

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF KIM TECK CHEONG CONSOLIDATED BERHAD (“KTC CONSOLIDATED” OR THE “COMPANY”) DATED 28 OCTOBER 2015 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at www.bursamalaysia.com (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, RHB Investment Bank Berhad (“**RHB Investment Bank**”), or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, RHB Investment Bank and KTC Consolidated take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 28 October 2015 and will close at 5.00 p.m. on 12 November 2015 or for such further period or periods as the Directors of KTC Consolidated in their absolute discretion may decide.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



KIM TECK CHEONG CONSOLIDATED BERHAD

(Company No.: 1113927-H)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 142,000,000 NEW ORDINARY SHARES OF RM0.10 EACH IN KIM TECK CHEONG CONSOLIDATED BERHAD (“SHARES”) AT AN ISSUE PRICE OF RM0.15 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:

- 34,000,000 NEW SHARES FOR APPLICATION BY THE PUBLIC;
- 16,255,000 NEW SHARES FOR APPLICATION BY ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF KIM TECK CHEONG CONSOLIDATED BERHAD AND ITS SUBSIDIARY COMPANIES; AND
- 91,745,000 NEW SHARES FOR PLACEMENT TO SELECTED INVESTORS

IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD

ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT



RHB Investment Bank Berhad

(Company Number: 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE REFER TO SECTION 4 OF THIS PROSPECTUS FOR “RISK FACTORS”.

PROSPECTUS

THIS PROSPECTUS IS DATED 28 OCTOBER 2015

PROSPECTUS

KIM TECK CHEONG CONSOLIDATED BERHAD (Company No.: 1113927-H)

www.ktc.com.my

KIM TECK CHEONG CONSOLIDATED BERHAD

Lot 73, Jalan Kilang
SEDCO Light Industrial Estate
Mile 5½, Jalan Tuaran
88450 Kota Kinabalu
Sabah, Malaysia
Tel : +6013-811 0111
Fax : +603-2727 3311

RESPONSIBILITY STATEMENTS

Our Board and Promoters (as defined herein) 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 to the best of their knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

RHB Investment Bank Berhad ("**RHB Investment Bank**"), 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 (as defined herein).

STATEMENTS OF DISCLAIMER

A copy of this Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this Prospectus should not be taken to indicate that the SC recommends our IPO or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

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

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for our Shares (as defined herein). Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our securities.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

The valuation utilised for the purpose of the Acquisitions, IPO and Listing, collectively (as defined in the Definition section of this Prospectus) should not be construed as an endorsement by the SC on the value of the subject assets.

A copy of this Prospectus, together with the application form, has also been lodged with the Registrar of Companies of Malaysia who takes no responsibility for its contents.

OTHER STATEMENTS

Companies listed on the ACE Market of Bursa Securities may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, amongst others, this Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional or adviser.

Our IPO is an exempt transaction under Section 212(8) of the Capital Markets and Services Act 2007 ("**CMSA**") and is therefore not subject to the approval of the SC.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO for which any of the persons set out in Section 236 of the CMSA, e.g. Directors and Advisers, are responsible.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our Shares are issued in Malaysia solely based on the contents of this Prospectus. Our Board, Promoters, Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

The distribution of this Prospectus and the accompanying documents are subject to Malaysian laws. Our Board, Promoters, Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Board, Promoters, Adviser, Sponsor, Underwriter and Placement Agent have not taken any action to permit an IPO of our Shares based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used for an offer to sell or an invitation to buy our Shares in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy our Shares to any person to whom it is unlawful to do so. Our Board, Promoters, Adviser, Sponsor, Underwriter and Placement Agent require you to inform yourself and to observe such restrictions.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You may also obtain a copy of the Electronic Prospectus from the website of Affin Bank Berhad at www.affinOnline.com, Affin Hwang Investment Bank Berhad at trade.affinhwang.com, CIMB Bank Berhad at www.cimbclicks.com.my, CIMB Investment Bank Berhad at www.eipocimb.com, Malayan Banking Berhad at www.maybank2u.com.my, Public Bank Berhad at www.pbepbank.com and RHB Bank Berhad at www.rhb.com.my.

You are advised that the internet is not a fully secured medium and that your internet share application may be subject to risks on data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt about the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the paper/printed copy of this Prospectus, the contents of the paper/printed copy of this Prospectus, which is identical to the copy of the Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (i) we do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, files or other material provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, files or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, files or other materials.

Where an Electronic Prospectus is hosted on the website of an Internet Participating Financial Institution, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institution, and shall not be responsible in any way for the integrity of the contents of the Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institution and thereafter communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities is set out below:

EVENT	TENTATIVE DATE / TIME
Issuance of Prospectus/Opening of application for our IPO	10.00 a.m., 28 October 2015
Closing of application for our IPO	5.00 p.m., 12 November 2015
Balloting of applications	16 November 2015
Allotment of our Shares to successful applicants	23 November 2015
Listing on the ACE Market of Bursa Securities	25 November 2015

Our Board and Promoters together with RHB Investment Bank, may mutually decide at their absolute discretion to extend the date for the closing of applications to any later date or dates. If the date of closing of application is extended, the dates of balloting, allotment and listing would be extended accordingly. We will publish any extension of the date of closing of application in a widely circulated English and Bahasa Malaysia newspapers in Malaysia prior to the original closing date of application. **Late applications will not be accepted.**

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” or “KTC Consolidated” in this Prospectus are to Kim Teck Cheong Consolidated Berhad, while references to “our Group” are to our Company and our Subsidiary Companies. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our key management personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Board (as defined herein).

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies or corporations.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

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

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from us.

The word “approximately” used in this Prospectus is to indicate that a number is not an exact one (1), but that number is usually rounded off to the nearest tenth/hundredth or one/two decimal places. Any numeric discrepancies in the tables included in this Prospectus between the listed amount and the totals thereof are due to rounding differences.

In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Vital Factor Consulting Sdn Bhd, an independent business and market research consulting firm. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our Adviser have independently verified these data. Neither we nor our Adviser make any representation as to the correctness, accuracy or completeness of such data, hence accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Prospectus.

The information on our website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which include all statements other than those of historical facts including amongst others, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our Group's control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Prospectus will be realised.

Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group operates. Additional factors that could cause our Group's actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 - Risk Factors and Section 12 - Management Discussion and Analysis of Financial Condition and Results of Operations of this Prospectus.

These forward-looking statements are based on information available to us as at the date of this Prospectus. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements that are contained herein.

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DEFINITIONS

Unless otherwise defined or the context otherwise requires, the following definitions shall apply throughout this Prospectus:

ACE Market	The alternative market of Bursa Securities
Acquisitions	Acquisition of AMDA Marketing, Acquisition of Creamos Malaysia, Acquisition of KTC Brands, Acquisition of KTC Distribution, Acquisition of KTC Sarawak, Acquisition of KTC Sdn Bhd, Acquisition of KTC Tawau, collectively
Acquisition of AMDA Marketing	Acquisition by KTC Consolidated of the entire equity interests in AMDA Marketing comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM4,041,409, which was fully satisfied by the issuance of 24,467,680 new Shares and 1,594,641 RCPS
Acquisition of Creamos Malaysia	Acquisition by KTC Consolidated of the entire equity interests in Creamos Malaysia comprising 500,000 ordinary shares of RM1.00 each for a purchase consideration of RM59,438, which was fully satisfied by the issuance of 359,850 new Shares and 23,453 RCPS
Acquisition of KTC Brands	Acquisition by KTC Consolidated of the entire equity interests in KTC Brands comprising two (2) ordinary shares of RM1.00 each for a purchase consideration of RM139,829, which was fully satisfied by the issuance of 846,560 new Shares and 55,173 RCPS
Acquisition of KTC Distribution	Acquisition by KTC Consolidated of the entire equity interests in KTC Distribution comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM5,797,687, which was fully satisfied by the issuance of 35,100,610 new Shares and 2,287,626 RCPS
Acquisition of KTC Sarawak	Acquisition by KTC Consolidated of 80% of the equity interests in KTC Sarawak comprising 40,000 ordinary shares of RM1.00 each for a purchase consideration of RM3,038,700, which was fully satisfied by the issuance of 18,397,030 new Shares and 1,198,997 RCPS
Acquisition of KTC Sdn Bhd	Acquisition by KTC Consolidated of the entire equity interests in KTC Sdn Bhd comprising 600,000 ordinary shares of RM1.00 each for a purchase consideration of RM36,768,480, which was fully satisfied by the issuance of 222,605,350 new Shares and 14,507,945 RCPS
Acquisition of KTC Tawau	Acquisition by KTC Consolidated of the entire equity interests in KTC Tawau comprising 500,000 ordinary shares of RM1.00 each for a purchase consideration of RM10,984,013, which was fully satisfied by the issuance of 66,499,900 new Shares and 4,334,023 RCPS
Act	The Companies Act, 1965 (Act 125)
ADA	Authorised Depository Agent
ADA Code	ADA (Broker) Code
Admission	Admission of securities to the Official List of the ACE Market and “admitted” will be construed accordingly
AGM	Annual general meeting of KTC Consolidated
AMDA Marketing	AMDA Marketing (Sabah) Sdn Bhd (630740-K)

DEFINITIONS (Cont'd)

Application(s)	The application for the IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
Application Form(s)	The application form(s) used in applying for the IPO Shares which include the White Application Form(s) and the Pink Application Form(s)
Article of Association	Article of association of KTC Consolidated
ATM	Automated Teller Machine
Benedick Lau	Dr. Benedick Vicpaul Lau
BND	Brunei Dollar
Board of Directors	Board of Directors of KTC Consolidated
Bursa Depository	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W)
CCM	Companies Commission of Malaysia
CDS	Central Depository System
Central Depositories Act	The Securities Industry (Central Depositories) Act 1991 (Act 453)
CL	Country Lease
CMSA	The Capital Markets and Services Act 2007 (Act 671)
Coca-cola	Coca-cola Refreshments Malaysia Sdn Bhd
Creamos Malaysia	Creamos (Malaysia) Sdn Bhd (986018-T)
Danone Dumex	Danone Dumex (Malaysia) Sdn Bhd
Datin Lim	Y. Bhg. Datin Lim Fook Len @ Lim Su Chin
Datuk Kamal	Y. Bhg. Datuk Deleon Quadra @ Kamal Quadra
Datuk Lau	Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing
Depositor	A holder of a Securities Account
Dexter Lau	Lau Wei Dick @ Dexter Dick Lau
EBITDA	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	A copy of this Prospectus that is issued, circulated or distributed via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs
Electronic Share Application	Application for our IPO Shares through a Participating Financial Institution's ATM
Eligible Employees	Employees of KTC Group (excluding Directors) selected in accordance with the criteria set out in Section 3.1.1(ii)

DEFINITIONS (Cont'd)

EPS	Earnings per share
ERP	Enterprise Resource Planning
Euro	the official currency of selective member countries of the European Union
FPE	Financial Period Ended / Ending
FYE	Financial Year Ended / Ending
GP	Gross Profit
IMR Report	Report on the Independent Assessment of the Distribution of Consumer Packaged Goods in Malaysia by Vital Factor as included in Section 7 of this Prospectus
Independent Business and Market Research Consultants	Vital Factor Consulting Sdn Bhd (266797-T)
Independent Property Valuer	Henry Butcher Malaysia (Sabah) Sdn Bhd (328470-P)
Internet Participating Financial Institution(s)	Participating financial institution(s) in the Internet Share Application, as listed in Section 17.6.2 of this Prospectus
Internet Share Application	Application for the IPO Shares through an Internet Participating Financial Institution
IPO	Public issue of 142,000,000 new Shares at the Issue Price payable in full upon application comprising: <ul style="list-style-type: none"> • 34,000,000 new Shares for application by the Public; • 16,255,000 new Shares for application by Eligible Employees and persons who have contributed to the success of our Group; and • 91,745,000 new Shares for placement to selected investors in conjunction with the Listing of KTC Consolidated on the ACE Market
IPO Share(s)	142,000,000 new Shares which are the subject of the IPO
ISO	International Organisation for Standardisation
Issue Price	RM0.15 per IPO Share
Issuing House	Tricor Investor & Issuing House Services Sdn Bhd
JAKIM	Department of Islamic Development Malaysia
KM	Kilometres
KTC Brands	Kim Teck Cheong Brands Sdn Bhd (1034611-A)

DEFINITIONS (*Cont'd*)

KTC Capital	Kim Teck Cheong Capital Sdn Bhd (1027002-H)
KTC Consolidated or Company	Kim Teck Cheong Consolidated Berhad (1113927-H)
KTC Distribution	Kim Teck Cheong Distribution Sdn Bhd (792350-X)
KTC Group or our Group	KTC Consolidated and its Subsidiary Companies, collectively
KTC Holdings	Kim Teck Cheong Holdings Sdn Bhd (1021942-P)
KTC Sarawak	Kim Teck Cheong (Sarawak) Sdn Bhd (555719-D)
KTC Sdn Bhd	Kim Teck Cheong Sdn Bhd (23117-H)
KTC Tawau	Kim Teck Cheong (Tawau) Sdn Bhd (97320-X)
Labuan	Federal Territory of Labuan, Malaysia
LAT	Loss after taxation
LBT	Loss before taxation
Lindfay Lau	Dr. Lindfay Laura Lau
Listing	Admission, listing of and quotation for the Shares on the ACE Market
Listing Requirements	The ACE Market Listing Requirements
LKS Assets	LKS Assets Sdn Bhd (975964-V) (formerly known as Kim Teck Cheong Properties Sdn Bhd)
LKS Land	LKS Land Sdn Bhd (1007836-X) (formerly known as KTCH Properties Sdn Bhd)
Lot 1A, 2A & 3A	All that piece of leasehold land held under three (3) parcel of land titles CL 105508601, CL 105508610 and CL 105508629, District of Tawau, State of Sabah and bearing the postal address at TB9889, Lot 1A, 2A and 3A, Perdana Square, KM 6, Jalan Apas, 91000 Tawau, Sabah
Lot 3	All that piece of leasehold land held under Master Title CL 015585501, District of Kota Kinabalu, State of Sabah and bearing the postal address at Lot No. 3, Lorong 1F KKIP Selatan, Industrial Zone 4 (I.Z. 4), Kota Kinabalu Industrial Park, 88460 Telipok, Kota Kinabalu, Sabah
Lot 5	All that piece of leasehold land held under Master Title CL 015585501, District of Kota Kinabalu, State of Sabah and bearing the postal address at Lot No. 5, Jalan 1F K.K.I.P, Kota Kinabalu Industrial Park (KKIP), Industrial Zone 4 (IZ4), 88460 Kota Kinabalu, Sabah
Lot 22	All that piece of leasehold land held under land title CL 015379674, District of Kota Kinabalu, State of Sabah and bearing the postal address at Lot 22, Jalan Kilang, SEDCO Light Industrial Estate, Kolombong, off KM 9, Jalan Tuaran, 88450 Kota Kinabalu

DEFINITIONS (Cont'd)

Lot 73	All that piece of leasehold land held under land title CL 015424423, District of Kota Kinabalu, State of Sabah and bearing the postal address at Lot 73, Jalan Kilang, SEDCO Light Industrial Estate, Kolombong, off KM 9, Jalan Tuaran, 88450 Kota Kinabalu
Lot 74A	All that piece of leasehold land held under land title CL 015620701, District of Kota Kinabalu, State of Sabah and bearing the postal address at Lot 74A, Jalan Kilang, SEDCO Light Industrial Estate, Kolombong, off KM 9 Jalan Tuaran, 88450 Kota Kinabalu
Lot 74B	All that piece of leasehold land held under land title CL 015620710, District of Kota Kinabalu, State of Sabah and bearing the postal address at Lot 74B, Jalan Kilang, SEDCO Light Industrial Estate, Kolombong, off KM 9 Jalan Tuaran, 88450 Kota Kinabalu
LPD	30 September 2015, being the last practicable date for information to be obtained and disclosed in this Prospectus prior to its registration with the SC. All information provided in this Prospectus shall be as at LPD unless stated otherwise
Market Day	A day on which Bursa Securities is open for trading in securities
MFRS	Malaysian Financial Reporting Standards
NA	Net assets attributable to ordinary shareholders of KTC Consolidated
NCA	Net carrying amount
Official List	A list specifying all securities which have been admitted for listing on the ACE Market and not removed
P&G	Procter & Gamble (Malaysia) Sdn Bhd
Participating Financial Institution(s)	Participating financial institution(s) for Electronic Share Application as listed in Section 17.5.2 of this Prospectus
PAT	Profit after taxation
PBT	Profit before taxation
PE Multiple	Price earnings multiple
Pink Application Form(s)	Application form(s) to be used by the Eligible Employees and persons who have contributed to the success of our Group for their respective share allocations under the IPO
PPE	Property, plant and equipment
Prescribed Security	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules of Depository
Promoters	KTC Holdings, KTC Capital, Datuk Lau, Dexter Lau, Lim Hui Kiong, Datin Lim, Benedick Lau and Lindfay Lau, collectively
Prospectus	This Prospectus dated 28 October 2015

DEFINITIONS (Cont'd)

Public	All persons or members of the public but excluding our Directors, substantial shareholders and person connected or associated with them (as defined in the Listing Requirements)
RCPS	Redeemable convertible preference shares of RM1.00 each in KTC Consolidated
RHB Investment Bank or Adviser or Sponsor or Underwriter or Placement Agent	RHB Investment Bank Berhad (19663-P)
RM and sen	Ringgit Malaysia and sen respectively, the legal currency of Malaysia
Rules of Depository	The Rules of Bursa Depository
SAP	SAP Business Management Software
SC	Securities Commission Malaysia
Securities Account	An account established by the Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
Share(s)	Ordinary share(s) of RM0.10 each in KTC Consolidated
Subsidiary Companies	AMDA Marketing, Creamos Malaysia, KTC Brands, KTC Distribution, KTC Sarawak, KTC Sdn Bhd and KTC Tawau, collectively
Tengku Zatashah	Y.A.M. Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah
Tohtonku	Tohtonku Sdn Bhd
Underwriting Agreement	The underwriting agreement dated 5 October 2015 entered into between KTC Consolidated and the Underwriter for the underwriting of up to 50,255,000 IPO Shares upon the terms and subject to the conditions contained therein
USD	United States Dollar
White Application Form(s)	Application form(s) to be used by the Public for their respective share applications for the IPO Shares
Wipro Unza	Wipro Unza (Malaysia) Sdn Bhd

GLOSSARY OF TECHNICAL TERMS AND ACRONYMS

Below are descriptions/definitions of some of the technical terms and abbreviations commonly found in our industry:

AAGR	Average annual growth rate
brand owners	In the context of this Prospectus, brand owners hold the proprietary rights to the brand(s) and are the source for the supply of products to the distributors. They are also sometimes referred to as principals.
chilled food	Food that is stored in temperature controlled chiller rooms or refrigerators to preserve the quality of the food.
cold room storage facilities	In the context of this Prospectus, cold room storage facilities refer to both chiller and freezer facilities.
CPG	Consumer packaged goods. Broadly defined as mass produced consumer goods that are non-durable and are consumed or used frequently by consumers and/or households. However, it is common for CPG to also refer to as fast moving consumer goods, packaged and branded products. This effectively excludes fresh food and produce without packaging, as well as bulk goods and commodities sold in loose forms.
distribution centre	In the context of this Prospectus, each distribution centre comprised, at the very least, a warehousing facility while other distribution centres have a combination of, either a head office, an administration office or branch office together with warehousing facilities.
distributors	Resellers of CPG in bulk form to retailers and other bulk purchasers. Some distributors are appointed by brand owners while others do not represent any brand owners but buy in bulk from various sources.
dry food	Refers to food that can be stored under ambient temperature and generally does not require refrigeration.
end-consumer/user	Individual person, household or entity that directly consumes or uses the product in its original purchased form.
EPP	Entry Point Project
ETP	Economic Transformation Programme
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GNI	Gross National Income
GST	Goods and Services Tax
F&B product	F&B product is an abbreviation for food and beverage products. Food refers to edible products in its raw, preserved, or processed form excluding tobacco unless otherwise specified. Beverages refer to non-alcoholic beverages, unless otherwise specified.

GLOSSARY OF TECHNICAL TERMS AND ACRONYMS (Cont'd)

food services sector	The food services sector comprises enterprises that are involved in the provision of ready-to-consume food and beverages away from home. Food services enterprises include, among others, restaurants, hawker stalls, cafes, pubs, canteens, catering services and other eateries.
food service outlets	In the context of this Prospectus, food service outlets include restaurants, bakeries, hawker stalls, caterers, hotels, recreational clubs and other eateries.
fresh food	Food in its raw form that is neither preserved nor processed.
frozen food	Food that is stored in freezers to prolong storage time and preserve the food quality for later preparation or consumption.
HACCP	Hazard analysis and critical control points
health supplements	Products that are intended to supplement the diet with one or more dietary substances, or for health purposes. These include vitamins, minerals, fibre, amino acids, fatty acids and other extracts from plants and animals. Health supplements are sometimes referred to as dietary supplement, food supplement or nutritional supplement.
household products	Household products primarily used by the whole household as well as for the care of the house comprising products used in the kitchen, laundry, bathroom, toilet, living room, bedroom and other parts of the house.
intermediaries	Operators that provide linkages between the brand owners and end-consumers/users. Intermediaries in the CPG supply chain include distributors, wholesalers, agents and retailers.
kg	Kilogram
NKEA	National Key Economic Areas
OTC (over-the-counter) drugs	Medicinal products that are made available to the public without the need for professional supervision or prescription. These drugs are commonly used for self-medication to treat minor ailments and conditions.
own brands of CPG	In the context of this Prospectus, own brands of CPG refers collectively to all the brands that are owned by the KTC Group and this includes 'Orie' for frozen and dry food, 'Bamble' for wet tissue, and 'Creamos' for bakery products.
personal care products	Non-durable products that cater to the care of the individual consumer and are used primarily for personal hygiene, external protection and care of the body or for beautification purposes.
pharmaceutical products	Any substance or mixture of substances that are intended to be used for medicinal or health purposes. These include scheduled drugs, over-the-counter drugs, health supplements and traditional medicine.

GLOSSARY OF TECHNICAL TERMS AND ACRONYMS (Cont'd)

retail format	Types and methods of retailing including store-based and non-store based retailing. Examples include retailing through departmental stores, specialist stores, hypermarkets, supermarkets, minimarkets, convenience stores, sundry shops, Chinese medical halls, pharmacies, health food stores, street stalls, e-commerce and direct selling.
retailers	Operators that are involved in the retail trade and these comprised store based retailers and non-store retailers. In the context of this Prospectus, retail outlets include hypermarkets, supermarkets, departmental stores, sundry shops, convenience stores, pharmacies, petrol kiosks, Chinese medical halls, electrical and electronic hardware stores, clothing stores, stationery stores and book shops.
sales and distribution points	In the context of this Prospectus, sales and distribution points refer to the final delivery destinations from distribution centres, which include retail outlets, food service outlets, wholesalers and distributors.
SKU (stock keeping unit)	A unique identifier for each distinct product and service that can be purchased.
sq ft	Square feet
sq m	Square metre
third party brands	In the context of this Prospectus, third party brands refer to brands that are distributed for brand owners, which are also inclusive of the respective appointed distributors for brand owners.
TUKAR	Small Retailer Transformation Programme
warehousing facility	A place used for the storage of goods and merchandise
wholesalers	Operators that purchase in bulk for further resale in bulk primarily in its original purchased form. In the context of this Prospectus, wholesalers including smaller enterprises that supply to sundry shops and other retailers in outskirts areas of city or town centres.

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Address	Profession	Nationality
Y. Bhg. Datuk Deleon Quadra @ Kamal Quadra	Independent Non-Executive Chairman	No. 156, Taman Winley Jalan Kepayan 88200 Kota Kinabalu Sabah, Malaysia	Director	Malaysian
Tan Jwee Peng	Senior Independent Non-Executive Director	51, Taman Hilltop Lorong Gunung Ulu Merak 1 Jalan Kolam 88100 Kota Kinabalu Sabah, Malaysia	Lawyer	Malaysian
Y.A.M.Tengku Datin Paduka Setia Zatahah Binti Sultan Sharafuddin Idris Shah	Independent Non-Executive Director	Kirana Residence Apt 7-15-2 7 Jalan Pinang 50450 Kuala Lumpur	Director	Malaysian
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	Non-Independent Managing Director	H2A Lot 561 Lorong Raja Udang 10 Taman Kingfisher Phase 2 Jalan Kingfisher 88400 Kota Kinabalu Sabah, Malaysia	Director	Malaysian
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	Non-Independent Non-Executive Director	H2A Lot 561 Lorong Raja Udang 10 Taman Kingfisher Phase 2 Jalan Kingfisher 88400 Kota Kinabalu Sabah, Malaysia	Director	Malaysian
Lau Wei Dick @ Dexter Dick Lau	Non-Independent Executive Director	L2-8, 2 nd Floor, Block B Peak Vista Condominium Jalan Tanjung Lipat 88400 Kota Kinabalu Sabah, Malaysia	Director	Malaysian
Lim Hui Kiong	Non-Independent Executive Director	No. 3165 Taman Fook On Mile 2.5, Jalan Sin On 91000 Tawau Sabah, Malaysia	Director	Malaysian
Wee Hock Kee	Independent Non-Executive Director	No. 78, BU 11/7 Bandar Utama 47800 Petaling Jaya Selangor, Malaysia	Accountant	Malaysian

1. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Wee Hock Kee	Chairman	Independent Non-Executive Director
Tan Jwee Peng	Member	Senior Independent Non-Executive Director
Y.A.M.Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Y.A.M.Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah	Chairman	Independent Non-Executive Director
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	Member	Non-Independent Managing Director
Wee Hock Kee	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Tan Jwee Peng	Chairman	Senior Independent Non-Executive Director
Y.A.M.Tengku Datin Paduka Setia Zatashah Binti Sultan Sharafuddin Idris Shah	Member	Independent Non-Executive Director
Wee Hock Kee	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Wong Youn Kim (MAICSA 7018778)
HMC Corporate Services Sdn Bhd
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel no.: +603-2241 5800
Fax no.: +603-2282 5022
- REGISTERED OFFICE** : Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel no.: +603-2241 5800
Fax no.: +603-2282 5022
- HEAD OFFICE** : Lot 73, Jalan Kilang
SEDCO Light Industrial Estate
Mile 5 ½ Jalan Tuaran
88450 Kota Kinabalu
Sabah, Malaysia
Tel no.: +6013-811 0111
Fax no.: +603-2727 3311
Email: investrelation@ktc.com.my
Website: www.ktc.com.my
- AUDITORS AND REPORTING ACCOUNTANTS** : Baker Tilly Monteiro Heng (AF 0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan
Tel no.: +603-2297 1000
Fax no.: +603-2282 9980
- SOLICITORS** : Azman Davidson & Co
Suite 13.03, 13th Floor
Menara Tan & Tan
207, Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Tel no.: +603-2164 0200
Fax no.: +603-2164 0280
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)
V Square @ PJ Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor
Tel no.: +603-7931 3188
Fax no.: +603-7931 2188

1. CORPORATE DIRECTORY (Cont'd)

PRINCIPAL BANKERS

: Amlslamic Bank Berhad (295576-U)
Level 6, Wisma Fook Loi
No.38, Jalan Gaya
88000 Kota Kinabalu
Sabah
Tel no.: +6088 213 488
Fax no.: +6088 221 050

CIMB Bank Berhad (13481-P)
19th Floor, Menara Bumiputra-Commerce
11 Jalan Raja Laut
50350 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel no.: +603-2619 1188
Fax no.: +603-2691 0398

Hong Leong Bank Berhad (97141-X)
Kota Kinabalu Business Centre
19, Jalan Haji Saman
88000 Kota Kinabalu
Sabah, Malaysia
Tel no.: +6088-233 838
Fax no.: +6088-233 908

HSBC Bank Malaysia Berhad (127776-V)
56, Jalan Gaya
88000 Kota Kinabalu
Sabah, Malaysia
Tel no.: +6088-212 622
Fax no.: +6088-213 041

Malayan Banking Berhad (3813-K)
2nd Floor, Bangunan Maybank
No. 1, Lorong Kemajuan, Karamusing
88000 Karamusing
Sabah, Malaysia
Tel no.: +6088-246 272
Fax no.: +6088-235 511

ISSUING HOUSE AND SHARE REGISTRAR

: Tricor Investor & Issuing House Services Sdn Bhd
(11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel no.: +603-2783 9299
Fax no.: +603-2783 9222

1. CORPORATE DIRECTORY (Cont'd)

- INDEPENDENT PROPERTY VALUER** : Henry Butcher Malaysia (Sabah) Sdn Bhd (328470-P)
Suite 326, 3rd Floor
Wisma Sabah
88000 Kota Kinabalu
Sabah, Malaysia
Tel no.: +6088-255 000
Fax no.: +6088-257 333
- INDEPENDENT INTERNAL CONTROL CONSULTANTS** : Audex Governance Sdn Bhd (469101-V)
B10-15 Tower B, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Tel no.: +603-2166 1229
Fax no.: +603-2166 8229
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : RHB Investment Bank Berhad (19663-P)
Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Tel no.: +603-9287 3888
Fax no.: +603-9287 2233/3355/4770
- LISTING SOUGHT** : ACE Market of Bursa Securities

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2. INFORMATION SUMMARY

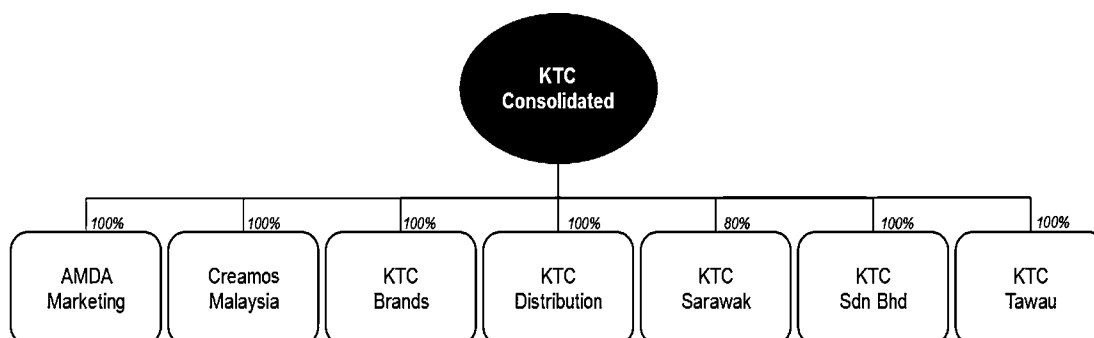
THIS INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS BEFORE DECIDING WHETHER TO INVEST IN OUR SHARES. YOU ARE ADVISED TO READ THE RISK FACTORS DESCRIBED IN SECTION 4 OF THIS PROSPECTUS FOR AN UNDERSTANDING OF THE RISKS ASSOCIATED WITH THE INVESTMENT IN OUR COMPANY.

2.1 OUR HISTORY AND BUSINESS

We were incorporated in Malaysia under the Act on 17 October 2014 as a private limited company under the name of Kim Teck Cheong Consolidated Sdn Bhd. Subsequently, on 31 October 2014, our Company was converted into a public limited company and assumed our present name. We were incorporated as an investment holding company to facilitate our Listing.

We had undertaken the Acquisitions prior to our Listing, details of which are as set out in Section 5.4.1 of this Prospectus. AMDA Marketing, Creamos Malaysia, KTC Brands, KTC Distribution, KTC Sdn Bhd and KTC Tawau became our wholly-owned subsidiary companies and KTC Sarawak became our 80% owned subsidiary company pursuant to the Acquisitions.

Our Group structure is as follows:



The details of our principal activities are as follows:

Company	Principal Activities
KTC Consolidated	Investment holding
AMDA Marketing	Distribution of CPG ⁽¹⁾
Creamos Malaysia	Manufacture of bakery products
KTC Brands	Brand owner ⁽²⁾ and procurement arm for KTC Group's own brand of products
KTC Distribution	Distribution of CPG, focusing on F&B products ⁽³⁾
KTC Sarawak	Distribution of CPG ⁽⁴⁾
KTC Sdn Bhd	Distribution of CPG ⁽⁵⁾
KTC Tawau	Distribution of CPG ⁽⁶⁾

2. INFORMATION SUMMARY (Cont'd)

Notes:

- (1) *Mainly focused on distribution of "P&G" products in Sabah and Labuan.*
- (2) *Ownership of brands refers to 'Orie' and 'Bamble'.*
- (3) *Mainly focused on distribution of F&B products in Sabah and Labuan.*
- (4) *Mainly focused on distribution of CPG in Sarawak and surrounding areas.*
- (5) *Mainly focused on distribution of non-food related brands.*
- (6) *Mainly focused on distribution of CPG in Tawau and surrounding areas.*

For further details, please refer to Section 6.2.1 for the geographical coverage of our Subsidiary Companies.

Overview

We are in the business of providing market access and coverage of CPG where we are involved in the distribution and warehousing of third party brands as well as our own brands of products. Within our portfolio of third party brands, we cover F&B products including dry, frozen and chilled food, as well as beverages while non-food products include personal care, household, baby care, OTC drugs and health supplements. In addition, we are also continually building on the distribution and warehousing of our own brands of CPG which includes frozen, dry food products as well as beverage products. As at LPD, we provide market access and coverage of CPG in East Malaysia namely Sabah, Labuan and Sarawak where we have a total of eighteen (18) distribution centres with warehousing facilities, of which thirteen (13) were in Sabah, three (3) in Sarawak and two (2) in Labuan. This is inclusive of our own facilities, rented facilities as well as facilities provided by outsourcing parties. A small proportion of our business is in the manufacture of our own brand of bakery products, which commenced in February 2014.

Our business operations are currently headed by our Non-Independent Managing Director, Datuk Lau who has been instrumental in the growth and strategic direction of our Group. He is supported by our Non-Independent Executive Directors, Dexter Lau and Lim Hui Kiong, both whom are responsible for the day-to-day operations of our Group.

Our business strategy is to focus on increasing market access and coverage of CPG by continually expanding our market reach through the number of distribution points. Distribution points are an indication of our ability to improve market penetration of CPG in terms of the final delivered destinations from our distribution centres. From FYE 30 June 2012 to FYE 30 June 2015, our sales and distribution points increased from 2,678 to 5,965 sales and distribution points, representing an AAGR of 30.60%. As at LPD, we have access to 6,419 sales and distribution points in East Malaysia. As for the growth in our customers, we expanded our customer base from 2,733 for FYE 30 June 2012 to 5,939 for FYE 30 June 2015, representing an AAGR of 29.53%. As for the bakery manufacturing business, our strategy is two-prong, one of which is continually increase brand awareness of "Creamos" while expanding our market reach to other areas beyond Kota Kinabalu, Sandakan, Tawau and Labuan. As at LPD, we are producing approximately 38,000 pieces of cream rolls per day.

Our competitive advantages and key strengths including our historical track record, experienced Directors and key management personnel, coverage of recognisable brands of CPG as well as our distribution network and infrastructure would provide us with the platform to grow our business. From FYE 30 June 2012 to FYE 30 June 2015, our revenue and gross profit increased at an AAGR of 14.39% and 16.92% respectively.

For further details on our history and competitive advantages and key strengths, please refer to Section 5.1 and 6.1.1 (c) of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.2 FINANCIAL HIGHLIGHTS

2.2.1 Proforma Consolidated Statements of Profit or Loss and Other Comprehensive Income

The table below sets out our proforma consolidated statement of profit or loss and other comprehensive income for the past four (4) FYE 30 June 2012 to FYE 30 June 2015, which have been prepared for illustrative purposes only assuming that our current Group structure has been in existence throughout the financial years under review.

You should read the summary of our proforma consolidated statements of profit or loss and other comprehensive income for the past four (4) FYE 30 June 2012 to FYE 30 June 2015 which have been presented below together with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12 of this Prospectus and the Reporting Accountants' Report on the Compilation of the Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	<----- Proforma ----->			
	<----- Audited ----->			
	<----- FYE 30 June ----->			
	2012	2013	2014	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	200,332	222,731	229,530	299,866
Cost of sales	(174,638)	(195,374)	(200,681)	(258,796)
Gross profit	25,694	27,357	28,849	41,070
Other income				
- net fair value adjustment on assets held for distribution	-	7,090	-	-
- others	872	1,157	809	1,758
Selling and distribution expenses	(10,779)	(11,899)	(12,564)	(18,124)
Administrative expenses	(7,085)	(7,375)	(6,612)	(8,961)
Other operating expenses	(941)	(671)	(783)	(1,583)
Operating profit	7,761	15,659	9,699	14,160
Finance costs	(2,161)	(2,055)	(2,312)	(3,808)
PBT	5,600	13,604	7,387	10,352
Income tax expenses	(1,632)	(1,866)	(1,836)	(3,274)
PAT/Net profit for the financial years	3,968	11,738	5,551	7,078
Other comprehensive income, net of taxation:				
Revaluation of property, plant and equipment	-	-	-	23,732
Total comprehensive income for the financial years	3,968	11,738	5,551	30,810
Net profit for the financial years attributable to				
- Owners of KTC Consolidated	3,895	11,580	5,485	7,050
- Non-controlling interests	73	158	66	28
	3,968	11,738	5,551	7,078
Total comprehensive income for the financial years attributable to				
Owners of KTC Consolidated	3,895	11,580	5,485	30,782
Non-controlling interests	73	158	66	28
	3,968	11,738	5,551	30,810

2. INFORMATION SUMMARY (Cont'd)

	<----- Proforma ----->			
	<----- Audited ----->			
	<----- FYE 30 June ----->			
	2012	2013	2014	2015
	RM'000	RM'000	RM'000	RM'000
Operating profit				
PBT	5,600	13,604	7,387	10,352
Excluding the net fair value adjustment on assets held for distribution	-	(7,090)	-	-
Operating PBT	5,600	6,514	7,387	10,352
Income tax expenses	(1,632)	(1,866)	(1,836)	(3,274)
Operating PAT	3,968	4,648	5,551	7,078
Non-controlling interests	(73)	(158)	(66)	(28)
Operating PAT attributable to the owners	3,895	4,490	5,485	7,050
EBITDA				
PAT	3,968	11,738	5,551	7,078
Income tax expenses	1,632	1,866	1,836	3,274
Finance costs	2,161	2,055	2,312	3,808
Depreciation	1,493	1,187	1,297	2,129
Interest income	(228)	(276)	(214)	(134)
EBITDA	9,026	16,570	10,782	16,155
Effective tax rate (%)	29.14	13.72	24.85	31.63
GP margin (%)	12.83	12.28	12.57	13.70
PBT margin (%)	2.80	6.11	3.22	3.45
PAT margin (%)	1.98	5.27	2.42	2.36
Operating PAT ⁽¹⁾ margin (%)	1.94	2.02	2.39	2.35
Number of ordinary shares of RM0.10 each assumed to be in issue ('000) *	368,277	368,277	368,277	368,277
Gross EPS (sen) **	1.52	3.69 ⁽²⁾	2.01	2.81
Net EPS (sen) ***	1.06	3.14 ⁽²⁾	1.49	1.91
Diluted EPS (sen) ^	0.74	2.19 ⁽²⁾	1.04	1.33
Adjusted net EPS (sen)				
- assumed no conversion of the RCPS ^{^^}	0.76	2.27 ⁽²⁾	1.07	1.38
- assumed full conversion of the RCPS ^{^^^}	0.58	1.73 ⁽²⁾	0.82	1.05

Notes:

- * Based on the number of Shares in issue after the Acquisitions but before our IPO.
- ** The gross EPS is computed based on the consolidated PBT divided by the number of Shares in issue after the Acquisitions but before our IPO.
- *** The net EPS is computed based on the consolidated PAT attributable to the owners of KTC Consolidated divided by the number of Shares in issue after the Acquisitions but before our IPO.
- ^ The diluted EPS is computed based on the consolidated PAT attributable to the owners of KTC Consolidated divided by the number of Shares in issue after the Acquisitions but before our IPO and assume the full conversion of the RCPS.
- ^^ The adjusted net EPS is computed based on the consolidated PAT attributable to the owners of KTC Consolidated divided by the number of Shares in issue after the Acquisitions and our IPO and assume no conversion of the RCPS for illustrative purposes only.

2. INFORMATION SUMMARY (Cont'd)

^{^^} *The adjusted net EPS is computed based on the consolidated PAT attributable to the owners of KTC Consolidated divided by the number of Shares in issue after the Acquisitions and our IPO and assumed full conversion of the RCPS for illustrative purposes only.*

(1) *Exclusion of non-controlling interest.*

(2) *Computation includes the net fair value adjustment on assets held for distribution.*

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2. INFORMATION SUMMARY (Cont'd)

2.2.2 Proforma Consolidated Statements of Financial Position

Our proforma consolidated statements of financial position as set out below has been prepared for illustrative purposes only, based on our audited statement of financial position as at 30 June 2015 assuming that our IPO and utilisation of proceeds had been effected on that date.

We advise you to read the proforma consolidated statement of financial position presented below together with the notes and assumptions included in the Reporting Accountants' Report on the Compilation of the Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

	Audited Statement of Financial Position as at 30 June 2015 RM'000	Proforma I After the Acquisitions RM'000	Proforma II After Proforma I and the IPO RM'000	Proforma III After Proforma II and the Utilisation of Proceeds RM'000	Proforma IV After Proforma III and the Full Conversion of RCPS RM'000
ASSETS					
Non-current Assets					
PPE	-	60,225	60,225	74,225	74,225
Goodwill on consolidation	-	4,557	4,557	4,557	4,557
	-	64,782	64,782	78,782	78,782
Current Assets					
Inventories	-	55,238	55,238	55,238	55,238
Trade and other receivables	7	60,298	60,298	60,298	60,298
Tax recoverable	-	490	490	490	490
Cash and bank balances	*	29,882	51,182	35,113	35,113
Total Current Assets	7	145,908	167,208	151,139	151,139
Total Assets	7	210,690	231,990	229,921	229,921
EQUITY AND LIABILITIES					
Equity Attributable to Owners of KTC Consolidated					
Share capital	*	36,828	51,028	51,028	67,029
Share premium	-	18,414	25,514	24,803	32,804
RCPS	-	24,002	24,002	24,002	-
Revaluation reserve	-	12,094	12,094	12,094	12,094
Reserve arising from reverse acquisition	-	(47,963)	(47,963)	(47,963)	(47,963)
Retained earnings	(664)	29,780	29,780	28,422	28,422
Shareholders' fund	(664)	73,155	94,455	92,386	92,386
Non-controlling interest	-	788	788	788	788
Total Equity	(664)	73,943	95,243	93,174	93,174
Non-current Liabilities					
Hire purchase payables	-	3,207	3,207	3,207	3,207
Borrowings	-	10,384	10,384	10,384	10,384
Deferred tax liabilities	-	1,750	1,750	1,750	1,750
Total Non-current Liabilities	-	15,341	15,341	15,341	15,341

2. INFORMATION SUMMARY (Cont'd)

	Audited Statement of Financial Position as at 30 June 2015 RM'000	Proforma I After the Acquisitions RM'000	Proforma II After Proforma I and the IPO RM'000	Proforma III After Proforma II and the Utilisation of Proceeds RM'000	Proforma IV After Proforma III and the Full Conversion of RCPS RM'000
Current Liabilities					
Trade payables and other payables	671	56,297	56,297	56,297	56,297
Hire purchase payables	-	766	766	766	766
Borrowings	-	63,653	63,653	63,653	63,653
Current tax liabilities	-	690	690	690	690
Total Current Liabilities	671	121,406	121,406	121,406	121,406
Total Liabilities	671	136,747	136,747	136,747	136,747
Total Equity and Liabilities	7	210,690	231,990	229,921	229,921
Number of ordinary shares assumed to be in issue of RM0.10 each ('000)	^	368,277	510,277	510,277	670,289
NA per ordinary share (RM)	(33,200)	0.20	0.19	0.18	0.14

Notes:

* RM2.00

^ Twenty (20) Shares

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2. INFORMATION SUMMARY (Cont'd)

2.2.3 Proforma Consolidated Statements of Cash Flows

Our proforma consolidated statements of cash flows for the FYE 30 June 2015 as set out below has been prepared for illustrative purposes only on the assumption that our current Group structure had been in existence throughout the FYE 30 June 2015, after incorporating such adjustments necessary for the elimination of all inter-company transactions and balances.

We advise you to read the proforma consolidated statements of cash flows presented below together with the notes and assumptions included in the Reporting Accountants' Report on the Compilation of the Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

FYE 30 June 2015		
	After the Acquisitions but before IPO and Utilisation of Proceeds RM'000	After the Acquisitions, IPO and Utilisation of Proceeds RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
PBT	10,352	10,352
<u>Adjustments for:</u>		
Depreciation of PPE	1,889	1,889
Amortisation of leasehold land	240	240
Interest income	(134)	(134)
Interest expenses	3,808	3,808
Impairment on trade receivable	4	4
Gain on disposal of PPE	(963)	(963)
PPE written off	30	30
Inventories written off	1,520	1,520
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	16,746	16,746
<u>Changes in working capital:</u>		
Inventories	(20,244)	(20,244)
Receivables	(18,010)	(18,010)
Payables	41,945	41,945
Cash generated from operating activities	20,437	20,437
Interests received	134	134
Interests paid	(464)	(464)
Tax paid, net of refund	(2,845)	(2,845)
NET OPERATING CASH FLOWS	17,262	17,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of PPE	(9,748)	(23,748)
Proceeds from the disposal of PPE	3,187	3,187
NET INVESTING CASH FLOWS	(6,561)	(20,561)

2. INFORMATION SUMMARY (Cont'd)

FYE 30 June 2015		
	After the Acquisitions but before IPO and Utilisation of Proceeds RM'000	After the Acquisitions, IPO and Utilisation of Proceeds RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Public Issue	-	21,300
Defrayment of estimated listing expenses	-	(2,069)
Interests paid	(3,344)	(3,344)
Net change in amounts due from holding companies	(2,000)	(2,000)
Net change in amount due from ultimate holding company	2	2
Net change in amounts due to directors	(33)	(33)
Drawdown of term loans	4,335	4,335
Repayment of term loans	(1,802)	(1,802)
Drawdown of bankers' acceptance	300,629	300,629
Repayment of bankers' acceptance	(305,987)	(305,987)
Repayment of hire purchase payables	(481)	(481)
NET FINANCING CASH FLOWS	(8,681)	10,550
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,020	7,251
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	12,766	12,766
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	14,786	20,017
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	29,882	35,113
Less: Bank overdrafts	(15,096)	(15,096)
	14,786	20,017

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2. INFORMATION SUMMARY (Cont'd)

2.3 PRINCIPAL DETAILS OF OUR IPO AND LISTING

Size of our IPO : 142,000,000 new Shares, representing approximately 27.83% of our Company's enlarged issued and paid-up share capital, which will be allocated as follows:

- 34,000,000 new Shares for application by the Public;
- 16,255,000 new Shares for application by Eligible Employees and persons who have contributed to the success of our Group; and
- 91,745,000 new Shares for placement to selected investors

IPO Price : RM0.15 per IPO Share

Utilisation of proceeds from the IPO : The gross proceeds from the IPO amounting to RM21.30 million is intended to be utilised in the following manner:

Purpose	RM'000	%
Acquisition of warehousing facilities in Sibul, Miri and Kuching	9,000	42.26
Construction of new warehousing facility in Kota Kinabalu, Sabah	2,000	9.39
Purchase of equipment for the following:		
(a) New warehousing facility in Kota Kinabalu, Sabah	1,000	4.69
(b) Three (3) production lines for bakery products in Sabah	1,000	4.69
(c) A production line for bakery products in Sarawak	1,000	4.69
Working Capital	4,700	22.07
Estimated listing expenses	2,600	12.21
Total gross proceeds	21,300	100.00

2. INFORMATION SUMMARY (Cont'd)

Total enlarged issued and paid-up share capital after Listing : RM75,029,558 comprising 510,277,000 Shares and 24,001,858 RCPS

Market capitalisation upon Listing : RM76,541,550

The detailed information on our IPO and utilisation of proceeds from our IPO are set out in Sections 3.1 and 3.6 of this Prospectus.

2.4 DIVIDEND POLICY

Our Company presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

Upon Listing, our Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds for our future growth. In this regard, we envisage a dividend payout ratio of up to 20% of our future net profits attributable to our shareholders in each financial year.

You should take note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which are subject to our Board's absolute discretion.

Our ability to pay future dividends to our shareholders is subject to various factors including but not limited to our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our ability to pay dividends is dependent upon the dividends and other distributions that we receive from our Subsidiary Companies. The payment of dividends or other distributions by our Subsidiary Companies will depend on their operational results, financial condition, capital expenditure plans and other factors that their respective board of directors deem relevant.

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2. INFORMATION SUMMARY (Cont'd)

2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations set out in Section 4 of this Prospectus (which may not be exhaustive), and are summarised below:

Risks relating to our business:

- we are dependent on the distribution of third party brands of CPG for our brand owners;
- we are dependent on a group of customers;
- we are exposed to risk of disruptions to warehousing facilities, manufacturing facility and business operations;
- we are dependent on external manufacturers;
- we are dependent on Executive Directors and key management personnel;
- we are exposed to potential liability and/or disruption to our business for delay in obtaining the necessary licences;
- we are exposed to the risk of product misstatement and mislabelling;
- we are exposed to the risk of product liability; and
- we are exposed to the risk of negative perception and publicity on our reputation.

Risks relating to our industry

- we face competition from operators in the CPG market;
- we are exposed to the impact by changes in economic, political and social conditions and discretionary consumer spending;
- we face the risk of direct sourcing from brand owners by our customers;
- we are exposed to the risk of increase in buying power of hypermarkets and other chain retailers; and
- we may be affected by the depreciation in value of the RM.

Risks relating to our IPO

- there may be delay in our Listing or our Listing may be aborted;
- there is no prior market for our Shares and our Share price may be volatile;
- control by our Promoters may limit your ability to influence the outcome of decisions requiring the approval of our shareholders; and
- we are an investment holding company and rely on dividend payment from our Subsidiary Companies for funding and payment of dividends on our Shares.

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3. PARTICULARS OF OUR IPO

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR IPO SHARES.

3.1 OUR IPO

3.1.1 IPO

Our IPO is subject to the terms and conditions of this Prospectus, and upon acceptance, will be allocated the aggregate of 142,000,000 new Shares in the manner explained below which is subject to clawback and reallocation.

(i) Public (“Public Tranche”)

34,000,000 IPO Shares, representing approximately 6.66% of our enlarged issued and paid-up share capital, will be available for application by the Public, of which at least 50% shall be set aside for Bumiputera investors, including individuals, companies, societies, co-operatives and institutions.

Any IPO Shares reserved under the Public Tranche which are not fully subscribed for by the Public will be made available for subscription by our Eligible Employees and persons who have contributed to the success of our Group under the Pink Form Tranche as described in Section 3.1.1(ii) below. Any remaining IPO Shares will subsequently be made available for subscription by our selected investors under the Placement Tranche as described in Section 3.1.1(iii) below and, if undersubscribed, such IPO Shares will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

(ii) Our Eligible Employees and persons who have contributed to the success of our Group (excluding Directors) (“Pink Form Tranche”)

In recognition of their contributions to the success of our Group, we have reserved 16,255,000 IPO Shares, representing approximately 3.19% of our enlarged issued and paid-up share capital, for subscription by our Eligible Employees and persons who have contributed to the success of our Group (excluding Directors).

We will allocate the IPO Shares to our Eligible Employees and persons who have contributed to the success of our Group (excluding Directors) in the following manner:

Eligibility	No. of Eligible Persons	No. of Shares Allocated
Our Eligible Employees ⁽¹⁾	255	11,608,000
Eligible persons who have contributed to the success of our Group ⁽²⁾	46	4,647,000
Total	301	16,255,000

3. PARTICULARS OF OUR IPO (Cont'd)

Notes:

- (1) *As approved by our Board, the criteria for allocation to our Eligible Employees are based on, amongst others, the following:*
- (a) *at least 18 years old;*
 - (b) *must be a Malaysian;*
 - (c) *must be a full time employee and on the payroll of KTC Consolidated or the Subsidiary Companies of KTC Consolidated as at 30 September 2015; and*
 - (d) *their position band level in our Group. Our Group's position band levels consist of:*
 - (i) *Band 1 – Assistant/ Merchandiser/ Promoter/ Receptionist;*
 - (ii) *Band 2 – Executive;*
 - (iii) *Band 3 – Unit Manager;*
 - (iv) *Band 4 – Group Manager;*
 - (v) *Band 5 – General Manager;*
 - (vi) *Band 6 – Associate Director;*
 - (vii) *Band 7 – Executive Director; and*
 - (viii) *Band 8 – Managing Director/ CEO.*
- (2) *The criteria for allocation to eligible persons who have contributed to the success and growth of our Group, are based on, amongst others, length of relationship, contribution and support to the growth of our Group.*

Any IPO Shares reserved under the Pink Form Tranche which are not taken up will be re-offered to other Eligible Employees and persons who have contributed to the success of our Group (excluding Directors). Any remaining IPO Shares will subsequently be made available for subscription by the Public under the Public Tranche as described in Section 3.1.1(i) and/or our selected investors as described in Section 3.1.1(ii) below, and if undersubscribed, such IPO Shares will be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

(iii) Selected Investors via Placement (“Placement Tranche”)

91,745,000 IPO Shares, representing approximately 17.98% of our enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

The IPO Shares reserved under the Placement Tranche are not underwritten as written irrevocable undertakings to subscribe for these IPO Shares have been procured from the respective selected investors.

The basis of allocation for our IPO Shares takes into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our shareholders base to meet the public spread requirements as per the Listing Requirements and to establish a liquid and adequate market for our Shares.

There is no over-allotment or ‘greenshoe’ option that will result in an increase in the amount of IPO Shares.

The salient terms of the Underwriting Agreement are set out in Section 3.9 of this Prospectus.

3.1.2 Listing on Bursa Securities

Bursa Securities had on 23 March 2015, approved-in-principle the admission of our Company to its Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM51,027,700 comprising 510,277,000 Shares on the ACE Market of Bursa Securities. Bursa Securities had vide the same letter, approved the listing of the new Shares to be issued upon conversion of the unlisted RCPS of up to 184,629,677 ordinary shares of RM0.10 each on the ACE Market of Bursa Securities. Further, Bursa Securities had, vide its letter dated 14 September 2015 approved our application for extension of time up to 31 December 2015 to complete the Listing.

3. PARTICULARS OF OUR IPO (Cont'd)

3.2 SHARE CAPITAL

	Number of RCPS	Number of Shares	Share Capital (RM)
Authorised share capital	25,000,000	750,000,000	100,000,000
<i>Issued and fully paid-up share capital as at the date of this Prospectus</i>	24,001,858	368,277,000	60,829,558
<i>To be issued and credited as fully paid-up pursuant to our IPO</i>	-	142,000,000	14,200,000
Enlarged issued and paid-up share capital upon Listing	24,001,858	510,277,000	75,029,558
IPO Price			0.15
Market capitalisation upon Listing⁽¹⁾			76,541,550

Note:

(1) Based on the Issue Price multiplied by the number of enlarged Issued and paid-up Shares.

We have two (2) classes of shares in our Company, namely the Shares and the RCPS. The IPO Shares will upon allotment rank *pari passu* in all respects with one another and all other existing Shares in our Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of the IPO Shares.

The new Shares to be issued arising from the conversion of the RCPS shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new Shares.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the capital paid-up on the Shares held by them, be entitled to share in the whole of the distributable profits paid out by us as dividends and other distributions, and in the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and the provisions of the Act.

Each shareholder is entitled to vote at our general meetings in person or by proxy or by authorised representative or by attorney and on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share held. A proxy may but need not be a member of our Company or a qualified legal practitioner or an approved company auditor or a person approved by CCM and the provisions of Section 149(1) of the Act shall not apply to our Company.

Please refer to Section 3.10 of this Prospectus for the salient terms of the RCPS, including the RCPS holders' voting rights.

3. PARTICULARS OF OUR IPO (Cont'd)

3.3 PURPOSES OF OUR IPO AND LISTING

The purposes of our IPO and Listing are:

- (i) to enable us to gain access to the capital market to raise funds for our future expansion and growth when the need arises in the future, through other forms of capital raising avenues;
- (ii) to provide an opportunity for investors (including our Eligible Employees and persons who have contributed to the success of our Group) and institutions to participate in the continuing growth of our Group; and
- (iii) to enhance our stature and heighten our public profile as well as increase market awareness of our products so as to assist us in expanding our customer and supplier bases.

3.4 PRICING OF OUR IPO SHARES

The Issue Price was determined and agreed upon by our Directors, Promoters and RHB Investment Bank as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into account the prevailing market conditions and the following factors:

- (i) A net PE multiple of 7.9 times based on our proforma net EPS of approximately 1.91 sen, computed based on our proforma PAT of approximately RM7.05 million for the FYE 30 June 2015 and our issued and paid-up share capital of 368,277,000 Shares after our Acquisitions but before our IPO;
- (ii) A net PE multiple of 10.9 times based on our proforma net EPS of approximately 1.38 sen, computed based on our proforma PAT of approximately RM7.05 million for the FYE 30 June 2015 and our enlarged issued and paid-up share capital of 510,277,000 Shares after our IPO;
- (iii) Our proforma consolidated NA per Share of approximately RM0.18 per share, computed based on our proforma NA of approximately RM92.39 million as at FYE 30 June 2015 after taking into consideration the IPO and utilisation of proceeds and our enlarged issued and paid-up share capital of 510,277,000 Shares; and
- (iv) Our competitive advantages and key strengths:
 - we cover a wide range of CPG;
 - we cover recognisable CPG brands;
 - we have a wide distribution network;
 - we have an established track record;
 - we have economies of scale; and
 - we have experienced Directors and key management personnel.

Further details of our competitive advantages are described in Section 6.1 of this Prospectus.

3. PARTICULARS OF OUR IPO (Cont'd)

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own views on the valuation of our IPO Shares before deciding on whether to invest in our Shares.

3.5 DILUTION

Dilution is the amount by which the IPO Price to be paid by applicants for our IPO Shares exceeds our proforma consolidated NA per Share after our IPO. Our proforma consolidated NA per Share as at 30 June 2015 but before our IPO, based on the issued and paid-up share capital of 368,277,000 Shares is approximately RM0.20 per Share.

Pursuant to our IPO and after adjusting the effects of the utilisation of proceeds, our proforma consolidated NA per Share as at 30 June 2015 would have been approximately RM0.18 per Share, based on our enlarged issued and paid-up share capital of 510,277,000 Shares (prior to the conversion of RCPS). This NA per Share of RM0.18 is approximately 20.00% higher than the IPO Price of RM0.15 and thus, there is no dilution to the new investors in our Company prior to the conversion of RCPS.

Pursuant to our IPO and after adjusting the effects of the utilisation of proceeds and assuming the full conversion of RCPS, our proforma consolidated NA per Share as at 30 June 2015 would have been approximately RM0.14 per Share, based on our enlarged issued and paid-up share capital of 670,289,367 Shares (after the full conversion of RCPS). This NA per Share of RM0.14 is approximately 6.67% lower than the IPO Price of RM0.15 and thus there is dilution to the new investors in our Company upon the full conversion of RCPS as follows:

	RM
IPO Price	0.15
Proforma consolidated NA per Share as at 30 June 2015 but before our IPO	0.20
Decrease in proforma consolidated NA per Share contributed by new investors	(0.02)
Proforma consolidated NA per Share after our IPO (after adjusting the effect of the utilisation of proceeds)	0.18
Decrease in proforma consolidated NA per Share contributed by the full conversion of RCPS	(0.04)
Proforma consolidated NA per Share after our IPO (after adjusting the effect of the utilisation of proceeds) and assuming full conversion of RCPS	0.14
Dilution in proforma consolidated NA per Share after our IPO (after adjusting the effect of the utilisation of proceeds) and assuming full conversion of RCPS to new investors	0.01
Dilution in proforma consolidated NA per Share after our IPO (after adjusting the effect of the utilisation of proceeds) and assuming full conversion of RCPS to new investors as a percentage of the IPO Price	6.67%

3. PARTICULARS OF OUR IPO (Cont'd)

The following table summarises the total number of Shares acquired by our Promoters, substantial shareholders and key management personnel during the past three (3) years prior to the date of this Prospectus and the average cost per Share to them and to the new investors who subscribe for our IPO Shares pursuant to our IPO:

Promoters, substantial shareholders, key management personnel	No. of Shares Before IPO	No. of Shares From IPO	Total Consideration RM	Average Cost Per Share RM
<u>Promoter and substantial shareholder</u>				
KTC Holdings	368,277,000	-	36,827,700	0.10
<u>Key management personnel</u>				
Christina Yap Chui Fui	-	460,000 [^]	69,000	0.15
Adeline Tan Sze Kean	-	460,000 [^]	69,000	0.15
Wong Lai Yee	-	330,000 [^]	49,500	0.15
<u>New investors</u>				
IPO	-	142,000,000 [*]	21,300,000	0.15

Notes:

[^] Assuming full subscription of her Pink Form Tranche allocation.

^{*} Prior to netting off the Pink Form Tranche allocation.

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3. PARTICULARS OF OUR IPO (Cont'd)

3.6 UTILISATION OF PROCEEDS

Based on the IPO Price, gross proceeds of RM21,300,000 will be raised from our IPO. The proceeds shall accrue entirely to our Company and are intended to be utilised in the following manner:

Purposes	RM'000	%	Estimated Timeframe for use (from the listing date)
(i) Acquisition of warehousing facilities including land and building, in Sibul, Miri and Kuching, Sarawak	9,000	42.26	Within 24 months
(ii) Construction of new warehousing facility in Kota Kinabalu, Sabah	2,000	9.39	Within 18 months
(iii) Purchase of equipment for the following:			
(a) new warehousing facility in Kota Kinabalu, Sabah	1,000	4.69	Within 18 months
(b) three (3) production lines for bakery products in Sabah	1,000	4.69	Within 12 months
(c) a production line for bakery products in Sarawak	1,000	4.69	Within 12 months
(iv) Working capital*	4,700	22.07	Within 12 months
(v) Estimated listing expenses*	2,600	12.21	Upon Listing
Total gross proceeds	21,300	100.00	

Notes:

* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

(i) Acquisition of warehousing facilities in Sarawak.

Our existing distribution operations in Sarawak including offices and warehousing facilities are on rented premises. As part of our future plans, we intend to utilise RM9.00 million of our IPO proceeds to acquire our own warehousing facilities including land and building with a built-up area of approximately 15,000 sq ft each in Sibul, Miri and Kuching, Sarawak. Any additional funding required will be met through internally generated funds and/or bank borrowings. As at LPD, we have yet to identify suitable properties for this purpose. Please refer to Section 6.18 of this Prospectus for further details on our Group's future plans of acquiring warehousing facilities in Sarawak.

(ii)&(iii)(a) Construction of new warehousing facility in Kota Kinabalu

We intend to utilise in aggregate RM3.00 million of our IPO proceeds to fund parts of the construction cost for constructing an additional warehousing facility on Lot 5 including purchasing of the necessary equipment to house and cater for the expansion of our CPG products. Please refer to Section 6.18 of this Prospectus for further details on our Group's future plans of constructing an additional warehousing facility in Kota Kinabalu.

3. PARTICULARS OF OUR IPO (Cont'd)

(iii)(b) *Purchase of equipment for bakery products in Sabah*

There is an existing production line in Sabah, where some of the equipment, such as oven, can be shared with the three (3) new production lines. We intend to utilise RM1.00 million of our IPO proceeds to purchase equipment for three (3) new production lines in order to cater for the product expansion of our bakery products business. Any additional funding required will be met through internally generated fund and/or bank borrowings. Please refer to Section 6.18 of this Prospectus for further details on our Group's future plans on the expansion of our bakery products business.

(iii)(c) *Purchase of equipment for one (1) production line of bakery products in Sarawak*

We intend to utilise RM1.00 million of our IPO proceeds to purchase equipment for a production line of bakery products as part of our plans in setting-up a new manufacturing facility for bakery products in Sarawak. Any additional funding required will be met through internally generated funds and/or bank borrowings. Please refer to Section 6.18 of this Prospectus for further details on our Group's future plans on the setting-up of a new manufacturing facility for bakery products in Sarawak.

(iv) *Working capital*

Our requirement for working capital will increase in tandem with our future plans. Therefore, we expect to utilise approximately RM4.70 million of the proceeds raised as additional working capital to finance our day-to-day operations, including inter-alia, purchase of inventories and raw materials and defrayment of operational expenses, as detailed below:

Purposes	RM'000	%
<i>Purchase of inventories for own brands of CPG</i>	3,437	73.12
<i>Purchase of raw materials and operational expenses for own brand of bakery products</i>	1,263	26.88
Total	4,700	100.00

(v) *Estimated listing expenses*

The estimated listing expenses for the Listing to be borne by our Company are as follows:

	RM'000
<i>Professional advisory fees[^]</i>	1,780
<i>Fees to the authorities</i>	36
<i>Underwriting commission, placement fee and brokerage fees</i>	414
<i>Printing and advertising cost</i>	300
<i>Other incidental charges[#]</i>	70
Total	2,600

Notes:

[^] Includes fees for the Adviser, Reporting Accountants, Solicitors, Independent Business and Market Research Consultants and other professional advisers for our IPO.

[#] Includes travelling expenses, other incidental or related expenses and contingencies such as public relation/media expenses, venue booking charges and others which are not material in nature in connection with our IPO. Any unutilised amount shall be used for our Group's working capital purposes.

Pending the utilisation of the proceeds from our IPO as mentioned above, the proceeds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments. The anticipated proceeds for each of the above mentioned categories are sufficient to fund its intended purposes.

3. PARTICULARS OF OUR IPO (Cont'd)

3.7 FINANCIAL IMPACT FROM THE UTILISATION OF PROCEEDS

The utilisation of proceeds from our IPO is expected to have the following financial impact on our Group:

(a) Rental savings

The utilisation of RM9.00 million for the acquisition of warehousing facilities in Sibul, Miri and Kuching, Sarawak will enable our Group to save on rental expenses of approximately RM288,000 per year as well as enable our goods to be housed in our own premises.

(b) Improvement in future earnings

The utilisation of RM2.00 million for the expansion of our bakery products business is expected to contribute positively to our Group's future earnings.

(c) Enhancement of working capital

The additional working capital of RM4.70 million is expected to strengthen our liquidity and cash flow position and allow our Group to conduct our daily operational activities without being overly dependent on external funding.

3.8 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage

Brokerage relating to our IPO Shares made available for application by the Public is payable by us at the rate of one percent (1%) of the IPO Price, in respect of successful applications bearing the stamp of RHB Investment Bank, a participating organisation of Bursa Securities, a member of the Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association or the Issuing House.

Underwriting Commission

RHB Investment Bank, as our Underwriter, has agreed to underwrite up to 50,255,000 IPO Shares under the Public Tranche and Pink Form Tranche, as set out in Section 3.1.1(i) and 3.1.1(ii) of this Prospectus. Underwriting commission is payable by us to our Underwriter at the rate of two percent (2%) of the total value of the underwritten Shares based on the IPO Price.

Placement Fee

RHB Investment Bank has arranged for the placement of 91,745,000 IPO Shares, as set out in Section 3.1.1(iii) of this Prospectus, at the rate of two percent (2%) of the value of the IPO Shares based on the IPO Price.

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3. PARTICULARS OF OUR IPO (*Cont'd*)

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into an underwriting agreement with RHB Investment Bank on 5 October 2015 (“**Underwriting Agreement**”) to underwrite up to 50,255,000 IPO Shares as set out in Section 3.1.1(i) and 3.1.1(ii) of this Prospectus subject to the clawback and reallocation provisions as set out therein. The following salient terms are reproduced from the Underwriting Agreement. The terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement.

9. TERMINATION

9.1 Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:

9.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 4, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Underwriter, or by the Closing Date, whichever is earlier; or

9.1.2 there is withholding of information which is required to be disclosed to the Underwriter pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Public Issue Shares; or

9.1.3 there shall have occurred, happened or come into effect any of the following circumstances:

(a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing;

(b) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Underwriter or any event or series of events beyond the reasonable control of the Underwriter;

(c) any material and adverse change to the business or financial condition of the Company or the Group;

(d) approval for the IPO is withdrawn, modified and/or subject to terms and conditions not acceptable to the Underwriter;

which would have or can reasonably be expected to have, a material adverse effect on the success of the IPO, or the distribution or sale of the Public Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

3. PARTICULARS OF OUR IPO (Cont'd)

- 9.1.4 there is failure on the part of the Company to perform any of its obligations herein contained; or
- 9.1.5 if the Closing Date is more than two (2) calendar months from the date of this Agreement or any later date as the Company and the Underwriter may mutually agree upon, this Agreement will automatically lapse without the requirement for any notice in writing to be given to such effect and the Underwriter will be released and discharged from its obligations.
- 9.2 Subject to prior consultation with the Company, the Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:
- 9.2.1 there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business or financial condition of the Company and/or any company in the Group;
- 9.2.2 any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Underwriter is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FBM KLCI is, at the close of normal trading on Bursa Securities, on any Market Day:
- (i) on or after the date of this Agreement; and
 - (ii) prior to the Listing Date,
- lower than 85%, of the level of index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
- 9.2.3 the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) or more consecutive Market Days;
- 9.2.4 the Listing does not take place by 31 December 2015 or such other extended date as may be agreed in writing by the Underwriter and the Company;
- 9.2.5 any commencement of legal proceedings or action against the Company or any of its directors, which in the reasonable opinion of the Underwriter, would have a material adverse effect or make it impracticable to market the Public Issue or to enforce contracts to allot and issue the Public Issue Shares;
- 9.2.6 if the SC or any other relevant authority issues an order pursuant to Malaysian laws such as to make it, in the reasonable opinion of the Underwriter (after consultation with the Company), impracticable to market the Public Issue or to enforce contracts to allot and transfer the Public Issue Shares; or

3. PARTICULARS OF OUR IPO (Cont'd)

- 9.2.7 there is any breach by the Company of any of its obligations under this Agreement and where such breach if capable of remedy, the same not being remedied within two (2) Market Days from the date of a written notice to the Company by the Underwriter; or
- 9.2.8 the Placement Agreement shall have been terminated or rescinded in accordance with its terms.
- 9.3 Upon such notice(s) being given under this Clause 9, the Underwriter shall be released and discharged of its obligations under this Agreement without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under Clause 4, any antecedent breaches and under Clause 13 for the payment of the costs and expenses already incurred up to the date of termination or in connection with such termination and for the payment of any taxes, duties or levies within seven (7) days from the date of the same being due.

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3. PARTICULARS OF OUR IPO (Cont'd)

3.10 SALIENT TERMS OF THE RCPS

Issuer	:	KTC Consolidated
Issue size	:	24,001,858
Issue price	:	RM1.00 for each RCPS
Par value	:	RM1.00 for each RCPS
Dividend rate	:	Zero percent (0%) per annum. No dividends will be payable on the RCPS.
Tenure	:	Five (5) years from and including the date of issue of the RCPS.
Issue date	:	1 July 2015
Maturity date	:	30 June 2020, being the last Market Day immediately before the 5 th anniversary of the date of issue. "Market Day" means a day on which the stock market of Bursa Securities is open for trading in securities.
Conversion price	:	RM0.15
Conversion ratio	:	1 RCPS : approximately 6.66 Shares
Voting rights	:	<p>The RCPS holders shall carry no right to vote at any general meeting of the Issuer except with regard to:</p> <ul style="list-style-type: none"> • any proposal to wind-up the Issuer; • during the winding-up of the Issuer; • on any proposal that affects the rights of the RCPS holders; • on a proposal to reduce the Issuer's share capital; or • on a proposal for the disposal of the whole of the Issuer's property, business and undertaking.

In any such case, the RCPS holder shall be entitled to vote together with the holders of ordinary shares and entitled to one (1) vote for each RCPS held.

Where there is any proposal submitted to the general meeting which directly affects the rights attached to the RCPS, RCPS holders shall have the right to attend such general meeting and shall be entitled to vote either in person or by proxy only for such purpose.

Ranking	:	Each RCPS shall on winding-up or upon a reduction of capital or other repayment of capital (other than conversion of the RCPS) rank <i>pari passu</i> in all respect with the existing RCPS in issue and confer on each holder of the RCPS the right to receive in priority to the ordinary shareholders in the capital of KTC Consolidated the cash repayment in full of the nominal amount (including premium payable, if any) of that RCPS after the payment and discharge of all debts and liabilities of KTC Consolidated and the costs of winding up or capital reduction exercise.
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3. PARTICULARS OF OUR IPO (Cont'd)

- Conversion rights and Conversion period : The registered holder will have the right to convert the RCPS at the Conversion Price into new fully paid-up Shares in KTC Consolidated at any time from the Issue Date until the Maturity Date.
- Notwithstanding the above, the registered holder shall not be allowed to exercise its Conversion Rights during the Conversion Period if the public shareholding spread shall fall below twenty five percent (25%) of the total Shares or such other percentage as may be imposed by the Listing Requirements from time to time as a result of such conversion.
- Upon Maturity Date, any RCPS not converted or redeemed, as the case may be, shall automatically lapse.
- Redemption : KTC Consolidated may at its sole discretion, at any time within the Tenure of the RCPS, redeem the said RCPS by payment in cash to the RCPS holder, an amount equivalent to the issue price of each RCPS held.
- Listing : The RCPS will not be listed on the ACE Market of Bursa Securities. However, the new Shares to be issued upon conversion of the RCPS will be listed on the ACE Market of Bursa Securities.
- Transferability : The RCPS will not be transferable upon issue and allotment throughout its Tenure.
- Ranking of new Shares from conversion : The new Shares to be issued arising from the conversion of the RCPS shall, upon allotment and issue, rank *pari passu* in all respect with the then existing Shares, except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new Shares.
- Governing law : Malaysian Law.

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE INVESTING IN OUR SHARES.

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitors, accountants or other professional adviser.

4.1 RISKS RELATING TO OUR BUSINESS

4.1.1 Dependency on the distribution of third party brands of CPG for our brand owners

We are involved in the distribution of multiple brand owners' brands of CPG in Sabah, Sarawak and Labuan which accounted for RM285.65 million or 95.26% of our total revenue for the FYE 30 June 2015. The distribution of multiple brand owners' brands of CPG in Sabah, Sarawak and Labuan also accounted for RM37.00 million or 90.08% of our total gross profit for the FYE 30 June 2015.

As at LPD, some of the third party brands that we distribute for brand owners are Coca-Cola, P&G, Danone Dumex and Wipro Unza, which accounted for more than 10.00% of our total purchases for the past four (4) FYE 30 June 2012 to 2015. In this respect, any disruptions in the business dealings with these brand owners may affect our business and financial performance.

In mitigation, we have established close business relationships with P&G, Danone Dumex and Wipro Unza for 33 years, 8 years and 32 years, respectively, with the exception of Coca-Cola whom we only started the distribution of their beverage products in Kota Kinabalu (designated areas within Kota Kinabalu), Sandakan, Tawau and Labuan in September 2014. The close business relationship will provide us with the basis for continuing distribution of third party brands of CPG for brand owners.

In the past financial years under review and up to LPD, we have not experienced any material adverse impact on our financial performance due to the dependency on the distribution of third party brands of CPG for brand owners. Nevertheless, there can be no assurance that the potential risk of business disruption from distribution of third party brands of CPG would not have a material adverse impact on our financial performance in the future.

4.1.2 Dependency on a group of customers

Servay Hypermarket (Sabah) Sdn Bhd was our largest customer having accounted for 11.43%, 11.20%, 10.72% and 8.98% of our Group's total revenue for FYE 30 June 2012, 2013, 2014 and 2015 respectively. In addition, Servay Hypermarket (Sabah) Sdn Bhd has common shareholders with Servay Jaya Supermarket Sdn Bhd, Servay Hypermarket (Sandakan) Sdn Bhd, Parkwell Departmental Store Sdn Bhd, Evergreen (1979) Trading Sdn Bhd, Servay Supermarket Sdn Bhd and Servay Jaya Superstore (Miri) Sdn Bhd ("**Servay Group**"), all of whom are also our customers. Collectively, the Servay Group of companies accounted for 16.84%, 16.59%, 15.79% and 13.50% of our Group's total revenue for FYE 30 June 2012, 2013, 2014 and 2015 respectively.

The declining trend in the composition of revenue from the Servay Group of companies for our financial years under review indicates our decreasing dependency on this particular group of customers. Nevertheless, we have been servicing the Servay Group of companies for approximately 18 years, indicating a stable business relationship and providing the basis for a continuing business relationship.

4. RISK FACTORS (Cont'd)

For the past financial years under review and up to LPD, our Group has not experienced any loss of major customers and/or intermediaries that had a material adverse effect on our Group's financial performance or operations. Nevertheless, there is no assurance that our dependency on this group of customers would not have an adverse impact on our future business performance.

4.1.3 Disruptions to warehousing facilities, manufacturing facility and business operations

Part of our business activities is dependent on the continued operation of our warehousing facilities as well as our manufacturing facility for bakery products. Any disruption to our warehousing facilities and manufacturing facility such as fire, power failure, breakdowns, failures or sub-standard performance of our machineries, will have an adverse impact on our business operations. In mitigating this risk, we carry out regular maintenance of our machineries and equipment as well as timely replacement of parts which are subject to daily wear and tear. In the past financial years under review and up to LPD, we have not encountered any major disruptions to our warehousing facilities. In addition, since the commencement of operation of Creamos Malaysia and up to LPD, we have not encountered any major disruptions to our manufacturing facility. However, there can be no assurance that any major incident in our warehousing facilities or breakdown in our machineries at our manufacturing facility in the future would not severely disrupt our business operations.

We are also aware of the consequences arising from inadequate insurance coverage for any accident and fire outbreak that could disrupt our business and seek to limit this risk through annual reviews of our insurance policies. Hence, we ensure the continuity of our insurance by renewing all the insurances annually.

Whilst we have taken the necessary steps to ensure that our warehousing facilities and assets are adequately covered by insurance and although we have not previously experienced any disruptions to our warehousing facilities, our manufacturing facility and business operations, there can be no assurance that any occurrence of such disruptions will not affect our future business performance.

4.1.4 Dependency on external manufacturers

We are dependent on external manufacturers for the manufacture of our own brands of CPG, comprising of frozen and dry food as well as beverage products. This is reflected by the fact that purchases from these external manufacturers collectively accounted for RM7.90 million or 2.80% of our total purchases of products, raw materials and services for FYE 30 June 2015. For FYE 30 June 2015, we sourced our frozen and dry foods as well as beverage products from a total of ten (10) external parties which comprised nine (9) external manufacturers in Malaysia and one (1) manufacturer of frozen potato products in Belgium. Revenue derived from the distribution of our own brands of CPG accounted for RM7.95 million or 2.65% of our total revenue for FYE 30 June 2015. In this respect, any disruptions in the business dealings and supply from these external manufacturers may adversely affect our business and financial performance.

Our strategy of engaging external manufacturers to produce some of our brands of CPG is to provide a diversity and range of products to the market where it is not practical or economical to invest in machinery and equipment and manufacture a wide range of products in-house. In line with our mode of operations, we will continue to source these existing and new products from external manufacturers in Malaysia for cost efficiency reasons.

4. RISK FACTORS (Cont'd)

As at LPD, we did not face any interruptions in the supply of finished goods from external manufacturers for our business operations. The impact of fluctuations in prices of raw materials are minimal to our Group as it only represents a small proportion of 1.13% of our total purchases of products, raw materials and services for FYE 30 June 2015. Nevertheless, there can be no assurance that the potential risk of dependency on external manufacturers would not have a material adverse impact on our financial performance in the future.

4.1.5 Dependency on Executive Directors and key management personnel

We believe that human capital is one of our key success factors. Over the years, we have built an experienced management and operations team in the business of distribution and warehousing of third party and our own brands of CPG, the manufacture of bakery products as well as understanding of our customers' needs and requirements. As such, any loss of our key management personnel, without a suitable and timely replacement, may have a material adverse impact on our business and our continuing ability to compete effectively. The profiles of our Board and key management personnel are set out in Sections 8.2 and 8.4 of this Prospectus.

As part of our strategy to retain our employees, we offer competitive remuneration packages to our key management personnel. In addition, we provide a healthy working environment, practise good workplace culture and uphold work ethics to create a sense of belonging and foster good working relationships amongst our employees. We also have in place a management succession plan and provide training and career development opportunities for our employees.

Further, in conjunction with our Listing, we have allocated a portion of our IPO Shares to our Eligible Employees, including our key management personnel. Should these employees subscribe for our IPO Shares, they will become shareholders of our Company and may therefore be further motivated to continuously contribute to our success.

In the past financial years under review and up to LPD, we have not experienced any loss of our key management personnel which materially impacted our business. Nonetheless, there can be no assurance that the above measures will be successful in attracting and retaining our key management personnel or ensuring a smooth transition should changes occur.

4.1.6 Potential liability and/or disruption to our business for delay in obtaining the necessary licences

We are also dependent on our continued operations and any delay in obtaining the necessary licences or permits may affect the continued operations of our business, such as our trading licences issued by local authority, cold room certificates, license to sell pesticides, wholesaler licenses, food and eating premises licence, certificate of registration of food premises, and halal certificates issued by JAKIM for some of our products. For details of our major licences, permits and registration, please see Section 6.14 of this Prospectus.

As at LPD, we have obtained all material licences, permits and registrations for our business operations and have complied with all conditions imposed therein. Our continued compliance with the Food Regulations 1985 for all our F&B products and compliance with requirements set by JAKIM to maintain Halal certification issued by JAKIM for our bakery products manufactured by Creamos Malaysia are important to us. The laws, regulations, standards and policies of the governmental regulatory agencies and professional bodies are subject to change, and changes in, or new interpretations of, applicable laws, regulations, standards or policies, or non-compliance with any applicable laws, regulations, standards and policies, could have a material adverse effect on our registrations, licences, accreditations, operations or business costs.

4. RISK FACTORS (Cont'd)

Furthermore, findings of non-compliance with these laws, regulations, standards and policies could also result in us being subject to fines, penalties, injunctions, limitations on our operations, termination of our registrations and approvals, revocation of the food standard certification or other censure that could have a material adverse effect on our business, financial condition, results of operations and prospects, apart from product recalls for non-complying products or products being the subject of investigation or claims of non-compliance by the authorities, including JAKIM. It may be costly for us to comply with any subsequent modifications of, additions or new restrictions to, these compliance standards. Should there be any subsequent modifications of, or additions or new restrictions to the current compliance standards, we may incur additional costs to comply with the new or modified standards, including possible product recalls which may adversely affect our business and financial performance.

In the past financial years under review and up to LPD, we have not experienced any fines, penalties, injunctions, limitations on our operations, termination of our registrations and approvals, revocation of the food standard certification or other censure that has materially and adversely affected our business, financial condition and results of operations.

Our premises are also governed by the relevant laws and regulations in Malaysia (including land rules and building regulations).

As at LPD, we have complied with all the relevant laws and regulations in Malaysia (including land rules and building regulations) as well as the conditions set forth in our licences imposed by the relevant authorities. Whilst we continuously ensure compliance with relevant government regulations, there can be no assurance that any penalties, if imposed, will not have a material adverse impact on our financial performance in the future.

4.1.7 Product Misstatement and Mislabelling

Our business is subject to the risk of product misstatement and mislabelling associated with own brands of CPG and bakery products. Revenue from our own brands of CPG and bakery products accounted for RM14.22 million or 4.74% of our total revenue for FYE 30 June 2015.

In line with all F&B products, we take due care and consideration in the labelling of content and ingredients of our own brand of food products with the intention to provide information to our consumers. The Food Act 1985 ("**Food Act**") provides, among others, that any person who prepares, packages, labels or sells any food in a manner that is false, misleading or deceptive as regards its character, nature, value, substance, quality, composition, merit or safety, strength, purity, weight, origin, age or proportion or in contravention of any regulation which includes Food Regulations 1985 made under the Food Act commits an offence and is liable on conviction to imprisonment for a term not exceeding three years or to a fine or to both in relation to penalties for product misstatement or mislabelling.

There is always a potential risk of product mislabelling which, may result in the consumption of ingredients that consumers are allergic to, or which are against their religious or other beliefs or preferences. This would adversely impact on the brand name, reputation and public perception of the operator, manufacturer and/or distributor of any F&B product. The operator, manufacturer and/or distributor may, among others, be forced to recall its F&B products, be subjected to administrative actions and/or penalties/fines by the relevant authorities, be forced to compensate affected end-consumers, or be subjected to legal action resulting from product liability claims. Should any of the above occur, it may have an adverse effect on the financial performance and future prospects of our Group.

4. RISK FACTORS (Cont'd)

For our own brands of CPG, we source the finished products from external manufacturers locally and overseas, which are packed under our own brand. This consists of frozen and dry foods, and beverage products. For the FYE 30 June 2015, we sourced our dry and frozen foods, and beverage products from a total of ten (10) external parties comprising nine (9) external manufacturers in Malaysia and one (1) manufacturer of frozen potato products in Belgium. As at LPD, all our external manufacturers in Malaysia are accredited with the following certifications:

- ISO quality assurance certification;
- HACCP certification; and/or
- Halal certified products.

In addition, with our manufacturing operations, we practice proper product labelling for our bakery products. Since the commencement of our own brands of CPG and bakery products up to LPD, our Group complies with product labelling of food products and we have not faced any liabilities for product misstatement or mislabelling from the governing authority that have a material adverse impact on our financial performance. Nevertheless, there can be no assurance that there will be no occurrence of misstatement and mislabelling, which may not have a material adverse impact on our brand name, reputation, or ultimately, our business and financial performance in the future.

4.1.8 Product Liability

As a provider of market access and coverage, we are involved in the distribution of third party brands and our own brands of CPG, as well as bakery products. As such, we are potentially exposed to the risk of product liability which may impact on our revenue and profitability. Product liability is generally stemming from, among others, manufacturing defects, design defects or defective warnings or instructions, product contamination, inadvertent use of unsafe ingredients, sabotage and product mislabelling. Members of the public claiming damages from these defects may take legal action against an operator, which may have an adverse financial impact on its business, as well as create bad publicity that may damage the brand and reputation. While manufacturers are likely to be the most directly exposed to the risk of public liability (as the party manufacturing products), operators involved in branding and marketing, and distribution may also face legal action for negligence. Operators in the CPG industry may mitigate the risk posed by product liability by obtaining product liability insurance.

We are currently covered by product liability insurance of up to RM1 million for bakery products and up to RM2 million for the distribution of our own brand of products, as well as up to RM1 million for the distribution of third party brands of products. There can be no assurance that the amount insured by us is sufficient to cover the entire amount of claims on third party or our own brands of CPG, as well as our bakery products. As such, there can be no assurance that any successful product liability claim would not have a material adverse impact on our business performance. For the past financial years under review and up to LPD, we have not experienced any product liability claims from our distribution of CPG and manufacturing business operations.

4.1.9 Negative Perception and Publicity on our Reputation

The reputation of operators in the CPG industry is sensitive to public perception. For example, F&B products that are consumed directly by the general public, possibly resulting from improper processing, storage or handling during the processing, manufacturing or distribution phases that may cause F&B products to become contaminated, resulting in food poisoning or other illnesses. Likewise, personal care products can potentially cause allergic reaction or have an adverse impact on sensitive skin. As such, any adverse public opinions on any products, brand or effects of any ingredients could have impact on the affected operator, from manufacturers, distributors up to retailers.

4. RISK FACTORS (Cont'd)

In addition, CPG operators may become the target of malicious sabotage or rumours intended to damage their reputation. In this respect, operators may experience harmful substances being maliciously introduced into an operator's products or subjected to market rumours based on unfounded claims of harm resulting from consuming an operator's products. These incidences of contamination, sabotage or rumours may have an adverse impact on the brand name, reputation and public perception of the operator, which in turn, may have a negative effect on the demand for their products. This may culminate in the recall of products from the market, and in addition, the operator may be subjected to administrative action by the relevant authorities. As a result, these types of incidences may have an adverse effect on the financial performance and future prospects of an operator in the CPG industry.

As a provider of market access and coverage of CPG including third party and our own brands as well as the manufacture of bakery products, we may be exposed to potential reputation risk associated with third party brands and/or our own brands of CPG as well as our brand of bakery products. In August 2013, we were involved in assisting one of our suppliers, a brand owner of milk powder to facilitate their product recall in Sabah and Labuan. The said product recall was made as a precautionary measure against a potential contamination scare. This product recall had impacted on our revenue for milk powder which decreased by 8.83% from RM54.79 million for FYE 30 June 2013 to RM49.95 million for FYE 30 June 2014. Save for the recall in August 2013, we have not experienced any recall of third party brands or our own brands of CPG as well as our brand of bakery products or subject to any administrative action by relevant authorities of F&B contamination, sabotage or rumours for the past financial year under review up to LPD. Nonetheless, there can be no assurance that the risk in reputation resulting from negative perception and publicity would not have a material adverse impact on our business and financial performance.

4.2 RISKS RELATING TO OUR INDUSTRY

4.2.1 Competition from Operators in the CPG Market

We face competition from other providers of market access and coverage of CPG in the market. If we fail to be competitive with the other providers, this would affect our financial performance. According to the IMR Report, distributors that provide market access and coverage of CPG in Malaysia face normal competitive conditions, whereby the industry is subjected to normal supply and demand conditions moderated by the price mechanism. In addition to our group of companies, some of the other distributors of CPG in East Malaysia includes (*as listed in alphabetical order*) Austar Marketing Sdn Bhd, Choon Hua Trading Corporation Sdn Bhd, DKSH Holdings (Malaysia) Berhad, Harrisons Holdings (Malaysia) Bhd, Li & Fung Group, Moh Heng Company Sdn Bhd, Syarikat Lui Kim Chock Sdn Bhd and TLS Marketing Sdn Bhd. However, we believe that our competitive advantages and key strengths, such as covering a wide range of products and coverage of recognisable brands, our wide distribution network, established track record, economies of scale and experienced Directors and key management personnel would provide us with the platform to compete effectively within the industry and continue to grow our business.

For further details on our competitive advantages and key strengths, please refer to Section 6.1 of this Prospectus.

4. RISK FACTORS (Cont'd)

4.2.2 Impact by Changes in Economic, Political and Social Conditions and Discretionary Consumer Spending

Our business is subject to prevailing economic and social conditions. Any adverse developments in the above conditions may have a negative impact on our financial position and business prospects. The risks include, among others, unemployment levels, the risk of war or civil disturbance, changes in political leadership, changes in foreign exchange rate policy, changes in interest rates, methods of taxation and unfavourable changes in government policies such as introduction of new regulations, import restrictions and duties, export restrictions and duties, and tariffs. However, some of our CPG, especially food and household products are non-discretionary items. As such, these items would continue to be purchased although consumers may switch to lower priced items during an economic slowdown. Nevertheless, there is no assurance that any economic, political or social conditions would not adversely affect our business performance.

4.2.3 Direct Sourcing from Brand Owners

We face the risk of being disregarded by some larger retail outlets. According to the IMR Report, modern retail trade particularly chain hypermarkets, supermarkets and convenience stores have greater purchasing power where they are able to directly source CPG from brand owners in place of distributors that provide market access and coverage. In some situations, these large retail chains have started their own in-house brands and obtained supplies directly from their contract manufacturers. The shift towards direct sourcing by larger retail chains may have a negative impact on our business operations and financial performance. Despite the shift towards direct sourcing by larger retail chains, these represent a smaller proportion of the market and there are still a large proportion of other retailers that are spread across urban and rural areas in Malaysia that would require the services of distributors. While it may be possible to directly source some products from the brand owners, it is not possible to source all the CPG items in the hypermarket or supermarket and deal directly with the respective brand owners locally as well as overseas. Therefore distributors would continue to play a role in the provision of market access and coverage of CPG. Brand owners that sell directly to larger retail chains would also need to ensure the availability of stocks and deliveries on a regular basis as well as provide administrative and promotional support services. In situations like these, brand owners may find it more effective and efficient to appoint distributors to undertake all these activities.

As a provider of market access and coverage of CPG, we distribute approximately 194 third party brands and 10,348 SKU of CPG covering various locations within Sabah, Sarawak and Labuan. In addition to our coverage of products and brands as well as our distribution network, we have a stable long-term relationship with some of our major suppliers, most of whom are brand owners. We believe that our competitive advantages would provide us a steady platform to grow our business. Nevertheless, there can be no assurance that the continuing direct sourcing of products from brand owners would not impact on our future financial performance.

4. RISK FACTORS (*Cont'd*)

4.2.4 Increase in Buying Power of Hypermarkets and Other Chain Retailers

Our business is subject to various terms and conditions and costs associated with the provision of market access and coverage of CPG.

According to the IMR Report, distributors that provide market access and coverage of CPG may be subjected to various terms, conditions and costs associated with the distribution of CPG to major retail outlets that commands high volume sales. This is attributed to the increase in the buying power of hypermarkets and other chain retailers such as convenience stores. In this respect, the increase in the buying power of retail outlets may impact on the overall margins of providers of market access and coverage of CPG where they are subjected to various terms and fees including, among others, longer payment terms, shelf space display fees, contribution to advertising and promotional fees. The reduction in overall margin is sometimes compensated with volume sales from these hypermarkets and chain retailers. However, all distributors that provide market access and coverage of CPG to retail outlets are equally affected. In some situations, distributors that represent internationally renowned or highly visible brands of CPG would have stronger bargaining power against these retail outlets and therefore may pay lower shelf space display fee.

(Source: IMR report prepared by Vital Factor Consulting Sdn Bhd)

As a provider of market access and coverage of CPG, our competitive advantage of distributing a diversity of products and brands covering approximately 10,348 SKU of CPG and 194 third party brands as at LPD respectively, provide us with a stronger bargaining power to obtain shelf space and better commercial terms with these retail outlets. Nevertheless, there can be no assurance that the potential risk of the increasing buying power of hypermarkets and other chain retailers would not have a material adverse impact on our business performance.

4.2.5 Depreciation in Value of the RM

Our business may be affected by the continuing depreciation of the value of RM against other currencies. The CPG industry in Malaysia imports a large proportion of its products from overseas. As such, a weak RM relative to other overseas countries, especially exporting countries, has resulted in an increase in the prices of imported CPG. This may reduce the propensity for consumers to buy such products, thus negatively affecting the entire value chain including distributors of CPG. Similarly, if local products source a certain proportion of their ingredients or raw materials from overseas, then such products may also factor in these price increases at the retail sector. Thus, a weak RM may also have consequential effect of increasing the prices of local products.

At the end of August 2015, the exchange rate of the RM to USD was RM4.20 to USD1.00, compared to RM3.15 to USD1.00 at the corresponding period in 2014. *(Source: Bank Negara Malaysia)* This represented a decline of approximately 25% in the value of the RM relative to the USD. There is a risk that a sustained weak RM would reduce the demand for CPG, thus negatively affecting, among others, distributors of CPG.

However, there is a wide range of choices of CPG in the market where consumers may select different products to fit their budgetary requirements. These choices include, among others, switching to lower priced brands, buying a smaller quantity and/or switching to locally made products. In addition, many of the CPG products are deemed as necessities in a modern society like Malaysia. As such, while purchases of CPG may be lowered, consumers will always require CPG for their everyday use and consumption.

(Source: IMR Report)

4. RISK FACTORS (Cont'd)

Nevertheless, there can be no assurance that our future business performance may not be affected by the continuing depreciation in the value of the RM against other currencies.

For FYE 30 June 2015, 3.97% or RM11.21 million of our total purchases were transacted in USD and Euro. This was mainly for the purchases of third party brand of oral care products and own brands of frozen food. All of our revenue was transacted in RM for FYE 30 June 2015. As we only have minimal transactions in foreign currency, the fluctuations in foreign exchange rate would have minimum impact on the performance of our business. Nevertheless, there can be no assurance that the potential risk in foreign exchange fluctuations such as an unfavourable foreign exchange movement against the RM would not have an impact on our business and financial performance.

Notwithstanding the above measures, steps and efforts undertaken by our Group to mitigate the abovementioned risks relating to our business and industry, there can be no assurance and guarantee that we can successfully manage all the risks including our ability to compete successfully in the future, and our ability to obtain sufficient supply of raw materials from our regular suppliers.

Further, there is no assurance that our customers will continue to place orders with us in the future and at the same levels as they had previously, or our ability to successfully manage our exposure to financial risks or our ability to attract and to retain our key management personnel with similar level of experience and capabilities.

Failure to do so could have a material and adverse impact on our business, financial condition and the results of our operations.

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4. RISK FACTORS (Cont'd)

4.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

4.3.1 Delay or abortion of our Listing

Our Listing may be potentially delayed or aborted in the event of the following:

- (a) the identified investors fail to subscribe for the portion of IPO Shares intended to be placed to them although they have furnished their irrevocable undertaking letters to subscribe for such Shares;
- (b) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations; and/or
- (c) we are unable to meet the public spread requirement of at least 25% of our enlarged issued and paid-up share capital to be held by a minimum of 200 public shareholders holding not less than 100 Shares each, at the time of our Listing.

We expect to meet the public shareholding requirement at the point of Listing by allocating the IPO Shares to the required number of public shareholders during the balloting/private placement process. However, in the event that we are unable to meet the above requirement, monies paid in respect of any application accepted will be returned to you without interest within 14 days after we become liable to repay it. If any such monies are not repaid within 14 days after we become liable to repay it, then the provision under sub-section 243(2) of the CMSA shall apply.

4.3.2 No prior market for our Shares and possible volatility of our Share price

There is no prior market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or if developed, that such market will be sustained. In addition, our Shares could trade at prices that may be lower than our Issue Price as a result of many factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These include, amongst others, prevailing global and local economic conditions, the depth and liquidity of the market for our Shares and investors' individual perceptions of our Group.

4.3.3 Control by Promoters

Upon Listing, our Promoters will collectively hold approximately 72.17% of our enlarged issued and paid-up share capital. Depending on how they choose to vote and because of their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, as a step towards good corporate governance, we have appointed one (1) Independent Non-Executive Chairman, one (1) Senior Independent Non-Executive Directors and two (2) Independent Non-Executive Directors and set up an Audit Committee to ensure that, *inter-alia*, any future transactions involving related parties are entered into on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

4. RISK FACTORS (Cont'd)

4.3.4 Payment of dividends

Our Company, being an investment holding company derives income mainly from dividends received from our Subsidiary Companies. Hence, our ability to pay future dividends is largely dependent on the performance of our Subsidiary Companies.

In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, availability of distributable reserves, capital expenditure plans and compliance with regulatory requirements. Whilst we endeavor to make payments of dividends, no assurance can be given that we are able to pay any dividends in the future as a result of the factors stated above. Please refer to Section 2.4 of this Prospectus for further information on our dividend policy.

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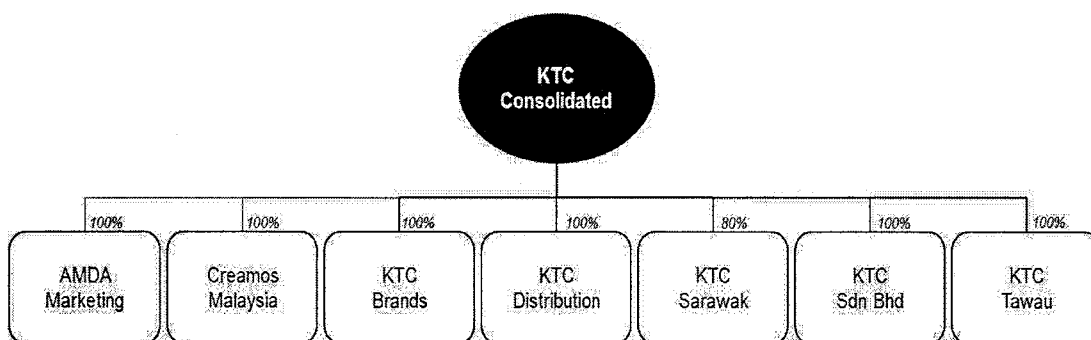
5. INFORMATION ON OUR GROUP

5.1 OUR HISTORY

We were incorporated in Malaysia under the Act on 17 October 2014 as a private limited company under the name of Kim Teck Cheong Consolidated Sdn Bhd. Subsequently, on 31 October 2014, our Company was converted into a public limited company and assumed our present name. We were incorporated as an investment holding company to facilitate our Listing.

We had undertaken the Acquisitions prior to our Listing, details of which are as set out in Section 5.4 of this Prospectus. AMDA Marketing, Creamos Malaysia, KTC Brands, KTC Distribution, KTC Sdn Bhd and KTC Tawau became our wholly-owned subsidiary companies and KTC Sarawak became our 80% owned subsidiary company pursuant to the Acquisitions.

Our Group structure is as follows:



The details of our principal activities are as follows:

Company	Principal Activities
KTC Consolidated	Investment holding
AMDA Marketing	Distribution of CPG ⁽¹⁾
Creamos Malaysia	Manufacture of bakery products
KTC Brands	Brand owner ⁽²⁾ and procurement arm for KTC Group's own brand of products
KTC Distribution	Distribution of CPG, focusing on F&B products ⁽³⁾
KTC Sarawak	Distribution of CPG ⁽⁴⁾
KTC Sdn Bhd	Distribution of CPG ⁽⁵⁾
KTC Tawau	Distribution of CPG ⁽⁶⁾

5. INFORMATION ON OUR GROUP (Cont'd)

Notes:

- (1) *Mainly focused on distribution of P&G products in Sabah and Labuan.*
- (2) *Ownership of brands refers to 'Orie' and 'Bamble'.*
- (3) *Mainly focused on distribution of F&B products in Sabah and Labuan.*
- (4) *Mainly focused on distribution of CPG in Sarawak and surrounding areas.*
- (5) *Mainly focused on distribution of non-food related brands.*
- (6) *Mainly focused on distribution of CPG in Tawau and surrounding areas.*

For further details, please refer to Section 6.2.1 for the geographical coverage of our Subsidiary Companies.

Our History and Key Milestones

The history of our business can be traced back to 1938 with the establishment of Kim Teck Cheong, a sole proprietorship by our founder, the late Datuk Lau Yeong Ching. Kim Teck Cheong started its initial business activity as an operator of a sundry shop in Sabah. In 1967, Datuk Lau, the son of the late Datuk Lau Yeong Ching joined the business operations and finally took over the helm of the business operations as the Managing Director in 1973. As our Group Managing Director, he has been instrumental in the growth and development of our Group bringing with him approximately 40 years of experience in the distribution industry. Datuk Lau is currently supported by our Directors, Dexter Lau and Lim Hui Kiong. Our business philosophy has and continues to be based on achieving business success and continuity through integrity and ethical business practices. This is encapsulated in our company name, Kim(“金”) Teck(“德”) Cheong(“昌”).

In 1946, Kim Teck Cheong started a departmental store in Kota Kinabalu until 1975 when KTC Sdn Bhd was incorporated to take over its operations. The intention then was to diversify into the provision of market access and coverage of CPG through the distribution of third party brands, initially with personal care products in Kota Kinabalu, Sabah.

Subsequently in 1978, we started expanding the coverage of other third party brands of personal care products in Kota Kinabalu, Sabah with “Darkie” brand of toothpaste (now known as “Darlie”), followed by “Pureen” baby care products in 1979.

In 1979, we were engaged by Tohtonku to provide market access and coverage for their brands of personal care and household products initially in Kota Kinabalu, Sabah, and later to Tawau and Sandakan, Sabah as well as Labuan in 2006. As at LPD, some of Tohtonku's brands that we provide market access and coverage include “Ammeltz Yoko Yoko”, “Everyday”, “Follow Me”, “King Kong”, “Nanowhite”, “Nutox”, “Can Can” and others.

In 1982, we started providing market access and coverage for P&G personal care and household products in Kota Kinabalu, Sabah. Over the years, our business has extended to other brands from P&G as well as covering additional markets namely Tawau and Sandakan, Sabah as well as Labuan for brands such as “Gillette”, “Head & Shoulders”, “Herbal Essences”, “Joy”, “Olay”, “Oral B”, “Pantene”, “Rejoice”, “Whisper”, “Ambi Pur”, “Downy”, “Dynamo”, “Fab”, and “Febreze”.

In 1983, we were engaged by Unza Sdn Bhd (now known as Wipro Unza (Malaysia) Sdn Bhd) to distribute their range of household and personal care products initially in Kota Kinabalu, Sabah before expanding to cover other markets in Tawau, Sabah during the same year. As at LPD, we provide market access and coverage of Wipro Unza's portfolio of brands including, among others, “Aiken”, “Carrie Junior”, “Dashing”, “Enchanteur”, “Eversoft”, “Gervenne”, “Maxkleen”, “New and Trendy”, “Safi”, “Sassy”, “Shurei” and “Skinz”. During the same year, we expanded our geographical presence by establishing a distribution centre in Tawau, Sabah to cover the east coast region of Sabah including Kunak, Lahad Datu, Semporna and Tawau.

5. INFORMATION ON OUR GROUP (*Cont'd*)

Subsequently in 2000, we further expanded geographically and established a distribution centre in Sandakan, Sabah. This has enabled us to extend the market access and coverage of P&G products to the east coast of Sabah. In 2001, we commenced the construction of an office and warehousing facility on two parcels of land in Tawau, which was earlier acquired in 1997. Upon the completion of the construction works in 2002, we move our original Tawau distribution centre to this premises.

In 2003, we incorporated AMDA Marketing to provide market access and coverage of P&G products in Sabah and Labuan, which subsequently commenced operations in 2004. As part of our expansion plans, we acquired three (3) parcels of land with building in SEDCO Light Industrial Estate (Kolombong) in Kota Kinabalu to cater to the growth of our business as well as to serve as our head office with warehousing facilities. The first parcel of land with building was acquired in 2004, followed by the acquisition of the two (2) remaining parcels of land with building in 2005.

In 2006, we further expanded on our Tawau operations by acquiring an additional piece of land and constructed another warehousing facility adjacent to our existing distribution centre in Tawau. This additional warehousing facility commenced operations in 2008.

As part of our management's intention to increase our product portfolio to include the distribution of frozen and chilled food products, we acquired the business and the cold room facilities of a distribution company in Bundusan, Penampang in Sabah in 2006. In the same year in 2006, we expanded our operations to Labuan by establishing a distribution centre in Jalan Patau-Patau, Labuan. Subsequently in 2007, we extended our product range to cover OTC drugs and health supplements including, among others "Panadol", "Scott's", "Eye Mo" and "Eno", and new brands of beverage products, namely "Horlicks" and "Ribena", and another new brand of oral care products, namely "Sensodyne" in Kota Kinabalu, Sabah as well as Labuan. In the same year, we commenced market access and coverage for milk powder, where we distributed brands such as "Mamex", "Mamil", "Dumil" and "Dugro" in Kota Kinabalu, Tawau and Sandakan in Sabah, as well as Labuan.

In 2007, KTCS Holdings Sdn Bhd (now known as KTC Distribution) was incorporated and its initial business activity was a property investment company which commenced operations in 2008.

In 2011, we acquired an additional warehouse in SEDCO Light Industrial Estate to provide AMDA Marketing, which is focused on providing market access and coverage for P&G products, with larger premises. As part of our intention to leverage from our core competency in providing market access and coverage of CPG, we started the distribution of our own brands of CPG namely "Bamble" for wet tissues in November 2011 and "Orie" for frozen and dry food, in May 2012 and May 2013 respectively. All these products are manufactured by external parties and packed under our own brand names. In 2013, we incorporated KTC Brands to focus on working with external manufacturers and suppliers for products to be distributed under our own brands. KTC Brands is also a holder of our own brands namely "Bamble" and "Orie", and any other new brands of CPG that we may launch in the future.

As part of our intentions to expand our coverage to Sarawak, we acquired an 80% equity interest in I K H Enterprise Sdn Bhd based in Sibu, Sarawak, a company focusing on the distribution of CPG, in September 2013. We subsequently changed the company name of I K H Enterprise Sdn Bhd to KTC Sarawak in November 2013, and the acquisition was completed in December 2013. The operational facilities in Sibu initially comprised one (1) distribution centre which has a branch office and warehousing facility. In the first half of 2014, we set-up a distribution centre in Kuching, and another in Miri, Sarawak. In the same year, we started distributing CPG to Bintulu. As at LPD, we have three (3) distribution centres in Sarawak, with one (1) distribution centre each in Sibu, Kuching and Miri.

5. INFORMATION ON OUR GROUP (Cont'd)

In line with our management's vertical expansion plans, Creamos Malaysia was incorporated in 2012 with the intention to manufacture bakery products. The company commenced operations in 2014 with the establishment of our manufacturing facility in SEDCO Light Industrial Estate (Kolombong) in Kota Kinabalu, Sabah, in the same premises as AMDA Marketing. As at LPD, Creamos Malaysia has been producing approximately 38,000 pieces of cream rolls per day under our own "Creamos" brand. Creamos Malaysia currently holds a Halal certification issued by JAKIM for cream rolls in chocolate, vanilla, corn, yam, strawberry and tiramisu flavours. Creamos Malaysia is also the holder of the "Creamos" brand.

In August 2014, KTC Distribution commenced its distribution activity and took over the consumer packaged F&B products from our subsidiary company, KTC Sdn Bhd. In September 2014, we started providing market access and coverage for new beverage products including, among others, "A&W Sarsaparilla", "Coca-Cola", "Fanta", "Schweppes" and "Sprite".

In April 2015, we further extended our product portfolio to cover new third party brands of personal care products, including "Aqua Label", "Tsubaki" and "ZA" in Sabah, Sarawak and Labuan, as well as a new brand of household products, namely "Philips" in Sabah and Sarawak. Subsequently in June 2015, we commenced market access and coverage for additional brands of personal care products under the "Revlon" brand. We continued to expand on our own brands where we launched beverage products under "Orie" as well "Creamos" brands in January 2015 and August 2015 respectively.

Since the commencement of KTC Sdn Bhd in 1975, we have expanded the business to become a provider of market access and coverage of third party brands as well as our own brands of CPG in East Malaysia, with a growing manufacturing business in bakery products. For FYE 30 June 2015, our total Group revenue was RM299.87 million. As at LPD, we have a total of 18 distribution centres in Sabah, Labuan and Sarawak, servicing East Malaysia.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.2 SHARE CAPITAL

Our present authorised share capital is RM100,000,000 comprising 750,000,000 Shares, and 25,000,000 RCPS of RM1.00 each, of which RM36,827,700 comprising 368,277,000 Shares and RM24,001,858 comprising 24,001,858 RCPS have been issued and credited as fully paid-up.

Upon completion of our IPO, our issued and paid-up share capital will increase to RM75,029,558 comprising 510,277,000 Shares and 24,001,858 RCPS. The changes in our issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of shares/RCPS allotted	Par value RM	Consideration	Cumulative total RM
Shares				
17.10.2014	20	0.10	Cash	2.00
01.07.2015	368,276,980	0.10	Issued as consideration for the Acquisitions	36,827,700
RCPS				
01.07.2015	24,001,858	1.00	Issued as consideration for the Acquisitions	24,001,858

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotment. Save for the RCPS, as at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company.

5.3 SUBSIDIARY COMPANIES

5.3.1 AMDA Marketing

(i) History and business

AMDA Marketing was incorporated in Malaysia as a private limited company under the Act on 8 October 2003 and commenced operations in January 2004. It is principally involved in distribution of CPG.

(ii) Share capital

The present authorised share capital of AMDA Marketing is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

There is no change in the issued and paid-up share capital of AMDA Marketing in the past three (3) years preceding LPD.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in AMDA Marketing.

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Shareholders and Directors

AMDA Marketing is our wholly-owned subsidiary company and its directors are Datuk Lau, Dexter Lau and Lim Hui Kiong.

(iv) Subsidiary and Associated companies

As at LPD, AMDA Marketing does not have any subsidiary or associated company.

5.3.2 Creamos Malaysia

(i) History and business

Creamos Malaysia was incorporated in Malaysia as a private limited company under the Act on 9 April 2012 and commenced operations in February 2014. It is principally involved in manufacturing of bakery products.

(ii) Share capital

The present authorised share capital of Creamos Malaysia is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

The changes in issued and paid-up share capital of Creamos Malaysia since its incorporation up to LPD are as follows:

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative total RM
09.04.2012	2	1.00	Cash	2
24.06.2013	499,998	1.00	Otherwise than cash ⁽¹⁾	500,000

Note:

(1) Capitalisation of amount due to the directors of Creamos Malaysia.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Creamos Malaysia.

(iii) Shareholders and Directors

Creamos Malaysia is our wholly-owned subsidiary company and its directors are Datuk Lau, Dexter Lau, Sharin Bin Alimin and Lim Hui Kiong.

(iv) Subsidiary and Associated companies

As at LPD, Creamos Malaysia does not have any subsidiary or associated company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.3.3 KTC Brands

(i) History and business

KTC Brands was incorporated in Malaysia as a private limited company under the Act on 8 February 2013 and commenced operations in July 2013. It is principally involved in being a brand owner and procurement arm for KTC Group's own brand of products.

(ii) Share capital

The present authorised share capital of KTC Brands is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM2 comprising of 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

There is no change in issued and paid-up share capital of KTC Brands since its incorporation up to LPD.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTC Brands.

(iii) Shareholders and Directors

KTC Brands is our wholly-owned subsidiary company and its directors are Datuk Lau, Dexter Lau and Lim Hui Kiong.

(iv) Subsidiary and Associated companies

As at LPD, KTC Brands does not have any subsidiary or associated company.

5.3.4 KTC Distribution

(i) History and business

KTC Distribution was incorporated in Malaysia under the name of Chin Chang Marketing Sdn Bhd as a private limited company under the Act on 19 October 2007 and commenced operations in property investment in September 2008. It subsequently changed its name to KTCS Holdings Sdn Bhd on 1 October 2009 and assumed its present name on 5 June 2014. It is principally involved in distribution of CPG, focusing on F&B products.

(ii) Share capital

The present authorised share capital of KTC Distribution is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

The changes in issued and paid-up share capital of KTC Distribution in the past three (3) years preceding LPD are as follows:

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative total RM
04.08.2014	500,000	1.00	Otherwise than cash ⁽¹⁾	1,000,000

5. INFORMATION ON OUR GROUP *(Cont'd)*

Note:

- (1) *By way of contra against the amount owing by KTC Distribution to Datuk Lau as part settlement of debt amounting to RM500,000.*

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTC Distribution.

(iii) **Shareholders and Directors**

KTC Distribution is our wholly-owned subsidiary company and its directors are Datuk Lau, Datin Lim, Benedick Lau and Lindfay Lau.

(iv) **Subsidiary and Associated companies**

As at LPD, KTC Distribution does not have any subsidiary or associated company.

5.3.5 **KTC Sarawak**

(i) **History and business**

KTC Sarawak was incorporated in Malaysia under the name of I K H Enterprise Sdn Bhd as a private limited company under the Act on 8 August 2001 and commenced operations on September 2001. KTC Sarawak assumed its present name on 19 November 2013 and is principally involved in distribution of CPG.

(ii) **Share capital**

The present authorised share capital of KTC Sarawak is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM50,000 comprising 50,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

There is no change in the issued and paid-up share capital of KTC Sarawak in the past three (3) years preceding LPD.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTC Sarawak.

(iii) **Shareholders and Directors**

KTC Sarawak is our 80% owned subsidiary company and its directors are Datuk Lau, Dexter Lau, Lim Hui Kiong, Yong Ing Kai and Datin Lim. The remaining 20% interest in KTC Sarawak is owned by Yong Ing Kai.

(iv) **Subsidiary and Associated companies**

As at LPD, KTC Sarawak does not have any subsidiary or associated company.

5.3.6 **KTC Sdn Bhd**

(i) **History and business**

KTC Sdn Bhd was incorporated in Malaysia as a private limited company under the Act on 18 April 1975 and commenced operations in the same year. It is principally involved in distribution of CPG.

5. INFORMATION ON OUR GROUP *(Cont'd)*

(ii) Share capital

The present authorised share capital of KTC Sdn Bhd is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which RM600,000 comprising 600,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

There is no change in the issued and paid-up share capital of KTC Sdn Bhd in the past three (3) years preceding LPD.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTC Sdn Bhd.

(iii) Shareholders and Directors

KTC Sdn Bhd is our wholly-owned subsidiary company and its directors are Datuk Lau, Dexter Lau and Lim Hui Kiong.

(iv) Subsidiary and Associated companies

As at LPD, KTC Sdn Bhd does not have any subsidiary or associated company.

5.3.7 KTC Tawau

(i) History and business

KTC Tawau was incorporated in Malaysia as a private limited company under the Act on 8 February 1983 and commenced operations in March 1983. It is principally involved in distribution of CPG.

(ii) Share capital

The present authorised share capital of KTC Tawau is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

There is no change in the issued and paid-up share capital of KTC Tawau in the past three (3) years preceding LPD.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in KTC Tawau.

(iii) Shareholders and Directors

KTC Tawau is our wholly-owned subsidiary company and its directors are Datuk Lau, Lim Hui Kiong, Datin Lim, Benedick Lau and Lindfay Lau.

(iv) Subsidiary and Associated companies

As at LPD, KTC Tawau does not have any subsidiary or associated company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4 LISTING SCHEME

In conjunction with and as an integral part of our Listing, the details of our listing scheme is set forth below.

5.4.1 Acquisitions

We had entered into a conditional share sale agreement dated 3 December 2014 with KTC Holdings to acquire the following:

Company	Shareholding to be acquired %	No. of ordinary shares of RM1.00 each to be acquired	Purchase consideration RM	To be satisfied via	
				Shares issued @ RM0.10 per Share	RCPS issued @ RM1.00 per RCPS
AMDA Marketing	100	1,000,000	4,041,409	24,467,680	1,594,641
Creamos Malaysia	100	500,000	59,438	359,850	23,453
KTC Brands	100	2	139,829	846,560	55,173
KTC Distribution	100	1,000,000	5,797,687	35,100,610	2,287,626
KTC Sarawak	80*	40,000	3,038,700	18,397,030	1,198,997
KTC Sdn Bhd	100	600,000	36,768,480	222,605,350	14,507,945
KTC Tawau	100	500,000	10,984,013	66,499,900	4,334,023
Total			60,829,556	368,276,980	24,001,858

Note:

* The remaining twenty percent (20%) is currently held by Yong Ing Kai. He is also a director of KTC Sarawak. He has approximately 30 years of experience in the distribution industry in Sibul, Sarawak and was the founder of IKH Enterprise Sdn Bhd (now known as KTC Sarawak). With his local market knowledge and experience in the distribution industry, he is able to contribute to the expansion and the future growth of KTC Sarawak.

The purchase consideration was agreed upon on a willing-buyer willing-seller basis based on the total proforma NA (excluding non-controlling interest) as at 30 June 2014 of RM60,829,556 as tabulated above and after taking into account of the following:

- the revaluation surplus of properties amounting to RM22,783,892 (after deducting the deferred taxation of 5%);
- the gain of RM822,000 arising from the disposal of a property by KTC Sdn Bhd pursuant to a sale and purchase agreement dated 2 July 2014;
- the allotment of 500,000 new ordinary shares of RM1.00 each by KTC Distribution on 4 August 2014; and
- the proposed dividend by KTC Sdn Bhd and AMDA Marketing of RM7,602,884 and RM625,762 respectively to offset against the amount due from KTC Holdings to KTC Sdn Bhd and AMDA Marketing.

5. INFORMATION ON OUR GROUP (Cont'd)

Further details are as follows:

AMDA Marketing		RM
NA as at 30 June 2014		4,667,171
Less: Proposed dividend to be offset against the amount due from KTC Holdings		(625,762)
Adjusted NA as at 30 June 2014		<u>4,041,409</u>

Creamos		RM
NA as at 30 June 2014		<u>59,438</u>

KTC Brands		RM
NA as at 30 June 2014		<u>139,829</u>

KTC Distribution		RM
Audited NA as at 30 June 2014		1,176,100
Less: Additional depreciation charges from 1 July 2014 to 31 October 2014		(119,070)
Add: Recognition of the revaluation surplus arising from the revaluation of its property (net off 5% deferred tax)*		4,240,657
Add: Allotment of new ordinary shares subsequent to 30 June 2014		500,000
Adjusted NA as at 30 June 2014		<u>5,797,687</u>

KTC Sarawak		RM
NA as at 30 June 2014		3,798,375
Less: Share of 20% NA by the non-controlling interests		(759,675)
80% NA as at 30 June 2014		<u>3,038,700</u>

KTC Sdn Bhd		RM
Audited NA as at 30 June 2014		28,464,803
Less: Additional depreciation charges from 1 July 2014 to 31 October 2014		(138,214)
Add: Recognition of the revaluation surplus arising from the revaluation of its property (net off 5% deferred tax)*		15,222,775
Add: Gain arising from disposal of non-current asset held for sale		822,000
Less: Proposed dividend to be offset against the amount due from KTC Holdings		(7,602,884)
Adjusted NA as at 30 June 2014		<u>36,768,480</u>

KTC Tawau		RM
NA as at 30 June 2014		7,683,031
Less: Additional depreciation charges from 1 July 2014 to 31 October 2014		(19,478)
Add: Recognition of the revaluation surplus arising from the revaluation of its property (net off 5% deferred tax)*		3,320,460
Adjusted NA as at 30 June 2014		<u>10,984,013</u>

5. INFORMATION ON OUR GROUP (Cont'd)

Note:

* The fair value adjustments and deferred taxation are as follows:

Company	(A) Market Value[#] RM	(B) NCA as at 31 October 2014 RM	(C) = (A) - (B) Fair Value Adjustments RM	Deferred taxation[@] RM
KTC Distribution	7,215,000	2,751,150	4,463,850	223,193
KTC Sdn Bhd	30,819,000	14,795,026	16,023,974	801,199
KTC Tawau	6,305,000	2,809,779	3,495,221	174,761

The market value is based on the valuation conducted by the Independent Property Valuer on 20 October 2014. Please refer to Section 14 of this Prospectus for further details on the valuation of the respective properties and Section 6.17 of this Prospectus for the details of the respective properties which were taken into consideration for the computation of the above fair value adjustments.

@ Deferred taxation is computed based on the fair value adjustments multiply by the current real property gains tax rate of 5%.

The Acquisitions were completed on 1 July 2015, resulting in our issued and paid-up share capital increasing from 20 Shares to 368,277,000 Shares and 24,001,858 RCPS.

5.4.2 IPO

Subsequent to the Acquisition, we are undertaking an IPO, the details of which are set out in Section 3.1 of this Prospectus.

5.4.3 Listing on Bursa Securities

The admission to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM51,027,700 comprising 510,277,000 Shares on the ACE Market of Bursa Securities.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.5 KEY AWARDS

Our key awards and recognitions are as follows:

Year	Key Awards and Recognition
1993/94	KTC Sdn Bhd was awarded champion of the Jobber ⁽¹⁾ Recognition Programme (Jobber Category – East Malaysia) by P&G
1996	KTC Sdn Bhd obtained a "Recognition of Service Award" from P&G
2001	KTC Sdn Bhd received an "Appreciation of 20 Years of Business Partnership" recognition by Wipro Unza
2004	KTC Sdn Bhd received the "DARLIE Star Performer Award" from Hawley & Hazel (M) Sdn Bhd
2004/05	AMDA Marketing received the "Malaysia Perfect Distributor Award" from P&G
2005	KTC Sdn Bhd was the winner of the "Excellence Performance Award" by Hawley & Hazel (M) Sdn Bhd
2008	KTC Sdn Bhd received the "Best Achievement Award" by KFC Marketing Sdn Bhd. (now known as QSR Trading Sdn Bhd)
	KTC Sdn Bhd obtained the "Best Distributor Award" (Sabah-Kota Kinabalu) from KFC Marketing Sdn Bhd (now known as QSR Trading Sdn Bhd)
	KTC Sdn Bhd obtained the "Best Preferred Dealer Award" from GlaxoSmithKline Consumer Healthcare Sdn Bhd
2008/09	KTC Sdn Bhd received the "Distributor Recognition Award" from SC Johnson and Son (M) Sdn Bhd
2009	KTC Sdn Bhd obtained the "Best Preferred Dealer Award" from GlaxoSmithKline Consumer Healthcare Sdn Bhd
2010/11	AMDA Marketing obtained the "GO-TO-MARKET EXCELLENCE: IS Growth Excellence Award" from P&G
2011	KTC Sdn Bhd was acknowledged as "GSK Preferred Dealer" by GlaxoSmithKline Consumer Healthcare Sdn Bhd
2011/12	AMDA Marketing was awarded the "GO-TO-MARKET EXCELLENCE: Numeric Distribution Hero Award" by P&G
	KTC Sdn Bhd obtained a Certificate of Achievement from Wipro Unza for achieving the 2011/2012 target in East Malaysia and Brunei
2012	KTC Sdn Bhd was awarded with an "Appreciation of 30 Years Business Partnership in Sabah" recognition by Hawley & Hazel Marketing (M) Sdn Bhd
2012/13	AMDA Marketing obtained the "Multi-Functional Team Recognition (Finance) Award" from P&G
	AMDA Marketing received the "Best Sales Function Award" from P&G
	AMDA Marketing received the "Numeric Distribution Hero Award" from P&G
	AMDA Marketing received the "Regional High Frequency Store Supervisor Award" from P&G

5. INFORMATION ON OUR GROUP (Cont'd)

Year	Key Awards and Recognition
2014	AMDA Marketing received the "Best in Class High Frequency Store Supervisor Award" from P&G AMDA Marketing was awarded the "Best Brand Distribution Award" from P&G

Note:

(1) *Jobber refers to a distributor that purchases large quantities of goods and resells to merchants.*

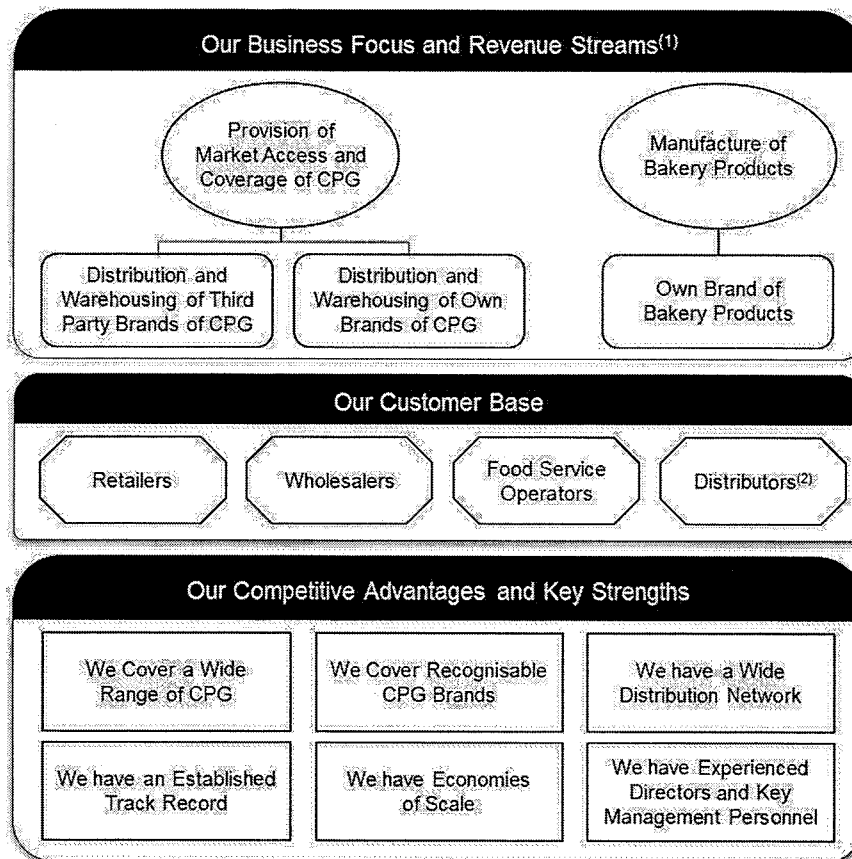
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6. BUSINESS OVERVIEW

6.1 OUR PRINCIPAL BUSINESS ACTIVITIES

6.1.1 Our Business Model

Our Group's business model is depicted as below:



Notes:

(1) The above business model reflects our normal business activities where sales are recorded under revenue. It excludes logistic services, which is not within our normal business activities where sales are recorded under 'other income'.

(2) Including appointed distributors for bakery products and one appointed sub-distributor for CPG.

(a) Our Business Focus and Revenue Stream

We are in the business of providing market access and coverage of CPG where we are involved in the distribution and warehousing of third party brands of products as well as our own brands of products. Within our portfolio of third party brands, we cover F&B products including dry, frozen and chilled food, as well as beverage products while non-food products include personal care, household, baby care, OTC drugs and health supplements. In addition, we are also continually building on the distribution and warehousing of our own brands of frozen and dry food as well as beverage products. We provide market access and coverage of CPG in East Malaysia namely Sabah, Labuan and Sarawak where we have a total of 18 distribution centres with warehousing facilities, of which 13 are in Sabah, three (3) in Sarawak and two (2) in Labuan as at LPD.

6. BUSINESS OVERVIEW (Cont'd)

Part of our business activities is in the manufacture of our own brand of bakery products, which commenced operations in February 2014. As at LPD, we are producing approximately 38,000 pieces of cream rolls per day under our own "Creamos" brand and our products are available for sale in various retail outlets including hypermarkets, supermarkets, sundry shops, convenience stores, petrol kiosks, and Chinese medical halls in Kota Kinabalu, Sandakan, Tawau and Labuan.

For FYE 30 June 2015, revenue from the distribution of third party brands of CPG amounted to RM285.65 million or 95.26% of our total revenue. This is followed by the distribution of our own brands of CPG which accounted for RM7.95 million or 2.65% of our total revenue. For FYE 30 June 2015, revenue from the manufacturing of bakery products accounted for RM6.27 million or 2.09% of our total revenue.

(b) Our Customer Base

Our main customer base consists of retailers, wholesalers, food service operators and distributors which are further elaborated below:

- retailers including hypermarkets, supermarkets, departmental stores, sundry shops, convenience stores, pharmacies, petrol kiosks, Chinese medical halls, electrical and electronic hardware stores, clothing stores, stationery stores and book shops;
- wholesalers including smaller enterprises that supply to sundry shops and other retailers in outskirts areas and a ship chandler;
- operators of food services including restaurants, bakeries, hawker stalls, caterers, hotels, recreational clubs and other eateries;
- distributors, including appointed distributors for our bakery products and a sub-distributor for our CPG.

For FYE 30 June 2015, revenue contribution from retailers accounted for 87.92% of our total revenue and this is followed by wholesalers at 8.11%, distributors at 2.11% and operators of food services accounted for the remainder 1.86%.

Sales from the above categories of customers are outright sales based on purchase orders. A small proportion of baby products are sold based on consignment basis, and the revenue contributions from the said products accounted for 0.66%, 0.53%, 0.45% and 0.29% of our total revenue for the FYE 30 June 2012, 2013, 2014 and 2015 respectively. Commercial terms with customers are assessed and approved on a case-by-case basis. In general, our credit terms with customers range from 30 days to 60 days.

(c) Our Competitive Advantages and Key Strengths

Our competitive advantages and key strengths are important in sustaining our business and providing our Group with future business growth and opportunities. These include the following:

(i) We Cover a Wide Range of CPG

We provide market access and coverage of a wide range of CPG covering F&B products, personal care products, household products, baby care products as well as OTC drugs and health supplements.

6. BUSINESS OVERVIEW (Cont'd)

Subsequent to LPD, we distribute approximately 10,348 SKU of CPG covering various locations within Sabah, Sarawak and Labuan. One SKU represents one distinct product or stock item that can be purchased. Subsequent to LPD, we carry five (5) major product portfolio:

- 893 SKU of F&B products;
- 5,367 SKU of personal care products;
- 1,063 SKU of household products;
- 2,900 SKU of baby care products; and
- 125 SKU of OTC drugs and health supplements.

(ii) We Cover Recognisable CPG Brands

As a provider of market access and coverage of CPG, our core competency is in the distribution of a proliferation of third party brands across various product categories. As at LPD, we distribute approximately 194 third party brands of CPG for 36 brand owners inclusive of respective appointed distributors of brand owners.

For more details, please refer to Section 6.2.1.2 of this Prospectus for third party brands that are carried by KTC Group as at LPD.

(iii) We have a Wide Distribution Network

As the general public is the end-consumer of CPG, having a wide distribution network is key in ensuring that the products we cover reach as many consumers as possible. In this respect, for FYE 30 June 2015, we have a customer base that includes 4,604 retailers namely hypermarkets, supermarkets, departmental stores, sundry shops, convenience stores, pharmacies, petrol kiosks, Chinese medical halls, and 96 wholesalers and distributors, as well as 1,239 food service operators in East Malaysia. Our wholesalers utilise their own existing network to resell CPG to smaller merchants.

In addition, our business is supported by a total of 18 distribution centres in Sabah namely Kota Kinabalu, Sandakan, Tawau, Lahad Datu, Kudat and Keningau as well as in Sarawak namely Kuching, Sibul and Miri, and Labuan. As at LPD, we have 13 distribution centres to cover 21 districts in Sabah, three (3) distribution centres to cover 27 districts and nine (9) sub-districts in Sarawak as well as two (2) distribution centres to cover Labuan. This is inclusive of wholly owned, rented and outsourced facilities. Some of the distribution centres are equipped with warehousing facilities, some with cold room storage facilities to cater to the distribution of various types of CPG including F&B products, personal care products, household products, baby care products, as well as OTC drugs and health supplements.

As a provider of market access and coverage of CPG, our sales and distribution points for the financial years under review grew at an AAGR of 30.60% from 2,678 sales and distribution points for FYE 30 June 2012 to 5,965 sales and distribution points for FYE 30 June 2015. Sales and distribution points are an indication of our ability to increase the market access and coverage of CPG. Sales and distribution points are our final delivery destinations from our distribution centres, which includes retail outlets, food service outlets, wholesalers and distributors. As at LPD, we have access to 6,419 sales and distribution points.

We believe that our distribution network is a competitive advantage as it enables us to extend our product reach within the East Malaysia market.

6. BUSINESS OVERVIEW (Cont'd)

For further details on our distribution network, please refer to Section 6.2.1 of this Prospectus.

(iv) We have an Established Track Record

We have a proven and established track record with a history that spans approximately 40 years since the commencement of KTC Sdn Bhd in 1975. As a further testament of our track record and performance, we have obtained numerous awards and recognition from our suppliers including among many others, "Special Recognition Award (Sales)" from P&G, "Appreciation of 30 Years of Business Partnership in Sabah" by Hawley & Hazel Marketing (M) Sdn Bhd, "Best Achievement Award" by KFC Marketing Sdn Bhd (now known as QSR Trading Sdn Bhd) and "Preferred Dealer" awarded by GlaxoSmithKline Consumer Healthcare Sdn Bhd.

We have established long-term business relationships with our suppliers. As at LPD, our track record with our suppliers which include brand owners as well as their respective appointed distributors, are as depicted in the following:

Our Track Record	Our Suppliers*
30 years or more	Hawley & Hazel Chemical Co (HK) Ltd, P&G, Summit Co (M) Sdn Bhd, Tohtonku and Wipro Unza.
10 to 29 years	Alliance Cosmetics Sdn Bhd, Cottrich Marketing Sdn Bhd, Ethye Sdn Bhd, Gan & Sons Trading Sdn Bhd, Jetaine Corporation Sdn Bhd, Kara Marketing (M) Sdn Bhd, Leung Kai Fook Medical Store and O'Seeker Marketing Sdn Bhd.
5 to 9 years	Auric Chun Yip Sdn Bhd, Danone Dumex, GlaxoSmithKline Consumer Healthcare Sdn Bhd, Groupe SEB Malaysia Sdn Bhd, LH Sales and Marketing Sdn Bhd, QSR Trading Sdn Bhd, Rich Products (M) Sdn Bhd and Susu Lembu Asli Marketing Sdn Bhd.
Less than 5 years	Asia Food and Beverage Sdn Bhd, Bake With Me Sdn Bhd, Coca-Cola, DKSH Malaysia Sdn Bhd, Ginvera Marketing Enterprise Sdn Bhd, Indofood (M) Industries Sdn Bhd, Kimberly-Clark Trading (M) Sdn Bhd, L'Óreal Malaysia Sdn Bhd, McCain International Inc, Network Foods Sdn Bhd, Novel Link Malaysia Sdn Bhd, Philips Malaysia Sdn Bhd, Shiseido (Malaysia) Sdn Bhd, Wang Sheng Food Trading and Wang-Zheng Corporation Sdn Bhd.

Note:

* Our suppliers consist of brand owners as well as their respective appointed distributors.

Our proven track record will provide us with the platform to compete effectively and grow our business in the future.

6. BUSINESS OVERVIEW (Cont'd)

(v) We have Economies of Scale

We benefit from economies of scale arising from the bulk distribution of a range of CPG including F&B products, personal care products, household products, baby care products as well as OTC drugs and health supplements. The bulk distribution of CPG enables us to spread our fixed costs across a large volume of products, and may provide us with the bargaining power to obtain better commercial terms with regards to product costs, credit terms, logistics arrangements and others.

(vi) We have Experienced Directors and Key Management Personnel

The extensive experience of our Directors and key management personnel form a competitive advantage for our Group in terms of our market understanding and market knowledge, established customer and supplier relationships. Their experiences have been and still continue to be instrumental to the success, growth and development of our Group. Our Non-Independent Managing Director, Datuk Lau has approximately 40 years of experience in the distribution industry, while our Non-Independent Executive Directors, Dexter Lau and Lim Hui Kiong have approximately 12 years and 33 years of experience respectively.

6.1.2 Our Value Proposition

Our value proposition differentiates us from other operators in the industry, as well as enables us to create wealth for our shareholders. These include the following:

(i) We are a first tier provider of market access and coverage in the distribution of CPG in Sabah

According to the IMR Report, we are a major provider of market access and coverage of CPG in Sabah and pride ourselves as one of the top three first tier distributors in Sabah. Our market position provides us with the leverage to represent more brand owners, and to be able to provide wider market access and coverage for brand owners of CPG.

(ii) We operate in a large market for the distribution of CPG

We currently distribute CPG to various locations within Sabah, Sarawak and Labuan. According to the IMR Report, the market size for the distribution of CPG in East Malaysia in 2014 was estimated at RM6.8 billion. The size of the combined markets comprising Sabah, Sarawak and Labuan in East Malaysia provides us with growth opportunities to create wealth for our shareholders.

Please refer to Section 7 of this Prospectus for details on the IMR Report.

6. BUSINESS OVERVIEW (Cont'd)

6.1.3 Our Drivers of Growth

Our drivers of growth incorporate a combination of expansionary strategies incorporating markets, products and business activities. These include the following:

(i) We have horizontal expansion with our own brands of CPG

As at LPD, the vast majority of our revenue is derived from the distribution of third party brands. Nevertheless, we have started on our own brands of frozen and dry food, beverage products and bakery products. For FYE 30 June 2015, our own brands of CPG and bakery products amounted to 4.74% of our total Group revenue. As part of our future plans, we intend to further expand on our portfolio of products under our own brands of CPG and we expect this segment to contribute further to our business growth and performance.

(ii) We have vertical expansion with our manufacturing of bakery products

We have recently expanded vertically into the manufacturing of our own brand of bakery products. This provides us with the platform for business growth, expansion as well as diversification. For FYE 30 June 2015, the manufacturing of bakery products amounted to 2.09% of our total Group revenue. While our bakery products as at LPD, cover cream rolls in a number of flavours, we intend to expand on our range to include other bakery products, which is expected to provide us with additional source of revenue. As our bakery products are mainly sold in Kota Kinabalu, Sandakan, Tawau and Labuan as at LPD, our future market expansion plans into Brunei and Sarawak is expected to further contribute to the growth of our manufacturing operations.

(iii) Our market expansion in Sarawak and Brunei

We have growth plans to expand further into Sarawak and Brunei in the provision of market access and coverage of CPG. For the FYE 30 June 2015, revenue from Sarawak represented 4.51% of our total Group revenue. Since the acquisition of KTC Sarawak was completed in December 2013, we have started laying the ground works for further expansion by setting up three (3) distribution centres in Sarawak, one each in Kuching, Sibu and Miri as at LPD. As at LPD, through KTC Sarawak, we were appointed by eight (8) companies for distribution of CPG to cover Sarawak. We expect further revenue contribution from the Sarawak market itself as the market size for the distribution of CPG is estimated at RM3.9 billion and is approximately 1.3 times larger than Sabah. *(Source: IMR Report)* Our presence and continued efforts in penetrating the Sarawak market would provide further growth for our business. We intend to make further inroads into the Sarawak market through the following efforts:

- Continue to strengthen the sales and marketing team and increasing various marketing activities such as business development for new customers, expanding product range to existing customers, and undertaking more promotions. In terms of expanding our product range, we intend to focus on the distribution of our own brand of F&B products in Sarawak, one of which is to leverage on the existing presence of the 'Orie' and "Creamos" brands of F&B products. In addition, we intend to launch some of the other new products under our own existing brand name as well as the launch of a new brand namely "Butter Maid" as part of our future plans. Some of these new products include dry food, beverage, chilled and frozen food as well as personal care products to the Sarawak market. Part of our business intention is to continuously expand on the coverage of our existing brands as well as secure new brands under the distribution of third party brands of CPG covering both Sabah and Sarawak markets.

6. BUSINESS OVERVIEW (Cont'd)

- Expand warehousing facilities to increase total warehouse space from 25,360 sq ft to approximately 45,000 sq ft in Sarawak. The larger warehousing space will enable us to store a wider range of products to cater for business expansion.

Part of our future plans is to enter the Brunei market which will form a new geographical expansion for our distribution of CPG. In 2014, the market size for the distribution of CPG in Brunei was estimated at RM542 million (*Source: IMR Report*). This is expected to provide an additional market which serves as a source of revenue growth for our business.

(iv) Increase in our sales and distribution points

As at LPD, we have access to 6,419 sales and distribution points for our CPG products including bakery products. In September 2014, we have commenced the distribution of beverages for a brand owner covering certain districts in Sabah and Labuan. As at LPD, there are approximately 2,000 potential sales and distribution points that we have yet to penetrate and these additional sales and distribution points would enable us to increase our access and coverage to a wider base of customers. The approximately 2,000 potential sales and distribution points are mainly for Sandakan, Tawau, Lahad Datu, Labuan and Kota Kinabalu as well as Kuching, Miri and Sibiu.

6.2 OUR BUSINESS OPERATIONS, PRODUCTS AND SERVICES

As at LPD, we cover the five (5) main product categories below:

- (i) F&B products mainly including dry food, frozen food, chilled food and beverage products;
- (ii) personal care products which include skin and body care, hair care, oral care and others such as sanitary care, cosmetics and eye care, among many others;
- (iii) household products, among others, include laundry detergents and other cleaning products, air fresheners, electrical appliances, kitchenware items, lighting products and others;
- (iv) baby care products, among others include diapers, baby wipes and accessories, baby body care products and baby food; and
- (v) OTC drugs and health supplements.

Our provision of market access and coverage activity encompasses third party brands as well as our own brands of CPG. Our other business activity is in the manufacture of bakery products.

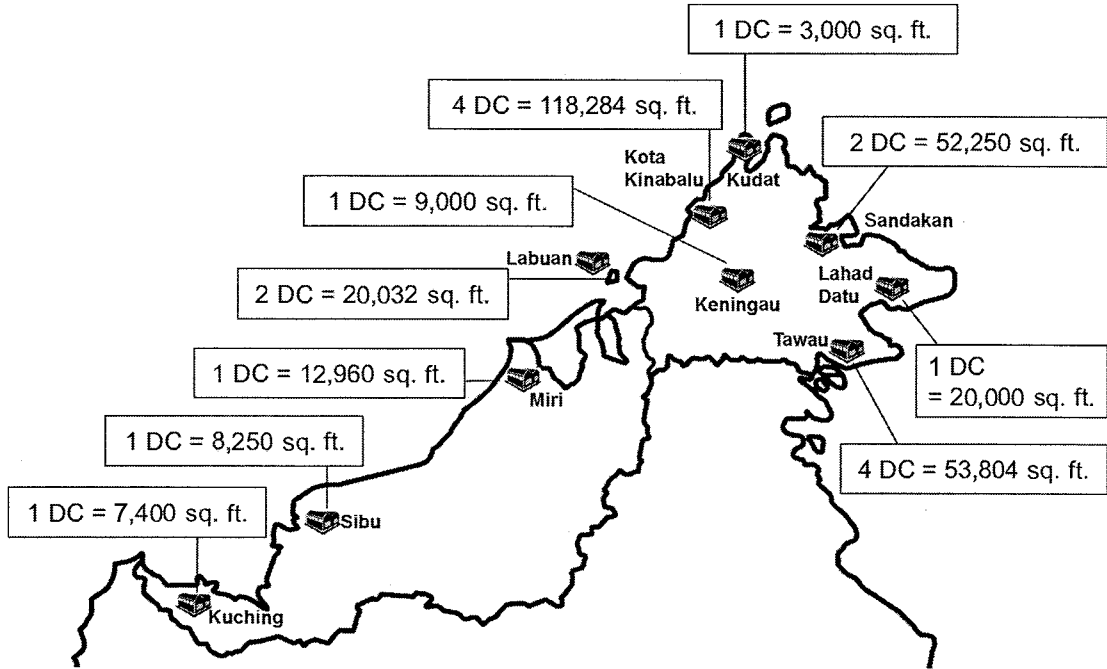
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6. BUSINESS OVERVIEW (Cont'd)

6.2.1 Distribution of CPG

Our main revenue stream is derived from the distribution of CPG incorporating warehousing and various marketing activities including, among others, point-of-sale promotions, trade visits and product demonstrations at retail outlets. As a provider of market access and coverage of CPG, we are supported by 18 distribution centres in East Malaysia as at LPD. This is as depicted below:

Our Distribution Centres in East Malaysia



D.C = Distribution Centre

Note:

The built-up area of each distribution centre above comprised at the very least, a warehousing facility while other distribution centres have a combination of either a head office, an administration office or branch office together with warehousing facilities.

6. BUSINESS OVERVIEW (Cont'd)

6.2.1.1 Operation of the Distribution Centres

As at LPD, out of the 18 distribution centres, we operate nine (9) while the remaining nine (9) are outsourced to external parties. The distribution centres as segmented by geographical coverage and Subsidiary Companies are as follows:

Our Subsidiary Companies	Distribution Centres (by district)	Number of Distribution Centres	Geographical Coverage of districts by Subsidiary Companies ⁽¹⁾
AMDA Marketing	Kota Kinabalu	1	18 districts in Sabah ⁽²⁾ , namely Beaufort, Keningau, Kota Belud, Kota Kinabalu, Kota Marudu, Kuala Penyu, Kudat, Nabawan, Papar, Penampang, Putatan, Ranau, Sandakan, Sipitang, Tambunan, Tawau, Tenom and Tuaran, as well as Labuan.
KTC Distribution	Kota Kinabalu	1	Sabah including 14 districts, namely Beaufort, Kota Belud, Kota Kinabalu, Kota Marudu, Kuala Penyu, Nabawan, Papar, Penampang, Putatan, Ranau, Sipitang, Tambunan, Tenom and Tuaran.
	Sandakan ⁽⁴⁾	1	Sandakan
	Labuan	1	Labuan
	Tawau	1	Tawau, Kunak and Semporna
	Lahad Datu ⁽⁴⁾	1	Lahad Datu
	Kudat ⁽⁴⁾	1	Kudat
	Keningau ⁽⁴⁾	1	Keningau
KTC Sarawak	Sibu	1	10 districts in Sarawak ⁽³⁾ namely, Dalat, Julau, Kanowit, Kapit, Meradong, Mukah, Sarikei, Selangau, Sibu and Song.
	Kuching	1	11 districts in Sarawak namely, Asajaya, Bau, Betong, Kuching, Lubok Antu, Lundu, Samarahan, Saratok, Serian, Simunjan, and Sri Aman, as well as seven sub-districts namely Debak, Engkilili, Kabong, Pusa, Roban, Sematan and Spaoh.
	Miri	1	6 districts in Sarawak, namely Bintulu, Lawas, Limbang, Marudi, Miri, and Tatau, as well as two sub districts, namely Sebauh and Sibuti.
KTC Sdn Bhd	Kota Kinabalu	2	16 districts in Sabah ⁽²⁾ , namely Beaufort, Keningau, Kota Belud, Kota Kinabalu, Kota Marudu, Kuala Penyu, Kudat, Nabawan, Papar, Penampang, Putatan, Ranau, Sipitang, Tambunan, Tenom and Tuaran.
	Sandakan ⁽⁴⁾	1	Sandakan
	Labuan ⁽⁴⁾	1	Labuan
KTC Tawau	Tawau ⁽⁴⁾	3	Tawau, Lahad Datu, Kunak and Semporna
Total		18⁽⁵⁾	

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) *Based on alphabetical order.*
- (2) *There are 25 districts in Sabah.*
- (3) *There are 31 districts and 28 sub-districts in Sarawak.*
- (4) *Outsourced to external parties, i.e. Bakhtiar Logistic, Jessel Enterprise, Delta Expeditors (M) Sdn Bhd, Best Star Transport Sdn Bhd, Sahabat Jaya Enterprise and Star Borneo Logistics Sdn Bhd who are mainly providers of warehousing space and/or warehousing and transportation services.*
- (5) *The total number of distribution centres excludes one of the warehousing facilities of KTC Distribution in Sandakan as it shares the same premises with KTC Sdn Bhd.*

Depending on the location and the market coverage requirements of brand owners, our Group's mode of operation will continue to have a combination of their own warehouses as well as outsourcing arrangements. The remaining nine (9) distribution centres are outsourced to external parties to minimise on capital expenses, such as purchase of land and building, and racking system, as well as reduce labour requirements and administration by our Group. Some consideration factors in appointing the external parties are manpower, location of warehouse, size and facilities of warehouse, as well as logistics for timely delivery. The IPO proceeds will provide our Group with funds to meet the capital outlay to construct and acquire warehousing facilities as disclosed in Section 6.18.1.1 of this Prospectus to cater for our future expansion.

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6. BUSINESS OVERVIEW (Cont'd)

Within each distribution centre, we are supported by the following facilities and services:

(i) Warehousing Facilities

As at LPD, out of the 18 warehouses, four (4) of these warehouses are owned by our Group, five (5) are rented facilities while the remaining nine (9) warehousing facilities are provided by our outsource partners. Details of the 18 warehousing facilities are as follows:

Location	Our Own Facilities		Our Rented Facilities		Facilities Provided by Outsourcing Party [^]		TOTAL	
	Units	Approximate Built-up Area (sq ft)	Units	Approximate Built-up Area (sq ft)	Units	Approximate Built-up Area (sq ft)	Units	Approximate Built-up Area (sq ft)
Sabah	4	69,287	1	21,200	8	139,055	13	229,542
- Kota Kinabalu	3	49,713*	-	-	1	45,300	4	95,013
- Tawau	1	19,574	1	21,200	2	10,630*	4	51,404
- Sandakan	-	-	-	-	2	51,125*	2	51,125
- Lahad Datu	-	-	-	-	1	20,000	1	20,000
- Kudat	-	-	-	-	1	3,000	1	3,000
- Keningau	-	-	-	-	1	9,000	1	9,000
Sarawak	-	-	3	25,360	-	-	3	25,360
- Miri	-	-	1	12,000	-	-	1	12,000
- Kuching	-	-	1	7,000	-	-	1	7,000
- Sibuan	-	-	1	6,360	-	-	1	6,360
Labuan	-	-	1	19,240	1	286*	2	19,526
TOTAL	4	69,287	5	65,800	9	139,341	18	274,428

Notes:

* Includes cold room storage facility.

[^] Our distribution centres where the operation and premises are outsourced to external parties.

6. BUSINESS OVERVIEW (Cont'd)

(ii) Cold Room Storage Facilities

Of the 18 distribution centres, four (4) of these are equipped with cold room storage facilities including freezer rooms and chiller rooms. These cold room storage facilities are located in Kota Kinabalu, Tawau, Sandakan within Sabah as well as Labuan. As at LPD, details on the cold room storage facilities are as follows:

Location	Owned Facilities		Facilities Provided by Outsourcing Party		TOTAL	
	Units	Approximate Built-up Area (sq ft)	Units	Approximate Built-up Area (sq ft)	Units	Approximate Built-up Area (sq ft)
Sabah	1	6,460	2	1,755	3	8,215
- Kota Kinabalu	1	6,460	-	-	1	6,460
- Tawau	-	-	1	630	1	630
- Sandakan	-	-	1	1,125	1	1,125
Labuan	-	-	1	286	1	286
TOTAL	1	6,460	3	2,041	4	8,501

Note:

We currently distribute frozen and chilled food only to Sabah and Labuan. As such, there is no cold room storage facility in Sarawak as at LPD.

Our freezer rooms are used for frozen food such as processed food and ready-to-cook food, which need to be stored at a temperature of approximately minus 20 degrees Celsius (-20 °C). As for chiller rooms, these are commonly used to store chilled food such as dairy products, fruit juices, and desserts. The temperature of our chiller rooms is constantly maintained at approximately 0°C.

6. BUSINESS OVERVIEW (Cont'd)

(iii) Sales and Marketing

As at LPD, we have 226 personnel focusing on sales and marketing activities. Our sales and marketing personnel are mainly involved in activities including, among others, customer business development, establishing product presence in the market including replenishment of stocks and distribution, implementation of promotions, trade visit to examine product shelf life and placement as well as collection of expired goods. We also undertake point-of-sale promotions where we have our product promoters to provide product demonstrations as well as distribute promotional materials to consumers in selected supermarkets and hypermarkets.

(iv) Logistics

We provide logistics services covering warehousing and delivery services to external customers where we provide storage and delivery of goods to specified locations or outlets in Kota Kinabalu. As at LPD, we provide logistics services for CPG covering certain products within personal care, certain products within OTC drugs and health supplements, and certain F&B products to food service outlets. For FYE 30 June 2015, income derived from our provision of logistics services was recorded under 'other income'. Although these supporting facilities and services are non-revenue generating, they are complementary to our business operations.

6.2.1.2 Third Party and Own Brands of CPG

(i) Third Party Brands of CPG

Our business is mainly centred on the distribution of third party brands of CPG. As at LPD, we distribute approximately 194 third party brands of CPG for approximately 36 brand owners as well as their respective appointed distributors for the markets in East Malaysia. Details on all third party brands segmented by product categories are as follows:

Product Categories	Number of Brands as at LPD	Brands
F&B Products	70	A&W Sarsaparilla, Akasa, Aquarius, Arifmam, Arifpap, Ayamas, Berri, Brahim's, Buttercup, Chef's Choice, Coca-Cola, Crispy, Dasani, Deka, Dua Kelinci, Dugro, Dulac, Dumil, Dupro, Fanta, Five Star, Glaceau, Goldenmaid, Gooal, Heaven & Earth, Horlicks, Hoya, Indomie, Just Juice, Kandos, Kara, Karta, Kewpie, Krip, Lactima, Ladaku, Leggo's, Life, Mack Marine, Mamex, Mamil, Marjerin Seri, McCain, Meadow Lea, Melbourne, Minute Maid, Mission, Morin, Mother's Choice, Nature's Own, Old Village, Olive Grove, Pampas, Pop Mie, Rich's, Sarimi, Schweppes, SCS, Simplot, Sprite, Sunshine, Sun Soya, Supermi, Tango, Toucan, Tudor Gold, Twin Cows, Uncle Sun, Wang Sheng and Wizefood.
Personal Care Products	79	Aiken, Alaisyah, Aqua Label, Aquafresh, Avene, Bio-Essence, Cutex, Darlie, Dashing, Elienna, Elite, Elizabeth, Enchanteur, Eternal, Eucerin, Eversoft, Everyday, Follow Me, Forum, Gervas, Gerverne, Gillette, Ginvera, Gorich, Head & Shoulder, Herbal Essences, Irise, Izzi, Kleenex, Kerastase, Kotex, Le Scentuer, L'Oréal Professionnel, Loving, Nano White, New and Trendy, Nivea, Nutox, O2, Olay, Oral B, P. Love, Panmate, Pantene, Poise, Polident, Pureology, Quicklean, Rainna, Redken, Rejoice, Revlon, Revlon

6. BUSINESS OVERVIEW (Cont'd)

Product Categories	Number of Brands as at LPD	Brands
		Absolute Radiance+, Revlon Brow Fantasy, Revlon ColorBurst, Revlon ColorSilk, Revlon ColorStay, Revlon Grow Luscious, Revlon New Complexion, Revlon Photoready, Revlon Super Lustrous, Romano, Safi, Sassy, Sawaday, Scott, Sensodyne, Shurah, Shurei, Silky, Skinz, Sumber Ayu, Syahirah, Teen, Tracia, Tsubaki, Uber, Whisper and ZA.
Household Products	18	Ambi Pur, Can Can, Carina, Downy, Duracell, Dynamo, Elastoplast, Fab, Febreze, Hansaplast, Joy, King Kong, King Lion, Maxkleen, Philips, Rowenta, Scott#, Supor and Tefal.
Baby Care Products	15	Barney, Basic, Carrie Junior, Disney, Dry 5, Dryplus, Drypro, Ekonomi, Family, Heinz, Huggies, Inco, Maternity, PNJ and Pureen.
OTC Drugs and Health Supplements	12	Ammeltz, Axe Oil, Breathe Right, Ebene, Eno, Eye Mo, Panadol, Paradontax, Scott's, Seirogan, Vicks and Zentel.
TOTAL	194	

Note:

Scott is counted as one brand under personal care products for its tissue paper products.

(ii) Own Brands of CPG

The strategy of distributing our own brands of CPG is to optimise on our existing network by supplying a wider range of brands of CPG and selection of products to the market. The following are our own brands of CPG segmented by product category:

Type of CPG	Product Category	Brands
F&B Products	Frozen Food	Orie ⁽¹⁾
	Dry Food	Orie ⁽²⁾
	Beverage Products	Orie ⁽²⁾ , Creamos ⁽²⁾
Personal Care Products	Wet Tissue	Bamble ⁽³⁾

Notes:

(1) The products are distributed in Sabah only.

(2) The products are distributed in Sabah and Sarawak.

(3) The products were only distributed in Sabah. However, subsequent to April 2014, the brand is no longer available in the market following the decision to review the price positioning of Bamble brand with the intention of relaunching the brand in the second half of 2016.

6. BUSINESS OVERVIEW (Cont'd)

As for our own brands of CPG, we source the finished products from external manufacturers locally and overseas, which are packed under our own brand. This consists of frozen food, dry food and beverage products. In FYE 30 June 2012, we sourced our own brand of personal care products, which were the wet tissues from an external manufacturer in Malaysia. Nevertheless, we had stopped purchasing from the said external manufacturer since FYE 30 June 2013 as we are currently reviewing the price positioning of the Bamble brand with the intention of relaunching the brand in the second half of 2016. For the FYE 30 June 2015, we sourced our frozen food, dry food and beverage products from 10 external parties which comprised nine (9) manufacturers in Malaysia and one (1) manufacturer of frozen potato products in Belgium.

6.2.1.3 Product Categories

We provide market access and coverage of the following product types of CPG, inclusive of third party brands and our own brands:

(i) F&B Products

Generally, we distribute the F&B products mainly comprising dry food, frozen and chilled food, beverage products. A sample of F&B products by brands is as follows:

Category (Revenue Contribution for FYE 30 June 2015)	Type of Product	Brands
Dry Food (24.83% of total revenue)	Milk Powder	Dugro, Dulac, Dumil, Dupro, Mamex, Mamil
	Powdered Drinks	Horlicks, Sun Soya, Old Village
	Canned Food	Ayamas, Brahim's
	Confectioneries and Snacks	Kara, Crispy
	Sauces and Condiments	Ayamas, Brahim's, Life, Orié ⁽¹⁾
	Seasonings	Uncle Sun
	Coconut products	Kara
	Bread Spread Flour	Orié ⁽¹⁾ Orié ⁽¹⁾
Frozen Food (3.74% of total revenue)	Burger Patties	Ayamas
	Chicken Drummets	Ayamas
	Frankfurters/Sausages	Ayamas, Orié ⁽¹⁾
	Potato-based Products	Simplot, McCain, Orié ⁽¹⁾
	Vegetables	Ayamas, Simplot, McCain, Orié ⁽¹⁾
	Nuggets Other Frozen Foods ⁽²⁾	Ayamas, Orié ⁽¹⁾ Ayamas, Orié ⁽¹⁾
Chilled Food (2.11% of total revenue)	Butter	Buttercup
	Cheese	Mother's Choice
	Whipped Cream	Rich's

6. BUSINESS OVERVIEW (Cont'd)

Category (Revenue Contribution for FYE 30 June 2015)	Type of Product	Brands
Beverage products (18.53% of total revenue)	Carbonated Drinks	A&W Sarsaparilla, Coca-Cola, Fanta, Schweppes, Sprite
	Non-Carbonated Drinks	Minute Maid, Heaven and Earth, Dasani, Orié ⁽¹⁾ , Creamos ⁽¹⁾

Notes:

(1) KTC Group's brand.

(2) Includes spring roll pastry and frozen seafood.

(ii) Personal Care Products

A sample of personal care products by brands is as follows:

Personal Care Products (Revenue Contribution for FYE 30 June 2015)	Brands
Skin and Body Care (14.45% of total revenue)	Aiken, Bio-Essence, Dashing, Enchanteur, Eversoft, Gervenne, Ginvera, Nanowhite, New & Trendy, Olay, Shurah, Follow Me, Nutox, Aiken, Dashing, Enchanteur, Eversoft, Everyday, Follow Me, Gervenne, Nivea, Shurah, and Tracia.
Hair Care (9.43% of total revenue)	Ginvera, Head & Shoulders, Herbal Essences, Pantene, Rejoice, Tracia, Shurah, Follow Me, Everyday, Gervenne, New & Trendy, L'Oréal Professionnel, Kerastase, Redken, Pureology
Oral Care (5.04% of total revenue)	Aquafresh, Oral-B, Sensodyne, Darlie, Follow Me
Others (0.35% of total revenue)	
Adult diapers	P.Love
Cosmetics	Silky, Shurah, Follow Me, Enchanteur, Revlon
Shaving Creams and Razors	Gillette
Sanitary Care	Kotex, Poise, Tracia, Whisper
Tissue paper	Kleenex, Scott
Wet Tissue	Bamble ⁽¹⁾⁽²⁾

Notes:

(1) KTC Group's brand.

(2) Subsequent to April 2014, the brand is no longer available in the market following the decision to review the price positioning of Bamble brand with the intention of relaunching the brand in the second half of 2016.

6. BUSINESS OVERVIEW (Cont'd)

(iii) Household Products

A sample of household products by brands is as follows:

Household Products (Revenue Contribution for FYE 30 June 2015)	Brands
Laundry Detergents (6.90% of total revenue)	Downy, Dynamo, Fab, Febreze
Other Cleaning Products (0.88% of total revenue)	Joy, Maxkleen
Air Freshener (3.01% of total revenue)	Ambi Pur
Others* (0.33% of total revenue)	Can Can, King Kong, Philips and Tefal

Note:

* Include household pesticides, electrical appliances and kitchenware.

(iv) Baby Care Products

A sample of baby care products by brands is as follows:

Baby Care Products	Brands
Diapers	Dry 5, Drypro, Dryplus and Huggies
Baby Wipes	Pureen
Baby Accessories	Pureen
Baby Food	Heinz
Baby Body Care Products	Carrie Junior

For FYE 30 June 2015, baby care products represented 5.42% of our total revenue.

(v) OTC Drugs and Health Supplements

A sample of OTC drugs and health supplements by brands is as follows:

OTC Drugs and Health Supplements	Brands
OTC Drugs	Axe Oil, Eye Mo, Panadol, Vicks
Health Supplements	Scott's, Seirogan, Zentel

For FYE 30 June 2015, OTC drugs and health supplements represented 2.89% of our total revenue.

6. BUSINESS OVERVIEW (Cont'd)

6.2.2 Manufacturing of Bakery Products

A small proportion of our business is in the manufacture of bakery products via our wholly owned subsidiary company, Creamos Malaysia, which commenced operations in February 2014.

Creamos Malaysia currently holds a Halal certification issued by JAKIM for cream rolls in chocolate, vanilla, corn, yam, strawberry and tiramisu flavours. All of our in-house manufactured bakery products are sold under the "Creamos" brand. Our corn and tiramisu flavoured creams are manufactured based on our own recipe, whilst the chocolate, vanilla, yam, and strawberry flavoured creams for our bread rolls are sourced from an external ingredient supplier. The cream supplied by the external ingredient supplier forms only one of the base ingredients where we will then add other types of ingredients such as shortening, margarine, flavouring and syrup to complete the flavoured cream.

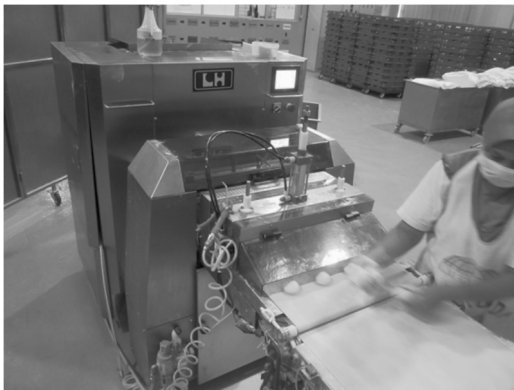
Our Own Brand of Bakery Products
"Creamos"



Our brand of bakery products are sold in Kota Kinabalu, Sandakan, Tawau and Labuan which are available at various retail outlets including hypermarkets, supermarkets, sundry shops, convenience stores, petrol kiosks, Chinese medical halls and school canteens.

For FYE 30 June 2015, revenue derived from the manufacturing of bakery products may have accounted for RM6.27 million or 2.09% of our total revenue, however, we obtained a GP margin of 42.85% compared to 13.07% from the distribution of CPG.

Some of our manufacturing processes are depicted below:



Pressing the dough



Moulding



Slicing and Filling

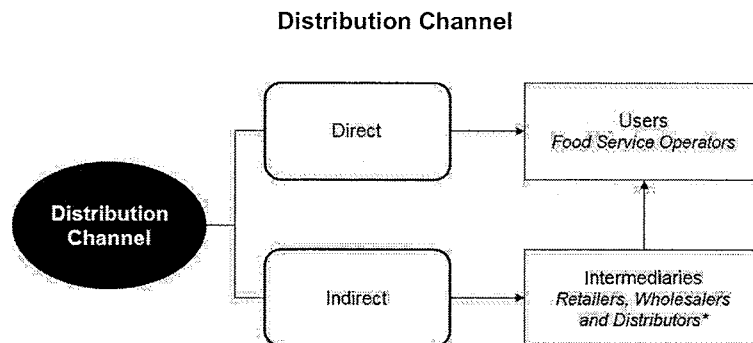


Automated Packing

6. BUSINESS OVERVIEW (Cont'd)

6.3 DISTRIBUTION

Our distribution channel is illustrated in the diagram below:



Note:

* Distributors as a channel is utilised mainly for bakery products only, with the exception of one (1) appointed sub-distributor for our CPG.

We adopt both direct and indirect distribution channels. Direct distribution channel is where we sell our products to customers who are users of the products, namely food service operators. Indirect distribution channel is when we sell our products to intermediaries who does not use or consume our products directly, but resells our products in their original form to other customers.

As at LPD, we distribute to 6,419 sales and distribution points, including retail outlets such as hypermarkets, supermarkets, departmental stores, sundry shops, convenience stores, pharmacies, petrol kiosks, electrical and electronic hardware stores, clothing stores, stationery stores and, book shops as well as wholesalers, distributors and food service operators. This applies to both CPG and bakery products.

Indirect Distribution Channel

We primarily use an indirect distribution channel for CPG namely through retailers and wholesalers to reach the end-consumers. For FYE 30 June 2015, our sales through indirect distribution channels such as retailers and wholesalers accounted for 98.14% of our total revenue. The strategy of using indirect distribution is in line with our objective to gain access to the mass market. In this respect, we distribute the products through intermediaries including retailers and wholesalers.

As for our bakery products, as at LPD, we have 10 appointed distributors who resell our bakery products to retail outlets in the Kota Kinabalu, market covering Beaufort, Inanam, Keningau, Kinarut, Kota Marudu, Kudat, Mengatal, Penampang, Petagas, Putatan, Ranau, Sepanggar, Tamparuli and Tambunan, as well as Tawau and Labuan. These distributors, who are also our customers comprised mainly smaller enterprises.

Utilising intermediaries including retailers, wholesalers and distributors enable us to use their existing network to expand our market coverage without the need for significant investments in logistics.

6. BUSINESS OVERVIEW (Cont'd)***Direct Distribution Channel***

A small proportion of our CPG business is channelled to food service operators who would then utilise the CPG in their business operations. Food service operators are our customers. For FYE 30 June 2015, our sales through direct distribution channel accounted for 1.86% of our total revenue.

6.4 OUR PRINCIPAL MARKETS

For FYE 30 June 2015, our Group's principal market is Malaysia as it accounted for all of our total revenue. The breakdown of our Group's revenue by markets for the FYE 30 June 2015 is as follows:

Revenue Segmentation by Markets for FYE 30 June 2015

	RM'000	%
Sabah	272,294	90.80
Labuan	14,062	4.69
Sarawak	13,510	4.51
TOTAL	299,866	100.00

For the FYE 30 June 2015, most of our revenue was derived from Sabah as it accounted for 90.80% of our total revenue while 4.69% was from Labuan. The remaining 4.51% was contributed by Sarawak.

6.5 SEASONALITY

Overall, our Group does not experience any significant seasonality trends. While we experience some fluctuations in our monthly sales records, there are no significant trends in seasonality on a year-to-year basis. This is partly due to our Group's diversified portfolio of CPG which include F&B products, personal care products, household products, baby care products, and OTC drugs and health supplements. Our diversity in product range balances out any peaks and troughs. In addition, a large proportion of the CPG that we distribute are products which are used on a regular basis, therefore they are not subjected to any seasonality.

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6. BUSINESS OVERVIEW (Cont'd)

6.6 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS, PRODUCTS AND SERVICES

As a provider of market access and coverage of CPG, our purchases are mainly products for our business operations, raw materials for the manufacture of bakery products and services. The following are the major types of products, raw materials and services that we purchased for our business operations during FYE 30 June 2015:

Purchases of Products, Raw Material and Services for FYE 30 June 2015

	Value of Purchases (RM'000)	Proportion of Total Group Purchases (%)	Sources of Supply	
			Local* (%)	Import (%)
Distribution of Third Party CPG	265,746	94.18	95.99	4.01
F&B products	123,531	43.78	100.00	-
- Dry Food	57,919	20.53	100.00	-
. Milk Powder	42,904	15.21	100.00	-
. Other Dry Food ⁽¹⁾	15,015	5.32	100.00	-
- Beverage Products ⁽²⁾	56,032	19.86	100.00	-
- Frozen and Chilled Food ⁽³⁾	8,763	3.11	100.00	-
- Others ⁽⁴⁾	817	0.29	100.00	-
Personal Care Products ⁽⁵⁾	80,428	28.51	86.74	13.26
Household Products ⁽⁶⁾	32,951	11.68	100.00	-
Baby Care Products	20,203	7.16	100.00	-
OTC Drugs and Health Supplements	8,633	3.06	100.00	-
Distribution of Own Brands of CPG	7,897	2.80	93.14	6.86
Frozen and Dry Food, and Beverage Products ⁽⁷⁾	7,897	2.80	93.14	6.86
Raw Materials for Manufacture of Bakery Products	3,178	1.13	100.00	-
Flour	1,307	0.46	100.00	-
Flavourings	1,026	0.36	100.00	-
Shortening and yeast	171	0.06	100.00	-
Sugar	162	0.06	100.00	-
Margarine	123	0.04	100.00	-
Others ⁽⁸⁾	62	0.02	100.00	-
Packaging Materials	327	0.12	100.00	-
Services	5,332	1.89	100.00	-
Transportation and Warehousing	5,332	1.89	100.00	-
TOTAL	282,153	100.0	96.03	3.97

Notes:

* Includes sourcing from suppliers with representative offices in Malaysia. This situation is recorded as local supply.

(1) Comprised powdered drinks, sauces and condiments, snacks, confectioneries, coconut milk and canned food.

(2) Comprised juices and other liquid form beverage products.

(3) Comprised burger patties, chicken drummets, frankfurters and sausages, potato-based products, vegetables, nuggets, butter, cake, cheese, margarine, whipped cream and other meat products.

(4) Others include instant noodle, instant soup, instant brown rice powder and brown rice.

(5) Comprised hair care, body care, skin care, oral care and eye care products, cosmetics, and sanitary products.

(6) Comprised amongst others, cleaning products, laundry detergents, dishwashing detergents, air fresheners, household pesticides, paper products, stationaries, kitchenware and electrical appliances.

6. BUSINESS OVERVIEW (Cont'd)

- (7) Comprised frozen and dry food and beverage products marketed such as sausages, nuggets, potato based products, margarine, spring roll, flour, dark soy sauce, vinegar, peanut butter, and mineral water under our own brand 'Orie'.
- (8) Others include sweeteners, condensed milk, salt, cooking oil and softener.

For FYE 30 June 2015, our total purchases of products, raw materials and services amounted to RM282.15 million. Our purchases of products, raw materials and services from local sources accounted for 96.03% whilst the remaining 3.97% were sourced directly from imports during FYE 30 June 2015. Local sources of supply include sourcing of products from external manufacturers for our own brand of CPG or suppliers with representative offices in Malaysia for the distribution of third party CPG.

Distribution and Warehousing Operations

As a provider of market access and coverage of CPG, our purchases are mainly finished products for our business operations, which represented 96.98% of our Group's total purchases of products, raw materials and services for FYE 30 June 2015. Of this, purchases of CPG under third party brands accounted for RM265.75 million or 94.18% of our Group's total purchases of products, raw materials and services for FYE 30 June 2015. The types of third party brands of CPG that we purchased were F&B products, personal care products, household products, baby care products, and OTC drugs and health supplements, which respectively accounted for 43.78%, 28.51%, 11.68%, 7.16% and 3.06% of our Group's total purchases of products and services. Within the F&B products category, dry food constituted the largest purchases at 20.53% of our total purchases. Within the same category, the next largest purchases were beverage products at 19.86%

For distribution and warehousing of our own brands of CPG, we purchase our own brands of CPG, comprising frozen and dry food, and beverage products from external manufacturers. These included sausages, nuggets, potato based products, margarine, spring roll, flour, dark soy sauce, vinegar, peanut butter, and mineral water. For FYE 30 June 2015, purchases of our own brands of CPG accounted for 2.80% of our Group's total purchases of products, raw materials and services.

Manufacturing Operations

For our bakery product manufacturing operations, we purchased raw materials and packaging materials which collectively accounted for 1.13% of our Group's total purchases of products, raw materials and services. These included flour, flavourings, shortening and yeast, margarine, sugar, sweeteners, condensed milk, salt, cooking oil and softener.

In addition, we engaged external parties for transportation and warehousing services for our business operations including the physical delivery of CPG and our bakery products. For FYE 30 June 2015, purchases on transportation and warehousing services accounted for RM5.33 million or 1.89% of our Group's total purchases of products, raw materials and services.

Our purchases of raw materials for manufacturing operations represented a small proportion of 1.13% of our total purchases of products, raw materials and services for FYE 30 June 2015. In this respect, the impact of fluctuations in prices of raw materials would be minimal to our Group. Nonetheless, there is no assurance that our financial performance may not be affected by fluctuations in the prices of our raw materials in the future.

As at LPD, we have not encountered any interruptions in the supply of finished goods, raw materials or services for our business operations.

6. BUSINESS OVERVIEW (Cont'd)

6.7 TECHNOLOGY USED

SAP Business Management Software System

Our Group utilises SAP, an integrated computerised software solution to facilitate the management of our distribution and manufacturing operations. SAP is an ERP system that enables us to coordinate the capture, storage, management and processing of information for inventory control.

The SAP system is built on a centralised database that allows different divisions within our Group to share information including:

- Incoming and outgoing movement of goods;
- Cost of our inventories; and
- Sales performance.

The benefits of the SAP system include:

- Simplifying the information collection and dissemination process;
- Speeding up the information collection process;
- Minimising labour requirements for data entry;
- Minimising data entry errors due to human mistakes;
- Providing better quality reports on inventory levels including inventory ageing report; and
- Improves work efficiency with real-time information.

We have also developed a customised module to monitor inventory levels as well as to facilitate analysis of inventory.

The SAP system allows us to have better control of our inventory, improve the efficiency of our business processes, establish better methods for the delivery of goods and payment collection, and provide assurances to our suppliers whom are brand owners, as well as customers of our focus on service quality. This is only applicable to our own business and warehousing and manufacturing operations with the exception of AMDA Marketing which is dedicated to P&G.

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6. BUSINESS OVERVIEW (Cont'd)

6.8 PRODUCTION FACILITIES AND OPERATION CAPACITIES

(i) Production Capacities

Distribution and Warehousing Operations

As our business operations is primarily involved in the distribution and warehousing of CPG, the following capacity and estimated utilisation is based on our warehousing facilities as at LPD:

Warehousing⁽³⁾ Capacity and Estimated Utilisation Rates as at LPD

	Available Capacity ⁽¹⁾ (No. of Pallets)	Estimated Utilised Capacity ⁽²⁾ (No. of Pallets)	Estimated Utilisation Rate
General warehousing	9,817	8,488	86%
Cold room storage facilities			
- Kota Kinabalu	548	530	97%

Notes:

- (1) Available capacity is calculated based on the total number of pallet space available from the racking system installed in our Group's warehouse and cold room facilities. Racking system refers to a multi-level steel structure shelving system for the storage of goods on pallets.
- (2) Estimated utilised capacity is based on the average number of pallet space filled over a period of seven (7) days just prior to LPD. To be prudent, we have taken into consideration the depletion of stocks and restocking over a period of 7 days just prior to LPD to be conservative and provide a reasonable estimate of warehouse space available. This is usually the basis used in our ordinary course of business to determine whether there is sufficient warehouse space to cater to new brand owners.
- (3) The above estimated utilisation rates are only for owned and rented properties by our Group.

Estimated Warehouse Utilisation Rates

Estimated Utilisation Rate ⁽¹⁾	As at 30 June 2012	As at 30 June 2013	As at 30 June 2014	As at 30 June 2015
General warehousing	77%	92%	90%	84%
Cold room storage facilities				
- Tawau	94%	93%	100% ⁽²⁾	90%
- Kota Kinabalu	62%	58%	100%	70%
- Kota Kinabalu	100%	100%	100%	95%

Notes:

- (1) The above estimated utilisation rates are only for owned and rented properties by our Group.
- (2) As at 30 June 2014, we recorded high utilisation rates due to the timing of the arrival of our own brand of frozen products from our external manufacturer in the month of June 2014.

6. BUSINESS OVERVIEW (Cont'd)

Manufacturing of Bakery Products

As part of our business activities is in the manufacture of bakery products through our wholly owned subsidiary company, Creamos Malaysia, the production output, capacity and utilisation rate in relation to the manufacturing of bakery products are presented in the table below:

Production Output, Capacity and Utilisation Rate per Shift

Type of Product	Capacity per Shift (pieces)	Production Output per shift (pieces)	Utilisation Rate (%)
Bakery Products	51,200	38,000	74

Note:

Capacity is calculated based on machinery and equipment installed capacity and running 12 hours per day for each shift. We are currently operating based on one (1) shift per day.

(ii) Operational Facilities

Our operational facilities are currently located in Malaysia:

Companies within Our Group	Main Functions	Approximate Built-up Area (sq ft)	Location of Facilities
KTC Sdn Bhd	Head office	8,400 ⁽³⁾	Lot 73
	Warehousing facility	9,000	
	Administration office	8,241 ⁽³⁾	Lot 74A & Lot 74B
	Warehousing facility	13,743	
	Branch office	1,125	Lot 7, Block C, 1 st Floor, Mile 8, North Road, 90000 Sandakan, Sabah ⁽¹⁾
	Warehousing facility	30,000	KM 10.5, Jalan Batu Sapi, 90000 Sandakan, Sabah ⁽²⁾
	Administrative office Warehousing facility	300 45,300	Mile 5.5, Tuaran Road, Off Kolombong Road, BDC/SEDCO Industrial Estate, 88450 Inanam, Kota Kinabalu, Sabah ⁽²⁾
KTC Tawau	Branch office Warehousing facility	506 19,240	Hub Halal Labuan Complex, Jalan Bebuloh, Kiansam, 87000 Federal Territory of Labuan ⁽¹⁾
	Administration office Warehousing facility	2,400 19,574	Lot 1A, 2A & 3A
	Warehousing facility	10,000	Lot 4, TB7774, Jalan Sungai Tajong, 91000 Tawau, Sabah ⁽²⁾
AMDA Marketing	Administration office	4,200	Lot 22
	Warehousing facility	12,600	

6. BUSINESS OVERVIEW (Cont'd)

Companies within Our Group	Main Functions	Approximate Built-up Area (sq ft)	Location of Facilities
Creamos Malaysia	Factory	5,600	
KTC Distribution	Administration office	1,130	Lot 5
	Warehousing and cold room storage facility	14,370	
	Warehousing facility	21,200	Lot 5 and 7, Dasamley Industrial Park, Jalan Pantai, Mile 2½, Off Jalan Apas, 91000 Tawau, Sabah ⁽¹⁾
	Cold room storage facility	630	TB 1250, Jalan Bellunu, Jalan Merak, 91000 Tawau, Sabah ⁽²⁾
	Warehousing facility	20,000	Lot 25, POIC Area, Jalan Tengah Nipah, 91199 Lahad Datu, Sabah ⁽²⁾
	Warehousing facility	20,000	KM 10.5, Jalan Batu Sapi, 90009 Sandakan, Sabah, Malaysia ⁽²⁾
	Warehousing facility	3,000	Jalan Stesen Radio, KM 18, Jalan Sikuati, 89058, Sabah ⁽²⁾
	Warehousing facility	9,000	1 ½ KM, Kg. Limbawan, Jalan Nabawan, Keningau, Sabah ⁽²⁾
	Cold room storage facility	1,125	Lot 7, Block C, Ground Floor, Mile 8, North Road, 90000 Sandakan, Sabah ⁽²⁾
	Cold room storage facility	286	DT 0111, Jalan Pohon Batu, Kampung Durian Tanjung Simpang 10, 87000 Labuan ⁽²⁾
KTC Sarawak	Administration office	1,890	Lot 73, Block 5, Seduan Land District, Ding Lik Kong Road, 96000 Sibuan, Sarawak ⁽¹⁾
	Warehousing facility	6,360	
	Branch office	400	Lot 2363, Batu Kitang Light Industrial Park, Mile 7½, Jalan Batu Kitang, 93250 Kuching, Sarawak ⁽¹⁾
	Warehousing facility	7,000	
KTC Sarawak	Branch office	960	Lot 1259, Block 5, Kuala Baram Land District at Desa Senadin, Jalan Maigold, 98000 Miri, Sarawak ⁽¹⁾
	Warehousing facility	12,000	

Notes:

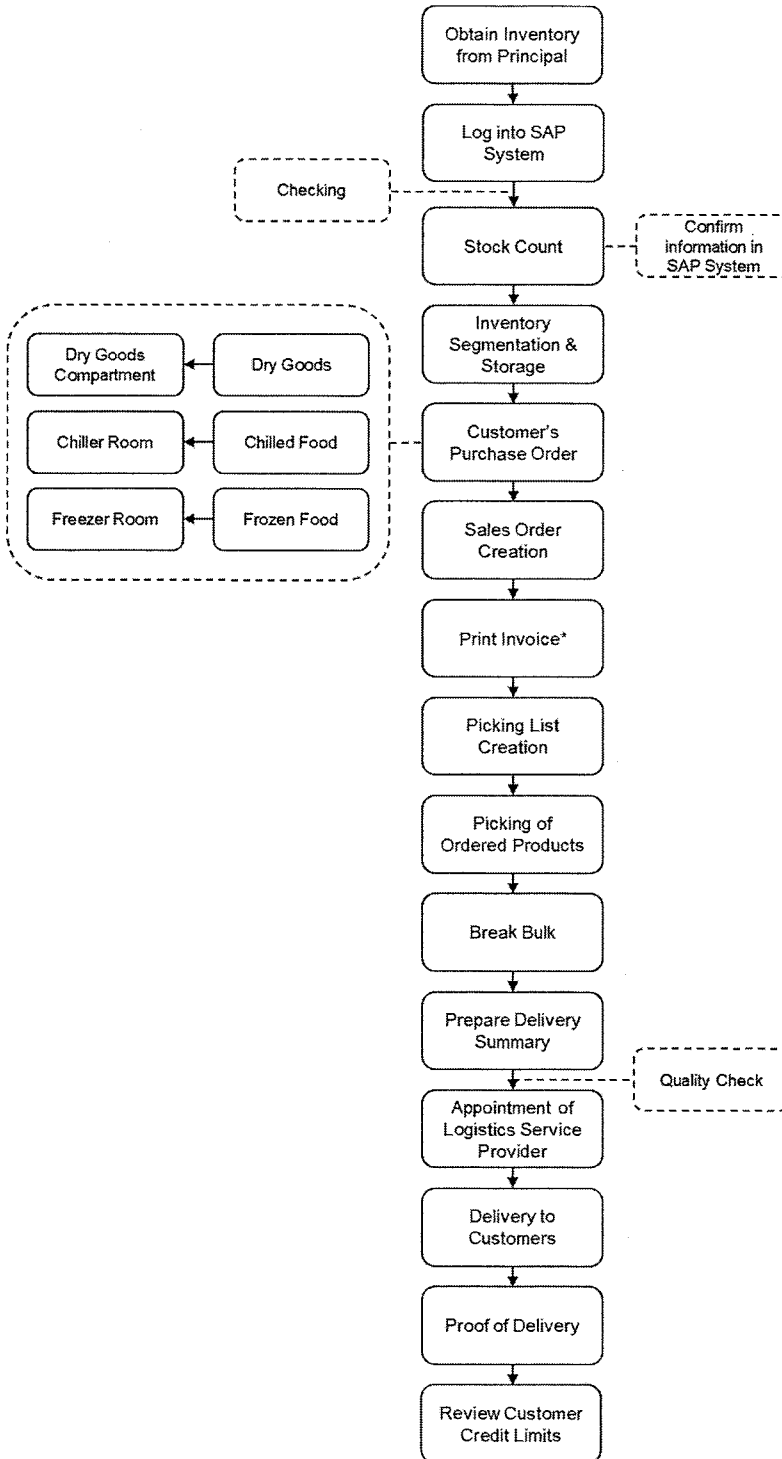
- (1) Rented premises.
- (2) Property provided by outsourcing partners.
- (3) Excludes space rented out to external parties.

6. BUSINESS OVERVIEW (Cont'd)

6.9 OUR BUSINESS AND OPERATIONAL PROCESSES

6.9.1 Distribution and Warehousing of CPG

The process flow for the distribution and warehousing of CPG is depicted in the diagram below:



6. BUSINESS OVERVIEW (Cont'd)

Note:

- * *The printed invoices are usually delivered together with the goods. Under the Accountants' Report, revenue recognition is derived from the sales of goods upon transfer of ownership of the goods to the customer. Please refer to Section 13, Subsection (6)(C)(p) of this Prospectus for details on revenue recognition.*

The process commences by obtaining supplies of CPG or inventory from our suppliers. The inventory received is then keyed into our SAP system. A stock count of the inventory is conducted by the logistic supervisors to confirm the information in the SAP system and/or ascertain if there are any stock variations for inventory reconciliation purposes. We will then proceed to confirm the information, such as inventory amount, into our SAP system. Once entered, this will ensure that the inventory quantity received is equivalent to the amount invoiced by our suppliers. This will also allow us to keep track of inventory levels.

The inventories are then segmented by type such as dry F&B products, frozen and chilled food, personal care, household products, baby care products, OTC drugs and health supplements before they are stored in our warehousing and/or cold room storage facilities. Upon receiving purchase orders from our customer, a sales order is created and sent to the commercial supply chain division. The commercial supply chain division will then print out the invoices from our SAP system, which will also record all outgoing inventory. The next process involves the creation of a picking list containing itemised list of CPG in accordance to the invoices, which is then handed over to the warehouse assistants.

At the warehousing and/or cold room storage facilities, products ordered by our customers are picked out from the pallets according to the itemised picking list. Depending on our customer's request, we will break bulk and fulfil the customer's orders into smaller required lots according to the invoices. While breaking bulk, the logistic supervisors will check on the condition of the CPG before they are repacked into smaller boxes, which will then be sealed tightly to prevent the goods from being damaged.

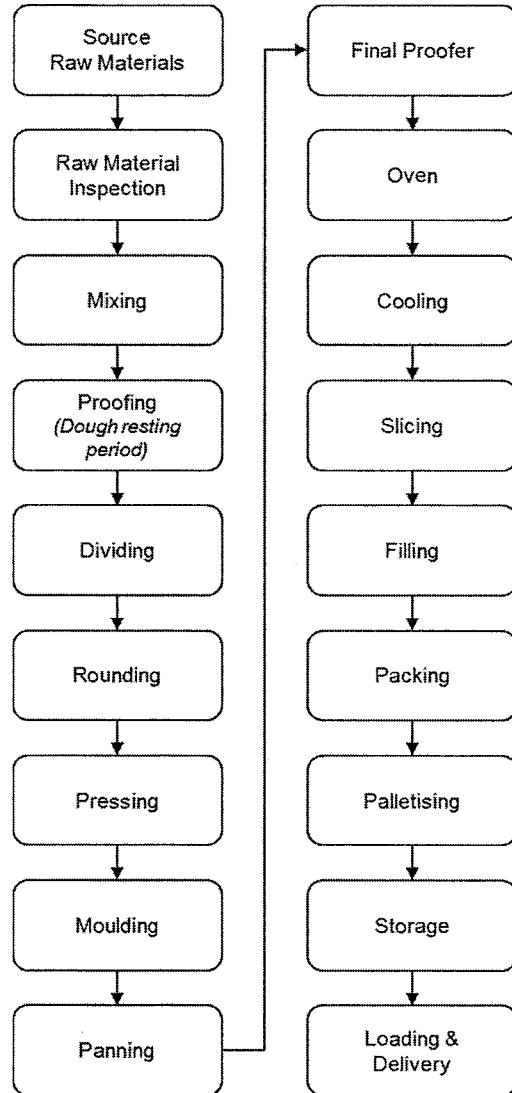
The commercial supply chain division will then generate a delivery summary from our SAP system for our outgoing goods. The logistics supervisors will then undertake a final quality check on the condition of the CPG before delivery. Subsequently, we will appoint a logistics service provider to undertake the delivery of the products to the customer. The delivery time varies depending on the location of the customers. Usually, the delivery time for customers that are located in the central area such as Kota Kinabalu takes approximately two (2) days while customers in remote locations requires a longer delivery time of approximately one (1) week. The customer is required to sign and stamp the invoice as proof of delivery. The signed invoice is then returned to us for documentation and record keeping purposes. As part of our internal control procedures, our treasury and commercial development divisions are tasked to perform reviews on our customer credit limits on a bi-annual basis.

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6. BUSINESS OVERVIEW (Cont'd)

6.9.2 Manufacturing of Bakery Products

The process flow for the manufacture of bakery products is depicted in the diagram below:



6. BUSINESS OVERVIEW (Cont'd)

The process flow for the manufacture of bakery products begins with the sourcing of various raw materials such as flour, water, pre-mixes and other ingredients. Once the raw materials are delivered, they are thoroughly checked and inspected to ensure that the ingredients meet with the specifications.

After checking, the raw materials are then weighed and placed in a mixer to be blended before being transformed into a homogenous dough mix. Upon completion of the mixing process, the dough will be left to rest for a specific period of time before being sent to a divider where it is divided into smaller individual pieces of dough that are uniform in terms of weight and size. Having gone through the divider, the pieces of dough are deformed and normally end up with sticky cut surfaces. As such, a rounder is used to smoothen the surface skin of each piece of dough. The next process involves the pressing and moulding of an array of dough pieces, which are then placed in baking pans before stacking in a trolley.

Before being sent to an oven, the pieces of dough are deposited into a final proofer to facilitate fermentation process. After baking, the baked bread is taken out from the oven and left to cool down. The bread is then sliced in the middle for insertion of flavoured fillings before it is packed individually, palletised and stored or delivered to customers.

6.10 QUALITY ASSURANCE

6.10.1 Distribution and Warehousing Operations

(i) Third Party Brands

The following are some of the internal quality processes that we undertake in our distribution and warehousing operations:

- visual inspection of CPG is conducted during the bulk breaking process to ensure that there are no damaged goods before delivery to our customers;
- routine checks on our portfolio of CPG including their method of display, pricing and promotions, if any, to ensure consistency in different retail outlets; and
- as part of our customer service, our sales and marketing team consistently follow-up with respective customers to obtain their feedback on the sales performance, market acceptance and reaction to our portfolio of CPG.

(ii) Own Brands

As for our own brands of CPG, we source the finished products from external manufacturers locally and overseas, which are packed under our own brand. This consists of frozen and dry foods, as well as beverage products. For the FYE 30 June 2015, we sourced our frozen and dry foods, and beverage products from a total of 10 external parties which comprised nine (9) external manufacturers in Malaysia and one (1) manufacturer of frozen potato products in Belgium. As at LPD, all our external manufacturers in Malaysia are accredited with the following certifications:

- ISO quality assurance certification;
- HACCP certification; and/or
- Halal certified products.

Part of our in-house procedures to qualify new external manufacturers as well as to maintain the quality of our existing external manufacturers of F&B products for our own brand of CPG includes the following:

6. BUSINESS OVERVIEW (Cont'd)

- for new manufacturers, we would conduct a visit to the respective manufacturer's production facilities to audit their processes prior to engaging them as a supplier;
- request for recognised and industry quality certifications including, among others, ISO, HACCP and Halal certificate (if relevant) and continuous updates to these certifications;
- conduct a sample batch of production to assess the quality of the finished products before mass production; and
- continue to conduct bi-annual visits to the production plant to check on quality or discuss product improvements.

6.10.2 Manufacture of Bakery Products

We adopt various quality management processes for the manufacture of our bakery products to ensure consistency in quality. Some of the quality checking processes that are undertaken at our production floor are as follows:

- quality checks and visual inspections on incoming raw materials such as premix ingredients, flour, sugar, yeast and margarine prior to using the raw materials in production. Types of quality checks at our production floor include monitoring water temperature, weightage of ingredients prepared, checking the weight and temperature of the dough, monitoring mixing time and speed, temperature and time for proofing, baking, and cooling, as well as visual inspection for packaging and sealing;
- in-process checking on various processes from mixing, fermentation, dividing, rounding, moulding, panning, proofing, baking and filling up for packing. Some of the consideration factors for assessment include mixing of ingredients, weighing of ingredients, timing, and temperature control relatively to humidity as well as baking temperature, for example, controlling the mixing time to ensure the dough reach its optimum stage with desired dough consistency and gluten structure.

In addition, random samples are collected from our production on a daily basis to observe any visible fungus growth. We also send samples of each flavour of our bakery products to an external independent laboratory for microbiological tests on a weekly basis. Tests are then conducted on our samples every alternate day covering the period of our product shelf life. Microbiological tests undertaken include the following:

- standard plate count, refers to number of microorganisms such as bacteria, yeast and mould that will grow on a nutrient plate after 72 hours under controlled conditions;
- coliform count, refers to total number of coliform bacteria; and
- escherichia coli (E Coli) count, refers to total number of E Coli, which is one of the species of coliform.

We are currently in the process of setting-up our own in-house laboratory to undertake basic microbiological tests in our new manufacturing facility in Kota Kinabalu Industrial Park (KKIP), Sabah by the second half of 2015 (please refer to Section 6.18.1.2 of this Prospectus for further details). As at LPD, we have three (3) personnel that is involved in the quality control and checking processes for our distribution and manufacturing operations.

6. BUSINESS OVERVIEW (Cont'd)

As at LPD, we also have a Halal committee comprising 11 personnel led by a Halal executive who is responsible for developing, monitoring and controlling the Halal assurance system to ensure its effectiveness. Some of the responsibilities of the committee members include procuring Halal raw materials for the manufacturing operations, ensuring all processes for Halal products meet the Halal requirements, and ensuring there is no contamination of non-Halal items at the production area.

6.11 RESEARCH AND DEVELOPMENT (“R&D”)

Policy on R&D

We are primarily a provider of market access and coverage of third party brands as well as own brands of CPG, therefore R&D is not relevant to this part of our business. As for the manufacture of bakery products, we are mainly involved in product improvements and/or enhancements. As such, we do not undertake any specific R&D activities.

R&D Expenditure

Currently, our Group does not have dedicated R&D facilities or personnel. As we do not undertake any R&D, we did not recognise any expenditure that is specific to R&D activities for the FYE 30 June 2012, FYE 30 June 2013, FYE 30 June 2014 and FYE 30 June 2015.

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6. BUSINESS OVERVIEW (Cont'd)

6.12 MAJOR CUSTOMERS

For FYE 30 June 2015, we serviced a customer base of approximately 5,939 customers comprising:

- retailers including hypermarkets, supermarkets, departmental stores, sundry shops, convenience stores, pharmacies, petrol kiosks, Chinese medical halls, electrical and electronic hardware stores, clothing stores, stationery stores and book shops;
- wholesalers including smaller enterprises that supply to sundry shops and other retailers in outskirts areas and a ship chandler;
- operators of food services including restaurants, bakeries, hawker stalls, caterers, hotels, recreational clubs and other eateries; and
- distributors, including appointed distributors for our bakery products and a sub-distributor for our CPG.

For FYE 30 June 2015, revenue contribution from retailers accounted for 87.92% of our total revenue, followed by 8.11% from wholesalers, 2.11% from distributors and 1.86% from operators of food services.

Our customers that have contributed 10% or more of our total revenue for the past four (4) FYE 30 June 2012 to 2015 are as follows:

Customers	Length of relationship (Years)	FYE 30 June 2012		FYE 30 June 2013		FYE 30 June 2014		FYE 30 June 2015	
		RM'000	(%)	RM'000	(%)	RM'000	(%)	RM'000	(%)
Total Revenue (RM'000)		200,332		222,731		229,530		299,866	
Servay Hypermarket (Sabah) Sdn Bhd	18	22,904	11.43	24,947	11.20	24,617	10.72	26,936	8.98

Servay Hypermarket (Sabah) Sdn Bhd was our largest customer as the company accounted for more than 10% of our Group's total revenue for FYE 30 June 2012, 2013 and 2014. However, this customer contributed less than 10% of our Group's total revenue for FYE 30 June 2015, indicating a decline in customer dependency. We have been servicing this customer for approximately 18 years, indicating a stable business relationship and providing the basis for a continuing business relationship.

Our business is dependent on a group of customers where Servay Hypermarket (Sabah) Sdn Bhd has common shareholders with Servay Jaya Supermarket Sdn Bhd, Servay Hypermarket (Sandakan) Sdn Bhd, Parkwell Departmental Store Sdn Bhd, Evergreen (1979) Trading Sdn Bhd, Servay Supermarket Sdn Bhd and Servay Jaya Superstore (Miri) Sdn Bhd ("Servay Group"), all of whom are also our customers. Collectively, the Servay Group of companies accounted for 16.84%, 16.59%, 15.79% and 13.50% and of our Group's total revenue for FYE 30 June 2012, 2013, 2014 and 2015 respectively.

6. BUSINESS OVERVIEW (Cont'd)

6.13 MAJOR SUPPLIERS

Our suppliers that contributed 10% or more of our total purchases over the past four (4) FYE 30 June 2012 to 2015 are as follows:

Suppliers	Length of relationship (Years)	FYE 30 June 2012		FYE 30 June 2013		FYE 30 June 2014		FYE 30 June 2015	
		RM'000	(%)	RM'000	(%)	RM'000	(%)	RM'000	(%)
Total Purchases (RM'000)		178,470		199,344		207,690		282,153	
Coca-Cola	1	-	-	-	-	-	-	53,582	18.99
P&G	33	44,335	24.84	46,150	23.15	47,383	22.81	46,700	16.55
Danone Dumex	8	38,374	21.50	42,225	21.18	38,460	18.52	43,066	15.26
Wipro Unza	32	27,734	15.54	33,003	16.56	31,673	15.25	29,857	10.58
Sub-total		110,443	61.88	121,378	60.89	117,516	56.58	173,205	61.38

Our business is dependent on our top suppliers, Coca-Cola, P&G, Danone Dumex and Wipro Unza by virtue of their contribution to our total purchases, which represented 18.99%, 16.55%, 15.26% and 10.58% of our Group's total purchases for FYE 30 June 2015 respectively.

For FYE 30 June 2015, Coca-Cola was our largest supplier which accounted for 18.99% of our Group's total purchases. In September 2014, we commenced the distribution of beverage products for Coca-Cola in Kota Kinabalu (designated areas within Kota Kinabalu), Sandakan, Tawau and Labuan.

For FYE 30 June 2012, FYE 30 June 2013, FYE 30 June 2014 and FYE 30 June 2015, P&G represented 24.84%, 23.15%, 22.81% and 16.55% of our Group's total purchases respectively. P&G is one of our suppliers of personal care and household products. We have been working closely with P&G since 1982. This indicates a long and stable business relationship with P&G. As a further testament of our close business relationship with P&G, we incorporated AMDA Marketing in 2003, which is mainly responsible for distributing P&G products in Sabah and Labuan. As there is already an existing distribution and warehousing infrastructure in place for P&G at AMDA Marketing, it may take some time for this brand owner and supplier to search for alternative distributors to replicate a similar infrastructure.

Danone Dumex represented 21.50%, 21.18%, 18.52% and 15.26% of our Group's total purchases for the FYE 30 June 2012, FYE 30 June 2013, FYE 30 June 2014 and FYE 30 June 2015 respectively. Danone Dumex has been our supplier of milk powder for approximately eight (8) years. KTC Sdn Bhd has been an appointed distributor of Danone Dumex since 2007 and we have a subsisting distributorship agreement with Danone Dumex. This indicates a continuing business relationship. As at LPD, we were appointed by Danone Dumex to distribute their products in Sabah and Labuan.

Wipro Unza represented 15.54%, 16.56%, 15.25% and 10.58% of our Group's total purchases for the FYE 30 June 2012, FYE 30 June 2013, FYE 30 June 2014 and FYE 30 June 2015 respectively. Wipro Unza is one of our suppliers of personal care products, household products and baby care products and we have been dealing with the company for approximately 32 years. We have a subsisting long-term distributorship agreement with Wipro Unza, indicating a continuing business relationship. As at LPD, we were appointed by Wipro Unza to distribute their products in Kota Kinabalu and Tawau within Sabah, as well as Sibu in Sarawak.

For Danone Dumex and Wipro Unza, our continuing ability to meet sales targets whilst fulfilling payments in a timely manner has enabled us to further strengthen our long-term relationship with these brand owners. In addition, our existing distribution network and infrastructure has enabled us to provide market access and coverage of their CPG products in East Malaysia.

6. BUSINESS OVERVIEW (Cont'd)

6.14 MAJOR LICENCES, PERMITS AND REGISTRATIONS

The major licences, permits and registrations issued to our Group to enable us to operate our business as at LPD are summarised as follows:

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
AMDA Marketing	Trading Licence (DBKK:371540)	Kota Kinabalu City Hall	27.11.2014	27.11.2014 to 31.12.2015	Licence to undertake businesses such as import and export and wholesale of consumer products at Lot 22.	None	Not applicable
	Trading Licence (T173218)	Tawau Municipal Council	06.01.2015	06.01.2015 to 31.12.2015	Licence to undertake business of consumer trading at Lot 1A, 2A & 3A.	None	Not applicable
	Trading Licence (A189624)	Sandakan Municipal Council	03.12.2014	03.12.2014 to 31.12.2015	Licence to undertake businesses such as wholesaler for necessities/ kitchen equipment/ sundries products and export/import of necessities/ kitchen equipment/sundries products at First floor of Lot 7, Block C, Mile 8, North Road, 90000 Sandakan, Sabah.	None	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
Creamos Malaysia	Trading Licence (DBKK: 372328)	Kota Kinabalu City Council	03.12.2014	03.12.2014 to 31.12.2015	Licence to undertake businesses such as small food factory (manufacturing bread) at Lot 22.	None	Not applicable
	Trading Licence (DBKK: 404854)	Kota Kinabalu City Council	24.08.2015	24.08.2015 to 31.12.2015	Licence to undertake businesses such as bakery (big) at Lot 3#	None	Not applicable
	Food and Eating Premises Licence (LLM1400048)	Kota Kinabalu Municipal Council	03.12.2014	01.01.2015 to 31.12.2015	Licence for small food factory to manufacture and process small food at Lot 22.	The licence shall be displayed in a place which can be seen by the public.	Complied
	Food and Eating Premises Licence (LL1500154)	Kota Kinabalu Municipal Council	24.08.2015	19.08.2015 to 31.12.2015	Licence for businesses such as bakery (big) at Lot 3	The licence shall be displayed in a place which can be seen by the public.	Noted and to be complied.®
	Certificate of Registration of Food Premises (S28P1131230-009871)	Ministry of Health Malaysia	02.12.2014	30.12.2013 to 29.12.2016	Licence is granted to Dexter Lau to run the business under the name of Creamos Malaysia at Lot 22 for food premises involved in food manufacturing.	This Certificate of Food Registration of Food Premises is not transferable.	Noted

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions Imposed	Status of compliance
	Certificates of authentication Halal (Ref JAKIM/(S)/(22.00)/492/2/1 097-01/2014)	JAKIM	01.02.2014	01.02.2014 to 31.01.2016	To certify that cream rolls manufactured / distributed / managed by Creamos at Lot 22 has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of JAKIM.	<p>(i) This Halal Certificate of Authentication ("the Certificate") and the Malaysian Halal Logo ("Logo") shall not be traded, transferred nor shall its contents be altered.</p> <p>(ii) The use of the Certificate is subject to the laws and regulations that are currently in force.</p> <p>(iii) Any changes to the name or address of the company, factory or premise, name of the product, ingredients, suppliers or anything related thereto shall be informed in writing to the Director General of JAKIM for further action.</p>	Noted Complied Noted and complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
						<p>(iv) The Certificate holder shall at all times be subject to inspection, monitoring and enforcement conducted either by JAKIM, Islamic Religious Council / Department ("MAIN / JAIN") of the States or the Ministry of Domestic Trade, Co-operations and Consumerism ("KPDNKK").</p>	Noted and complied
						<p>(v) The Certificate holder shall be held responsible for any abuse or misappropriation of the Certificate. Any loss or damage of the Certificate shall be reported to the Royal Malaysian Police and shall immediately be informed in writing to the Director General of JAKIM.</p>	Noted

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
						(vi) The Certificate may be suspended or withdrawn at any time by JAKIM, MAIN / JAIN or KPDNKK if there is doubt in terms of Islamic Law or violation of any laws or regulations that are currently in force.	Noted
						(vii) The Certificate holder shall exhibit the Logo on the product or the approved premise as stated in the Certificate.	Noted and complied
						(viii) The Certificate shall be signed by the certificate holder and a copy of the signed certificate shall be submitted to the Director General of JAKIM.	Complied
						(ix) The Certificate shall be exhibit only at the address as stated in the Certificate.	Complied

Company No.: 1113927-H

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
						(iv) The permit holder shall not keep in his possession or control of the scheduled controlled goods of more than the quantity specified in item (i) above.	Noted and complied
						(v) The license is not transferable.	Noted
						(vi) The scheduled controlled goods are for personal use and not for sale.	Noted and complied
						(vii) The permit holder is required to retain proof of purchase specified scheduled controlled goods for inspection.	Noted
						(viii) Skid tank for the storage of the scheduled controlled goods to be labeled.	Noted and complied
						(ix) This permit is valid for a period as stated in the permit and application for renewal should be made 1 month before expiry.	Noted

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit/ Certification (Licence / Permit /Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
KTC Brands	Trading Licence (DBKK:371539)	Kota Kinabalu City Council	27.11.2014	27.11.2014 to 31.12.2015	Licence to undertake businesses such as import, export, wholesale and retailing of consumer goods, distribution of dry, chilled and frozen products at Lot 5.	(x) If the permit holder shall no longer use the scheduled controlled goods, the permit shall be returned to the supply controller.	Noted
KTC Distribution	Trading Licence (DBKK: 371537)	Kota Kinabalu City Council	27.11.2014	27.11.2014 to 31.12.2015	Licence to undertake businesses such as import, export and distribution of dry, chilled and frozen products and consumer goods at Lot 5.	None	Not applicable
	Trading Licence (T173220)	Tawau Municipal Council	06.01.2015	06.01.2015 to 31.12.2015	Licence to undertake business of consumer trading at Lot 1A, 2A & 3A.	None	Not applicable

Company No.: 1113927-H

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
	Trading Licence (T174771)	Tawau Municipal Council	08.01.2015	08.01.2015 to 31.12.2015	Licence to undertake business of consumer trading at Lot 5, Dasamley Industrial Park, Jalan Pantai, Mile 2½, Off Jalan Apas, 91000 Tawau, Sabah.	None	Not applicable
	Trading Licence (A189623)	Sandakan Municipal Council	03.12.2014	03.12.2014 to 31.12.2015	Licence to undertake businesses such as export/import necessities/kitchen equipment/sundries products at First floor of Lot 7, Block C, Mile 8, North Road, 90000 Sandakan, Sabah.	None	Not applicable
	Trading Licence (T174767)	Tawau Municipal Council	08.01.2015	08.01.2015 to 31.12.2015	Licence to undertake businesses such as consumer trading at Lot 7 Dasamley Industrial Park, Jalan Pantai Mile 2 ½, Off Jalan Apas, 91000 Tawau, Sabah.	None	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions Imposed	Status of compliance
	Trading Licence (PL 65893)	Labuan Corporation	12.12.2014	12.12.2014 to 31.12.2015	Licence to undertake businesses such as supplier/ wholesaler/ export/ import / wholesaler/supplier of retail items (rice, sugar, flour and others), wholesaler /supplier of vegetables/ fish / wet foods / frozen / dry /fruits at Hub Halal Labuan Complex, Jalan Bebuloh, Kiansam, 87000 Federal Territory of Labuan.	None	Not applicable
	Wholesale Licence (MALLB20140917)	Malaysia Drug Control Authority, Ministry of Health	16.12.2014	01.01.2015 to 31.12.2015	To sell as wholesaler/ supplier of Registered Products* other than scheduled poisons as defined under the Poisons Act 1952 at Lot 5	Pursuant to the Control of Drugs and Cosmetics Regulations 1984 ("CDCR 1984"), the licensee is authorised to sell by wholesale the Registered Products* as listed in the register of products provided under Regulation 9(1) of the CDCR 1984	Complied
	Wholesale licence (No. AB92365)	Ministry of Domestic Trade, Co-operatives and Consumerism Sabah	16.03.2015	10.03.2015 to 09.03.2016	To conduct business, sell, wholesale of wheat flour at Lot 73	(i) The license holder shall keep all wheat flour at Lot 5. (ii) The license is not transferable.	Complied Noted

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit/ Certification (Licence / Permit /Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
						(iii) The license holder shall not keep in his possession, custody or control or allow anyone to keep in his possession, custody or control on behalf of the license holder of more than 4 tonnes of wheat flour.	Noted and complied
	Wholesale license (No. AB92362)	Ministry of Domestic Trade, Co-operatives and Consumerism Sabah	16.03.2015	16.03.2015 to 15.03.2018	To conduct business, sell, whole-sale of wheat flour at Lot 205350312, Kg. Sg. Keling, Jalan Ranche-Rancha, 87008 Labuan, W.P. Labuan.^	(i) The license holder shall keep all wheat flour at the premises. (ii) The license is not transferable. (iii) The license holder shall not keep in his possession, custody or control or allow anyone to keep in his possession, custody or control on behalf of the license holder of more than 1,000kg of wheat flour.	Not applicable^ Noted Noted

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
	Cold Room Certificates (381/15, 382/15 and 383/15 (HALAL))	Department of Veterinary Services and Animal Industry Sabah	02.03.2015	02.03.2015 to 31.12.2015	Licence in respect of cold room situated at Lot 5	None	Not applicable
	Cold Room Certificates (385/15 and 386/15 (HALAL))	Department of Veterinary Services and Animal Industry Sabah	02.03.2015	02.03.2015 to 31.12.2015	Licence in respect of cold room situated at Lot 1A, 2A & 3A.	None	Not applicable.
KTC Sarawak	Trading Licence (No. 415444)	Sarawak State Government	05.08.2015	05.08.2015 to 31.08.2016	Licence to undertake businesses such as wholesales of foods, cold storage and toiletries products at Lot 73, Block 5, Seduan Land District, Ding Lik Kong Road, 96000 Sibul, Sarawak.	None	Not applicable
	Trading Licence (No. 738600)	Sarawak State Government	29.06.2015	29.06.2015 to 02.07.2016	Licence to undertake business as wholesaler of foods at Lot 2363, Batu Kitang Industrial Park, Mile 7½ Jalan Batu Kitang, 93250 Kuching.	None	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
	Trading Licence (No. 738702)	Sarawak State Government	29.06.2015	29.06.2015 to 02.07.2016	Licence to undertake business in relation to toiletries products at Lot 2363, Batu Kitang Industrial Park, Mile 7½, Jalan Batu Kitang, 93250 Kuching.	None	Not applicable
	Trading Licence (No. 738701)	Sarawak State Government	29.06.2015	29.06.2015 to 02.07.2016	Licence to undertake business in relation to cold storage at Lot 2363, Batu Kitang Industrial Park, Mile 7½, Jalan Batu Kitang, 93250 Kuching.	None	Not applicable
	Trading Licence (No. A416512)	Sarawak State Government	20.08.2015	20.08.2015 to 12.11.2016	Licence to undertake business in relation to wholesale of foods, cold storage & toiletries products at Lot 1259, Block 5, Kuala Baram Land District, at Jalan Maigold, Desa Senadin, 98000 Miri, Sarawak.	None	Not applicable
	Wholesale license (No. AB92305)	Ministry of Domestic Trade, Co-operatives and Consumerism Sarawak	20.01.2015	20.01.2015 to 19.01.2017	To conduct business, sell, whole-sale of wheat flour at Lot 2363, Batu Kitang Light Industrial Park, Mile 7½, Jalan Batu Kitang, 93250 Kuching, Sarawak.	(i) The license holder shall keep all wheat flour at Lot 2363, Batu Kitang Light Industrial Park, Mile 7½, Jalan Batu Kitang, 93250 Kuching only.	Complied

Company No.: 1113927-H

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
KTC Sdn Bhd	Trading Licence (DBKK:371536)	Kota Kinabalu City Council	27.11.2014	27.11.2014 to 31.12.2015	Licence to undertake businesses such as import and export, wholesale and retailing of English and Chinese pharmaceutical product, drugs and general medicines, canned food, consumer vine, selling and storage of pesticides at Lot 73, Lot 74A and Lot 74B.	(ii) The license is not transferable. (iii) The license holder shall not keep in his possession, custody or control or allow anyone to keep in his possession, custody or control on behalf of the license holder of more than 20,000kg of wheat flour.	Noted. Noted and complied
						None	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
	Trading Licence (PL 65894)	Labuan Corporation	04.12.2014	04.12.2014 to 31.12.2015	Licence to undertake businesses such as wholesaler/supplier of sundry products (rice/sugar/flour and others) at Hub Halal Labuan Complex, Jalan Bebuloh, Kiansam, 87000 Federal Territory of Labuan.	None	Not applicable
	Trading Licence (A189622)	Sandakan Municipal Council	03.12.2014	03.12.2014 to 31.12.2015	Licence to undertake businesses such as sale of pesticides/ insecticides, wholesaler of necessities/ kitchen equipment and sundry products, wholesaler of pesticides/ insecticides and export/ import of necessities/ kitchen equipment and sundry products at Lot 3, Block E, Tingkat Bawah, CL 20964 Batu 8, Jalan Labuk, Sandakan, Sabah with address for correspondence at First floor of Lot 7, Block C, Mile 8, North Road, 90000 Sandakan, Sabah.	None	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
	Licence to sell pesticides (SAB/2015/1016/04/SJ)	Department of Agriculture Malaysia	20.04.2015	12.05.2015 to 11.05.2018	Licence to sell pesticides class II, III and IV at warehouse Lot 74B.	(i) The licence shall be displayed; and (ii) Application for renewal should be made 3 months before expiry	Complied Noted
	Wholesaler Licence (MALLB 20141000)	Malaysia Drug Control Authority Ministry of Health	23.12.2014	01.01.2015 to 31.12.2015	To sell as wholesaler/supplier of Registered Products* other than scheduled poisons as defined under the Poisons Act 1952 at Lot 74A and Lot 74B with storeroom at Lot 73.	Pursuant to the Control of Drugs and Cosmetics Regulations 1984 ("CDCR 1984"), the licensee is authorised to sell by wholesale the Registered Products* as listed in the register of products provided under Regulation 9(1) of the CDCR 1984.	Complied
	Wholesaler Licence (MALLB 20140997)	Malaysia Drug Control Authority Ministry of Health	23.12.2014	01.01.2015 to 31.12.2015	To sell as wholesaler/supplier of Registered Products* other than scheduled poisons as defined under the Poisons Act 1952 at Block C, Lot 7, 1 st floor, Mile 8, 90000 Sandakan, Sabah with storeroom at KM10.5, Jalan Batu Sapi, 90009 Sandakan, Sabah.	Pursuant to the Control of Drugs and Cosmetics Regulations 1984 ("CDCR 1984"), the licensee is authorised to sell by wholesale the Registered Products* as listed in the register of products provided under Regulation 9(1) of the CDCR 1984.	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Type of Licence / Permit / Certification (Licence / Permit / Certification No.)	Issuing Authority	Issue Date	Validity Period	Description	Conditions imposed	Status of compliance
	Certification of Authentication HALAL (A 31015)	JAKIM	16.07.2014	16.07.2014 to 15.07.2016	To certify that the chicken frankfurter and chicken nugget distributed by KTC Sdn Bhd (manufactured by Perusahaan Saudee Sdn Bhd) has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of JAKIM.	None	Not applicable
KTC Tawau	Trading Licence (T174754)	Tawau Municipal Council	08.01.2015	08.01.2015 to 31.12.2015	Licence to undertake businesses such as import and export wholesale of general merchandise, sundries, English/Chinese drugs and cold storage at Lot 1A, 2A & 3A.	None	Not applicable
	Wholesaler Licence (MALLB 20140581)	Malaysia Drug Control Authority Ministry of Health	24.11.2014	01.01.2015 to 31.12.2015	To sell as wholesaler/supplier of Registered Products* other than scheduled poisons as defined under the Poisons Act 1952 at Lot 1A, 2A & 3A.	Pursuant to the Control of Drugs and Cosmetics Regulations 1984 ("CDCR 1984"), the licensee is authorised to sell by wholesale the Registered Products* as listed in the register of products provided under Regulation 9(1) of the CDCR 1984.	Complied

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- * Registered products are products registered with the Drug Control Authority and a register of the products registered are kept and maintained by the Secretary to the Drug Control Authority. The list of the registered products can be found at the website of the National Pharmaceutical Control Bureau.
In the process of transferring the license to a new location.
- ^
- # According to the (Food & Eating Premises) By-Law, 1966, "big bakery" means a bakery with a floor area of 3,500 sq ft and above.
- @ Lot 3 is currently under renovation. Creamos Malaysia will occupy this new premises upon completion of the renovation. The licence will be displayed by Creamos Malaysia upon commencing operation in Lot 3.

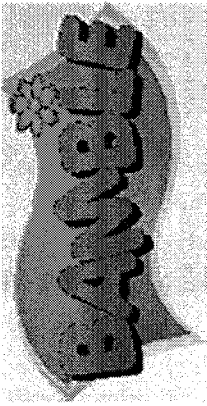

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6. BUSINESS OVERVIEW (Cont'd)

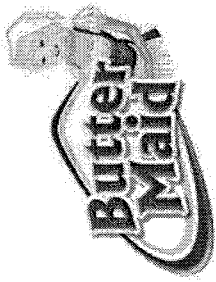

6.15 INTELLECTUAL PROPERTY

6.15.1 Trade Marks



As at LPD, we own the following trademarks:

No.	Trademark Logo	Registered Owner/ Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Validity Period/Status
1		KTC Brands	Class 16	Wet wipes of tissue, paper or cellulose included in Class 16.	2011052360	22.07.2011- 22.07.2021
2.		KTC Brands	Class 5	Antiseptic wipes included in Class 5.	2011052549	01.08.2011- 01.08.2021
		KTC Brands	Class 29	Butter; butter (chocolate nut); butter (cocoa); butter (coconut); butter (peanut); cheese; margarine; blended butter; butter cheeses; butter oil; butter portions; butter preparations; butter with herbs; caviar butter; clarified butter; concentrated butter; garlic butter; lemon butter; non-dairy butter; nut butter; savoury butters.	2015063424	Filed on 14.08.2015. Pending approval.

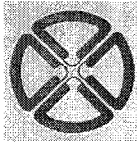




6. BUSINESS OVERVIEW (Cont'd)

No.	Trademark Logo	Registered Owner/ Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Validity Period/Status
3.		KTC Brands	Class 29	Butter; butter (chocolate nut); butter (cocoa); butter (coconut); butter (peanut); cheese; margarine; peanut butter; blended butter; butter cheeses; butter oil; butter portions; butter preparations; butter with herbs; caviar butter; clarified butter; concentrated butter; garlic butter; lemon butter; non-dairy butter; nut butter; savoury butters.	2015064924	Filed on 08.09.2015. Pending approval.
4.		KTC Brands	Class 32	Aerated water; cider, non-alcoholic; cocktails, non-alcoholic; fruit juices/ fruit juice; isotonic beverages; lemonades; mineral water (beverages); preparations for making mineral water; non-alcoholic fruit juice beverages; non-alcoholic beverages; seltzer water; soda water; table waters; vegetable juices (beverages); waters (beverages); all included in Class 32.	2015055609	Filed on 13.04.2015 Pending publication in the Gazette.

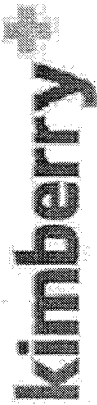
6. BUSINESS OVERVIEW (Cont'd)

No.	Trademark Logo	Registered Owner/ Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Validity Period/Status
5.		KTC Brands	Class 32	Aerated water; cider, non-alcoholic; cocktails, non-alcoholic; fruit juices / fruit juice; isotonic beverages; lemonades; mineral water (beverages); preparations for making mineral water; non-alcoholic fruit juice beverages; non-alcoholic beverages; seltzer water; soda water; table waters; vegetable juices (beverages); waters (beverages); all included in Class 32.	2015055610	Filed on 13.04.2015 Pending publication in the Gazette.
6.		Creamos Malaysia	Class 30	Biscuits; bread; bread rolls; breadcrumbs; bun; cakes; cookies; crackers; cream of tartar for cooking purposes; cream of tartar for culinary purposes; all included in Class 30.	2013060729	10.10.2013 - 10.10.2023
		Creamos Malaysia	Class 29	Butter; butter (chocolate nut); butter (cocoa); butter (coconut); butter (peanut); buttercream; coconut butter; margarine; milk; milk beverage; milk predominating; milk products; peanut butter; all included in Class 29.	2013060727	10.10.2013 - 10.10.2023

6. BUSINESS OVERVIEW (Cont'd)

No.	Trademark Logo	Registered Owner/ Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Validity Period/Status
7.		KTC Sdn Bhd #	Class 39	Arranging of distribution and logistics services of fast moving consumables.	2011052999	16.08.2011- 16.08.2021
8		KTC Sdn Bhd	Class 29	Processed meat products; poultry, not live, all included in Class 29.	2011055438	16.12.2011- 16.12.2021
9		KTC Sdn Bhd*	Class 29	Butter; butter (chocolate nut); butter (cocoa); butter (coconut); butter (peanut); cheese; margarine; peanut butter; sardines; mixed vegetables; potato fries, all included in Class 29.	2013055856	18.06.2013- 18.06.2023
10		KTC Sdn Bhd*	Class 29	Sausages; meat; margarine; potato chips; potato crisps; potato flakes; potato fritters; poultry, not alive, all included in Class 29.	2013053663	17.04.2013- 17.04.2023
11		KTC Sdn Bhd	Class 29	Milk; milk beverages; milk products; all included in Class 29.	2013061447	29.10.2013- 29.10.2023

6. BUSINESS OVERVIEW (Cont'd)

No.	Trademark Logo	Registered Owner/ Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Validity Period/Status
12		KTC Sdn Bhd	Class 42	Computer programming; computer programs(duplication); computer software consultancy; computer software design; computer software (maintenance); computer software (updating); computer system analysis; computer system design; computer virus protection services; consultancy in the design and development of computer hardware; creating and maintaining web sites for others; data conversion of computer programs and data; installation of computer software; computer hardware (consultancy in the design and development); conversion of data or documents from physical to electronic media; hosting computer sites; software (rental of computer); all included in Class 42.	2014054649	Filed on 28.03.2014. Pending registration.

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- # KTC Sdn Bhd had on 1 November 2014 granted an exclusive licence and royalty-free to KTC Consolidated to use this mark in connection with its business for a consideration of RM1.00.
- ^ KTC Sdn Bhd has assigned all its rights, benefits, title and interest of this mark to KTC Brands via a deed of assignment dated 1 July 2014.
- * KTC Sdn Bhd has assigned all its rights, title and interest of these marks to KTC Brands via a deed of assignment dated 15 December 2014.
- @ Notice of opposition has been filed to oppose the registration. KTC Sdn Bhd's trade mark agent has filed counter-statement against the notice of opposition.

6.15.2 Industrial Design

As at LPD, we have applied for the registration of the following industrial design:

No.	Name of Article	Registrant	Class No.	Description	Application No.	Validity Period/Status
1.	Bottles	KTC Brands	09-01	Plastic bottle.	15-E0062-0101	Filed on 05.03.2015. Pending approval**.

Note:

** A notice of objection has been issued by Intellectual Property Corporation of Malaysia. The application was objected on the ground that it is not in compliance with Section 12(1) of the Industrial Designs Act 1996 and Industrial Designs Regulations 1999. The design in the said application is not registrable because it is not new. KTC Brands is required to proof that the article is new and materially different from existing article.

6. BUSINESS OVERVIEW (Cont'd)

6.16 DEPENDENCY ON PATENTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS

6.16.1 Dependency on Intellectual Property Rights

Save as disclosed in Section 6.15 of this Prospectus, our Group is not dependent on any other intellectual property rights for our business operations.

6.16.2 Dependency on Major Licences

Save as disclosed in Section 6.14 of this Prospectus, our Group is not dependent on any other major licences for our business operations.

6.16.3 Dependency on Industrial, Commercial and Financial Contracts

Save as disclosed below, our Group is not dependent on any material contracts or agreements including industrial, commercial and financial contracts, which are material to our business or profitability:

- (i) Distribution Agreement dated 1 March 2010 between KTC Sdn Bhd and Danone Dumex

The salient terms of the abovementioned agreement is as follows:

Description	Danone Dumex grants to KTC Sdn Bhd the exclusive rights only to carry on the distribution and resale of the Danone Dumex's Products by KTC Sdn Bhd in the Territory (" Business ") with effect from the Commencement Date (hereinafter defined), and Danone Dumex shall not appoint any other person to act as its distributor of the Danone Dumex's Products in the Territory.
Term/ Duration	From 1 January 2009 (" Commencement Date ") until terminated in accordance with the agreement.
Territory	State of Sabah and Federal Territory of Labuan, excluding all pharmacies and areas covered by certain distributor(s).
Payment Term	KTC Sdn Bhd shall pay Danone Dumex for all Danone Dumex's Products sold to KTC Sdn Bhd within 45 days from the invoice date or within such other period as Danone Dumex may, from time to time, and at its absolute discretion, vary by notice to KTC Sdn Bhd.
Danone Dumex's Products	Milk powder
Termination/ Events of default	Either party may terminate the agreement by giving at least one (1) month's written notice to the other party.

6. BUSINESS OVERVIEW (Cont'd)

	<p>Notwithstanding the above, Danone Dumex shall have the right at any time to terminate the agreement immediately by giving written notice to KTC Sdn Bhd if KTC Sdn Bhd, <i>inter alia</i>:</p> <p>(i) breached any of the provisions of the agreement; and</p> <p>(ii) shall cause or implement, or if there shall be, any change in ownership or management of the Business which Danone Dumex reasonably considers to be detrimental to the continuance of the relationship between the parties.</p>
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- (ii) Distribution agreement dated 17 September 2015 between P&G and AMDA Marketing

The salient terms of the abovementioned agreement is as follows:

Description	<p>Non-exclusive distributorship granted by P&G to AMDA Marketing for the resale and distribution of certain products manufactured or supplied by P&G ("P&G's Products") in the Territory subject to the terms and conditions of the agreement. For the avoidance of doubt, P&G reserves the right for itself and its affiliated companies:</p> <p>(a) to appoint other distributors to sell and distribute the Products in the Territory;</p> <p>(b) to sell the Product to anyone in the Territory (including, without limitation, directly, or through other independent distributors and wholesalers) other than to AMDA Marketing; and</p> <p>(c) to conduct, at its own costs, direct marketing activities in the Territory (such as going to consumers directly via sampling activities, direct selling, special events and/or internet).</p>
Term/ Duration	From 1 July 2015 (" Commencement Date ") to 30 June 2017
Territory	Sabah and Labuan
Payment term	AMDA Marketing shall make the payment in accordance with prompt payment discount agreement. In the event that AMDA Marketing is unable to pay on or before the due date as stated in the prompt payment discount agreement, but wishes to apply for a credit term of 30 days of the receipt of the Products, AMDA Marketing must write to the credit controller of P&G to apply for the said term.
Products	Certain products of P&G

6. BUSINESS OVERVIEW (Cont'd)

Termination/ Events of default	<p>The Agreement may be terminated at any time:-</p> <p>(i) by giving the other party 60 days' advance notice in writing;</p> <p>(ii) immediately upon giving notice to the other party if the other is, inter alia, insolvent, committed an act of bankruptcy, there has occurred a substantial change in ownership or administrative control of the party.</p> <p>The Agreement may be terminated by AMDA Marketing if P&G commits a material breach of its obligations pursuant to the agreement and in the case of a breach capable of remedy, fails to remedy such breach within two (2) weeks after receipt of written notice specifying such breach.</p> <p>The Agreement may be terminated by P&G in the event that AMDA Marketing commits a material breach of its obligations pursuant to the agreement by giving two (2) weeks' notice to AMDA Marketing, specifying the breach.</p>
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(iii) Distribution agreement dated 1 April 2011 between Wipro Unza and KTC Sdn Bhd

The salient terms of the abovementioned agreement is as follows:

Description	<p>Wipro Unza hereby appoints KTC Sdn Bhd as the exclusive distributor to promote, market, distribute and sell Wipro Unza's Products in the Territory during the continuance of the agreement and upon the terms and subject to the conditions hereinafter appearing.</p> <p>Wipro Unza reserves the right to sell Wipro Unza's Products direct to any customer in the Territory but undertakes not to appoint any other distributor for the sale of Wipro Unza's Products in the Territory during the period of the agreement and for so long as KTC Sdn Bhd shall comply with its obligations under the Agreement.</p>
Term/ Duration	From 1 April 2011 until terminated by either party.
Territory	Kota Kinabalu, Sabah
Payment term	Payment shall be made 60 days from the date of invoice through KTC Sdn Bhd's bank.
Wipro Unza's Products	Products of Wipro Unza

6. BUSINESS OVERVIEW (Cont'd)

Termination/ Events of default	<p>Either party shall be entitled to terminate the Agreement as follows:</p> <p>(i) immediately by notice in writing if the other party shall not have remedied any breach of any of the terms and conditions of the agreement within 14 days after being called upon to do so or if the other party shall become insolvent or go into liquidation;</p> <p>(ii) either party shall be entitled to terminate the agreement on giving to the other not less than 3 months prior written notice.</p>
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- (iv) Distribution agreement dated 30 July 2014 between Coca-Cola and KTC Distribution

The salient terms of the abovementioned agreement is as follows:

Description	Coca-Cola appoints KTC Distribution as a duly appointed distributor, on a non-exclusive basis and KTC Distribution undertakes to purchase the Beverages (hereinafter defined) only from Coca-Cola and authorised suppliers and to distribute and sell the same throughout Territory (hereinafter defined).
Term/ Duration	From 1 September 2014 until 31 August 2016
Territory	<p><u>Sabah East Coast</u></p> <p>1. Sandakan 2. Tawau (for Tawau and Lahad Datu)</p> <p><u>Sabah West Coast</u></p> <p>1. Kota Kinabalu (for Kudat, Ranau, Keningau and Beaufort) 2. Labuan</p>
Payment term	KTC Distribution shall place purchase orders of Products, and pay the purchase price, in the form and manner directed from time to time by Coca-Cola.
Products	Certain beverages of Coca-cola
Termination/ Events of default	<p><u>Termination by either party</u></p> <p>Either party may terminate the Agreement:</p> <p>(i) by giving not less than 90 days' prior written notice of termination of the agreement without assigning any reasons whatsoever; or</p>

6. BUSINESS OVERVIEW (Cont'd)

	<p>(ii) with immediate effect by giving written notice to the other party if any part of the agreement ceases to be in conformity with the applicable law and, as a result thereof, or as a result of any other laws affecting the agreement, any one of the material stipulations in the agreement cannot be legally performed or the Beverages cannot be stored, transported, handled, distributed or sold in accordance with the instructions issued by Coca-Cola pursuant to the agreement.</p> <p><u>Termination by Coca-Cola</u></p> <p>Coca-Cola shall have the right at any time to terminate the Agreement immediately by giving written notice of such termination to KTC Distribution upon the occurrence of any of the following events, <i>inter alia</i>:</p> <p>(i) if the KTC Distribution is in breach of any of its payment obligations; or</p> <p>(ii) if a change in ownership or control of KTC Distribution takes place without the Company's consent under the agreement or without adhering to the conditions set for Coca-Cola's consent under the agreement; or</p> <p>(iii) if the KTC Distribution commits a breach of any of its obligations under the agreement and it fails to remedy such breach within the time stipulated.</p>
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The abovementioned distribution agreements consist of exclusive and non-exclusive distributorship whereby the value and percentage of the cost of sales for FYE 30 June 2015 attributable to the abovementioned exclusive and non-exclusive distribution agreements are as follows:

Distribution Agreements	RM'000	%
Exclusive	77,497	29.95
Non-exclusive	91,516	35.36
Total	169,013	65.31

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6. BUSINESS OVERVIEW (Cont'd)

6.17 PROPERTIES

6.17.1 Own Properties

As at LPD, we own the following properties:

Registered/ Beneficial Owner	Title/ Address	Description/ Existing Use	Age of the Building ^u / Tenure	Encumbrances	Land / Built-up Area sq ft	Issuance Date of Occupation Certificate / Occupation Permit	NCA as at 31 October 2014 RM	Market Value [#] RM	Revaluation Surplus / (Deficit) as at 31 October 2014 RM
Creamos Malaysia	<u>Title</u> Master Title CL No. 015585501, District of Kota Kinabalu, State of Sabah <u>Address</u> Lot No. 3, Lorong 1F KKIP Selatan, Industrial Zone 4 (I.Z. 4), Kota Kinabalu Industrial Park, 88460 Telipok, Kota Kinabalu, Sabah	<u>Description</u> Industrial land with a detached 3-storey office cum single-storey warehouse building <u>Existing Use</u> Vacant and intended to be used as factory cum office of Creamos Malaysia	<u>Approximate age of the building</u> 7 years <u>Tenure</u> 99 years expiring 31 December 2098	<u>Encumbrances</u> Assigned to CIMB Islamic Bank Berhad	81,457 ^u / 20,595	18.08.2008	Not applicable**	Not applicable**	Not applicable**
KTC Distribution	<u>Title</u> Master Title CL 015585501, District of Kota Kinabalu, State of Sabah	<u>Description</u> Industrial land with a detached single-storey warehouse/cold room storage industrial building ⁽¹⁾	<u>Approximate age of the building</u> 1 year <u>Tenure</u> 99 years expiring on 31.12.2098	<u>Encumbrances</u> Assigned to HSBC Bank Malaysia Berhad	105,809* /15,500	17.05.2013	2,751,150	7,215,000	4,463,850

Company No.: 1113927-H

6. BUSINESS OVERVIEW (Cont'd)

Registered/ Beneficial Owner	Title/ Address	Description/ Existing Use	Age of the Building ¹ / Tenure	Encumbrances	Land / Built-up Area sq ft	Issuance Date of Occupation Certificate / Occupation Permit	NCA as at 31 October 2014 RM	Market Value# RM	Revaluation Surplus / (Deficit) as at 31 October 2014 RM
KTC Sdn Bhd	Address Lot No. 5, Jalan 1F K.K.I.P, Kota Kinabalu Industrial Park (KKIP), Industrial Zone 4 (IZ4), 88460 Kota Kinabalu, Sabah	Existing Use Entire building is used by KTC Distribution as office and warehouse storage. A small part of the exterior of the building at Lot 5 is used by Digi Telecommunications Sdn Bhd for the installation of base transceiver station facility and for the installation of antennas and/or other telecommunications equipment.	Approximate age of the building 31 years and 27 years (for extended warehouse) Tenure 60 years expiring on 31.12.2034	Encumbrances Charged to HSBC Amanah Malaysia Berhad	53,580 / 26,600	10.01.1983 and 10.11.1987 (for extended warehouse)	7,884,789	11,029,000	3,144,211
	Title CL 015379674, District of Kota Kinabalu, State of Sabah	Description Industrial land with a detached 2-storey office building annexed with a single-storey warehouse and an extended warehouse							

6. BUSINESS OVERVIEW (Cont'd)

Registered/ Beneficial Owner	Title/ Address	Description/ Existing Use	Age of the Building ¹ / Tenure	Encumbrances	Land / Built-up Area sq ft	Issuance Date of Occupation Certificate / Occupation Permit	NCA as at 31 October 2014 RM	Market Value [#] RM	Revaluation Surplus / Deficit) as at 31 October 2014 RM
	Address No. 22, Jalan Kiliang, SEDCO Light Industrial Estate, Kolombong, Off KM 9, Jalan Tuaran 88450, Kota Kinabalu Sabah	Existing use (i) Ground floor of the 2-storey office building is used by AMDA Marketing as office ^{(2)(a)} ; (ii) First floor of the 2- storey office building is currently vacant; (iii) Existing warehouse is used by Creamos Malaysia as factory ^{(2)(b)} ; and (iv) Extended warehouse is used by AMDA Marketing as warehouse storage.							
KTC Sdn Bhd	Title CL 015620701, District of Kota Kinabalu, State of Sabah	Description Industrial land with a semi-detached 2-storey showroom/office-cum- single-storey- warehouse	Approximate age of the building 9 years	Encumbrances Nil	20,076 ^A / 11,592 ^A	02.09.2005	2,195,064	5,092,000	2,896,936

6. BUSINESS OVERVIEW (Cont'd)

Registered/ Beneficial Owner	Title/ Address	Description/ Existing Use	Age of the Building ¹ / Tenure	Encumbrances	Land / Built-up Area sq ft	Issuance Date of Occupation Certificate / Occupation Permit	NCA as at 31 October 2014 RM	Market Value [#] RM	Revaluation Surplus / (Deficit) as at 31 October 2014 RM
KTC Sdn Bhd	Address Lot 74A, Jalan Kilang, SEDCO Light Industrial Estate, Kolombong, Off KM 9 Jalan Tuaran, 88450 Kota Kinabalu, Sabah	Existing Use (i) Ground floor of the showroom/ office is used by KTC Sdn Bhd as office; (ii) First floor is used by KTC Sdn Bhd as office; and (iii) Warehouse is used by KTC Sdn Bhd for warehouse storage.	Tenure 60 years expiring on 31.12.2072		19,540 [^] /11,592 [^]	02.09.2005	2,121,219	4,998,000	2,876,781
	Title CL 015620710, District of Kota Kinabalu, State of Sabah Address Lot 74B, Jalan Kilang, SEDCO Light Industrial Estate, Kolombong, Off KM 9 Jalan Tuaran, 88450 Kota Kinabalu, Sabah	Description Industrial land with a semi-detached 2-storey showroom/office-cum- single-storey- warehouse Existing Use (i) Ground floor of the showroom/office is used by KTC Sdn Bhd as office;	Approximate age of the building 9 years Tenure 60 years expiring on 31.12.2072	Encumbrances Nil					

6. BUSINESS OVERVIEW (Cont'd)

Registered/ Beneficial Owner	Title/ Address	Description/ Existing Use	Age of the Building ¹ / Tenure	Encumbrances	Land / Built-up Area sq ft	Issuance Date of Occupation Certificate / Occupation Permit	NCA as at 31 October 2014 RM	Market Value [#] RM	Revaluation Surplus / (Deficit) as at 31 October 2014 RM
KTC Sdn Bhd	Title CL 015424423, District of Kota Kinabalu, State of Sabah Address Lot 73, Jalan Kilang, SEDCO Light Industrial Estate, Kolombong, Off KM 9 Jalan Tuaran, 88450, Kota Kinabalu, Sabah	(ii) First floor is used by KTC Sdn Bhd as office and a portion is used by Danone Dumex as office ⁽³⁾ , and (iii) Warehouse is used by KTC Sdn Bhd for warehouse storage.	Approximate age of the building 21 years Tenure 60 years expiring on 31.12.2070	Encumbrances Nil	42,857 ^A /17,600	27.10.1993	2,593,954	9,700,000	7,106,046
		Description Industrial land with a detached single-storey warehouse cum 2- storey office building Existing Use (i) Ground floor and first floor of the office building are used by KTC Sdn Bhd as office and a portion of ground floor (approximately 100 sq ft) is used by Glaxosmithkline Consumer Healthcare Sdn Bhd as office ⁽⁴⁾							

6. BUSINESS OVERVIEW (Cont'd)

Registered/ Beneficial Owner	Title/ Address	Description/ Existing Use	Age of the Building ^u / Tenure	Encumbrances	Land / Built-up Area sq ft	Issuance Date of Occupation Certificate / Occupation Permit	NCA as at 31 October 2014 RM	Market Value# RM	Revaluation Surplus / (Deficit) as at 31 October 2014 RM
KTC Tawau	Title CL 105508601, CL 105508610, CL 105508629, District of Tawau, State of Sabah Address TB 9889, Lot 1A, 2A and 3A, Perdana Square, KM 6, Jalan Apas, 91000 Tawau, Sabah	(ii) a portion of Ground floor (approximately 100 sq ft) is used by Kimberly-Clark Trading (M) Sdn Bhd as office ⁽⁵⁾ ; and (iii) Warehouse is used by KTC Sdn Bhd as warehouse storage. Description Three (3) parcel of commercial lands with 2-storey office cum single-storey warehouse building with an extended cold room storage area Existing Use (i) First floor of the building is used as office; and (ii) Ground floor of the building and high ceiling warehouse area is used as warehouse storage.	Approximate age of the building 4 years Tenure 99 years expiring on 31.12.2101	Encumbrances Nil	35,761 [^] / 21,974 [^]	23.03.2010	2,809,779	6,305,000	3,495,221

6. BUSINESS OVERVIEW (Cont'd)**Notes:**

- μ Determined based on the date of the issuance of the occupation certificate.
 - * Conversion of original measurement for properties in hectare to sq ft at 1 hectare = 107,639 sq ft.
 - ^ Conversion of original measurement for properties in sq m to sq ft at 1 sq m = 10.7639 sq ft.
 - + Conversion of original measurement for properties in acre to sq ft at 1 acre = 43,560 sq ft.
 - # Based on valuation on 20 October 2014 prepared by our Independent Property Valuer.
 - ** Creamos Malaysia has acquired the said property from Orion Integrated Sdn Bhd (formerly known as Orion Shipping & Forwarding Sdn Bhd) pursuant to sale and purchase agreement dated 24 November 2014 at a purchase consideration of RM6,225,000. The transaction was completed on 9 July 2015.
- (1) A small part of the exterior of the building at Lot 5 is currently tenanted by Digi. Telecommunications Sdn Bhd for the installation of base transceiver station facility and for the installation of antennas and/or other telecommunications equipment for the period from 15 December 2013 to 14 December 2016.
 - (2) (a) The Ground floor and extended warehouse of Lot 22 is tenanted to AMDA Marketing for a fixed term from 20 May 2013 to 19 May 2016.
(b) The existing warehouse of Lot 22 is tenanted to Creamos Malaysia for a fixed term from 1 January 2013 to 31 December 2015.
 - (3) A portion of the First floor at Lot 74B (approximately 1,000 sq ft) is currently tenanted by Danone Dumex for the period from 1 September 2013 to 31 August 2016 as office premises only.
 - (4) A portion of Ground floor at Lot 73 (approximately 100 sq ft) is currently tenanted by Glaxosmithkline Consumer Healthcare Sdn Bhd for the period from 1 June 2013 to 31 May 2016 (and continues thereafter from year to year until terminated by either party by giving two (2) months' notice of termination).
 - (5) A portion of Ground floor (approximately 100 sq ft) is tenanted to Kimberly-Clark Trading (M) Sdn Bhd for a fixed term from 1 January 2015 to 31 December 2016 as office.

Save for Lot 3, the properties listed above have been valued by our Independent Property Valuer on 20 October 2014. Please refer to Section 14 of this Prospectus for the valuation certificates from the Independent Property Valuer in relation to the valuation of the above properties. The revaluation surplus was recognised in the audited financial statements of the respective companies for the FYE 30 June 2015.

6. BUSINESS OVERVIEW (Cont'd)

6.17.2 Rented Properties

In addition, as at LPD, the following properties are held by our Group under leases and tenancies for our operations:

Tenant / Lessee	Landlord / Lessor	Address	Description/ Existing use	Rental Period	Annual Rental RM	Built-up Area sq ft	Issuance Date of Occupation Certificate / Occupation Permit
KTC Distribution	Flora Blossom Sdn Bhd	<u>Address</u> Lot 5, Dasamley Industrial Park, Jalan Pantai, Mile 2½, Off Jalan Apas, 91000 Tawau, Sabah, Malaysia	<u>Description</u> A single storey detached warehouse <u>Existing Use</u> Used as warehouse storage.	02.09.2014 to 01.09.2017, with option to renew for a further 3 years	211,200	17,600	23.09.2013
KTC Distribution	Flora Blossom Sdn Bhd	<u>Address</u> Lot 7 Dasamley Industrial Park, Jalan Pantai Off Mile 2 ½, Jalan Apas, 91000 Tawau, Sabah, Malaysia	<u>Description</u> A single storey detached warehouse <u>Existing Use</u> Used as warehouse storage.	01.09.2015 to 31.08.2017 with an option to renew	42,000	3,600	05.01.2005
KTC Sarawak	Wong Ming Sing & Sons Sdn Bhd	<u>Address</u> Lot 73, Block 5, Seduan Land District, Ding Lik Kong Road, 96000 Sibul, Sarawak	<u>Description</u> Double storey detached industrial building annexed with a single storey warehouse <u>Existing Use</u> (i) Ground floor of the office building is used as warehouse storage;	13.06.2014 to 12.06.2024	96,000 for the first five years; 120,000 for the following 3 years; 144,000 for the last 2 years of the tenancy	8,250	13.06.2014

6. BUSINESS OVERVIEW (Cont'd)

Tenant / Lessee	Landlord / Lessor	Address	Description/ Existing use	Rental Period	Annual Rental RM	Built-up Area sq ft	Issuance Date of Occupation Certificate / Occupation Permit
KTC Sarawak	(i) Peter Ting Chek Min and (ii) Sun Siew Khieng	Address Lot 2363, Batu Kitang Light Industrial Park, Mile 7 ½ Jalan Batu Kitang, 93250 Kuching Sarawak	(ii) First floor of the office building is used as office; and (iii) Single storey warehouse is used as warehouse storage. Description One and a half (1 ½) storey semi-detached industrial building annexed with a warehouse Existing Use (i) Ground floor is used for warehouse storage; (ii) First floor is used for office; and (iii) Warehouse is used for warehouse storage.	07.04.2014 to 06.04.2019, with option to renew for a further 5 years	60,000	7,400	28.10.2004
KTC Sarawak	Chung Huat Industries Sdn Bhd	Address Lot 1259, Block 5, Kuala Baram Land District at Desa Senadin, Jalan Maigold, 98000 Miri, Sarawak	Description Single storey detached industrial building	01.09.2014 to 31.08.2017, with option to renew for a further 3 years	132,000	12,960	29.11.2005

6. BUSINESS OVERVIEW (Cont'd)

Tenant / Lessee	Landlord / Lessor	Address	Description/ Existing use	Rental Period	Annual Rental RM	Built-up Area sq ft	Issuance Date of Occupation Certificate / Occupation Permit
KTC Bhd	Sri Sanlewah Sdn Bhd	Address First floor of Lot 7, Block C, Mile 8, North Road, 90000 Sandakan, Sabah	Existing Use Used as warehouse and office. Description First floor of a double storey shop lot	01.12.2014 to 30.11.2015^	9,000	1,125	18.04.2006
KTC Bhd	Labuan Halal Hub Sdn Bhd#	Address Hub Halal Labuan Complex, Jalan Bebuloh, Kiansam, 87000 Federal Territory of Labuan ("Lot Halal Hub")	Description Single storey warehouse and double storey office. Existing Use The single storey warehouse is used as warehouse storage. The ground floor of the office building is used as walkway. The first floor of the office building is used as office.	01.05.2015 to 30.04.2020 with option to renew for a further 5 years	312,000 for the first year and 324,000 for the remaining 4 years.	19,746	10.09.2015

6. BUSINESS OVERVIEW (Cont'd)

Notes:

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The registered proprietor of the Lot Halal Hub is The Federal Lands Commissioner ("Land Commissioner"), a body established under section 3 of the Federal Lands Commissioner Act 1957. By way of Lease Agreement between the Land Commissioner and Perbadanan Labuan, a statutory body established under section 3 of the Perbadanan Labuan Act 2001, Perbadanan Labuan is the beneficial owner of the Lot Halal Hub. Pursuant to a Management Agreement dated 30 June 2012 entered into between Perbadanan Labuan and the Labuan Halal Hub Sdn Bhd, the interest to Lot Halal Hub had been assigned and transferred to Labuan Halal Hub Sdn Bhd.

^

KTC Sdn Bhd is currently looking for a suitable premises to relocate.

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6. BUSINESS OVERVIEW (Cont'd)

6.17.3 Regulatory Requirements and Environmental Issues

As at LPD, we are in compliance in respect of all regulatory requirements (including land rules and building regulations) and environmental issues which may materially affect our Group's operations and/or utilisation of assets.

We further confirmed that the non-compliance disclosed below have been complied with as at LPD:

(a) Lot 74A

There is an aluminium framed glass enclosure (6.09m (20 ft) x 2.44m (8ft)) ("**Aluminium Framed Glass Enclosure**") which boxes over an external timber staircase leading to the first floor office of the building near the front entrance of Lot 74A which was constructed without formal planning approval by the local authority. We have on 11 February 2015, via our consultant, Wang Haron & Goh Sdn Bhd, submitted an application together with the revised layout plan to the local authority for approval. In the event that the said approval is not obtained, we had on 25 February 2015 undertake to demolish the Aluminium Framed Glass Enclosure prior to the Listing. As at LPD, we have received a letter of no objection from Dewan Bandaraya Kota Kinabalu dated 7 August 2015 informing that Dewan Bandaraya Kota Kinabalu ("**DBKK**") has approved the revised layout plan submitted and has since registered the revised layout plan. We are unaware of any penalties imposed by the relevant authorities for the Aluminium Framed Glass Enclosure.

(b) Lot 74B

The open driveway between Lot 74B and the neighbouring building is partly roofed over with metal roofing sheets. This roofing canopy was undertaken without formal planning approval by the local authority. We had on 9 December 2014, via our consultant, Wang Haron & Goh Sdn Bhd, submitted an application together with the revised layout plan to the local council to rectify the non-compliance. In the event that the said approval is not obtained, we had on 23 December 2014 undertake to demolish the roofing canopy prior to the Listing. As at LPD, we have received a letter of no objection from DBKK dated 7 August 2015 informing that DBKK has approved the revised layout plan submitted and has since registered the revised layout plan. We are unaware of any penalties imposed by the relevant authorities for the roofing canopy.

(c) Lot 73

There is a separate simple metal storage shed behind the warehouse building with a dimension of 6.10m (width) x 9.15m (length) and which is of simple construction and walled up with metal cladding ("**Metal Storage**") which was constructed without formal planning approval by the local authority. The Metal Storage is currently being used by KTC Sdn Bhd to store expired goods and damaged goods returned by customers. We had on 23 December 2014 undertake to demolish the Metal Storage prior to our Listing. As at LPD, the Metal Storage has been demolished and we are unaware of any penalties imposed by the relevant authorities for the Metal Storage.

(d) Lot 1A, 2A & 3A

The former underside of the eaves (beyond the main building line) to the eastern side of the warehouse building (east of Lot 1A) and to part of the rear (north) of the warehouse building have been extended and walled up/enclosed. The extended rear portion is currently used to accommodate the cold storage area while the side extension is used for general storage. The total extended/enclosed area is about 309.55 m² is without formal planning approval by the local authority and/or is deemed not in accordance with the requirements of the building by-laws. We had on 23 December 2014 undertake to demolish the said extension and relocate the said cold room storage facility to a fully compliant rented property prior to Listing.

6. BUSINESS OVERVIEW (Cont'd)

As at LPD, we have demolished the extended rear portion and we are unaware of any penalties imposed by the relevant authorities for the said extension.

6.17.4 Interruptions to Business and Operations

We have not experienced any material interruption in business which had a significant effect on our operations during the past twelve (12) months preceding LPD.

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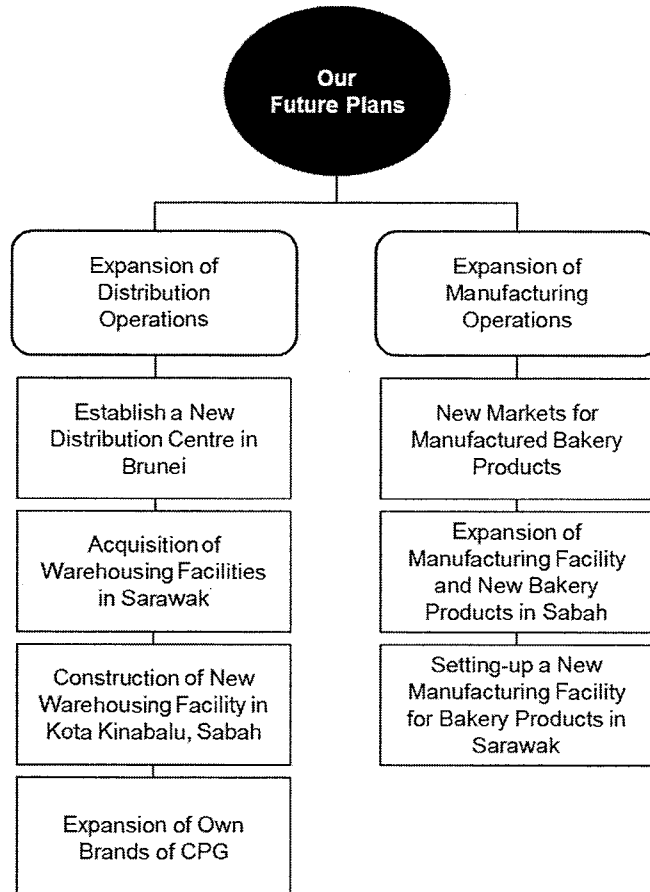
6. BUSINESS OVERVIEW (Cont'd)

6.18 FUTURE PLANS, STRATEGIES AND PROSPECTS

6.18.1 Future Plans and Strategies

Our future plans are focused in the following areas:

Our Group's Future Plans



6. BUSINESS OVERVIEW (Cont'd)

6.18.1.1 Expansion of Distribution Operations

(i) Establish a New Distribution Centre in Brunei

Our distribution operations is supported by 18 distribution centres in East Malaysia and these are located in Kota Kinabalu, Sandakan, Tawau, Lahad Datu, Kudat, Keningau, Kuching, Miri, Sibul and Labuan. Part of our future plans is to extend our distribution arm to cover territories outside of Sabah and Sarawak. In this respect, part of our expansion plans includes the acquisition of an existing distributor of CPG covering a range of F&B products, personal care and household products in Brunei to address opportunities in this market. In August 2014, we have started negotiations with a distributor in Brunei and we are in the process of undertaking an internal due diligence exercise. The proposed acquisition is expected to be completed by the first half of 2016.

The proposed acquisition of the distributor includes an operational facility, which comprised a rented warehouse and office with a total built-up area of approximately 10,000 sq ft. The acquisition of the distribution entity in Brunei would potentially provide us with access to approximately 500 sales and distribution points in the Brunei market.

The total estimated cost of the acquisition in Brunei is approximately RM1.54 million. We intend to acquire this distribution business through internally generated funds and bank borrowings.

(ii) Acquisition of Warehousing Facilities in Sarawak

Our existing distribution operations in Sarawak including offices and warehousing facilities are on rented premises. As part of our future plans, we intend to acquire our own warehousing facilities in Sarawak with the following proposed timing by locations:

Acquisition of Warehousing Facilities	First Half of 2016	Second Half of 2016
One warehouse in Sibul	√	
One warehouse in Miri	√	
One warehouse in Kuching		√

We intend to relocate our existing distribution centres in Sibul, Miri and Kuching to these new warehousing facilities in 2016. It is expected that each of these warehousing facilities would have an estimated built-up area of 15,000 sq ft.

The total estimated cost of the acquisition of the three (3) warehousing facilities is approximately RM9.0 million, which will be financed using IPO proceeds. In the event that the cost of warehousing facilities exceeds the proposed RM9.0 million, the additional amount will be funded through internally generated funds and/or bank borrowings.

6. BUSINESS OVERVIEW (Cont'd)

(iii) Construction of New Warehousing Facility in Kota Kinabalu, Sabah

In May 2015, we submitted a development plan to the local authority to construct an additional warehousing facility on our existing land in Lot 5 with a total land area of approximately 105,809 sq ft, which is pending approval. This new warehousing facility in Kota Kinabalu, Sabah is expected to house and cater for the expansion of our CPG products. It is expected that this additional warehousing facility would have an estimated built-up area of approximately 35,914 sq ft while the driveway, apron and load/ unloading bay will have a total built-up area of approximately 54,115 sq ft.

In addition, we intend to purchase the following equipment for the said facility:

- ten (10) units of forklifts;
- one (1) configuration of pallet racking system;
- 3,600 units of wooden pallets.

We envisaged that the construction of the warehousing facilities will commence by the second half of 2016 and completed by the end of the same year. The total cost of the construction of the new warehousing facility including the purchase of equipment is estimated at RM8.5 million, of which RM6.5 million will be utilised for the construction of the building and RM2.0 million for the purchase of equipment.

Of the total RM8.5 million, we intend to utilise RM3.0 million from IPO proceeds to fund part of the construction cost while the remaining RM5.5 million will be funded through internally generated funds and/or bank borrowings.

(iv) Expansion of Own Brands of CPG

In line with our intention to expand on our existing brands of CPG, part of our future plans is to commercialise additional packaged F&B products, mainly under our "Orié" and "Creamos" brand names. The following table indicates the type of CPG by timing of commercial launch:

	Brand Name	First Half of 2016	Second Half of 2016
F&B			
Dry Food			
- Condensed milk	Orié	√	
- Sauces and condiments	Orié	√	
- Packaged seasonings	Orié		√
- Biscuit products	Creamos	√	
- Bakery products [^]	Creamos	√	
Beverage products	Creamos		√
Chilled and Frozen Food			
- Potato-based products	Orié	√	
- Margarine	Orié	√	
- Butter	Butter Maid [#]	√	
- Burger Patties	Orié	√	
Personal care products	Bamble		√

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- ^ Will be manufactured by in-house manufacturing plants.
New brand to be launched.

In line with our mode of operations, we will continue to source these new products from external manufacturers in Malaysia, with the exception of bakery products. We intend to utilise internally generated funds for the expansion of our own brands of CPG, which consists of F&B products and personal care products.

6.18.1.2 Expansion of Manufacturing Operations

(i) New Markets for Manufactured Bakery Products

Our in-house manufactured bakery products are sold under our own "Creamos" brand in Kota Kinabalu, Sandakan, Tawau and Labuan.

We intend to expand on our market coverage to Brunei and Sarawak by second half of 2015. The market expansion will be carried out through the appointment of distributors and/or wholesalers at the said locations. We plan to utilise internally generated funds for the market expansion of our own manufactured bakery products.

(ii) Expansion of Manufacturing Facility and New Bakery Products in Sabah

Our existing manufacturing facility in SEDCO Light Industrial Estate Kota Kinabalu, Sabah is mainly focused on the manufacturing of bakery products, namely cream rolls. The built-up area of our existing manufacturing facility is approximately 5,600 sq ft. In order to cater to the geographical and product expansion of our bakery products business, we intend to move to larger premises.

In July 2015, we have completed the acquisition of a piece of 1.87 acre land and building with a total built-up area of approximately 20,596 sq ft in Kota Kinabalu Industrial Park (KKIP), Sabah for a purchase price of approximately RM6.23 million.

Part of our plans is to move our existing bakery products manufacturing line from SEDCO Light Industrial Estate in Kota Kinabalu to this new premise by second half of 2015. As at LPD, we are still operating at our existing location in SEDCO Light Industrial Estate in Kota Kinabalu. The total cost of the land and building is approximately RM6.23 million which will be funded using internally generated funds and bank borrowings.

In addition to the existing manufacturing line, this newly acquired land and building is expected to house three (3) new production lines to cater to the product expansion where we intend to launch the following categories of bakery products by the second half of 2015:

- cakes in a range of flavours; and
- other bakery products.

In this respect, we plan to purchase the following types of equipment for the three (3) additional production lines:

- two (2) unit of industrial mixers;
- three (3) units of ovens;
- one (1) conveyor system; and
- two (2) units of automated packing machines.

6. BUSINESS OVERVIEW (Cont'd)

The anticipated production capacity of the new bakery products is estimated at 40,000 pieces per day.

The estimated cost of the purchase of the above equipment is approximately RM1.0 million which will be funded through IPO proceeds. In the event that the cost of equipment exceeds the proposed RM1.0 million, the additional amount will be funded through internally generated funds and/or bank borrowings.

(iii) Setting-up a New Manufacturing Facility for Bakery Products in Sarawak

As part of our business expansion plans, we intend to set-up a new manufacturing facility in Sarawak for our bakery products to cater to the Sarawak market. The built-up area of the manufacturing facility is estimated to be approximately 10,000 sq ft, which is expected to be on rented premises. In this respect, we intend to purchase the following equipment as part and parcel of the new production line:

- two (2) units of industrial mixers;
- three (3) units of ovens;
- one (1) conveyor system; and
- two (2) units of automated packing machines.

We intend to set-up and commence the manufacturing facility by the second half of 2016. The total cost of purchasing the equipment is approximately RM1.5 million which RM1.0 million will be funded using IPO proceeds while the remaining RM0.5 million will be funded using internally generated funds and/or bank borrowings.

6.18.2 Our Prospects

Our prospects are dependent on the following factors:

- our sound business performance to-date as a platform for future business sustainability and growth;
- our competitive advantages and key strengths to sustain and enlarge our customer base;
- our future plans to provide sustainable growth; and
- industry prospects and outlook.

(i) Our Sound Business Performance To-date as a Platform for Future Business Sustainability and Growth

Our sound business performance is reflected by the following financial achievements between the FYE 30 June 2012 and FYE 30 June 2015:

	FYE 30 June 2012	FYE 30 June 2015	AAGR FYE 30 June 2012 to FYE 30 June 2015
Revenue	RM200.33 million	RM299.87 million	14.39%
GP	RM25.69 million	RM41.07 million	16.92%
PBT	RM5.60 million	RM10.35 million	22.73%
PAT	RM3.97 million	RM7.08 million	21.28%

6. BUSINESS OVERVIEW (Cont'd)

Note:

Please refer to Section 12.1.1 for further financial analysis.

Our financial performance over the last four (4) financial years will provide us with the platform to sustain and grow our business in the future.

(ii) **Our Competitive Advantages and Key Strengths to Sustain and Enlarge Our Customer Base**

Our competitive advantages and key strengths will help us sustain and enlarge our customer base. This includes the following:

- we cover a wide range of CPG;
- we cover recognisable CPG brands;
- we have a wide distribution network;
- we have an established track record;
- we have economies of scale; and
- we have experienced directors and key management personnel.

(Please refer to Section 6.1.1(c) of this Prospectus for further details)

(iii) **Our Future Plans to Provide Sustainable Growth**

We have in place a sound business and expansion plans for moving forward, which includes the following:

- expansion of our distribution operations covering expansion into Brunei market, acquisition of warehousing facilities in Sarawak, and construction of a new warehousing facility in Sabah, as well as expansion of own brands of CPG; and
- expansion of manufacturing operations by expanding into new markets for our manufactured bakery products, expansion of manufacturing facility and new bakery products in Sabah, and setting-up a new manufacturing facility in Sarawak.

Our future plans would provide us with the platform to sustain and grow our business.

(Please refer to Section 6.18 of this Prospectus for further details)

(iv) **Industry Prospects and Outlook**

The prospects and outlook of the distribution of CPG in Malaysia are mainly dependent on the following factors:

- socio-economic factors that drive local consumption where a growing economy provides the impetus for spending, which will have a positive flow-on effect on the CPG industry;
- performance of user-industries to sustain demand where growth in the retail sector of CPG and food services sector would also contribute to the demand for CPG, including products covered by our Group; and

6. **BUSINESS OVERVIEW (Cont'd)**

- government initiatives to spur the growth of the demand for CPG as demonstrated in the NKEA initiatives for the wholesale and retail sector which are expected to contribute RM107.8 billion in terms of GNI and create 595,400 jobs by 2020. In addition, the NKEA initiatives include increasing the number of retail outlets like hypermarkets, superstores and departmental stores, which will drive the growth of the wholesale and retail sector including stimulating consumption expenditure. All these would benefit providers of market access and coverage of CPG including our Group.

(Please refer to "Independent Assessment of the Distribution of Consumer Packaged Goods in Malaysia" in Section 7 of this Prospectus)

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