RM	RM	RM
Issued and fully paid				
At date of incorporation/ 1 July/1 January	20,000	20,000	20,000	200,000
Issued during the period	-	-	180,000	-
At 30 June/31 December	<u>20,000</u>	<u>20,000</u>	<u>200,000</u>	<u>200,000</u>

During the FYE 31 December 2012, the authorised share capital of KAR Masterpiece was increased from RM100,000 to RM500,000 by the creation of the 400,000 new ordinary shares of RM1.00 each at par. The issued and paid-up share capital of KAR Masterpiece was increased from RM20,000 to RM200,000 by the issuance of 180,000 new ordinary shares of RM1.00 each.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of KAR Masterpiece.

The holders of ordinary shares are entitled to receive dividends as and when declared by the KAR Masterpiece. All ordinary shares carry one vote per share without restrictions and rank equally with regard to KAR Masterpiece residual assets.

7.6.5.7 Amount Owing to a Related Company

Amount owing to a related company, namely HK Kanger, represents unsecured, interest free advances and is repayable on demand.

7.6.5.8 Amount Owing to a Director

This represents unsecured, interest free advances and is repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Materpiece (Cont'd)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.9 Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to KAR Materpiece if KAR Materpiece has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where KAR Materpiece and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of KAR Materpiece either directly or indirectly. The key management personnel include all the Directors of KAR Materpiece.

KAR Materpiece has related party relationships with its related companies as well as key management personnel.

(b) In addition to the transactions detailed elsewhere in this report, KAR Materpiece had the following transactions with related parties during the financial period/year:

	7.6.2010 to 30.6.2011	1.7.2011 to 30.6.2012	1.7.2012 to 31.12.2012	1.1.2013 to 30.6.2013
	RM	RM	RM	RM
Related company				
Purchase of goods		-	-	-
	99,142			

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Materpiece (Cont'd)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.9 Related Party Disclosures (Cont'd)

(c) Information regarding the compensation of key management personnel is as follows:

	7.6.2010 to 30.6.2011 RM	1.7.2011 to 30.6.2012 RM	1.7.2012 to 31.12.2012 RM	1.1.2013 to 30.6.2013 RM
Short-term employee benefits	-	-	45,000	39,750

7.6.5.10 Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 5.2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.10 Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	30.6.2011 RM	30.6.2012 RM	31.12.2012 RM	30.6.2013 RM
Financial Assets				
Other receivables	10,000	10,159	10,000	650,403
Cash and bank balances	12,575	52,308	1,302	11,004
Total Financial Assets	22,575	62,467	11,302	661,407
Financial Liabilities				
Accruals	8,890	13,733	22,835	28,559
Amount owing to related company	-	-	-	448,180
Amount owing to a Director	91,940	183,765	114,031	353,630
Total Financial Liabilities	100,830	197,498	136,866	830,369

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.10 Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

KAR Masterpiece's financial risk management policy is to ensure that adequate financial resources are available for the development of KAR Masterpiece's operations whilst managing its financial risks, including credit risk, liquidity risk and market risks. KAR Masterpiece operates within clearly defined guidelines that are approved by the Board and KAR Masterpiece's policy is not to engage in speculative transactions.

(c) Credit risk

Cash at banks are placed with credit worthy financial institutions.

Credit risk arises mainly from the inability of its customers to make payments when due. KAR Masterpiece has adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via KAR Masterpiece's management reporting procedures and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statement of financial position at the end of the reporting period represents KAR Masterpiece's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk.

(d) Liquidity risk

KAR Masterpiece's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. KAR Masterpiece monitors its cash flows and ensures that sufficient funding is in place to meet the obligations as and when they fall due. KAR Masterpiece relies on its shareholders for appropriate financial support to enable it to meet its obligations as and when they fall due.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which KAR Masterpiece can be required to pay.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (CONT'D)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.10 Financial Instruments (Cont'd)

(d) Liquidity risk (cont'd)

	30.6.2011	30.6.2012	31.12.2012	30.6.2013
	RM	RM	RM	RM
Financial liabilities				
Accruals	8,890	13,733	22,835	28,559
Amount owing to related company	-	-	-	448,180
Amount owing to a Director	91,940	183,765	114,031	353,630
	<u>100,830</u>	<u>197,498</u>	<u>136,866</u>	<u>830,369</u>

(e) Market risk

(i) Foreign currency exchange risk

KAR Masterpiece does not have foreign currency denominated financial assets and financial liabilities at the end of the reporting period.

(ii) Interest rate risk

KAR Masterpiece obtains financing through other financial liabilities. KAR Masterpiece's policy is to obtain the financing with the most favourable interest rates in the market.

KAR Masterpiece constantly monitors its interest rate risk and does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period/year, there were no interest rate swap contracts or other derivative instruments outstanding.

13. ACCOUNTANTS' REPORT (Cont'd)


7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)
7.6 KAR Masterpiece (Cont'd)
7.6.5 Notes to the Financial Statements (Cont'd)
7.6.5.10 Financial Instruments (Cont'd)
(f) Fair values of financial assets and financial liabilities

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amount derived from such methods and valuation technique are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of amount estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statement of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of KAR Masterpiece are as follows:

Cash and cash equivalents, other receivables, accruals, amount owing to related company and amount owing to a director

The carrying amounts are considered to approximate the fair values as they are within the normal credit terms or they have short-term maturity period.

7.6.5.11 Capital Risk Management Objectives and Policies

KAR Masterpiece's Management manages its capital to ensure that KAR Masterpiece is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. The Management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

The capital of KAR Masterpiece consists of issued capital and cash and cash equivalents.

13. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL STATEMENTS (CONT'D)

7.6 KAR Masterpiece (Cont'd)

7.6.5 Notes to the Financial Statements (Cont'd)

7.6.5.12 Accounting Standards

The financial statements of the KAR Masterpiece for the financial periods from 7 June 2010 to 30 June 2011 and from 1 July 2011 to 30 June 2012 were prepared in accordance with Private Entity Reporting Standards. KAR Masterpiece adopted MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards effective from 1 July 2012. There is no significant financial impact on the financial statement on the transition to MFRSs. Upon the adoption of MFRS 1, an audit has been performed on the comparative figures to ensure that the comparative figures are also in compliance to MFRS.

8. SUBSEQUENT EVENTS

There were no significant subsequent events between the date of the latest financial statements used in the preparation of this report and the date of this report which will affect materially the contents of this report.

9. AUDITED FINANCIAL STATEMENTS

As at the date of this report, no audited financial statements of Kanger International, KAR Masterpiece, HK Kanger, Ganzhou Kanger, Shenzhen Kanger and Yanshan Kanger have been prepared in respect of any period subsequent to 30 June 2013.

Yours faithfully

UHY
Firm Number: AF 1411
Chartered Accountants

STEPHEN WAN YENG LEONG
Approved Number: 2963/07/15 (J)
Chartered Accountant

13. ACCOUNTANTS' REPORT (*Cont'd*)

APPENDIX I
Kanger International for FP for 1 October 2012 to 31 December 2012

13. ACCOUNTANTS' REPORT (*Cont'd*)



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KANGER INTERNATIONAL BERHAD**

(Company No.: 1014793-D)
(Incorporated in Malaysia)

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

Report on the Financial Statements

We have audited the financial statements of KANGER INTERNATIONAL BERHAD, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 27 August 2012 (date of incorporation) to 30 June 2013, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 19.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 7 -

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KANGER INTERNATIONAL BERHAD**

(Company No.: 1014793-D)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 30 June 2013 and of its financial performance and cash flows for the financial period from 27 August 2012 (date of incorporation) to 30 June 2013.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matter

This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'WAY'.

UHY
Firm Number: AF 1411
Chartered Accountants

A handwritten signature in black ink, appearing to be 'STEPHEN WAN YENG LEONG'.

STEPHEN WAN YENG LEONG
Approved Number: 2963/07/15 (J)
Chartered Accountant

KUALA LUMPUR

1 OCTOBER 2013

13. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX II
HK Kanger for FP for 16 April 2011 to 30 September 2012

13. ACCOUNTANTS' REPORT (Cont'd)



百利來會計師行

Baililai Certified Public Accountants

Room 1708, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong.
Tel: 2545-8556 Fax: 3571-9160
So Tung Cheong FCCA ACA FCPA (Practising)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

康爾投資(香港)有限公司

KANGER INVESTMENT (HK) LIMITED

(Incorporated in Hong Kong with Limited Liability)

Report on the financial statements

We have audited the financial statements of Kanger Investment (HK) Limited set out on pages 5 to 15, which comprise the statement of financial position as at 30th September, 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 16th April, 2011 (Date of incorporation) to 30th September, 2012, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

Auditor's responsibility

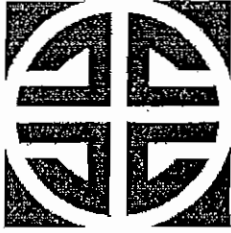
Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinances and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Certified True Copy of Original
For and on behalf of
BAILILAI Certified Public Accountants
百利來會計師行

SO TUNG CHEONG
P00925

13. ACCOUNTANTS' REPORT (Cont'd)



百利來會計師行

Baililai Certified Public Accountants

Room 1708, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong.
Tel: 2545-8556 Fax: 3571-9160
So Tung Cheong FCCA ACA FCPA (Practising)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

康爾投資(香港)有限公司

KANGER INVESTMENT (HK) LIMITED

(Incorporated in Hong Kong with Limited Liability)

(CONTINUED)

Basis for Qualified Opinion

As stated in Note 8 to the financial statements, consolidated financial statements for the company and its subsidiary have not been prepared. This is not in compliance with the requirements of Hong Kong Financial Reporting standard for Private Entities Section 9 "Consolidated and Separate Financial Statements" which requires consolidated financial statements to be prepared to include the results of the subsidiary.

Qualified opinion

In our opinion, except for the effects on the financial statements of the matter described in the Basis for Qualified opinion paragraph, the financial statements give a true and fair view, in all material respects of the state of the Company's affairs as at 30th September, 2012 and of its result and cash flows for the period from 16th April, 2011 (Date of incorporation) to 30th September, 2012 in accordance with the Hong Kong Financial Reporting Standards for Private Entities and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosure made in the financial statements concerning the validity of the going concern basis in the preparation of the financial statements for the period from 16th April, 2011 (Date of incorporation) to 30th September, 2012 which is dependent on the continuing financial support of the directors of the company. As stated in Note 12, we are assured that this support will be forthcoming. We consider that appropriate estimates and disclosures have been made and our opinion is not qualified in this respect.

Certified True Copy of Original
For and on behalf of
BAILILAI Certified Public Accountants
百利來會計師行

BAILILAI

CERTIFIED PUBLIC ACCOUNTANTS
(PRACTISING)

SO TUNG CHEONG
P00925

Hong Kong, 15 JAN 2013

13. ACCOUNTANTS' REPORT (*Cont'd*)

APPENDIX III
HK Kanger for FP from 1 October 2012 to 31 December 2012 and FPE 2013

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 2 -

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
KANGER INVESTMENT (HK) LIMITED**

(Company No.: 1589019)
(Incorporated in Hong Kong)

Report on the Separate Financial Statements

We have audited the separate financial statements of KANGER INVESTMENT (HK) LIMITED which comprise the statement of financial position as of 31 December 2012 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 1 October 2012 to 31 December 2012, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 29.

Director's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 3 -

**INDEPENDENT AUDITORS' REPORT ON TO THE DIRECTOR OF
KANGER INVESTMENT (HK) LIMITED (CONT'D)**

(Company No.: 1589019)
(Incorporated in Hong Kong)

Opinion

In our opinion, the separate financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the financial period then ended.

Other Matters

This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'Uhy'.

UHY
Firm Number: AF 1411
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Lo Kuan Che'.

LO KUAN CHE
Approved Number: 3016/11/14 (J)
Chartered Accountant

KUALA LUMPUR
07 FEB 2013

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 2 -

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
KANGER INVESTMENT (HK) LIMITED**

(Company No.: 1589019)
(Incorporated in Hong Kong)

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

Report on the Separate Financial Statements

We have audited the separate financial statements of KANGER INVESTMENT (HK) LIMITED which comprise the statement of financial position as of 30 June 2013 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 1 January 2013 to 30 June 2013, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 25.

Director's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 3 -

**INDEPENDENT AUDITORS' REPORT ON TO THE DIRECTOR OF
KANGER INVESTMENT (HK) LIMITED (CONT'D)**

(Company No.: 1589019)
(Incorporated in Hong Kong)

Opinion

In our opinion, the separate financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 30 June 2013 and of its financial performance and cash flows for the financial period from 1 January 2013 to 30 June 2013.

Other Matter

This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'WAM', located above the UHY firm name.

UHY

Firm Number: AF 1411

Chartered Accountants

A handwritten signature in black ink, appearing to be 'Stephen Wan Yeng Leong', located above the printed name.

STEPHEN WAN YENG LEONG

Approved Number: 2963/07/15 (J)

Chartered Accountant

KUALA LUMPUR

1 OCT 2013

13. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX IV
Ganzhou Kanger for FYE 2010, FYE 2011, FYE 2012 and FPE 2013

13. ACCOUNTANTS' REPORT (Cont'd)



- 2 -

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
GANZHOU KANGER INDUSTRIAL CO., LTD.**

(Company No.: 360703210000137)
(Incorporated in China)

Report on the Separate Financial Statements

We have audited the separate financial statements of GANZHOU KANGER INDUSTRIAL CO., LTD. which comprise the statement of financial position as at 31 December 2010, 2011 and 2012 of the Company, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial years then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 4 to 59.

Director's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 3 -

**INDEPENDENT AUDITORS' REPORT THE DIRECTOR OF
GANZHOU KANGER INDUSTRIAL CO., LTD. (CONT'D)**

(Company No.: 360703210000137)
(Incorporated in China)

Opinion

In our opinion, the separate financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 31 December 2010, 2011 and 2012 and of its financial performance and cash flows for the financial years then ended.

Other Matters

This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'Uhy'.

UHY
Firm Number: AF 1411
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Lo Kuan Che'.

LO KUAN CHE
Approved Number: 3016/11/14 (J)
Chartered Accountant

KUALA LUMPUR
07 FEB 2013

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 2 -

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
GANZHOU KANGER INDUSTRIAL CO., LTD.**

(Company No.: 360703210000137)
(Incorporated in China)

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

Report on the Separate Financial Statements

We have audited the separate financial statements of GANZHOU KANGER INDUSTRIAL CO., LTD. which comprise the statement of financial position as at 30 June 2013 of the Company, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 1 January 2013 to 30 June 2013, and a summary of significant accounting policies and other explanatory information as set out on pages 4 to 43.

Director's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 3 -

**INDEPENDENT AUDITORS' REPORT THE DIRECTOR OF
GANZHOU KANGER INDUSTRIAL CO., LTD. (CONT'D)**

(Company No.: 360703210000137)
(Incorporated in China)

Opinion

In our opinion, the separate financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 30 June 2013 and of its financial performance and cash flows for the financial period from 1 January 2013 to 30 June 2013.

Other Matter

This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'UHY' or similar, located above the firm's name.

UHY
Firm Number: AF 1411
Chartered Accountants

A handwritten signature in black ink, appearing to be 'STEPHEN WAN YENG LEONG', located above the name.

STEPHEN WAN YENG LEONG
Approved Number: 2963/07/15 (J)
Chartered Accountant

KUALA LUMPUR

1 OCT 2013

13. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX V
Shenzhen Kanger for FYE 2010, FYE 2011, FYE 2012 and FPE 2013

13. ACCOUNTANTS' REPORT (Cont'd)



- 2 -

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
SHENZHEN KANGER BAMBOO WOOD CO., LTD.**

(Company No.: 440301102854545)
(Incorporated in China)

Report on the Combined Financial Statements

We have audited the financial statements of SHENZHEN KANGER BAMBOO WOOD CO., LTD. which comprise the statement of financial position as at 31 December 2010, 2011 and 2012 of the Company, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial years then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 4 to 50.

Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 3 -

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
SHENZHEN KANGER BAMBOO WOOD CO., LTD. (CONT'D)**

(Company No.: 440301102854545)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 31 December 2010, 2011 and 2012 and of its financial performance and cash flows for the financial years then ended.

Other Matters

This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'UHY'.

UHY
Firm Number: AF 1411
Chartered Accountants

A handwritten signature in black ink, appearing to be 'LO KUAN CHE'.

LO KUAN CHE
Approved Number: 3016/11/14 (J)
Chartered Accountant

KUALA LUMPUR
07 FEB 2013

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 2 -

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
SHENZHEN KANGER BAMBOO WOOD CO., LTD.**

(Company No.: 440301102854545)
(Incorporated in China)

Report on the Financial Statements

We have audited the financial statements of SHENZHEN KANGER BAMBOO WOOD CO., LTD. which comprise the statement of financial position as at 30 June 2013 of the Company, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 1 January 2013 to 30 June 2013, and a summary of significant accounting policies and other explanatory information as set out on pages 4 to 37.

Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 3 -

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
SHENZHEN KANGER BAMBOO WOOD CO., LTD. (CONT'D)**

(Company No.: 440301102854545)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 30 June 2013 and of its financial performance and cash flows for the financial period from 1 January 2013 to 30 June 2013.

Other Matter

This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'UHY'.

UHY
Firm Number: AF 1411
Chartered Accountants

A handwritten signature in black ink, appearing to be 'STEPHEN WAN YENG LEONG'.

STEPHEN WAN YENG LEONG
Approved Number: 2963/07/15 (J)
Chartered Accountant

KUALA LUMPUR

1 OCT 2013

13. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX VI
Yanshan Kanger for FYE 2011, FYE 2012 and FPE 2013

13. ACCOUNTANTS' REPORT (Cont'd)



- 2 -

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
YANSHAN (COUNTY) KANGER BAMBOO INDUSTRY CO., LIMITED**

(Company No.: 361124210002879)
(Incorporated in China)

Report on the Financial Statements

We have audited the financial statements of YANSHAN (COUNTY) KANGER BAMBOO INDUSTRY CO., LIMITED which comprise the statement of financial position as at 31 December 2011 and 2012 of the Company, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial years then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 41.

Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 3 -

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
YANSHAN (COUNTY) KANGER BAMBOO INDUSTRY CO., LIMITED (CONT'D)**

(Company No.: 361124210002879)

(Incorporated in China)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 31 December 2011 and 2012 and of its financial performance and cash flows for the financial year then ended.

Other Matters

This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'UHY'.

UHY

Firm Number: AF 1411

Chartered Accountants

A handwritten signature in black ink, appearing to be 'LO KUAN CHE'.

LO KUAN CHE

Approved Number: 3016/11/14 (J)

Chartered Accountant

KUALA LUMPUR

07 FEB 2013

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 2 -

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
YANSHAN (COUNTY) KANGER BAMBOO INDUSTRY CO., LIMITED**
(Company No.: 361124210002879)
(Incorporated in China)

Report on the Financial Statements

We have audited the financial statements of YANSHAN (COUNTY) KANGER BAMBOO INDUSTRY CO., LIMITED which comprise the statement of financial position as at 30 June 2013 of the Company, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 1 January 2013 to 30 June 2013, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 35.

Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 3 -

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF
YANSHAN (COUNTY) KANGER BAMBOO INDUSTRY CO., LIMITED (CONT'D)**

(Company No.: 361124210002879)

(Incorporated in China)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 30 June 2013 and of its financial performance and cash flows for the financial period from 1 January 2013 to 30 June 2013.

Other Matter

This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'WYM'.

UHY

Firm Number: AF 1411

Chartered Accountants

A handwritten signature in black ink, appearing to be 'STEPHEN WAN YENG LEONG'.

STEPHEN WAN YENG LEONG

Approved Number: 2963/07/15 (J)

Chartered Accountant

KUALA LUMPUR

1 OCT 2013

13. ACCOUNTANTS' REPORT (*Cont'd*)

APPENDIX VII
KAR Masterpiece for FP 7 June 2010 to 30 June 2011 and FYE 30 June 2012

13. ACCOUNTANTS' REPORT (*Cont'd*)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAR MASTERPIECE SDN. BHD.
(Incorporated in Malaysia)**

Report on Financial Statements

We have audited the financial statements of KAR MASTERPIECE SDN. BHD., which comprise the balance sheet as at 30 June 2011, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 15.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act 1965 in Malaysia and applicable approved Accounting Standards for Private Entities issued by the Malaysian Accounting Standards Board. This responsibility includes:- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Companies Act 1965 in Malaysia and applicable approved Accounting Standards for Private Entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the financial position of the Company as at 30 June 2011 and of its financial performance and cash flows for the period then ended.

13. ACCOUNTANTS' REPORT (Cont'd)

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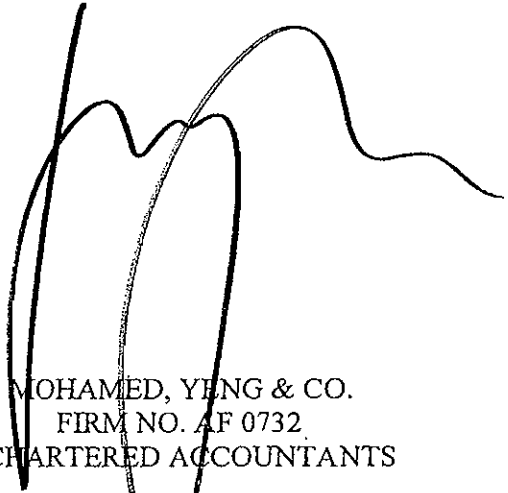
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAR MASTERPIECE SDN. BHD. (CONT'D)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provision of the Act.

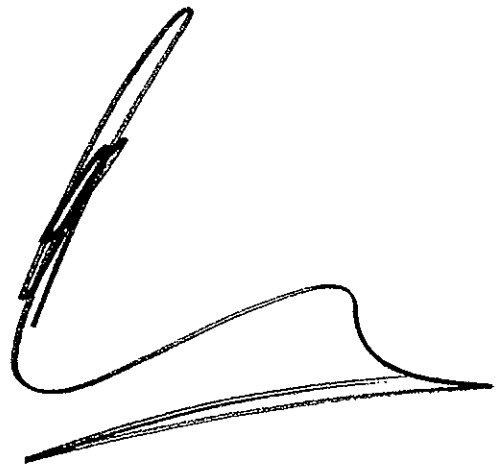
Other Matters

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



MOHAMED, YENG & CO.
FIRM NO. AF 0732
CHARTERED ACCOUNTANTS

Subang Jaya
Date: 08 NOV 2011



KUI JEE YENG
CA(M), FCA(ICAEW), FTII
APPROVAL NO. 1169/8/2012(J)

13. ACCOUNTANTS' REPORT (Cont'd)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAR MASTERPIECE SDN. BHD.
(Incorporated in Malaysia)**

Report on Financial Statements

We have audited the financial statements of KAR MASTERPIECE SDN. BHD., which comprise the balance sheet as at 30 June 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 15.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act 1965 in Malaysia and applicable approved Accounting Standards for Private Entities issued by the Malaysian Accounting Standards Board. This responsibility includes:- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Except as described in the basis for the Audit Opinion paragraph below, we conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Audit Opinion

We were not invited to observe the Company's inventory count and in the absence of proper inventory records, we were unable to satisfy ourselves as to the physical existence of the inventories as at 30 June 2012. In this respect, we have relied upon the representation from the directors of the Company for the inventory valuation as at that date.

13. ACCOUNTANTS' REPORT (*Cont'd*)

903533 U

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAR MASTERPIECE SDN. BHD. (CONT'D)
(Incorporated in Malaysia)**


Except for any effect on the financial statements of the matter referred to in the preceding paragraph, in our opinion, the financial statements have been properly drawn up in accordance with applicable approved Accounting Standards for Private Entities issued by the Malaysian Accounting Standards Board and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2012 and of its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provision of the Act.

Other Matters

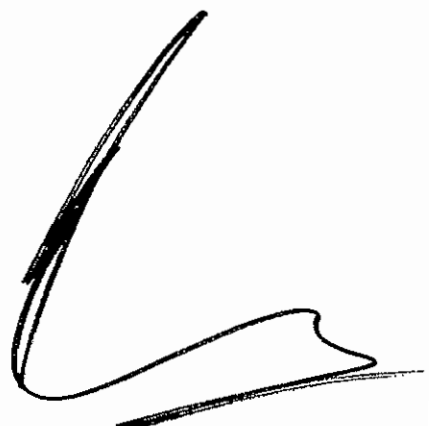
This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



MOHAMED, YENG & CO.
FIRM NO. AF 0732
CHARTERED ACCOUNTANTS

Subang Jaya

Date: 31 OCT 2012



KUI JEE YENG
CA(M), FCA(ICAEW), FTII
APPROVAL NO. 1169/8/2014(J)

13. ACCOUNTANTS' REPORT (*Cont'd*)

APPENDIX VIII
KAR Masterpiece for FP 1 July 2012 to 31 December 2012 and FPE 2013

13. ACCOUNTANTS' REPORT (*Cont'd*)



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UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhyki@uhy.com.my
Web www.uhy.com.my

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
KAR MASTERPIECE SDN. BHD.**

(Company No.: 903533-U)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of KAR MASTERPIECE SDN. BHD. which comprise the statement of financial position as at 31 December 2012 of the Company, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period from 1 July 2012 to 31 December 2012, and a summary of significant accounting policies and other explanatory information as set out on pages 4 to 28.

Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



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**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
KAR MASTERPIECE SDN. BHD. (CONT'D)**

(Company No.: 903533-U)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the financial period from 1 July 2012 to 31 December 2012.

Other Matters

1. The financial statements of the prior year were audited by another firm of auditors in which it contained a qualified opinion in the auditors report dated 21 October 2012. The qualification was due to the auditors had not been invited to observe the inventory count coupled with no proper inventory record. Hence, the auditors were unable to satisfy themselves as to the physical existence of the inventories. We have obtained sufficient appropriate audit evidence that the carrying amount of the inventories as at 30 June 2012 which was brought forward to the current financial period did not contain any material misstatement.
2. This report is made solely for the proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Kanger International Berhad on the ACE Market of Bursa Malaysia Securities Berhad, and accordingly, we do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

LO KUAN CHE
Approved Number: 3016/11/14 (J)
Chartered Accountant

KUALA LUMPUR
07 FEB 2013

13. ACCOUNTANTS' REPORT (*Cont'd*)



- 7 -

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAR MASTERPIECE SDN. BHD.**

(Company No.: 903533-U)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of KAR MASTERPIECE SDN. BHD. which comprise the statement of financial position as at 30 June 2013 of the Company, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year ended 30 June 2013, and a summary of significant accounting policies and other explanatory information as set out on pages 10 to 32.

Director's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

13. ACCOUNTANTS' REPORT (*Cont'd*)



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAR MASTERPIECE SDN. BHD. (CONT'D)**

(Company No.: 903533-U)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 30 June 2013 and of its financial performance and cash flows for the financial year ended 30 June 2013.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

1. As stated in Note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 July 2012 with a transition date of 1 July 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2012 and 1 July 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2012 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 30 June 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2012 do not contain misstatements that materially affect the financial position as of 30 June 2013 and financial performance and cash flows for the year then ended.

13. ACCOUNTANTS' REPORT (*Cont'd*)

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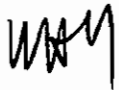
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KAR MASTERPIECE SDN. BHD. (CONT'D)**

(Company No.: 903533-U)
(Incorporated in Malaysia)

Other Matters (Cont'd)

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



UHY
Firm Number: AF 1411
Chartered Accountants



STEPHEN WAN YENG LEONG
Approved Number: 2963/07/15 (J)
Chartered Accountant

KUALA LUMPUR

1 OCT 2013

14. DIRECTORS' REPORT



2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Malaysia.
Tel: (603) 6201 1120 Fax: (603) 6201 3121 / 6201 5959

25 NOV 2013

Registered Office:
2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

The shareholders of Kanger International Berhad ("Kanger International" or "Company")

Dear Sirs/Madams,

On behalf of the Board of Directors of Kanger International, I report after due and careful enquiry that during the period from 30 June 2013 (being the date to which the last audited financial statements of our Company and subsidiary companies ("Group") which have been made) up to **25 NOV 2013** (being a date not earlier than 14 days before the issuance of this Prospectus):

- (i) the business of our Group have, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of our Group which have adversely affected the trading of the value of the assets of our Group;
- (iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no material contingent liabilities by reason of any guarantee or indemnities given by our Group;
- (v) since the last audited financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which we are aware of; and
- (vi) since the last audited financial statements of our Group, save as disclosed in the Accountants' Report enclosed in this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group.

Yours faithfully
For and on behalf of the Board of Directors
KANGER INTERNATIONAL BERHAD

LENG XINGMIN
Managing Director

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

- (a) No securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (b) None of the capital of our Company or our subsidiary companies are under option or agreed conditionally or unconditionally to be put under option.
- (c) There is no scheme involving our employees in the capital of our Company or our subsidiary companies.
- (d) Save as disclosed in Section 8.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company or our subsidiary companies.
- (e) There is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights in our Shares imposed by the applicable Malaysian law or by our Memorandum and Articles of Association.

15.2 ARTICLES OF ASSOCIATION

The following provisions relate to the remuneration of directors, voting and borrowing powers of directors, transfer of securities and changes in capital and variation of class rights as reproduced from our Articles of Association (“Articles”). The words and expressions appearing in the following provisions shall bear the same meaning used in our Articles unless they are otherwise defined here or the context otherwise requires.

(i) Remuneration of Directors

Article 98 - Remuneration of Directors

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by an Ordinary Resolution of the Company in General Meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, or, failing agreement, equally, except that any Director who shall hold office or part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office Provided Always that:

- (a) *the fees payable to the Directors shall not be increased except pursuant to a resolution of the Company in General Meeting, where notice of the proposed increase has been given in the notice convening the General Meeting;*
- (b) *on the other hand, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine;*
- (c) *fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;*
- (d) *salaries payable to executive Directors may not include a commission on or percentage of turnover; and*

15. ADDITIONAL INFORMATION (Cont'd)

- (e) *any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

(ii) Voting and Borrowing Powers of Directors

Article 114 (1) and 114 (2) – Borrowing Powers of Directors

- (1) *The Directors may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries.*
- (2) *The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.*

Article 125 – Restriction on Voting

In amplification of and not in derogation of Articles 112 and 113, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

Article 126 – Power to Vote

Subject to Article 125, a Director may vote in respect of:

- (1) *any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or*
- (2) *any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.*

(iii) Transfer of Securities

Article 28 – Transfer of Securities

Subject to the provisions of the Depositories Act and the Rules of the Depository, the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and, notwithstanding sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 29 – Instrument of Transfer

Every instrument of transfer for Listed Securities shall be in writing and in the form approved in the Rules of the Depository and shall be presented to the Depository with such evidence (if any) as the Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

15. ADDITIONAL INFORMATION (Cont'd)***Article 30 – Refusal to Transfer***

The Depository may refuse to register any transfer of Listed Securities that does not comply with the Depositories Act and the Rules of the Depository. Subject to the provisions of the Act, the Depositories Act and the Rules of the Depository, no Listed Securities in any circumstances be transferred or transmitted to any infant, bankrupt or person of unsound mind or any partnership or unincorporated association or body.

Article 31 – Suspension or Closing of Registers

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. At least ten (10) clear Market Days' notice of intention to close the said register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange or such number of days as may be prescribed by the Exchange. The said notice shall state the purpose or purposes for which the register is being closed. In relation to the closure, the Company shall give written notice in accordance with the Rules of Depository to prepare the appropriate Record of Depositors. At least three (3) Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors Provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) Market Days prior notice shall be given to the Depository or such other notice period in accordance with the Rules of the Depository to enable the Depository to issue the appropriate Record of Depositors.

Article 32 - Renunciation

Subject to the provisions of these Articles the Directors may recognise a renunciation of any Listed Securities by the allottee thereof in favour of some other person.

Article 33 – Non-liability for the Company's Directors and Officer in respect of Transfer

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside and in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto, PROVIDED ALWAYS that where the share is a Deposited Security, subject to the Rules of the Depository, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

Article 34 – Transmission of Securities from Foreign Register

Where-

- (a) the securities of the company are listed on another stock exchange; and*
- (b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendments) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,*

15. ADDITIONAL INFORMATION (Cont'd)

such Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

(iv) Changes in Capital and Variation of Class Rights***Article 54 – Power to Increase Capital***

The Company may from time to time, by Ordinary Resolution in General Meeting, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its share capital and/or its authorised capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 55 – Rights and Privileges of New Shares

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and, in default of such direction, as the Directors may determine and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a special or without any right of voting.

Article 56 – Offer of New Shares

Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities for the time being unissued and not allotted and any new shares or securities from time to time to be created shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors be conveniently offered under this Article.

Article 57 - Approval of Shareholders in General Meeting

Subject to the Listing Requirements, the provisions of the Act, the Depositories Act and/or the Rules of the Depository and notwithstanding the existence of a resolution pursuant to section 132D of the Act, the Company must ensure that it shall not issue any share or convertible securities if the nominal value of those shares or convertible securities, when aggregated with the nominal value of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the nominal value of the issued and paid-up capital of the Company, except where the shares or convertible securities are issued with the prior approval of the shareholders in General Meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible securities that may be issued by the Company, if the security is a convertible security, each of such security is counted as the maximum number of shares into which it can be converted or exercised.

15. ADDITIONAL INFORMATION (Cont'd)***Article 58 - New Shares to Rank with Original Shares***

Except so far as otherwise provided by the conditions of issue, these Articles or the Depositories Act or the Rules of the Depository, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission forfeiture and otherwise as the original share capital.

Articles 59 – Power to Alter Capital

The Company may from time to time in General Meeting by Ordinary Resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;*
- (b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;*
- (c) cancel any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or*
- (d) subject to the provisions of these Articles and the Act, convert and/or re-classify any class of shares into any other class of shares.*

Article 60 – Power to Reduce Capital

The Company may from time to time by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by the provisions of the Act.

Article 61- Rights of Shareholders May Be Altered

If at any time the share capital is divided into different classes of shares, the rights attached to any class shall be expressed herein or in the resolution creating the same and may subject to the provisions of the Act whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Holders of three-fourths (¾) of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate General Meeting of the Holders of the shares of that class. To every such separate General Meetings the quorum shall be two (2) persons at least holding or representing by proxy one-tenth (1/10) of the issued shares of the class and that any Holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of section 152 of the Act shall with such adaptations as are necessary apply. A resolution in writing signed by all the Holders of a class or if all the shares in a class are held by one sole Holder a resolution in writing signed by such sole Holder shall have the same effect and validity as a Special Resolution of the Holders of the class passed at a separate General Meeting of the Holders of that class duly convened or held and constituted and may consist of several documents in the like form each signed by one or more of such Holders and if a Holder is a corporation, then such resolution shall be signed by its representatives.

15. ADDITIONAL INFORMATION (Cont'd)***Article 62 – Ranking of Class Rights***

The rights conferred upon the Holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith.

15.3 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business, that have been entered into by our Group within the two (2) years preceding the date of this Prospectus:

- (i) On 9 December 2011, HK Kanger entered into a Share Transfer Agreement with Leng Xingmin and Sha Sha, whereby HK Kanger agreed to acquire the entire equity interest of Ganzhou Kanger for a total cash consideration of USD2,100,980. As at the LPD, this agreement has been completed;
- (ii) On 2 March 2012, Ganzhou Kanger entered into three (3) Share Transfer Agreements with Leng Xingmin, Leng Wen Jue and Leng Jiang Yun respectively, whereby Ganzhou Kanger agreed to acquire the entire equity interest of Yanshan Kanger for a total cash consideration of RMB6,000,000. As at the LPD, this agreement has been completed;
- (iii) On 2 November 2012, Yanshan Kanger entered into a Purchase Agreement with Anji Xiangling Bamboo Equipment Co., Ltd (安吉响铃竹木机械有限公司), whereby Yanshan Kanger agreed to purchase bamboo equipment from Anji Xiangling Bamboo Equipment Co., Ltd for a cash consideration of RMB450,000. As at the LPD, this agreement has been completed;
- (iv) On 5 February 2013, our Company entered into a conditional Share Purchase Agreement with the vendors of HK Kanger as detailed in Section 5.4(a) of this Prospectus, whereby our Company agreed to acquire the entire equity interest of HK Kanger for a total purchase consideration of RM34,999,996 to be satisfied by the issuance of 349,999,960 new Kanger Shares at par;
- (v) On 5 February 2013, our Company entered into a conditional Share Purchase Agreement with the vendors of KAR Masterpiece, whereby our Company agreed to acquire the entire equity interest of KAR Masterpiece for a total purchase consideration of RM2.00 to be satisfied by the issuance of 20 new Kanger Shares at par;
- (vi) On 12 November 2013, our Company entered into a Placement Agreement with KIBB for the placement of 69,000,000 IPO Shares at a rate of 1.5% of the value of the placement Shares based on the IPO Price; and
- (vii) On 12 November 2013, our Company entered into an Underwriting Agreement with KIBB for the underwriting of 11,000,000 IPO Shares for an underwriting commission of 2.5% of the total value of the underwritten Shares at the IPO Price.

15.4 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, neither we nor our subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Directors do not know of any proceedings pending or threatened against our Company or our subsidiary companies, or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business.

15. ADDITIONAL INFORMATION *(Cont'd)*

15.5 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

The relevant government laws, decrees, regulations and/or other requirements in the PRC and Hong Kong which may affect the repatriation of capital and remittance of profit by or to our Company are set out in detail in Annexure A of this Prospectus.

PRC

Under the PRC laws, there are no control restrictions on the remittance of profit of the subsidiary companies to the holding company after the allocation of reserve fund and payment of tax in accordance with the PRC laws.

As to capital distribution, under the PRC laws, foreign investors are not allowed to repatriate the capital of foreign investment enterprises out of the PRC unless repatriation of the capital has been duly approved by the Ministry of Commerce (or its delegated authorities) under capital decrease or liquidation situations. The repatriation of the capital is further subject to the approval of SAFE (or its delegated authorities).

Hong Kong

Hong Kong has no restrictions on the flow of capital into or out of the territory. In general, there is no restriction on foreign investments into or through Hong Kong.

Hong Kong also does not impose any controls on foreign exchange. There are no restrictions imposed by governmental laws or regulations of Hong Kong on (i) the repatriation of capital and the remittance of profit by or to HK Kanger; (ii) the availability of cash and cash equivalents for use by HK Kanger; and (iii) the remittance of dividends, interest or other payments to shareholders of HK Kanger.

15.6 PUBLIC TAKE-OVERS

None of the following has occurred in the last financial year or the current financial year up to the LPD:

- (a) Public take-over offers by third parties for our Shares; and
- (b) Public take-over offers by our Company for other companies' shares.

15.7 CONSENTS

The written consents of our Adviser, Sponsor, Underwriter and Placement Agent, Legal Adviser for our Listing, Legal Adviser to our Company on PRC Law, Legal Adviser to our Company on Hong Kong Law, Issuing House, Share Registrar and Company Secretary for inclusion in this Prospectus of their names and all references thereto in the manner, form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for inclusion in this Prospectus of its name, Accountants' Report, Letter on Proforma Consolidated Financial Information of our Group and all references thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Market Researcher for inclusion in this Prospectus of its name and Executive Summary of the Independent Market Research Report and all references thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

15. ADDITIONAL INFORMATION (Cont'd)

15.8 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our Registered Office during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (a) Memorandum and Articles of Association of our Company;
- (b) Material contracts as referred to in Section 15.3 of this Prospectus;
- (c) Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus;
- (d) Accountants' Report as set out in Section 13 of this Prospectus;
- (e) Independent Market Research Report referred to in this Prospectus and the Executive Summary thereof as included in Section 7 of this Prospectus;
- (f) Directors' Report as included in Section 14 of this Prospectus;
- (g) Audited financial statements of:
 - (i) Kanger International for the FPE 30 June 2013;
 - (ii) KAR Masterpiece for the past three (3) FYE 30 June 2011 to 2013;
 - (iii) HK Kanger for the FPE 30 September 2012, FPE 31 December 2012 and FPE 30 June 2013;
 - (iv) Yanshan Kanger for the past two (2) FYE 31 December 2011 and 2012 and FPE 30 June 2013;
 - (v) Ganzhou Kanger and Shenzhen Kanger for the past three (3) FYE 31 December 2010 to 2012 and FPE 30 June 2013; and
- (h) Letters of consent as referred to in Section 15.7 of this Prospectus.

15.9 RESPONSIBILITY STATEMENTS

Our Directors and Promoter have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that the best of their knowledge and belief there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

KIBB, being our Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 OPENING AND CLOSING OF APPLICATION

Applications for our IPO will open at 10.00 a.m. on 6 December 2013 and will remain open until 5.00 p.m. on 13 December 2013 or such later date or dates as our Board, together with KIBB, may mutually decide at their absolute discretion. We will advertise any extension of the date of closing of application in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of application. **Late applications will not be accepted.**

16.2 ELIGIBILITY

You can only apply for our IPO Shares if you fulfil **all** of the following:

- (i) You must have a CDS Account. If you do not have a CDS Account, you may open one by contacting any of the ADAs listed in Section 16.11 of this Prospectus,
- (ii) You must be **one** of the following:
 - (a) a Malaysian citizen or a foreign citizen with a Malaysian address who is at least 18 years old as at the closing date of the application; or
 - (b) a corporation/institution incorporated in Malaysia or outside Malaysia with a Malaysian address ; or
 - (c) a superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in (b) or (c) above.

- (iii) You are not a director or employee of our Issuing House or their immediate family members.

16.3 CATEGORY OF INVESTORS

Application for our IPO Shares must be made using the method designated for each of the three (3) categories of investors as follows:

Category of Investor	Application Method
Public (for individuals including foreigners)	White Application Form or Electronic Share Application ⁽¹⁾ or Internet Share Application ⁽²⁾
Public (for non-individuals, e.g. corporations, institutions, etc.)	White Application Form
Selected investors via private placement	Separate letters/forms delivered to the respective investors

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Notes:

(1) *The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:*

- *Affin Bank Berhad – No fee will be charged for application by their account holders;*
- *AmBank (M) Berhad – RM1.00;*
- *CIMB Bank Berhad – RM2.50;*
- *HSBC Bank Malaysia Berhad – RM2.50;*
- *Malayan Banking Berhad – RM1.00;*
- *Public Bank Berhad – RM2.00;*
- *RHB Bank Berhad – RM2.50; or*
- *Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.*

(2) *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institutions:*

- *Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders;*
- *CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;*
- *CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;*
- *Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;*
- *Public Bank Berhad (www.pbebank.com) – RM2.00; or*
- *RHB Bank Berhad (www.rhb.com.my) – RM2.50.*

16.4 PROCEDURES FOR APPLICATION

Only one (1) application from each applicant will be considered and an application must be for at least 100 Shares or multiples thereof. **Multiple applications will not be accepted.** If you submit multiple applications in your own name or by using the name of others, with or without their consent, you commit an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1 million and a jail term of up to 10 years under Section 182 of the CMSA.

16.4.1 Procedures for application by way of an Application Form

The Public, the selected investors and other investors should follow the following procedures in making an application:

Step 1: Obtain application documents

Obtain the Application Form together with the Official 'A' and 'B' envelopes and this Prospectus. These documents can be obtained subject to availability from the following parties:

- (i) KIBB;
- (ii) participating organisations of Bursa Securities;
- (iii) members of the Association of Banks in Malaysia;
- (iv) members of the Malaysian Investment Banking Association; and
- (v) our Issuing House.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Step 2: Read this Prospectus

In accordance with Section 232(2) of the CMSA, the Application Form is accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the Application Form

Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in this Prospectus.

(i) Personal particulars

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. Please inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card (“**NRIC**”) number or passport number must be the same as that stated in:

- (a) your NRIC/passport;
- (b) any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) your ‘Resit Pengenalan Sementara (KPPK 09)’ issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be the same as that stated in your authority card.

If you are a corporation/institution, your name and incorporation number must be the same as that stated in your certificate of incorporation.

(ii) CDS Account number

You must state your CDS Account number in the space provided in the Application Form. Invalid, nominee or third party CDS Accounts will **not** be accepted.

(iii) Details of payment

You must state the details of your payment in the appropriate boxes provided in the Application Form.

(iv) Number of Shares applied

Your application must be for at least 100 Shares or multiples thereof.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Step 4: Prepare appropriate form of payment

Prepare the correct form of payment in RM for the FULL amount payable for our IPO Shares based on the IPO Price, which is RM0.25 per IPO Share.

Payment must be made in favour of 'MIH SHARE ISSUE ACCOUNT NO. 552' and crossed 'A/C PAYEE ONLY' (excluding ATM statements) and endorsed on the reverse side with your name and address. We only accept the following forms of payment:

- (i) banker's draft or cashier's order purchased within Malaysia only and drawn on a bank in Kuala Lumpur; or
- (ii) money order or postal order (for applicants from Sabah and Sarawak only); or
- (iii) Guaranteed Giro Order from Bank Simpanan Nasional Malaysia Berhad; or
- (iv) ATM statement obtained only from any of the following financial institutions:
 - Affin Bank Berhad; or
 - Alliance Bank Malaysia Berhad; or
 - CIMB Bank Berhad; or
 - Hong Leong Bank Berhad; or
 - Malayan Banking Berhad; or
 - RHB Bank Berhad.

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

Step 5: Finalise application

Insert the Application Form with the appropriate payment and a legible photocopy of your identification document (NRIC/passport/valid temporary identity document issued by the National Registration Department/'Resit Pengenalan Sementara (KPPK 09)'/authority card/certificate of incorporation) into the Official 'A' envelope and seal it. Write your name and address on the outside of the Official 'A' and 'B' envelopes. The name and address written must be identical to your name and address as per your NRIC/passport/valid temporary identity document issued by the National Registration Department/'Resit Pengenalan Sementara (KPPK 09)'/authority card/certificate of incorporation. Affix a stamp on the Official 'A' envelope and insert the Official 'A' envelope into the Official 'B' envelope.

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

Step 6: Submit application

You can submit your application in the Official 'B' envelope by either one (1) of the following methods:

- (i) despatch by **ORDINARY POST** to:

Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

Or

P.O. Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor

- (ii) **DELIVERY BY HAND** and deposit in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor,

so as to arrive not later than 5.00 p.m. on 13 December 2013 or such later date or dates as our Board, together with KIBB, may mutually decide at their absolute discretion.

No acknowledgement of receipt of Application Form or application monies will be made.

16.4.2 Procedures for application by way of an Electronic Share Application (for individual Malaysian Public only)

Applications for our IPO Shares by way of ESA are only applicable to Malaysian Public who are individuals. Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for ESA and the procedures set out on the ATM screens of the Participating Financial Institution before making an ESA.

- (i) **Steps for Electronic Share Application through a Participating Financial Institution's ATM**

You may apply for our IPO Shares via the ATM of the Participating Financial Institution by choosing the ESA option. Mandatory statements required for the application are set out in Section 16.4.3 below. You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your ESA require you to do so:

- Personal Identification Number ("PIN");
- **MIH Share Issue Account Number 552;**
- CDS Account number;
- Number of IPO Shares applied for and/or the RM amount to be debited from the account;
and
- Confirmation of several mandatory statements.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

(ii) Participating Financial Institutions

ESA may be made through an ATM of the following Participating Financial Institutions and their branches:

- Affin Bank Berhad; or
- AmBank (M) Berhad; or
- CIMB Bank Berhad; or
- HSBC Bank Malaysia Berhad; or
- Malayan Banking Berhad; or
- Public Bank Berhad; or
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

16.4.3 Terms and conditions of Electronic Share Applications

The procedures for ESA are set out on the ATM screens of the relevant Participating Financial Institutions (“Steps”). For illustration purposes, the procedures for ESA at the ATMs are set out in Section 16.4.2(i) above. The Steps set out the actions that you must take at the ATM to complete an ESA. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for ESA set out below before making an ESA.

You must have a CDS Account to be eligible to utilise the facility. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted. You must have an existing account with, and be an ATM cardholder of, one of the Participating Financial Institutions before you can make an ESA. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your ESA transaction, you will receive a computer-generated transaction slip (“**Transaction Record**”) confirming the details of your ESA. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the ESA or any data relating to such an ESA by our Company or our Issuing House. You must retain the Transaction Record and should not submit the Transaction Record with any Application Form.

Upon the closing for the application for our IPO Shares on 13 December 2013 at 5.00 p.m. or such later date or dates as our Board, together with KIBB, may mutually decide at their absolute discretion (“**Closing Date and Time**”), the Participating Financial Institutions shall submit magnetic tapes containing their respective customers’ applications for our IPO Shares to our Issuing House as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

You are allowed to make an ESA for our IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account at one of its branches, subject to you making only one application.

You must ensure that you use your own CDS Account number when making an ESA. If you have a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS Account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing.

The ESA shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (i) The ESA shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (ii) You are required to confirm the following statements (by pressing pre-designated keys (or buttons) on the ATM keyboard) and undertake that the following information given are true and correct:

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- You have attained 18 years of age as at the closing date of the share application;
- You are a Malaysian citizen residing in Malaysia;
- You have read this Prospectus and understood and agreed with the terms and conditions of this application;
- This is the only application that you are submitting; and
- You hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to you and your account with the Participating Financial Institution and Bursa Depository to our Issuing House or other relevant regulatory bodies.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 133 of the Financial Services Act, 2013 and Section 45 of the Depositories Act to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to our Issuing House, or any relevant regulatory bodies.

- (iii) You confirm that you are not applying for our IPO Shares as a nominee of any other person and that any ESA that you make is made by you as the beneficial owner. You shall only make one ESA and shall not make any other application for our IPO Shares, whether at the ATMs of any Participating Financial Institution or on the prescribed Application Forms.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your ESA, failing which your ESA will not be completed. Any ESA, which does not conform strictly to the instructions set out on the screens of the ATM through which the ESA is made will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your ESA. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your ESA is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (vi) Our Issuing House, on the authority of our Board, reserves the right to reject any ESA or accept any ESA in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (vii) If your ESA is not accepted or accepted in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful application within two (2) Market Days after the balloting date. If your ESA is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House. You may check your account on the fifth (5th) Market Day from the balloting date.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

If your ESA is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to you by our Issuing House by crediting into your account with the Participating Financial Institution within ten (10) Market Days from the date of the final ballot.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the relevant Participating Financial Institution will credit the application monies or any part thereof without interest into your account with that Participating Financial Institution within two (2) Market Days after receipt of confirmation from our Issuing House.

Except where our Issuing House is required to refund the application monies, it is the sole responsibility of the Participating Financial Institution to ensure the timely refund of the application monies from unsuccessful or partially successful ESA. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of your ESA in order to determine the status or exact number of IPO Shares allotted or allocated, if any, before trading of our Shares on Bursa Securities.

- (viii) You request and authorise us:
- (a) to credit our IPO Shares allotted or allocated to you into your CDS Account; and
 - (b) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (ix) You acknowledge that your ESA is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control, our Issuing House or the Participating Financial Institution and irrevocably agree that if:
- (a) our Company or our Issuing House did not receive your ESA; and
 - (b) data relating to your ESA is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or Issuing House,
- you shall be deemed not to have made an ESA and you shall not claim whatsoever against our Company, our Issuing House or the Participating Financial Institution for our IPO Shares applied for or for any compensation, loss or damage.
- (x) All your particulars in the records of the relevant Participating Financial Institution at the time you make your ESA shall be deemed to be true and correct and we, our Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xii) By making and completing an ESA, you agree that:
- (a) in consideration of our Company agreeing to allow and accept the making of any application for our IPO Shares via the ESA facility established by the Participating Financial Institutions at their respective ATMs, your ESA is irrevocable;
 - (b) our Company, the Participating Financial Institutions, Bursa Depository and our Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your ESA due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;
 - (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase our IPO Shares for which your ESA has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of our IPO Shares allocated to you; and
 - (e) we agree that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the ESA scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that we irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) If you are successful in your ESA, our Board reserve the right to require you to appear in person at the registered office of our Issuing House within 14 days from the date of the notice issued to you to ascertain your application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) Our Issuing House, on the authority of our Board, reserves the right to reject any application which does not conform to these instructions.

16.4.4 Procedures for application by way of an Internet Share Application (for individual Malaysian Public only)

The exact steps for ISA in respect of our IPO Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for our IPO Shares via ISA may be as set out below. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an ISA.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (ii) Login to the Internet financial services facility by entering your user identification and PIN/password.
- (iii) Navigate to the section of the website on applications in respect of IPO.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iv) Select the counter in respect of our IPO Shares to launch the Electronic Prospectus and the terms and conditions of the ISA.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form such as the share counter, NRIC number, CDS Account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) By confirming such information, you also undertake that the following information given are true and correct:
- you have attained 18 years of age as at the date of the share application;
 - you are a Malaysian citizen residing in Malaysia;
 - you have, prior to making the ISA, received and/or has had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - you agree to all the terms and conditions of the ISA as set out in this Prospectus and have carefully considered the risk factors as set out in this Prospectus, in addition to all other information contained in this Prospectus before making the ISA for our IPO Shares;
 - the ISA is the only application that you are submitting for our IPO Shares;
 - you authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares to your account with the Internet Participating Financial Institution or Authorised Financial Institution;
 - you give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the Depositories Act, to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the ISA made by you or your account with the Internet Participating Financial Institution, to our Issuing House, and the Authorised Financial Institution, the SC and any other relevant authority;
 - you are not applying for our IPO Shares as a nominee of any other person and the application is made in your own name, as the beneficial owner and subject to the risks referred to in this Prospectus; and

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- you authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the ISA services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the ISA services.
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for our IPO.
- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (xi) Subsequent to the above, the Internet Participating Financial Institution shall confirm the ISA has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for your reference and retention.

16.4.5 Terms and Conditions for Internet Share Applications

Applications for our IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

YOU ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

ISA may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:

- (i) Affin Bank Berhad at www.affinOnline.com; or
- (ii) CIMB Bank Berhad at www.cimbclicks.com.my; or
- (iii) CIMB Investment Bank Berhad at www.eipocimb.com; or
- (iv) Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- (v) Public Bank Berhad at www.pbebank.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- (vi) RHB Bank Berhad at www.rhb.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR ISA SET OUT HEREIN AND THE STEPS FOR ISA SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN ISA.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR ISA IN RESPECT OF OUR IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR ISA CONTAINED IN THE

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An ISA shall be made on and shall be subject to the terms and conditions as set out herein:

- (i) In order to make an ISA, you must:
- be an individual with a CDS Account and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of the CDS Account registered in your joint account holder's name;
 - have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and PIN/password for the relevant Internet financial services facilities; and
 - be a Malaysian citizen and have a mailing address in Malaysia.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Institutions cannot be used to apply for our IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An ISA shall be made on and shall be subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:
- you have attained 18 years of age as at the date of the share application;
 - you are a Malaysian citizen residing in Malaysia;
 - you have, prior to making the ISA, received and/or has had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - you agree to all the terms and conditions of the ISA as set out in this Prospectus and have carefully considered the risk factors as set out in this Prospectus, in addition to all other information contained in this Prospectus before making the ISA for our IPO Shares;
 - the ISA is the only application that you are submitting for our IPO Shares;
 - you authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the the Internet Participating Financial Institution or Authorised Financial Institution;
 - you give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the Depositories Act, to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the ISA made by you or your account with the Internet Participating Financial Institution, to our Issuing House, and the Authorised Financial Institution, the SC and any other relevant authority;

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- you are not applying for our IPO Shares as a nominee of any other person and the application is made in your own name, as the beneficial owner and subject to the risks referred to in this Prospectus; and
 - you authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with our IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the ISA services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the ISA services.
- (iv) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the ISA which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website which confirms that the ISA has been completed and states the details of your ISA, including the number of IPO Shares applied for which can be printed out by you for your records.

Upon display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.4.5(iii) of this Prospectus.

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the ISA, to cover and pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the ISA will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any ISA which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the ISA is made shall be rejected.
- (vi) You agree and undertake to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted to you in respect of the ISA. In the event that we decide to allot any lesser number of such IPO Shares or not to allot any IPO Shares to you, you agree to accept our decision as final.

In the course of completing the ISA on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and be treated as:

- your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your ISA is successful or successful in part, as the case may be; and
 - your agreement to be bound by our Memorandum and Articles of Association.
- (vii) You fully aware that multiple or suspected multiple ISA for our IPO Shares will be rejected. Our Issuing House, on the authority of our Board, reserves the right to reject any ISA or accept any ISA in part only without assigning any reason therefore. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view of establishing a liquid and adequate market for our Shares.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (viii) If your ISA is unsuccessful or successful in part only, the relevant Internet Participating Financial Institution will be informed of the unsuccessful or partially successful application within two (2) Market Days from the balloting date. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies without interest into your account with that Internet Participating Financial Institution or Authorised Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House.

If your ISA is accepted in part only, the relevant Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the balance of the application monies without interest into your account with that Internet Participating Financial Institution or Authorised Financial Institution within two (2) Market Days after receipt of confirmation from our Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications that are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to you by our Issuing House by crediting into your account with the relevant Internet Participating Financial Institution or Authorised Financial Institutions within two (2) Market Days after receipt of confirmation from our Issuing House.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the relevant Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the application monies or any part thereof without interest into your account with that Internet Participating Financial Institution or Authorised Financial Institution within ten (10) Market Days from the date of final ballot.

Except where our Issuing House is required to refund the application monies, it is the sole responsibility of the Internet Participating Financial Institution or Authorised Financial Institution to ensure the timely refund of the application monies from unsuccessful or partially successful ISA. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of your ISA in order to determine the status or exact number of IPO Shares allotted or allocated, if any, before trading of our Shares on Bursa Securities.

- (ix) ISA for our IPO shares will close at 5.00 p.m on 13 December 2013 or such later date or dates as our Board, together with KIBB, may mutually decide at their absolute discretion. An ISA is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late ISA will not be accepted.
- (x) You irrevocably agree and acknowledge that the ISA is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of our Issuing House, the Internet Participating Financial Institution or the Authorised Financial Institution. If, in any such event, we, our Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your ISA and/or the payment therefor, or in the event that any data relating to the ISA or the tape or any other devices containing such data is lost, corrupted or destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an ISA and you shall have no claim whatsoever against us, our Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (xi) All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your ISA shall be deemed to be true and correct, and we, our Issuing House, the Internet Participating Financial Institution and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise your ISA is liable to be rejected. The notification letter on successful allotment or allocation will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (xii) By making and completing an ISA, you are deemed to have agreed that:
- in consideration of us making available the ISA facility to you, through the Internet Participating Financial Institution acting as our agent, your ISA is irrevocable;
 - you have irrevocably requested and authorised us to register our IPO Shares allotted or allocated to you for deposit into your CDS Account;
 - neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to your ISA to our Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.4.5(x) of this Prospectus or to any cause beyond their control;
 - you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your ISA by our Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - the acceptance of your offer made to subscribe for our IPO Shares for which your ISA has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your ISA;
 - in making the ISA, you have relied solely on the information contained in this Prospectus. We, KIBB and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which you may have relied on in making the ISA; and
 - the acceptance of your ISA and the contract resulting therefrom from our IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submits to the jurisdiction of the courts of Malaysia.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(xiii) The following processing fee per ISA will be charged by the respective Internet Participating Financial Institutions:

- Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders;
- CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
- CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;
- Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
- RHB Bank Berhad (www.rhb.com.my) – RM2.50; and
- Public Bank Berhad (www.pbebank.com) – RM2.00.

16.5 AUTHORITY OF OUR BOARD AND ISSUING HOUSE

If you are successful in your application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House within fourteen (14) days from the date of the notice issued to you to ascertain your application is genuine and valid. Our Board is not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

You will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

Our Issuing House, on the authority of our Board, reserves the right to:

- (i) reject applications which do not conform to the instructions in this Prospectus or are illegible, incomplete or inaccurate;
- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without giving any reason; and
- (iii) bank in all application monies from unsuccessful / partially successful applicants which would subsequently be refunded without interest by registered post.

16.6 OVER/UNDER-SUBSCRIPTION

In the event of an over-subscription, our Issuing House will conduct a ballot in a manner as approved by our Board to determine acceptance of applications. In determining the manner of balloting, our Board will consider the desirability of distributing our IPO Shares in a fair and equitable manner to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up share capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our Listing and completion of this IPO. We expect to achieve this at the point of our Listing. However, in the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

In the event of an under-subscription for our IPO shares reserved for application by the Public, subject to clawback and reallocation as set out in Section 3.1.1(i) of this Prospectus, all such IPO Shares not applied for will be subscribed by our Underwriter pursuant to the Underwriting Agreement.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Our IPO shares reserved for subscription by selected investors will not be underwritten.

Where your successfully balloted application made under White Application Form is subsequently rejected, the full amount of your application monies will be refunded without interest to you within ten (10) Market Days from the date of the final ballot of applications to your address last registered with Bursa Depository.

Where your successfully balloted application under the ESA or ISA is subsequently rejected, the full amount of your application monies will be refunded without interest to you by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution respectively.

16.7 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your application, we will return your application monies without interest in the following manner:

16.7.1 For applications by way of Application Form

- (i) The application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official 'A' envelope you provided by ordinary post (for fully unsuccessful applications) or by registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot.
- (ii) If your application was rejected because you did not provide a CDS Account number, your application monies will be sent to the address stated in the NRIC or 'Resit Pengenalan Sementara (KPPK 09)' or any valid temporary identity document issued by the National Registration Department from time to time at your own risk.
- (iii) Our Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by registered post to your last address maintained with Bursa Depository or as per item (ii) above, as the case may be, at your own risk within ten (10) Market Days from the date of the final ballot.

16.7.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) Our Issuing House shall inform the Participating Financial Institutions/Internet Participating Financial Institution of the non-successful or partially successful applications within two (2) Market Days after the balloting date. The application monies or the balance of it will be credited into your account with the Participating Financial Institution/Internet Participating Financial Institution/Authorised Financial Institution without interest within two (2) Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the fifth (5th) Market Day from the balloting date.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by our Issuing House by crediting into your account with the Participating Financial Institution/Internet Participating Financial Institution/Authorised Financial Institution within ten (10) Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the relevant Participating Financial Institution/Internet Participating Financial Institution will arrange for a refund of the application monies (or part thereof) without interest by crediting into your account with the Participating Financial Institution/Internet Participating Financial Institution/Authorised Financial Institution within two (2) Market Days after the receipt of confirmation from our Issuing House.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.8 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) our Shares allocated to you will be credited into your CDS Account. We will not be issuing any share certificates to you.; and
- (ii) a notice of allotment will be despatched to you at the address last maintained with Bursa Depository where you have an existing CDS Account at your own risk prior to our Listing. This is your only acknowledgement of acceptance of your application.

16.9 CDS ACCOUNTS

Pursuant to Section 29 of the Depositories Act, all dealings in our Shares, including our IPO Shares, will be by book entries through CDS Accounts. No share certificates will be issued but notices of allotment or transfer shall be despatched.

You must have a CDS Account when applying for our IPO Shares. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an application for our IPO Shares.

In the case of an application by way of Application Form, you should state your CDS Account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to our Issuing House or our Company.

In the case of an application by way of ESA, you shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen require you to do so.

In the case of an application by way of ISA, you can only make an ISA if you have a CDS Account. In certain cases, you can only make an ISA if you have a CDS Account opened with the Internet Participating Financial Institution. Arising therewith, your CDS Account number would automatically appear in the ISA online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS Account number, arising from use of invalid, third party or nominee accounts, may result in your application being rejected. If a successful applicant fails to state his/her CDS Account number, our Issuing House, on the authority of our Board, will reject the application. Our Issuing House, on the authority of our Board, also reserves the right to reject any incomplete and/or inaccurate application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of ESA or ISA, if the records of the Participating Financial Institutions/Internet Participating Financial Institutions, at the time of making the ESA or ISA, differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

16.10 ENQUIRIES

You may contact our Issuing House if you have any queries on the White Application Form at (603)-7841 8000 or (603)-7841 8289. If you have any enquiry with regards to your ESA or ISA, you may refer to the relevant Participating Financial Institution/Internet Participating Financial Institution.

You may check the status of your application by logging into our Issuing House's website at www.mih.com.my or by calling our Issuing House at (603)-7841 8000 or (603)-7841 8289 or your ADA at the telephone number as stated in Section 16.11 below between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.11 LIST OF ADAS**

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KUALA LUMPUR			
UOB KAY HIAN SECURITIES (M) SDN BHD N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155	078-004	AFFIN INVESTMENT BANK BERHAD Ground Mezzanine & 3 rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001
AFFIN INVESTMENT BANK BERHAD 38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel No : 03-91308803	028-005	ALLIANCE INVESTMENT BANK BERHAD Level 17, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03- 26976333	076-001
AMINVESTMENT BANK BERHAD 15 th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001	BIMB INVESTMENT BANK BERHAD 32 nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	024-001
CIMB INVESTMENT BANK BERHAD 9 th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999	065-001	KENANGA INVESTMENT BANK BERHAD 8 th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001
KENANGA INVESTMENT BANK BERHAD Ground Mezzanine, 1st & 2nd Floor (West & Center Wing) Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20892888	073-021	KENANGA INVESTMENT BANK BERHAD 3 rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	073-029

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No :03-42978806	073-020	HONG LEONG INVESTMENT BANK BERHAD (formerly known as MIMB Investment Bank Berhad) Level 18, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26928899	066-006
HONG LEONG INVESTMENT BANK BERHAD Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21648228	066-001	HWANGDBS INVESTMENT BANK BERHAD 2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
HWANGDBS INVESTMENT BANK BERHAD 7 th , 22 nd , 23 rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888	068-014	HWANGDBS INVESTMENT BANK BERHAD No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkar Syed Putra 59000 Kuala Lumpur Tel No : 03-22872273	068-017
INTER-PACIFIC SECURITIES SDN BHD West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001	INTER-PACIFIC SECURITIES SDN BHD Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No : 03-79818811	054-005	JUPITER SECURITIES SDN BHD 7 th -9 th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD 11 th -14 th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001	M & A SECURITIES SDN BHD Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
MAYBANK INVESTMENT BANK BERHAD 5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001	MERCURY SECURITIES SDN BHD L-7-2, No. 2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
RHB INVESTMENT BANK BERHAD Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001	MIDF AMANAH INVESTMENT BANK BERHAD 11 th & 12 th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
RHB INVESTMENT BANK BERHAD 20 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	087-018	RHB INVESTMENT BANK BERHAD No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	087-028
RHB INVESTMENT BANK BERHAD No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	087-054	RHB INVESTMENT BANK BERHAD Ground, 1 st , 2 nd & 3 rd Floor, No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	087-058
PM SECURITIES SDN BHD Ground, Mezzanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001	PUBLIC INVESTMENT BANK BERHAD 27 th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001
TA SECURITIES HOLDINGS BERHAD Floor 13-16 , 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003		

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
SELANGOR DARUL EHSAN			
AFFIN INVESTMENT BANK BERHAD 2 nd , 3 rd & 4 th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	028-002	AFFIN INVESTMENT BANK BERHAD Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003
AFFIN INVESTMENT BANK BERHAD 1 st Floor, 20-22 Jalan 21/22, SEA Park 46300 Petaling Jaya Selangor Darul Ehsan Tel No: 03-78776229	028-006	AFFIN INVESTMENT BANK BERHAD No. 79-1 & 79-C Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No: 03-33221999	028-007
AMINVESTMENT BANK BERHAD 4 th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003	CIMB INVESTMENT BANK BERHAD Ground Floor Tropicana City Office Tower 3, Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173388	065-009
KENANGA INVESTMENT BANK BERHAD Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No: 03-78626200	073-005	KENANGA INVESTMENT BANK BERHAD 1 st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241682	073-006
KENANGA INVESTMENT BANK BERHAD Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No : 03-30057550	073-007	KENANGA INVESTMENT BANK BERHAD Lot 240, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-016

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD Level 1 East Wing, Wisma Consplant 2 No.7, Jalan SS16/1, 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56212118	073-030	KENANGA INVESTMENT BANK BERHAD 35 (Ground, 1 st and 2 nd Floor) Jalan Tiara 3, Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	073-035
MALACCA SECURITIES SDN BHD No. 16 Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56361533	012-002	MALACCA SECURITIES SDN BHD No. 58A & 60A Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78761533	012-003
HONG LEONG INVESTMENT BANK BERHAD Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002	HWANGDBS INVESTMENT BANK BERHAD 16 th , 18 th -20 th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010	JF APEX SECURITIES BERHAD 6 th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001
JF APEX SECURITIES BERHAD 15 th & 16 th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002	RHB INVESTMENT BANK BERHAD 24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	087-011
RHB INVESTMENT BANK BERHAD No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	087-045	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	087-047

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	087-048	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80706899	087-049
RHB INVESTMENT BANK BERHAD 11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel No : 03-6148 3361	087-051	RHB INVESTMENT BANK BERHAD 3 rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80236518	087-059
PM SECURITIES SDN BHD No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003	PM SECURITIES SDN BHD No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007
SJ SECURITIES SDN BHD Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001	TA SECURITIES HOLDINGS BERHAD No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD Damansara Utama Branch 2 nd Floor Wisma TA 1A, Jalan SS20/1 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77295713	058-007		
MELAKA			
CIMB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006	KENANGA INVESTMENT BANK BERHAD 71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	073-028

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD 22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	073-034	MALACCA SECURITIES SDN BHD No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No : 06-3371533	012-001
MERCURY SECURITIES SDN BHD No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003	PM SECURITIES SDN BHD No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006
RHB INVESTMENT BANK BERHAD 579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	087-026	RHB INVESTMENT BANK BERHAD No.19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2833622	087-002
TA SECURITIES HOLDING BERHAD 59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2862618	058-008		
PERAK DARUL RIDZUAN			
UOB KAY HIAN SECURITIES (M) SDN BHD 29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6216010	078-009	CIMB INVESTMENT BANK BERHAD Ground, 1 st , 2 nd and 3 rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2082688	065-010
KENANGA INVESTMENT BANK BERHAD No. 63 Ground, 1 st 2 nd and 4 th Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	073-022	KENANGA INVESTMENT BANK BERHAD No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	073-026

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	073-031	HONG LEONG INVESTMENT BANK BERHAD 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
HWANGDBS INVESTMENT BANK BERHAD Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003	HWANGDBS INVESTMENT BANK BERHAD Ground & 1 st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
M & A SECURITIES SDN BHD M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001	MAYBANK INVESTMENT BANK BERHAD B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	087-014	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	087-016
RHB INVESTMENT BANK BERHAD 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	087-023	RHB INVESTMENT BANK BERHAD Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	087-034
RHB INVESTMENT BANK BERHAD No. 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	087-044	RHB SECURITIES BERHAD Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	087-052

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
TA SECURITIES HOLDINGS BERHAD Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001		
PULAU PINANG			
UOB KAY HIAN SECURITIES (M) SDN BHD 1 st , 2 nd & 3 rd Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002	UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
ALLIANCE INVESTMENT BANK BERHAD Grand & Mezzanine Floor Bangunan Barkath 21, Lebu Pantai 10300 Georgetown Penang Tel No: 04-2611688	076-015	AMINVESTMENT BANK BERHAD Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-004
AMINVESTMENT BANK BERHAD Level 3 No.15, Lebu Pantai 10300 Pulau Pinang Tel No: 04-2618688	086-007	CIMB INVESTMENT BANK BERHAD Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900	065-003
HWANGDBS INVESTMENT BANK BERHAD Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001	HWANGDBS INVESTMENT BANK BERHAD No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
INTER-PACIFIC SECURITIES SDN BHD Ground, Mezzanine & 8 th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888	054-002	M&A SECURITIES SDN BHD 332H-I & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No : 04-2817611	057-005

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD 7th, 8th & 16th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	073-023	MALACCA SECURITIES SDN BHD Suite 98-3-13A Jalan Fettes 11200 Tanjung Tokong Pulau Pinang Tel No : 04-8981525	012-004
MERCURY SECURITIES SDN BHD Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001	MERCURY SECURITIES SDN BHD 2 nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
PM SECURITIES SDN BHD Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022	087-005
RHB INVESTMENT BANK BERHAD Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	087-015	RHB INVESTMENT BANK BERHAD 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	087-032
RHB INVESTMENT BANK BERHAD 64 & 64-D Tingkat Bawah – Tingkat 3 & Tingkat 5 – Tingkat 8 Lebuhr Bishop 10200 Pulau Pinang Tel No : 04-2634222	087-033	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	087-042
RHB INVESTMENT BANK BERHAD 41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Tel No : 04-8352988	087-056		

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
PERLIS INDRA KAYANGAN			
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888	087-060		
KEDAH DARUL AMAN			
UOB KAY HIAN SECURITIES (M) SDN BHD Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman No Tel : 04-7322111	078-007	ALLIANCE INVESTMENT BANK BERHAD 2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004
HWANGDBS INVESTMENT BANK BERHAD No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011	RHB INVESTMENT BANK BERHAD No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	087-017
RHB INVESTMENT BANK BERHAD 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	087-019	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	087-021
NEGERI SEMBILAN DARUL KHUSUS			
HWANGDBS INVESTMENT BANK BERHAD Ground & 1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007	HWANGDBS INVESTMENT BANK BERHAD No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD 1C & 1D, Ground & 1 st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7655998	073-033	PM SECURITIES SDN BHD 1 st , 2 nd & 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	087-024	RHB INVESTMENT BANK BERHAD 1 st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	087-037
RHB INVESTMENT BANK BERHAD 1 st & 2 nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553014	087-040	RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	087-046
JOHOR DARUL TAKZIM			
UOB KAY HIAN SECURITIES (M) SDN BHD Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001	UOB KAY HIAN SECURITIES (M) SDN BHD 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6637398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006	UOB KAY HIAN SECURITIES (M) SDN BHD No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
ALLIANCE INVESTMENT BANK BERHAD No. 73, Ground Floor & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006	AMINVESTMENT BANK BERHAD 2 nd & 3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
AMINVESTMENT BANK BERHAD 18 th & 31 st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006	HONG LEONG INVESTMENT BANK BERHAD (formerly known as MIMB Investment Bank Berhad) 1 st Floor, No. 9 Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4313688	066-004
HONG LEONG INVESTMENT BANK BERHAD Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388	066-005	HWANGDBS INVESTMENT BANK BERHAD Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
INTER-PACIFIC SECURITIES SDN BHD 95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004	KENANGA INVESTMENT BANK BERHAD Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008	KENANGA INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD No. 33 & 35 (Ground & 1 st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010	KENANGA INVESTMENT BANK BERHAD Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
KENANGA INVESTMENT BANK BERHAD No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4326963	073-017	KENANGA INVESTMENT BANK BERHAD No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222	073-024

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD Suite 16.02, 16.03 & 16.03A Level 16 Menara MSC Cyberport No. 5 Jalan Bukit Meldrum 80300 Johor Bharu Johor Darul Takzim Tel No : 07-2237423	073-019	KENANGA INVESTMENT BANK BERHAD Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	073-025
M&A SECURITIES SDN BHD Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003	M&A SECURITIES SDN BHD 26, Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel No : 07 2366288	057-006
MERCURY SECURITIES SDN BHD Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005	RHB INVESTMENT BANK BERHAD 6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	087-006
RHB INVESTMENT BANK BERHAD 53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	087-009	RHB INVESTMENT BANK BERHAD No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	087-025
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	087-029	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	087-030
RHB INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	087-031	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	087-035

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	087-038	RHB INVESTMENT BANK BERHAD 1 st Floor, No. 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	087-039
RHB INVESTMENT BANK BERHAD Ground, 1 st Floor & 2 nd Floor No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	087-043	PM SECURITIES SDN BHD No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513232	064-005
PM SECURITIES SDN BHD Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008		
PAHANG DARUL MAKMUR			
ALLIANCE INVESTMENT BANK BERHAD A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002	CIMB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007
KENANGA INVESTMENT BANK BERHAD A15, A17 & A19, Ground Floor Lorong Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	073-027	RHB INVESTMENT BANK BERHAD B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	087-007
RHB INVESTMENT BANK BERHAD Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	087-022	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	087-041

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KELANTAN DARUL NAIM			
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	087-020	TA SECURITIES HOLDINGS BERHAD 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
TERENGGANU DARUL IMAN			
ALLIANCE INVESTMENT BANK BERHAD No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1 st & 2 nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009	FA SECURITIES SDN BHD No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	087-027	RHB INVESTMENT BANK BERHAD 31A, Ground Floor 31A & 31B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	087-055
SARAWAK			
AMINVESTMENT BANK BERHAD No. 164, 166 & 168 1 st , 2 nd & 3 rd Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-005	CIMB INVESTMENT BANK BERHAD Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-004
CIMB INVESTMENT BANK BERHAD No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084-367700	065-008	KENANGA INVESTMENT BANK BERHAD Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002	KENANGA INVESTMENT BANK BERHAD No. 11-12 (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
HWANGDBS INVESTMENT BANK BERHAD Ground Floor & 1 st Floor No. 1, Jalan Pending 1 st Floor, No. 3 Jalan Pending 93450 Kuching Sarawak Tel No : 082-341999	068-005	HWANGDBS INVESTMENT BANK BERHAD No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
RHB INVESTMENT BANK BERHAD Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel No : 082-250888	087-003	RHB INVESTMENT BANK BERHAD Lot 170 & 171 Section 49, K.T.L.D Jalan Chan Chin Ann 93100 Kuching Sarawak Tel No : 082-422252	087-008
RHB INVESTMENT BANK BERHAD Lot 1268, 1 st & 2 nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	087-012	RHB INVESTMENT BANK BERHAD 101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	087-013
RHB INVESTMENT BANK BERHAD Ground Floor & 1 st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	087-050	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	087-053
TA SECURITIES HOLDINGS BERHAD 12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No : 084-319998	058-002	TA SECURITIES HOLDINGS BERHAD 2 nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236333	058-006

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address & Telephone Number	ADA Code	Name, Address & Telephone Number	ADA Code
SABAH			
UOB KAY HIAN SECURITIES (M) SDN BHD 11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	078-011	CIMB INVESTMENT BANK BERHAD 1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-005
KENANGA INVESTMENT BANK BERHAD Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	073-032	HWANGDBS INVESTMENT BANK BERHAD Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688	068-008
RHB INVESTMENT BANK BERHAD 5 th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788	087-010	RHB INVESTMENT BANK BERHAD Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel No : 088-258618	087-036
RHB INVESTMENT BANK BERHAD Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	087-057		

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ANNEXURE A: SUMMARY OF LAW

1. SUMMARY OF PRC LAW**1.1 PRC Legal System**

The PRC legal system is based on the PRC Constitution (中华人民共和国宪法) and is made up of written laws, regulations and directives. Decided court cases do not constitute binding precedents. The National People's Congress of the PRC ("NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the state. The NPC has the power to amend the PRC Constitution and to enact and amend primary laws governing the state organs, civil and criminal matters. The Standing Committee of the NPC is empowered to interpret, enact and amend laws other than those required to be enacted by the NPC. The State Council of the PRC is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the State Council of the PRC are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. Administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must not be in conflict with the PRC Constitution or the national laws and, in the event that any conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders enacted by the State Council. The State Council also has the power to annul such directives, orders and regulations issued by its ministries and commissions.

At the regional level, the people's congresses of provinces and municipalities and their standing committees may enact local rules and regulations and the people's government may promulgate administrative rules and directives applicable to their own administrative area. These local laws and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the State Council. Rules, regulations or directives may be enacted or issued at the provincial or municipal level or by the State Council of the PRC or its ministries and commissions in the first instance for experimental purposes. After sufficient experience has been gained, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全国人民代表大会常务委员会关于加强法律解释工作的决议) passed on 10 June 1981, the Supreme People's Court has the power to give general interpretation on application of laws in judicial proceedings apart from its power to issue specific interpretation in specific cases. The State Council and its ministries and commissions are also vested with the power to give interpretation of the rules and regulations which they promulgated. At the regional level, the power to give interpretation of regional laws is vested in the regional legislative and administration organs which promulgate such laws. All such interpretations carry legal effect.

1.2 Judicial System

The People's Courts are the judicial organs of the PRC. Under the PRC Constitution and the Law of Organisation of the People's Courts of the People's Republic of China (中华人民共和国人民法院组织法), the People's Courts comprise the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts are divided into three levels, namely, the basic people's courts, intermediate people's courts and higher people's courts. The basic people's courts are divided into civil, criminal, administrative and economic divisions. The intermediate people's courts have divisions similar to those of the basic people's courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The judicial functions of People's Courts at lower levels are subject to supervision of the People's Courts at higher levels. The people's procuratorates also have the right to exercise legal supervision over the proceedings of People's Courts of the same and lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the People's Courts of all levels.

ANNEXURE A: SUMMARY OF LAW (Cont'd)

The People's Courts adopt a two-tier final appeal system. A party may before the taking effect of a judgment or order appeal against the judgment or order of the first instance of a local people's court to the People's Court at the next higher level. Judgments or orders of the second instance at the next higher level are final and binding. Judgments or orders of the first instance of the Supreme People's Court are also final and binding. If, however, the Supreme People's Court or a People's Court at a higher level finds an error in a final and binding judgment which has taken effect in any People's Court at a lower level, or the presiding judge of a People's Court finds an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be conducted according to the judicial supervision procedures.

The PRC civil procedures are governed by the Civil Procedure Law of the People's Republic of China (中华人民共和国民事诉讼法) (the "**Civil Procedure Law**") adopted on 9 April 1991 and amended on 28 October 2007 and 31 August 2012. The Civil Procedure Law contains regulations on the institution of a civil action, the jurisdiction of the People's Courts, the procedures in conducting a civil action, trial procedures and procedures for the enforcement of a civil judgment or order. All parties to a civil action conducted within the territory of the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a court located in the defendant's place of domicile. The jurisdiction may also be selected by express agreement by the parties to a contract provided that the jurisdiction of the People's Court so selected has some actual connection with the dispute, that is to say, the plaintiff or the defendant is located or domiciled, or the contract was executed or implemented in the jurisdiction selected, or the subject-matter of the proceedings is located in the jurisdiction selected. A foreign national or foreign enterprise is accorded the same litigation rights and obligations as a citizen or legal person of the PRC. If any party to a civil action refuses to comply with a judgment or order made by a People's Court or an award made by an arbitration body in the PRC, the aggrieved party may apply to the People's Court to enforce the judgment, order or award. There are time limits on the right to apply for such enforcement. Where at least one of the parties to the dispute is an individual, the time limit is one (1) year. If both parties to the dispute are legal persons or other entities, the time limit is six (6) months. According to the amendment dated 28 October 2007, the time limit for application of enforcement by both individuals and entities will be unified to two (2) years with effect from 1 April 2008.

A party seeking to enforce a judgment or order of a People's Court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or order. A foreign judgment or ruling may also be recognised and enforced according to PRC enforcement procedures by the People's Courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the People's Court considers that the recognition or enforcement of the judgment or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

1.3 Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (中华人民共和国仲裁法) (the "**Arbitration Law**") was promulgated by the Standing Committee of the NPC on 31 August 1994 and came into effect on 1 September 1995. It is applicable to, among other matters, trade disputes involving foreign parties where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by an agreement provided arbitration as a method for dispute resolution, the parties are not permitted to institute legal proceedings in a People's Court.

ANNEXURE A: SUMMARY OF LAW (Cont'd)

Under the Arbitration Law, an arbitral award is final and binding on the parties and if a party fails to comply with an award, the other party to the award may apply to the People's Court for enforcement. A People's Court may refuse to enforce an arbitral award made by an arbitration committee if there were mistakes, an absence of material evidence or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee. A party seeking to enforce an arbitral award of a foreign affairs arbitration body of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty or bilateral treaty concluded or acceded to by the PRC.

In respect of contractual and non-contractual commercial-law-related disputes which are recognised as such for the purposes of PRC law, the PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award ("New York Convention") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain circumstances including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC at the time of the accession of the PRC that (1) the PRC would only recognise and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC would only apply the New York Convention in disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations.

1.4 Company Law

On 29 December 1993, the Standing Committee of the Eighth National People's Congress adopted the Company Law, which came into effect on 1 July 1994 and was amended for the first time on 25 December 1999, the second time on 28 August 2004 and the third time on 27 October 2005. The newly amended Company Law of PRC (hereinafter referred to as the "Company Law") has been promulgated and became effective from 1 January 2006.

"Company" is a corporate legal person, which possesses the status of a legal person in PRC and be liable for its debts to the extent of all its assets. The term "company" as mentioned in the PRC Company Law refers to a limited liability company (the "LLC") or a joint stock limited company (the "JSLC"). For a LLC, the shareholders bear the responsibility to the company within their capital contributions. For a JSLC, whose registered capital is divided into shares of equal par value, the shareholders bear responsibility to the shares held by them.

(i) Incorporation

The minimum registered capital for a LLC is RMB30,000 while the registered capital threshold for setting up a JSLC is RMB5 million. However, if any specific laws or regulations other than the Company Law prescribe a relatively higher amount of minimum registered capital, such provisions shall prevail.

The amount of the initial capital contributions made by all shareholders shall be no less than 20% of the registered capital (provided that the first capital contribution for a LLC cannot be less than the required minimum registered capital (i.e. RMB30,000)) and the rest shall be paid off by the shareholders within two (2) years as of the incorporation day; as for an investment company, it may be paid off within five (5) years.

A shareholder may make capital contributions in currency, in kind or intellectual property right, land use right or other "non-cash assets" that are transferable and can be monetarily valued. The amount of the capital contributions in currency shall be no less than 30% of the registered capital of the LLC.

ANNEXURE A: SUMMARY OF LAW (Cont'd)

(ii) Corporate governance

The shareholders' meeting, which comprises all the shareholders, is the authority of the company and is the meeting of the company's shareholders to elect the company's directors and supervisors, or review reports on the company's business results, prospects, and plans. Generally, the shareholders exercise their voting rights at the shareholders' meeting based on the shares held by them.

The Board of Directors is a body of elected or appointed persons who jointly oversee the activities of a company and is responsible for the shareholders' meeting. As for a LLC with relatively few shareholders or is relatively small, it may have an executive director assuming the duties of the board to replace the Board of Directors. The executive director may concurrently hold the post of the company's manager.

The Board of Supervisors is a body of elected or appointed persons who jointly check the financial affairs of the company and supervise the acts of the directors and senior managers. No director or senior manager is permitted to concurrently hold the post as a supervisor. The Board of Supervisors shall include representatives of shareholders and representatives of the employees. A LLC, which has relatively few shareholders or is relatively small, may have one (1) or two (2) supervisors, and does not have to establish a Board of Supervisors.

Directors, supervisors, and senior managers shall owe the company a duty of care and loyalty. Directors and senior managers should not, by taking advantage of their powers, accept bribes or other unlawful incomes, or misappropriate the company's property. Further, directors, supervisors and senior managers would be liable for compensation, if they violate PRC laws and regulations or the company's articles of association in performance of their duties and thus cause loss to the company.

(iii) Financial allocations

Pursuant to the Company Law, the company's profit, after paying enterprise income tax and allocating 10% of after-tax profits to the statutory reserve, are available for profits distribution. The allocation may cease when the statutory reserve exceeds 50% of registered capital. The profit distribution shall not be conducted unless the losses of previous fiscal years have been made up.

(iv) Protection of shareholders

The Company Law aims to enhance the protection of shareholders, especially minority shareholders. Set out below is a brief summary of certain provisions with regard to the rights and remedies of shareholders.

(a) Company's books and records.

Shareholders are entitled to check and copy the company's articles of association, financial reports, minutes of the shareholders' meetings, and resolutions of the Board of Directors and the Board of Supervisors. Shareholders of a LLC are also entitled to inspect the company's accounting books and records.

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ANNEXURE A: SUMMARY OF LAW (Cont'd)

(b) Shareholders' meetings and resolutions.

Shareholders holding at least 10% of the voting rights of the company are entitled to convene a shareholders' meeting themselves if both the Board of Directors and the Board of Supervisors are unable to convene such a meeting or if they fail to do so. The Company Law also grants the shareholders the right to revoke any shareholders' or board resolution by an application to the court if either (i) the convening procedures or voting methods adopted in the relevant meeting violate the law or the company's articles of association; or (ii) the resolution itself runs counter to the company's articles of association.

(c) Exit right of LLC shareholders

The Company Law makes it much easier for a shareholder of a LLC to transfer his or her share to an external party. Such shareholder is only required to obtain consent from 50% of the existing shareholders. Other shareholders who do not respond within 30 days are deemed to have agreed on the share transfer. If over 50% of the rest of the shareholders disagree with the share transfer, those disagreeing shareholders would need to purchase the shares. If the disagreeing shareholders refuse the share purchase, they will be deemed to have agreed on the transfer.

On the other hand, shareholders of LLC are entitled to ask the company to repurchase their shares at a reasonable price if they oppose: (i) the company's decision not to distribute dividends for five (5) consecutive profit-making years; (ii) any merger or spin-off of the company or the disposition of the company's major assets; or (iii) the renewal of the company's term of operation upon its expiration or the amendment to the company's articles of association upon the occurrence of any reason for dissolution as specified in the articles.

(d) Right to dissolve a company

When a company meets serious difficulty during its operation, if the continued existence of the difficulty will cause heavy loss to shareholder's interest, and such difficulty cannot be solved by other means, the shareholders holding at least 10% of the voting rights of the company are entitled to plead the People's Court for dissolution of the company.

(e) Derivative suits

Any shareholder of a LLC or shareholders of a JSLC holding more than 1% of the shares for more than 180 consecutive days may bring legal proceedings in their own name in behalf of the company against (i) directors, supervisors, or senior managers who fail to comply with the laws and regulations or the company's articles of association in the course of performing their duties, causing loss to the company; or (ii) third parties infringing the company's rights and interests, causing loss to the company.

1.5 WFOE

WFOEs are governed by the Law of the People's Republic of China Concerning Enterprises with Sole Foreign Investments, which was promulgated on 12 April 1986 and amended on 31 October 2000, and its Implementation Regulations promulgated on 12 December 1990 which was amended on 12 April 2001 (collectively the "Foreign Enterprises Law").

ANNEXURE A: SUMMARY OF LAW (Cont'd)

(i) Procedures for establishment of a WFOE

The establishment of a WFOE will have to be approved by the Ministry of Commerce (“MOFCOM”) (or its delegated authorities). If two (2) or more foreign investors jointly apply for the establishment of a WFOE, a copy of the contract between the parties must also be submitted to MOFCOM (or its delegated authorities) for its approval and record. A WFOE must also obtain a business licence from State Administration of Industry and Commerce SAIC (or its delegated authorities) before it can commence business.

(ii) Nature

A WFOE is a limited liability company under the Foreign Enterprises Law. It is a legal person which may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the foreign investor(s). The liability of the foreign investor(s) is limited to the amount of registered capital contributed. A foreign investor may make its contributions by instalments and the registered capital must be contributed within the period as approved by MOFCOM (or its delegated authorities) in accordance with relevant regulations.

(iii) Profit distribution

The Foreign Enterprises Law provides that after payment of taxes, a WFOE must make contributions to a reserve fund and an employee bonus and welfare fund. The allocation ratio for the employee bonus and welfare fund may be determined by the enterprise. At least 10% of the after tax profits must be allocated to the reserve fund. If the cumulative total of allocated reserve funds reaches 50% of an enterprise’s registered capital, the enterprise will not be required to make any additional contribution. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

Subject to compliance with relevant exchange rules and regulations, a WFOE may remit out of the PRC profits that are lawfully earned in the PRC.

1.6 Taxation

The following is a summary of material tax that applied to foreign investment enterprise (“FIE”):

(i) Income tax

According to the Income Tax Law of the PRC on FIE and Foreign Enterprises, together with its Implementation Rules which came into effect on 1 July 1994 (collectively the “**Applicable Foreign Enterprises Tax Law**”), before 1 January 2008, FIEs were required to pay a national income tax at a rate of 30% of their taxable income and a local income tax at a rate of 3% of their taxable income.

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ANNEXURE A: SUMMARY OF LAW (Cont'd)

A FIE engaged in production having a period of operation of not less than ten (10) years shall be exempted from national income tax for the first two (2) profit-making years and a 50% reduction in the national income tax payable for the next three (3) years ("**Two-year Exemption and Three-year 50% Reduction**"). The income tax concession for FIE engaged in the exploitation of resources such as petroleum, natural gas, rare metals and precious metals are regulated separately by the State Council. FIEs engaged in production established in coastal economic open zones or in the old urban districts of cities where the special economic zones or the economic and technological development zones are located may pay national income taxes at a reduced rate of 24%. A reduced national income tax rate of 15%, may apply to an enterprise located in such regions which is engaged in energy, communication, harbour, wharf or other projects encouraged by the State. FIEs established in special economic zones, foreign enterprises having an establishment in special economic zones engaged in production or business operations and FIEs engaged in production in economic and technological zones may pay national income tax at a reduced rate of 15%. The people's governments of provinces, autonomous regions and municipalities directly under the central government may grant exemptions from or reduce the 3% local income tax for a foreign investment enterprise engaged in an industry or a project encouraged by the State.

Pursuant to the PRC Enterprise Income Tax Law (中华人民共和国企业所得税法) promulgated by the National People's Congress on 16 March 2007, with effect from 1 January 2008, on which its implementation regulations came into force as well (collectively the "**New Income Tax Law**"), FIEs are required to pay income tax at a rate of 25% of their taxable income. Enterprises set up with approval prior to the promulgation of this Enterprise Income Tax Law that enjoy low preferential tax rate in accordance with the tax laws and administrative regulations at the current period may, pursuant to the provisions of the State Council, gradually transit to the tax rate provided herein within five (5) years of the implementation of this law. Where such enterprises enjoy regular tax exemption and reduction, the treatment continues to apply until expiry after the implementation of this law. However, those that fail to be entitled to this treatment by reason of not making any profits, the preferential period shall be calculated from the year this law is implemented.

On 26 December 2007, the State Council promulgated the Circular concerning Implementation of Preferential Policy of Enterprise Income Tax in Transition Period (国务院 关于实施企业所得税过渡优惠政策的通知) ("**Circular**"). Pursuant to the Circular, an enterprise which enjoyed preferential treatment shall gradually transit to the rate of 25%, i.e. an enterprise that used to enjoy the preferential enterprise income tax of 24% should be subject to the enterprise income tax of 25% from 1 January 2008 whilst an enterprise that used to enjoy the preferential enterprise income tax of 15% should be subject to the enterprise income tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 respectively. For an enterprise enjoying preferential policy of Two-year Exemption and Three-year 50% Reduction will continue such enjoyment until its preferential period is completed according to the original PRC laws, administrative regulations and provisions. However, those enterprises that have not enjoyed the aforesaid preferential policy due to them not being profit-making, the preferential period shall commence from 1 January 2008.

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ANNEXURE A: SUMMARY OF LAW (Cont'd)

According to the Notice of the Ministry of Finance and State Administration of Taxation on Several Preferential Policies in Respect of Enterprise Income Tax (财政部、国家税务总局关于企业所得税若干优惠政策的通知) (“**FM&SAT Notice**”) announced on 22 February 2008, other than the preferential policies provided by the PRC Enterprise Income Tax Law, the Implementation Regulations on the PRC Enterprise Income Tax Law, the Circular concerning Implementation of Preferential Policy of Enterprise Income Tax in Transition Period, the Notice of State Council concerning the Transitional Preferential Tax on the High-tech Enterprises Newly Incorporated in Special Economic Zones and Shanghai Pudong New District (国务院关于经济特区和上海浦东新区新设立高新技术企业实行过渡性税收优惠的通知) and the FM&SAT Notice, all the preferential policies on enterprise income tax implemented before 1 January 2008 are annulled. None of the various regions or departments shall exceed the power to issue preferential policies on enterprise income tax.

(ii) Value added tax (“VAT”)

The Provisional Regulations of the People’s Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例) adopted by the State Council on 13 December 1993 and revised on 10 November 2008. Under these regulations and the newly amended Implementing Rules of the Provisional Regulations of the People’s Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例实施细则), VAT is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

The 0.5% VAT rates shall be as follows:

- (a) The 0.5% tax rate for goods sold or imported by taxpayers other than the goods set forth in Items b and c below shall be 17%.
- (b) The tax rate for sale or import of the following goods by taxpayers shall be 13%:
 - (i) grain, edible vegetable oil;
 - (ii) tap water, central heating, air-conditioning, hot water, coal gas, liquid petroleum gas, natural gas, methane, and coal products for use by residents;
 - (iii) books, newspapers, magazines;
 - (iv) feed, chemical fertiliser, agrochemicals, agricultural machinery, agricultural film; and
 - (v) other goods specified by the State Council.
- (c) The tax rate for goods exported by taxpayers shall be zero, except where otherwise determined by the State Council.
- (d) The tax rate for processing and repair and replacement services provided by taxpayers shall be 17%.
- (e) The tax rate for the small-scale taxpayers shall be 3%.

(iii) Business tax

The Provisional Regulations of the People’s Republic of China Concerning Business Tax (中华人民共和国营业税暂行条例) adopted by the State Council on 13 December 1993 and revised on 5 November 2008. Under these regulations and the newly amended Implementing Rules of the Provisional Regulations of the People’s Republic of China Concerning Business Tax (中华人民共和国营业税暂行条例实施细则), businesses that provide services (including entertainment business), assign intangible assets or sell immovable property are subject to business tax at a rate ranging from 3% to 20%, of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be.

ANNEXURE A: SUMMARY OF LAW (Cont'd)**(iv) Tax on dividends from PRC enterprise derived by a non-resident enterprise**

According to the New Income Tax Law, income such as dividends, rental, interest and royalty from the PRC derived by a non-resident enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable Foreign Enterprises Tax Law.

The PRC National Taxation Bureau and Hong Kong signed an Arrangement between the Mainland and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (内地与香港特别行政区关于对所得税避免双重征税和防止偷漏税的安排) on 21 August 2006 (the "Arrangement"). According to the Arrangement and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Arrangement and other applicable laws, the 10% withholding tax on the dividends that the Hong Kong resident enterprise receives from a PRC company may be reduced to 5%. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued on 20 February 2009 by the State Administration of Taxation (the "SAT")(关于执行税收协定股息条款有关问题的通知), or Circular 81, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Circular on How to Interpret and Recognize the "Beneficial Owner" in Tax Treaties (关于如何理解和认定税收协定中“受益所有人”的通知), or Circular 601, issued on October 27, 2009 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Arrangement.

(v) Tax on income from the non-resident enterprises' equity transfer

Capital gains realized by shareholders from sales of shares in the PRC are subject to PRC income tax. On 9 January, 2009, the SAT promulgated the Provisional Measures for the Administration of Withholding of Enterprise Income Tax for Non-resident Enterprises (非居民企业企业所得税源泉扣缴管理暂行办法), or the Non-resident Enterprises Measures, pursuant to which, the entities which have the direct obligation to make certain payments to a non-resident enterprise shall be the relevant tax withholders for such non-resident enterprise. Further, the Non-resident Enterprises Measures provides that in case of an equity transfer between two (2) non-resident enterprises which occurs outside China, the non-resident enterprise which receives the equity transfer payment shall, by itself or engage an agent to, file tax declaration with the PRC tax authority located at place of the PRC company whose equity has been transferred, and the PRC company whose equity has been transferred shall assist the tax authorities to collect taxes from the relevant non-resident enterprise. On 10 December 2009, the SAT issued the Circular of the State Administration of Taxation on Strengthening Administration of Enterprise Income Tax on Non-Resident Enterprises' Equity Transfer Income (关于加强非居民企业股权转让所得企业所得税管理的通知) ("Circular 698"). On 30 April 2009, the SAT and the Ministry of Finance of PRC issued the Circular on Several Issues regarding Corporate Income Tax Treatment of Corporate Restructuring Transactions (财政部、国家税务总局关于企业重组业务企业所得税处理若干问题的通知) ("Circular 59"). Both Circular 698 and Circular 59 became effective retroactively as of 1 January 2008. By promulgating and implementing the above Circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interest in a PRC resident enterprise by a non-resident enterprise. Pursuant to the Circular 698, when a foreign investor (the actual controlling party) transfers a Chinese resident enterprise equity indirectly, if the actual tax rate is lower than 12.5% in the country (region) where the transferred offshore holding company is located or the country (region) does not levy income tax to its resident on

ANNEXURE A: SUMMARY OF LAW (Cont'd)

overseas income, then the enterprise shall provide the documents in accordance with the Circular 698 to the local tax authority where the Chinese resident enterprise registered with within 30 days after the signing of the equity transfer contract. The local tax authority may disregard the existence of the offshore holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC tax at a rate of up to 10%.

Pursuant to Circular 59, enterprises engaged in cross-border equity transfer may benefit from the special tax treatment provided that they satisfy the criteria set forth in the Circular 59.

1.7 Foreign Exchange Control

Major reforms have been introduced on the foreign exchange control system of the PRC since 1993.

The People's Bank of China ("PBOC"), with the authorities of the State Council, issued on 28 December 1993, the Notice on the Further Reform of the Foreign Exchange Control System (中国人民银行关于进一步改革外汇管理体制的通知) and on 26 March 1994 the Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理暂行规定) which came into effect on 1 April 1994 respectively. On 29 January 1996, the State Council promulgated the PRC Foreign Exchange Administration Regulations (中华人民共和国外汇管理条例) which took effect on 1 April 1996 and was revised on 14 January 1997 and 5 August 2008. On 20 June 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理规定) instead of the above Provisional Regulations, which took effect on 1 July 1996. On 25 October 1998, the PBOC and the State Administration for Foreign Exchange issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from 1 December 1998, all foreign exchange transactions for FIEs may only be conducted through authorised banks.

These regulations contain detailed provision regulating the holding, sale and purchase of foreign exchange by individuals, enterprises, economic bodies and social organisations in the PRC.

On 21 July 2005, the Public Announcement of the PBOC on Reforming the RMB Exchange Rate Regime ("**the Announcement**") (完善人民币汇率形成机制改革有关事宜公告) was promulgated by PBOC. In accordance with the Announcement, the PRC government has reformed the RMB exchange rate regime into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, giving more flexibility as compared with the former system in which the RMB was pegged to the US dollar. Under such reformed system, the PBOC announces the closing price of a foreign currency traded against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day, and will make it the central parity for trading against the RMB on the following working day. PRC banks licensed to engage in foreign exchange transactions use the closing price announced by the PBOC as a basis and decide a rate of their own to enter into foreign exchange sale and purchase transactions with customers, such rate shall be within a specified floating band around the central parity which may be adjusted by the PBOC from time to time according to the economic and financial condition in the PRC.

In accordance with the new Foreign Exchange Administration Regulations of PRC promulgated on 5 August 2008, all organisations and individuals, includes FIEs, within the PRC can remit their foreign exchange earnings back to the PRC or deposit them abroad. The terms and conditions for such remittance / deposit are prescribed by SAFE (or its delegated authorities) in accordance with the PRC's international balance of payments and foreign exchange management needs. In relation to PRC enterprises, their foreign exchange earnings under current account can be retained or exchanged through financial institutions that have foreign exchange settlement, sale and payment operations. Before retaining the foreign exchange income under capital account or selling it to any designated financial institution, the approval of the SAFE (or its delegated authorities) shall be obtained, unless it is otherwise provided by the state.

ANNEXURE A: SUMMARY OF LAW (Cont'd)

At present, control on the purchase of foreign exchange is being relaxed. Enterprises which require foreign exchange for their current activities such as trading activities and payment of staff remuneration may purchase foreign exchange from foreign exchange settlement and sales operations of financial institutions, subject to the production of relevant supporting documents without the need for any prior approvals of SAFE.

In addition, where an enterprise requires any foreign exchanges for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by a foreign investment enterprise to its foreign investment party, then subject to the due payment of tax on such dividends the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated banks, and where the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from financial institutions that have foreign exchange settlement, sale and payment operations upon the presentation of the resolutions of the board of directors on the profit distribution plan of the enterprise.

Despite the relaxation of foreign exchange control over current account transaction, the approval or registration procedure of SAFE (or its designated authorities) is still required before a PRC enterprise may borrow a loan in foreign currency or provide any foreign exchange guarantee. To make any direct investment outside of the PRC or engage in business of distribution and trading for securities and derivative products outside PRC, registration is required from SAFE (or its designated authorities). Further, the approval from the relevant authorities may be required before registration can be made effective with SAFE (or its designated authorities).

When conducting actual foreign exchange transactions, the designated banks may, based on the exchange rate published by the PBOC and subject to certain limits, freely determine the applicable exchange rate.

The China Foreign Exchange Trading Centre (中国外汇交易中心) (“CFETC”) was formally established and came into operation in April 1994. CFETC has set up a computerised network with sub-centres in several major cities, thereby forming an interbank market in which designated PRC banks can trade in foreign exchange and settle their foreign currency obligations. Prior to 1 December 1998, enterprises with foreign investment may at their own choice enter into exchange transactions through Swap Centre or through designated PRC banks. From 1 December 1998 onwards, exchange transactions will have to be conducted through designated banks. Swap Centres became restricted to conducting foreign exchange transaction between authorised banks and inter-bank leading between PRC banks.

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ANNEXURE A: SUMMARY OF LAW (Cont'd)

1.8 Labour Law

Pursuant to Labour Law of the PRC (中华人民共和国劳动法), companies must enter into employment contracts with their employees, based on the principles of equality, consent and agreement through consultation. Companies must establish and effectively implement a system of ensuring occupational safety and health, educate employees on occupational safety and health, prevent work-related accidents and reduce occupational hazards. Companies must also pay for their employees' social insurance premium.

The principal regulations governing the employment contract is the PRC Employment Contracts Law (中华人民共和国劳动合同法) (the "**Employment Contracts Law**"), which was promulgated by the Standing Committee of the NPC on 29 June 2007 and came into effect on 1 January 2008. Pursuant to the Employment Contracts Law employers shall establish employment relationship with employees on the date that they start employing the employees, or least, within one (1) month thereafter, otherwise the employer should pay the employee twice the salary every month. To establish employment, a written employment contract shall be concluded, or employers will be liable for the illegal actions. The labour contract may be of a fixed term, indefinite term, or a term until completion of certain work. Unless otherwise stated by the employee, an indefinite labour contract should be established between the employer and the employee (i) who has worked for the employer for more than ten (10) consecutive years; (ii) who has worked for the employer for more than ten (10) consecutive years and is less than ten (10) years from the statutory retirement age, in case of an employer implementing the labour contract system for the first time or immediately reshuffled from a state-owned enterprises; (iii) who has consecutively entered into the labour contract of fixed term twice; and (iv) with whom the employer signs no written contract within one year after commencement of employment. An employer which should have entered into a labour contract of indefinite term but failed to do so should pay the employee twice the salary every month from the date when the employer should have done so. No damages payable by the employee to the employer under a labour contract should be valid unless such damages: (i) is stipulated as compensation for expenses on certain technical training in a written agreement under which the employer finances the employee for such training while the employee promises to work for the employer for a particular term; and (ii) is stipulated in the labour contract or a separated confidentiality agreement under which the employee is obliged to keep confidential the trade secrets and intellectual property-related secrets, and to observe the non-competition clause, while the employer should compensate the employee on a monthly basis within such non-competition period. Furthermore, the probation period and liquidated damages are restricted by the law to safeguard employees' rights and interests.

According to the applicable PRC laws and regulations prior to 1 July 2011, where a company has not made full contributions to social insurance for all its employees, the administrative department of labour security or the tax authority of the PRC may order such company to pay up outstanding contributions within a prescribed time limit and if such company still fails to pay the outstanding contributions within the prescribed time limit, a surcharge for overdue payment equal to 0.2% per day will be imposed on the overdue contributions from the date of the expiration of the prescribed time limit in addition to the unpaid social insurance contributions. According to the new Social Insurance Law which came into effect on 1 July 2011, where a company has not made full contributions to social insurance for all its employees, a surcharge for overdue payment equal to 0.05% per day will be imposed on the overdue contributions since the date of overdue payment.

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ANNEXURE A: SUMMARY OF LAW (Cont'd)

1.9 Environmental Protection Regulations

The Ministry of Environmental Protection (环境保护部) is responsible for the overall supervision and control of environmental protection in the PRC. It formulates national standards for the discharging of waste materials, environmental protection and monitors the PRC's environmental protection system. Environmental protection bureaus at the county level and above are responsible for environmental protection within their respective areas of jurisdiction.

Pursuant to the Environmental Protection Law of the PRC (中华人民共和国环境保护法) adopted by the Standing Committee of the NPC on 26 December 1989, the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

Any company or enterprise which causes environmental pollution and discharges polluting materials that endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during the operation of construction, production and other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants should report and register such discharge with the Administration Supervisory Department of Environmental Protection and pay any fees imposed for the discharge. A fee may also be imposed on the company for the cost of any work required to restore the environment to its original state. Companies which cause severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and / or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time will either be penalised or have their business licences terminated. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the danger and effects of the pollution, as well as to compensate for any losses or damages suffered as a result of such environmental pollution.

2 SUMMARY OF HONG KONG LAW

2.1 Policies on Foreign Investments

Hong Kong has no restrictions on the flow of capital into or out of the territory. In general, there is no restriction on foreign investments into or through Hong Kong. Foreign investors are allowed to freely invest in Hong Kong and may own up to 100% equity in Hong Kong companies without any restrictions or approvals from any government authorities. However, companies operating in certain specific sectors are required to obtain prior approval from the relevant regulators when foreign or local shareholders invest in the regulated sector directly or indirectly. These specific sectors include, but are not limited to banking, civil aviation, public broadcasting and any of the business regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

2.2 Taxation

(i) Profit tax

Hong Kong imposes profit tax on a territorial basis. A person who carries on a trade, profession or business in Hong Kong is chargeable to profits tax on the profits from that trade,

ANNEXURE A: SUMMARY OF LAW (Cont'd)

profession or business which arise in or derive from Hong Kong. This means that generally only profits arising in or derived from Hong Kong are taxable in Hong Kong. Foreign-sourced income is not taxable even if it is remitted to Hong Kong and dividends received from overseas investments are not subject to profits tax as they do not arise in or are not derived from Hong Kong. For the year of assessment 2012/2013, profits tax is levied at a rate of 16.5% for corporations.

(ii) Taxation on dividends

In Hong Kong, there is no capital gains tax, or withholding tax on dividends and interest. Dividends received from overseas investments and dividends paid by Hong Kong companies are not taxable in Hong Kong.

2.3 Other Major Taxes

- (i) Stamp duty:** Stamp duty is payable in respect of instruments of transfers for sale of shares in HK Kanger at the rate of HK\$5.00 and contract notes for sale of shares in HK Kanger at the rate of 0.2% on the transfer price or value of the shares at the time of transfer, whichever is higher. Stamp duty also applies to certain other documents, in particular for conveyance on sale or transfer of immovable property or lease of immovable property in Hong Kong at varying rates.
- (ii) Capital duty:** Capital duty previously levied on Hong Kong companies no longer applies on or after 1 June 2012.
- (iii) Property tax:** Property tax is charged on the owner of any land or buildings in Hong Kong at the standard rate of 15% on the net assessable value of such land or buildings.
- (iv) VAT:** There is presently no VAT or broad-based consumption tax in Hong Kong.

2.4 Exchange Control, Repatriation of Capital, Profits and Dividends

Hong Kong does not impose any controls on foreign exchange. There are no restrictions imposed by governmental laws or regulations of Hong Kong on (i) the repatriation of capital and the remittance of profit by or to HK Kanger; (ii) the availability of cash and cash equivalents for use by HK Kanger; and (iii) the remittance of dividends, interest or other payments to shareholders of HK Kanger.

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