

9. APPROVALS AND CONDITIONS

9.1 APPROVALS AND CONDITIONS

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

Bursa Securities had, vide its letter dated 28 April 2016, approved:-

- (i) the admission of our Company to the Official List of the ACE Market of Bursa Securities;
- (ii) the listing of and quotation for our entire enlarged issued and paid-up share capital of RM26,392,100 comprising 263,921,000 Shares on the ACE Market of Bursa Securities; and
- (iii) the listing of such number of additional new Shares, representing up to 10% of our issued and paid-up ordinary share capital (excluding treasury shares), to be issued pursuant to the exercise of ESOS Options under the ESOS.

The approval from Bursa Securities is subject to the following conditions:-

No.	Details of conditions imposed	Status of Compliance
(1)	KAF IB to ensure that the Company is in compliance with Rule 3.19(1A) of the Listing Requirements, in respect of Shares to be granted to the Promoters under the ESOS;	Noted and to be complied with
(2)	Submission of the following information in respect to the moratorium on the shareholdings of the Promoters to Bursa Depository: <ol style="list-style-type: none"> (a) name of shareholders; (b) number of Shares; and (c) date of expiry of the moratorium for each block of Shares. 	Complied
(3)	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
(4)	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied with prior to Listing
(5)	Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of HLT Global on the first day of listing;	To be complied with
(6)	Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;	Complied
(7)	In relation to the public offering to be undertaken by HLT Global, please announce at least two (2) market days prior to the listing date, the result of the offering including the following: <ol style="list-style-type: none"> (a) level of subscription of public balloting and placement; (b) basis of allotment/allocation; (c) a table showing the distribution for placement tranche; and (d) disclosure of placees who become substantial shareholder of HLT Global arising from the public offering, if any. HLT Global / KAF IB to ensure that the overall distribution of HLT Global's securities is properly carried out to provide an orderly trading in the secondary market;	To be complied with prior to Listing

9. APPROVALS AND CONDITIONS (Cont'd)

No.	Details of conditions imposed	Status of Compliance
(8)	KAF IB is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to paragraph 6.44(1) of the Listing Requirements and stating the effective date of implementation;	Complied
(9)	In the event the new Shares to be issued pursuant to the ESOS will be listed and quoted as the existing securities of the same class, quotation of the new Shares will commence on the next market day after the following: <ul style="list-style-type: none"> (a) submission of the share certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository before 10 a.m. on the market day prior to the listing date; (b) receipt of confirmation from Bursa Depository that the additional new Shares are ready for crediting into the respective account holders; and (c) an announcement in accordance to paragraph 12.2 GN17 is submitted via Bursa Link before 3 p.m. on the market day prior to the listing date. 	To be complied with where relevant after Listing
(10)	In the event the new Shares to be issued pursuant to the ESOS will be separately quoted from the existing securities i.e. "A" shares, the listing and quotation of the new Shares will take place two (2) market days upon the receipt of an application for quotation by Bursa Securities as specified under Part C of Annexure GN17-B;	To be complied with where relevant after Listing
(11)	KAF IB is required to ensure full compliance of all the requirements pertaining to the ESOS as provided under the Listing Requirements at all time; and	Noted and to be complied with
(12)	HLT Global / KAF IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the admission to the Official List on the ACE Market is completed.	To be complied with

Bursa Securities had also, vide its letter dated 13 October 2016, granted HLT Global an extension of time until 27 February 2017 to comply with Rule 6.60(1) of the Listing Requirements to complete the implementation of the Listing.

The SC had, vide its letter dated 9 May 2016, approved the resultant equity structure of HLT Global under the equity requirement for public listed companies pursuant to our Listing.

The MITI had, vide its letter dated 24 March 2016, taken note of and stated that it has no objection to our IPO.

9.2 MORATORIUM ON SHARES

As at the date of submission of our listing application to Bursa Securities, we met the quantitative criteria for admission to the Main Market of Bursa Securities. Pursuant thereto and in compliance with Rule 3.19(1A)(b) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Promoters for a period of 6 months from the date of our admission to the Official List ("**Moratorium Period**").

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9. APPROVALS AND CONDITIONS (Cont'd)

The details of our Shares held by our Promoters which will be subject to moratorium are as follows:-

Promoters	No. of Shares to be held under the moratorium	
	Direct	(1) %
Chan Yoke Chun	96,911,000	36.72
Wong Kok Wah	93,110,000	35.28
Total	190,021,000	72.00

Note:-

(1) Based on our enlarged issued and paid-up share capital of 263,921,000 Shares after the IPO.

In addition, the aforementioned moratorium also includes all new Shares issued to our Promoters, if any, during the Moratorium Period arising from the exercise of ESOS Options granted to them under the ESOS. As at the date of this Prospectus, 200,000 ESOS Options have been granted to each of Chan Yoke Chun and Wong Kok Wah under the 1st Tranche ESOS Options.

The moratorium, which is fully accepted by our Promoters, will be specifically endorsed on the share certificate representing the entire shareholdings of our Promoters to ensure that our Company's share registrar does not register any transfer that contravenes the moratorium restrictions. In addition, our Promoters have also provided undertakings that they will comply with the said moratorium condition relating to the sale of their Shares as mentioned above.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**10.1 RELATED PARTY TRANSACTIONS****10.1.1 Non-Recurrent Related Party Transactions**

Save for the Acquisition and as disclosed below, there are no other related party transactions, existing or proposed, entered or to be entered into by our Group which involves the interests, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the Period Under Review as well as for the period from 1 August 2016 to 31 December 2017:-

Transacting Party	Related Party	Nature of Relationship	Nature of Transaction	Actual Transaction Value ⁽¹⁾			Estimated 1.8.2016 to 31.12.2017 RM'000
				2013 RM'000	2014 RM'000	2015 RM'000	
HL Advance	Hup Lek Engineering	Chan Yoke Chun and Wong Kok Wah, who are our Directors and major shareholders, were also Directors and major shareholders of Hup Lek Engineering up to 28 December 2015	Acquisition of used motor vehicle and machinery from Hup Lek Engineering	-	28	23	-

Note:-

(1) Aggregate value of transactions for the respective financial years/period.

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment to our minority shareholders.

Upon our Listing, our Audit Committee will review the terms of all related party transactions, and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Directors shall disclose to our Board their interests and the nature and extent of their interests, including all matters in relation to the proposed related party transactions that they are aware or should reasonably be aware of, which are not in our best interest. The interested Directors shall also abstain from any Board deliberation and voting on the relevant resolutions in respect of such proposed related party transactions.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transactions will also abstain from voting in respect of their direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake to ensure that persons connected with them will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.1.2 Recurrent Related Party Transactions**

Save as disclosed below, there are no other recurrent related party transactions, existing or proposed, entered or to be entered into by our Group which involve the interests, direct or indirect, of our Directors and major shareholders and/or persons connected with them for the Period Under Review as well as for the period from 1 August 2016 to 31 December 2017:-

Transacting Party	Related Party	Nature of Relationship	Nature of Transaction	(1) Actual Transaction Value				Estimated 1.8.2016 to 31.12.2017
				<-----FYE ----->			FPE	
				2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2016 RM'000
HL Advance	Hup Lek Engineering	Chan Yoke Chun and Wong Kok Wah, who are our Directors and major shareholders, were also Directors and major shareholders of Hup Lek Engineering up to 28 December 2015	Provision of subcontracting and support services by Hup Lek Engineering to HL Advance	1,133	803	1,145	-	-
HL Advance	Chan Yoke Chun	Chan Yoke Chun is our major shareholder and Director	Renting of 2 units of apartment by HL Advance from Chan Yoke Chun for staff accommodation (2)	11	11	10	-	-
HL Advance	YTY Industry Sdn Bhd	Wong Kok Wah was a Director and an indirect shareholder of YTY Industry Sdn Bhd up to 2 May 2013 and 11 November 2013 respectively	Sale of glove-dipping lines, provision of upgrading and modification works for glove-dipping lines and sale of associated parts and components by HL Advance to YTY Industry Sdn Bhd	9,921	-	-	-	-
HL Advance	Green Prospect Sdn Bhd	Wong Kok Wah was a Director and an indirect shareholder of Green Prospect Sdn Bhd up to 2 May 2013 and 11 November 2013 respectively	Sale of glove-dipping lines, provision of upgrading and modification works for glove-dipping lines and sale of associated parts and components by HL Advance to Green Prospect Sdn Bhd	13,015	-	-	-	-

Notes:-

- (1) Aggregate value of transactions for the respective financial years/period.
- (2) The tenancies were terminated effective from 1 December 2015.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment to our minority shareholders.

Our Group may, in the ordinary course of our business, enter into transactions that are of revenue or trading nature with persons who are considered "related parties" as defined in the Listing Requirements. Pursuant to Rule 10.09 of the Listing Requirements, a listed issuer may seek its shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading in nature which are necessary for its day to day operations ("RRPT Mandate") subject to, inter-alia, the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under the Listing Requirements;
- (c) the circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities; and
- (d) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Due to the time-sensitive nature of commercial transactions, the RRPT Mandate, if sought by us and approved by our non-interested shareholders, will facilitate our recurrent transactions with related parties, provided such recurrent related party transactions are made on arm's length basis and on normal commercial terms.

Upon our Listing, our Audit Committee will review the terms of all recurrent related party transactions, and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed recurrent related party transactions that involve the interest, direct or indirect, of our Directors, the interested Directors shall disclose their interests to our Board, of the nature and extent of their interests, including all matters in relation to the proposed recurrent related party transactions that they are aware or should reasonably be aware of, which is not in our best interest. The interested Directors shall also abstain from any Board deliberation and voting on the relevant resolutions(s) in respect of such proposed recurrent related party transactions.

In the event that there are any proposed recurrent related party transactions that require the prior approval of our shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed recurrent related party transactions will also abstain from voting in respect of their direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake to ensure that the person connected with them will abstain from voting on the resolution approving the proposed recurrent related party transaction at the general meeting.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

10.2 INTEREST IN SIMILAR BUSINESS

As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in the following:-

- (a) any other businesses and corporations carrying on a similar trade as our Group; and
- (b) any other businesses and corporations which are the customers or suppliers of our Group.

10.3 OTHER TRANSACTIONS

10.3.1 There were no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the Period Under Review.

10.3.2 There were no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the Period Under Review and as at the LPD.

10.4 DECLARATION BY THE ADVISERS

- (i) KAF IB has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent in respect of our IPO.
- (ii) Crowe Horwath has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in respect of our IPO.
- (iii) Cheang & Ariff has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors in respect of our IPO.
- (iv) Smith Zander has confirmed that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher in respect of our IPO.

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11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

11.1.1 Statements of Profit or Loss and Other Comprehensive Income, and Other Selected Financial Information

The following table sets out a summary of our Group's audited combined statements of profit or loss and other comprehensive income as well as selected financial information for the Period Under Review and the FPE 2015, which was extracted from the Accountants' Report set out in Section 12 of this Prospectus.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 11.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 12 of this Prospectus.

	Audited			Audited	Audited
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2015 RM'000	FPE 2016 RM'000
Revenue	46,042	43,568	75,697	31,134	47,692
Cost of sales	(33,758)	(32,331)	(60,474)	(24,313)	(40,965)
Gross profit	12,284	11,237	15,223	6,821	6,727
Other operating income	451	384	1,071	564	1,980
Selling and distribution expenses	(406)	(360)	(391)	(221)	(134)
Administrative expenses	(2,318)	(2,624)	(3,764)	(1,855)	(2,301)
Finance costs	(11)	(21)	(2)	(2)	(4)
PBT	10,000	8,616	12,137	5,307	6,268
Income tax expense	(58)	(53)	(3)	(3)	(55)
PAT	9,942	8,563	12,134	5,304	6,213
Other comprehensive income	-	-	-	-	-
Total comprehensive income attributable to owners	9,942	8,563	12,134	5,304	6,213
EBITDA ⁽¹⁾	10,251	8,928	12,604	5,627	6,631
Gross profit margin (%)	26.68	25.79	20.11	21.91	14.11
PBT margin (%)	21.72	19.78	16.03	17.05	13.14
PAT margin (%)	21.59	19.65	16.03	17.04	13.03
Number of Shares assumed in issue ('000) ⁽²⁾	263,921	263,921	263,921	263,921	263,921
Basic EPS (sen) ⁽³⁾	3.77	3.24	4.60	2.01	2.35
Diluted EPS (sen) ⁽⁴⁾	3.77	3.24	4.60	2.01	2.35
Other Selected Financial Information ⁽⁵⁾					
Non-current assets	5,611	5,343	6,375	5,615	6,062
Current assets	22,593	27,536	46,036	45,616	62,033
Total assets	28,204	32,879	52,411	51,231	68,095
Non-current liabilities	1,760	1,587	1,434	1,498	1,349
Current liabilities	9,877	9,162	21,713	27,299	31,269
Total liabilities	11,637	10,749	23,147	28,797	32,618
Net assets	16,567	22,130	29,264	22,434	35,477
Issued and paid-up share capital	400	400	400	400	400
Retained profits	16,167	21,730	28,864	22,034	35,077

11. FINANCIAL INFORMATION (Cont'd)*Notes:-*

(1) The table below sets forth a reconciliation of our PBT to EBITDA:-

	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2015 RM'000	FPE 2016 RM'000
PBT	10,000	8,616	12,137	5,307	6,268
Finance costs	11	21	2	2	4
Interest income	(290)	(263)	(196)	(18)	(100)
Depreciation	530	554	661	336	459
Amortisation	-	-	-	-	-
EBITDA	10,251	8,928	12,604	5,627	6,631

Our EBITDA presented in this Prospectus is a supplemental measure of our performance and liquidity and is not required by, or presented in accordance with, the Malaysian Financial Reporting Standards and should not be considered as an alternative to PAT, operating or any other performance measures derived in accordance with the Malaysian Financial Reporting Standards or as an alternative to our cash flows or as a measure of our liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such a term may not be possible. Other companies may calculate EBITDA differently from us, limiting its usefulness as a comparative measure. We believe that the presentation of EBITDA facilitates the operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting finance costs and interest income), tax position (such as the impact of changes in effective tax rates or net operating losses) and the age and book depreciation/amortisation of tangible/intangible assets (affecting relative depreciation/amortisation expenses).

- (2) Assumed number of ordinary shares in issue in HLT Global immediately after the IPO.
- (3) Calculated based on PAT divided by the enlarged number of 263,921,000 Shares in issue after the IPO.
- (4) The diluted EPS is equal to the basic EPS as there were no potential dilutive ordinary shares outstanding at the end of the financial year/period.
- (5) There was no non-controlling interest for the Period Under Review and the FPE 2015.

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11. FINANCIAL INFORMATION (Cont'd)**11.1.2 Statements of Cash Flows**

The following table sets out a summary of our Group's audited combined statements of cash flows for the Period Under Review and the FPE 2015, which was extracted from the Accountants' Report set out in Section 12 of this Prospectus.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 11.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 12 of this Prospectus.

	Audited			Audited	Audited
	FYE	FYE	FYE	FPE	FPE
	2013	2014	2015	2015	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
PBT	10,000	8,616	12,137	5,307	6,268
Adjustments for:-					
Depreciation of property, plant and equipment	530	554	661	336	459
Interest expense	11	21	2	2	4
Loss/(Gain) on disposal of property, plant and equipment	-	1	(44)	-	-
Property, plant and equipment written off	56	-	-	-	-
Unrealised loss/(gain) on foreign exchange	(3)	(50)	209	(545)	(1,875)
Interest income	(290)	(263)	(196)	(18)	(100)
Operating profit before working capital changes	10,304	8,879	12,769	5,082	4,756
Increase in inventories	(880)	(432)	(513)	(495)	(1,626)
Decrease/(Increase) in amount owing by/(to) contract customers	(2,247)	1,383	(22,562)	5,433	11,858
Decrease/(Increase) in trade and other receivables	(2,095)	(9,540)	7,035	(5,271)	(9,005)
Increase/(Decrease) in trade and other payables	1,761	(343)	13,226	5,206	1,963
CASH FLOWS FROM/ (FOR) OPERATING ACTIVITIES					
Income tax paid	6,843	(53)	9,955	9,955	7,946
Interest received	(43)	(93)	(105)	(67)	(60)
Interest paid	290	263	196	18	100
	(11)	(21)	(2)	(2)	(4)
NET CASH FROM OPERATING ACTIVITIES	7,079	96	10,044	9,904	7,982

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11. FINANCIAL INFORMATION (Cont'd)

	Audited			Audited	Audited
	FYE	FYE	FYE	FPE	FPE
	2013	2014	2015	2015	2016
	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS (FOR)/ FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	(127)	(314)	(1,706)	(608)	(146)
Placement of deposits pledged to a licensed bank	-	-	(5,198)	(5,034)	(85)
Proceeds from disposal of property, plant and equipment	-	27	58	-	-
Repayment from a director	693	-	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	566	(287)	(6,846)	(5,642)	(231)
CASH FLOWS FOR FINANCING ACTIVITIES					
Proceeds from issuance of shares	-	-	*	-	-
Dividend paid	(6,000)	(3,000)	(5,000)	-	-
Repayment of hire purchase payables	(124)	(54)	(42)	(33)	-
Repayment of term loan	(151)	(134)	(151)	(86)	(83)
Advances from/ (Repayment to) directors	213	(239)	-	-	-
NET CASH FOR FINANCING ACTIVITIES	(6,062)	(3,427)	(5,193)	(119)	(83)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS					
	1,583	(3,618)	(1,995)	4,143	7,668
Effects of foreign exchange translation	3	50	13	415	1,597
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/ PERIOD					
	8,869	10,455	6,887	6,887	4,905
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/ PERIOD					
	10,455	6,887	4,905	11,445	14,170

Note:-

* Representing RM10.

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11. FINANCIAL INFORMATION (Cont'd)**11.2 CAPITALISATION AND INDEBTEDNESS**

The following table sets out the consolidated cash and cash equivalents, capitalisation and indebtedness of our Company as at 31 October 2016 based on our unaudited consolidated management accounts as at 31 October 2016 and as adjusted to show the effects of our IPO and utilisation of proceeds from our Public Issue.

	Unaudited As at 31 October 2016 RM'000	Pro Forma After our IPO and utilisation of proceeds RM'000
Fixed deposits with licensed banks and cash and bank balances ⁽¹⁾	4,187	9,103
Indebtedness		
(a) Short term		
<u>Secured and guaranteed:</u>		
- Term loan	77	77
	<u>77</u>	<u>77</u>
(b) Long term		
<u>Secured and guaranteed:</u>		
- Term loan	1,310	1,310
	<u>1,310</u>	<u>1,310</u>
Total Indebtedness	<u>1,387</u>	<u>1,387</u>
Capitalisation		
Total equity	37,410	52,826
Total Capitalisation and Indebtedness	<u>38,797</u>	<u>54,213</u>
Gearing ratio (times) ⁽²⁾	0.04	0.03

Notes:-

(1) *Excluding fixed deposits pledged to the bank.*

(2) *As a ratio of total indebtedness to total equity.*

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11. FINANCIAL INFORMATION (Cont'd)**11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following management's discussion and analysis in respect of our Group's financial condition and results of operations should be read in conjunction with the Accountants' Report and accompanying notes set out in Section 12 of this Prospectus.

This discussion and analysis contains data derived from our pro forma consolidated statements of financial position as well as forward-looking statements that reflect our current views with respect to future events and our future financial performance. Our Group's actual results may differ materially from those anticipated in these forward-looking statements. Factors that may cause future results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

As HL Advance is our sole operating subsidiary, the review and commentaries on our past results of operations for the Period Under Review are largely in relation to the past financial performance of HL Advance.

11.3.1 Overview of Our Operations

Our Company is principally an investment holding company, whereby our Group's revenue is derived through our sole subsidiary, HL Advance, from the following business activities:-

- (i) design, fabrication, installation, testing and commissioning of glove-dipping lines ("**Sale of New Lines**");
- (ii) provision of upgrading and modification works for glove-dipping lines ("**Upgrade and Modification**"); and
- (iii) supply and trading of the associated parts and components for glove-dipping lines ("**Supply and Trading**").

Please refer to Section 6.1 of this Prospectus for detailed information on our Group's principal activities, products and services.

In line with our future plans as set out in Section 6.20 of this Prospectus, we intend to increase our production capacity and set up a dedicated R&D team to focus on product development and process improvement, which would in turn facilitate the expansion of our business operations in the Sale of New Lines segment and Upgrade and Modification segment. We will continue to be involved in the Supply and Trading segment so as to support and complement our Sale of New Lines segment and Upgrade and Modification segment.

11.3.2 Review of Our Historical Results of Operations**(i) Revenue**

Our revenue is mainly derived from our Sale of New Lines segment, which contributed between 78.20% and 97.78% to our Group's total revenue for the Period Under Review, whilst our Upgrade and Modification segment contributed between 1.42% and 18.19% to our Group's total revenue during the same period. The remaining revenue of our Group was contributed by our Supply and Trading segment, which made up less than 5% of our Group's total revenue for the Period Under Review. Our customers consist of local and foreign rubber glove manufacturers.

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11. FINANCIAL INFORMATION (Cont'd)

(a) Sale of New Lines

Revenue from this segment is derived from our design, fabrication, installation, testing and commissioning of glove-dipping lines. For the Period Under Review, revenue contributed by our Sale of New Lines segment was derived from our customers based in Malaysia as well as foreign countries including Indonesia, Thailand and India.

The pricing of our products varies from customer to customer as they are made to customers' specifications and are generally determined based on factors such as materials used, production parameters, dimensional measurement, process complexity and logistics arrangement. For foreign customers, we will also factor in ancillary costs such as levy on working permits for our employees and subcontractors, and the associated travelling and accommodation expenses. Hence, our foreign sales are generally priced higher in relative to our local sales. Premised on this, the number of glove-dipping lines completed by us on an annual basis may not correspond to our overall revenue or profitability for a given year as the value of order for each glove-dipping line recognised in any given year varies from one to another depending on, amongst others,-

- pricing differential due to:-
 - quality of materials used, such as higher grade/quality steel materials, insulant, heat exchangers, etc, which will accordingly increase the price of a glove-dipping line;
 - different production parameters, dimensional measurement and process complexity, for instance, a double former glove-dipping line will generally cost more than a single former glove-dipping line; and
 - logistics arrangement, where foreign order is generally priced higher in relative to local order as explained above;

and

- the timing on implementation as generally, the implementation timeframe for each order ranges between 6 months and 15 months, which can often spread over two (2) financial years. In this regard, revenue contribution from each order will generally peak during the initial year of implementation and taper off in the following year.

Revenue generated from our Sale of New Lines segment qualifies for tax exemption under our Pioneer Status.

(b) Upgrade and Modification

Revenue from this segment is derived from our provision of upgrading and modification works for glove-dipping lines for the purpose of:-

- replacement of obsolete, faulty or worn-out components of glove-dipping lines, such as coagulant dipping tanks, latex dipping tanks, etc;
- upgrading/modification on production parameters, such as increase of production capacity, conversion to the production of different type of rubber gloves, etc; and
- integration of additional components, such as extension to on-line chlorination system, installation of on-line polymer coating system, etc.

For the Period Under Review, our revenue from Upgrade and Modification segment was mainly contributed by our customers based in Malaysia, Thailand and Indonesia. For our Upgrade and Modification segment, we adopt the same pricing strategy as that of our Sale of New Lines segment as explained in Section 11.3.2(i)(a) of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)

Revenue generated from our Upgrade and Modification segment also qualifies for tax exemption under our Pioneer Status.

(c) Supply and Trading

Revenue from this segment is derived from our supply and trading of the associated parts and components for glove-dipping lines, such as conveyor chains, bearings, beading brushes and washing brushes.

For the Period Under Review, our revenue from Supply and Trading segment was mainly contributed by our customers based in Malaysia. Given the straightforward nature of our Supply and Trading business, we adopt a cost-plus pricing strategy for our Supply and Trading segment.

Revenue generated from our Supply and Trading segment does not qualify for tax exemption under our Pioneer Status and hence, is subject to statutory income tax.

For our Sale of New Lines segment, orders from customers are secured either through tenders or direct negotiations, whilst for our Upgrade and Modification and Supply and Trading segments, orders from customers are secured through direct negotiations.

For the Period Under Review, our revenue was solely derived through HL Advance and hence, no breakdown of revenue by companies is necessary. A breakdown of our revenue by business segments is as follows:-

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of New Lines	36,523	79.32	34,072	78.20	69,897	92.34	29,943	96.17	46,633	97.78
Upgrade and Modification	8,328	18.09	7,924	18.19	5,734	7.57	1,152	3.70	675	1.42
Supply and Trading	1,191	2.59	1,572	3.61	66	0.09	39	0.13	384	0.80
Total	46,042	100.00	43,568	100.00	75,697	100.00	31,134	100.00	47,692	100.00

The Sale of New Lines segment has been our largest revenue stream for the Period Under Review with contribution of 79.32%, 78.20%, 92.34% and 97.78% to our total revenue for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. Our sale of glove-dipping lines is on project basis with each order from our customers comprised of up to several glove-dipping lines to be installed at the same factory of our customers. Depending on the number of glove-dipping lines to be installed, the execution timeframe for an order generally ranges from six (6) months to fifteen (15) months from the date of receipt of a confirmed order. The revenue from our Sale of New Lines segment is recognised based on the work undertaken for orders secured during each financial year, using the percentage-of-completion method of accounting.

On the other hand, our Upgrade and Modification segment contributed 18.09%, 18.19%, 7.57% and 1.42%, whilst our Supply and Trading segment contributed 2.59%, 3.61%, 0.09% and 0.80% to our total revenue for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. Orders for these business segments are largely secured on an ad-hoc basis, from time to time. For Upgrade and Modification segment, revenue is recognised upon delivery and installation (if required) of the relevant components of glove-dipping line at our customers' factories, whereas revenue for Supply and Trading segment is recognised upon delivery of goods.

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11. FINANCIAL INFORMATION (Cont'd)

For the Period Under Review, our revenue was generated from a combination of local sales and foreign sales to countries such as Thailand, Indonesia, China and India. The breakdown of our revenue by local sales and foreign sales is set out as follows:-

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local sales	30,953	67.23	28,720	65.92	40,610	53.65	14,912	47.90	35,109	73.62
Foreign sales										
- Thailand	-	-	402	0.92	32,895	43.45	14,722	47.28	12,333	25.86
- Indonesia	15,012	32.61	13,290	30.50	550	0.73	447	1.44	250	0.52
- China	-	-	-	-	6	0.01	5	0.02	-	-
- India	-	-	1,036	2.38	1,454	1.92	866	2.78	-	-
- Saudi Arabia	22	0.04	120	0.28	182	0.24	182	0.58	-	-
- Vietnam	55	0.12	-	-	-	-	-	-	-	-
Total foreign sales	15,089	32.77	14,848	34.08	35,087	46.35	16,222	52.10	12,583	26.38
Total	46,042	100.00	43,568	100.00	75,697	100.00	31,134	100.00	47,692	100.00

As illustrated above, our revenue was mainly generated from local sales to our customers in Malaysia, which is in line with the overall competitive landscape of the international rubber glove manufacturing industry with the Malaysian market being populated by some of the world's largest rubber glove manufacturers. We also recorded revenue from foreign sales to our customers based in other countries and we deem Thailand and Indonesia as our current key export markets, both of which are amongst the major rubber glove producing countries in the world.

For the past three (3) FYE 2013 to FYE 2015, our revenue increased by 64.40% or RM29.65 million from RM46.04 million for the FYE 2013 to RM75.69 million for the FYE 2015. The overall increase in our revenue from FYE 2013 to FYE 2015 was mainly attributable to higher value orders secured from customers under our Sale of New Lines segment and the improved performance of our foreign sales. Our revenue also increased by 53.20% or RM16.56 million from RM31.13 million for the FPE 2015 to RM47.69 million for the FPE 2016 due to better performance of our Sale of New Lines segment backed by revenue contribution of RM21.93 million from two (2) new orders secured during the FPE 2016 (including an order which was secured in December 2015 but whose implementation commenced in January 2016) as well as revenue contribution from outstanding orders brought forward from the FYE 2015 amounting to RM24.70 million.

On an overall basis, our revenue growth for the Period Under Review was mostly contributed by our Sale of New Lines segment, which recorded revenue growth of 91.40% or RM33.38 million from RM36.52 million for the FYE 2013 to RM69.90 million for the FYE 2015, and 55.74% or RM16.69 million from RM29.94 million for the FPE 2015 to RM46.63 million for the FPE 2016. Revenue from our Upgrade and Modification segment decreased by 31.21% or RM2.60 million from RM8.33 million for the FYE 2013 to RM5.73 million for the FYE 2015, and by 40.87% or RM0.47 million from RM1.15 million for the FPE 2015 to RM0.68 million for the FPE 2016. Similarly, revenue from our Supply and Trading segment decreased by 94.96% or RM1.13 million from RM1.19 million for the FYE 2013 to RM0.06 million for the FYE 2015. Nevertheless, revenue from our Supply and Trading segment increased by 850.00% or RM0.34 million from RM0.04 million for the FPE 2015 to RM0.38 million for the FPE 2016. The decrease in revenue from our Upgrade and Modification segment for the Period Under Review as well as from our Supply and Trading segment between FYE 2013 and FYE 2015 was mainly due to lesser orders secured from customers during the said financial years/period.

Commentary on Historical Revenue**Comparison between FYE 2012 and FYE 2013**

Our revenue increased by 61.60% or RM17.55 million to RM46.04 million (FYE 2012 : RM28.49 million) as a result of better performance of all of our business segments including our foreign sales.

11. FINANCIAL INFORMATION (Cont'd)

For the FYE 2013, our Sale of New Lines segment contributed revenue of RM36.52 million, representing 79.32% of our total revenue. The RM13.39 million or 57.89% increase in the segment's revenue from RM23.13 million recorded for the FYE 2012 to RM36.52 million for the FYE 2013 was mainly due to new orders secured as illustrated below:-

Contribution from new orders secured to segment's revenue	Contribution from outstanding orders brought forward from FYE 2012 to segment's revenue	Total segment's revenue
RM34.82 million	RM1.70 million	RM36.52 million

The new orders for glove-dipping lines, which were secured from three (3) customers, were made up of a combination of two (2) local orders for a total of twelve (12) glove-dipping lines and one (1) foreign order for six (6) glove-dipping lines. Whilst the contribution from our local sales to the segment's revenue remained fairly constant at RM21.72 million for the FYE 2013 as compared with RM21.83 million for the FYE 2012, the segment's revenue from our foreign sales grew from RM1.30 million for the FYE 2012 to RM14.80 million for the FYE 2013 as a result of the foreign order secured.

On the other hand, revenue generated from our Upgrade and Modification segment, which contributed 18.09% of our total revenue for the FYE 2013, increased by 64.30% or RM3.26 million to RM8.33 million (FYE 2012 : RM5.07 million). The increase in the segment's revenue was mainly attributable to an order secured valued at RM2.10 million pertaining to the modification of a glove-dipping line formerly catered for latex examination gloves into that for surgical gloves. We were also engaged by a customer for the supply and installation of, inter-alia, brush tanks and ducting for ovens, which contributed RM1.14 million to the segment's revenue.

Notwithstanding an increase of 310.34% or RM0.90 million to RM1.19 million (FYE 2012 : RM0.29 million), Supply and Trading segment continued to be our smallest revenue contributor by delivering the remaining 2.59% of our total revenue. The improvement in the segment's revenue was mainly attributable to higher sales value of parts and components sold to our customers during the FYE 2013 as compared with the FYE 2012.

Comparison between FYE 2013 and FYE 2014

Our revenue decreased by 5.36% or RM2.47 million to RM43.57 million (FYE 2013 : RM46.04 million) due to the decline in revenue from our Sale of New Lines segment and Upgrade and Modification segment.

For the FYE 2014, revenue from our Sale of New Lines segment, which contributed 78.20% to our total revenue, decreased by 6.71% or RM2.45 million to RM34.07 million (FYE 2013 : RM36.52 million). The performance of this segment was sustained by revenue contribution from both outstanding FYE 2013's orders and new orders secured as illustrated below:-

Contribution from new orders secured to segment's revenue	Contribution from outstanding orders brought forward from FYE 2013 to segment's revenue	Total segment's revenue
RM14.97 million	RM19.10 million	RM34.07 million

The new orders for glove-dipping lines, which were secured from three (3) customers, were made up of a combination of two (2) local orders for a total of five (5) glove-dipping lines and one (1) foreign order for one (1) glove-dipping line. The total number of glove-dipping lines under new orders secured was lower than that for the FYE 2013 mainly because our production capacity was largely utilised during the FYE 2014 for the execution of outstanding orders brought forward from the FYE 2013, pursuant to which we were restricted to considering potential orders for smaller number of glove-dipping lines from customers that can fit into our implementation scheduling. Revenue from this segment for the FYE 2014 continued to be contributed by both local sales and foreign sales, which contributed RM19.84 million and RM14.23 million respectively.

11. FINANCIAL INFORMATION (Cont'd)

Revenue from our Upgrade and Modification segment, which contributed 18.19% to our total revenue for the FYE 2014, decreased by 4.80% or RM0.40 million to RM7.93 million (FYE 2013 : RM8.33 million) due to the cessation of revenue contribution from a local customer, for whom we undertook and completed a series of upgrading works during the FYE 2012 and FYE 2013. Nevertheless, the segment's revenue was partly sustained by an order from customer valued at RM2.98 million for upgrading works on production output speed. We were also engaged by a customer for the supply of, inter-alia, latex dipping tanks, coagulant dipping tanks and other dipping/rinsing tanks, which contributed RM3.39 million to the segment's revenue.

Revenue from our Supply and Trading segment, which contributed 3.61% to our total revenue for the FYE 2014, continued to be on an uptrend and increased by 31.93% or RM0.38 million to RM1.57 million (FYE 2013 : RM1.19 million). The improvement in the segment's revenue was mainly due to several orders secured from a local customer for a range of parts and components including, inter-alia, insulant, bearings and blower fans.

Comparison between FYE 2014 and FYE 2015

Our revenue increased by 73.72% or RM32.12 million to RM75.69 million (FYE 2014 : RM43.57 million) due to the better performance of our Sale of New Lines segment.

For the FYE 2015, revenue from our Sale of New Lines segment, which contributed 92.34% to our total revenue, increased by 105.17% or RM35.83 million to RM69.90 million (FYE 2014 : RM34.07 million). The higher segment's revenue for the FYE 2015 was mainly attributable to revenue contribution from new orders secured during the FYE 2015 as illustrated below:-

Contribution from new orders secured to segment's revenue	Contribution from outstanding orders brought forward from FYE 2014 to segment's revenue	Total segment's revenue
RM67.35 million	RM2.55 million	RM69.90 million

The new orders for glove-dipping lines, which were secured from four (4) customers, were made up of a combination of three (3) local orders for a total of thirteen (13) glove-dipping lines and one (1) foreign order for six (6) glove-dipping lines. Revenue from this segment for the FYE 2015 continued to be contributed by both local sales and foreign sales, which contributed RM35.55 million and RM34.35 million respectively.

Revenue from our Upgrade and Modification segment, which contributed 7.57% to our total revenue for the FYE 2015, decreased by 27.74% or RM2.20 million to RM5.73 million (FYE 2014 : RM7.93 million) due to lesser orders secured from customers as part of our production capacity planning in preparation for the execution of new orders secured.

Revenue from our Supply and Trading segment, which contributed 0.09% to our total revenue for the FYE 2015, decreased by 96.18% or RM1.51 million to RM0.06 million (FYE 2014 : RM1.57 million) due to lesser orders from customers for parts and components.

Comparison between FPE 2015 and FPE 2016

Our revenue increased by 53.20% or RM16.56 million to RM47.69 million (FPE 2015 : RM31.13 million) due to the better performance of our Sale of New Lines segment.

For the FPE 2016, revenue from our Sale of New Lines segment, which contributed 97.78% to our total revenue, increased by 55.74% or RM16.69 million to RM46.63 million (FPE 2015 : RM29.94 million). The higher segment's revenue for the FPE 2016 was attributable to revenue contribution from both outstanding FYE 2015's orders and new orders secured as illustrated below:-

Contribution from new orders* secured to segment's revenue	Contribution from outstanding orders brought forward from FYE 2015 to segment's revenue	Total segment's revenue
RM21.93 million	RM24.70 million	RM46.63 million

11. FINANCIAL INFORMATION (Cont'd)

New orders* for glove-dipping lines for the FPE 2016 were secured from two (2) local customers and comprised of a total of thirteen (13) glove-dipping lines. In line with the local orders secured, local sales contributed RM34.30 million to the segment's revenue, whilst the remaining RM12.33 million was from foreign sales.

* Including an order which was secured in December 2015 but whose implementation commenced in January 2016.

Revenue from our Upgrade and Modification segment, which contributed 1.42% to our total revenue for the FPE 2016, decreased by 40.87% or RM0.47 million to RM0.68 million (FPE 2015 : RM1.15 million) due to lesser orders secured from customers as part of our production capacity planning in preparation for the execution of new orders for glove-dipping lines secured.

Revenue from our Supply and Trading segment, which contributed 0.80% to our total revenue for the FPE 2016, increased by 850.00% or RM0.34 million to RM0.38 million (FPE 2015 : RM0.04 million) due mainly to a foreign customer's multiple purchases of parts and components during the FPE 2016 totalling RM0.25 million.

(ii) Cost of Sales

We set out below the breakdown of our cost of sales by type of cost and by business segments for the Period Under Review and the FPE 2015:-

Cost of sales by type of cost

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Materials and parts	26,778	79.32	24,773	76.62	50,300	83.18	19,786	81.38	33,293	81.27
Direct labour	5,873	17.40	6,527	20.19	8,346	13.80	3,995	16.43	6,395	15.61
Overheads	1,107	3.28	1,031	3.19	1,828	3.02	532	2.19	1,277	3.12
Total	33,758	100.00	32,331	100.00	60,474	100.00	24,313	100.00	40,965	100.00

Cost of sales by business segments

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of New Lines	26,589	78.76	24,024	74.31	54,891	90.77	23,219	95.50	40,034	97.73
Upgrade and Modification	6,163	18.26	7,026	21.73	5,527	9.14	1,061	4.36	612	1.49
Supply and Trading	1,006	2.98	1,281	3.96	56	0.09	33	0.14	319	0.78
Total	33,758	100.00	32,331	100.00	60,474	100.00	24,313	100.00	40,965	100.00

The breakdown of our cost of sales by countries is not presented as we do not maintain such information.

Further information on the components of our cost of sales is elaborated as follows:-

(a) Materials and parts

Materials and parts used for our Group's business operations consist of, inter-alia, steel pipes, plates and hollows, conveyor chains, former holders, insulant, nylon brushes, motors, heat exchangers, blower fans, fibreglass tanks, centralised control panel as well as factory consumables such as welding wires, argon gas, industrial adhesives and tapes, bolts and nuts, etc. We generally purchase our materials and parts based on estimated work/project requirements upon confirmation of orders from customers.

11. FINANCIAL INFORMATION (Cont'd)

The materials and parts for our business operations are mainly sourced from local suppliers with a few being sourced from foreign suppliers. On a case-by-case basis and out of cost-efficiency considerations, certain materials and parts required may be sourced in the country where our foreign customers are based.

Suppliers are selected by us based on various criteria including, amongst others, pricing, availability of materials and parts required, and delivery lead time. Thus far, we have not experienced any material shortages in sourcing the aforesaid materials and parts for our operations. Furthermore, these materials are readily available from many suppliers in Malaysia as well as overseas.

(b) Direct labour costs

Our direct labour costs consist of subcontractor costs as well as salaries and allowances paid to our in-house workers for fabrication works carried out in our factory premises as well as on-site works at our customers' factories. Our in-house workers and the subcontracted workers engaged by us are either Malaysians or foreign nationals sourced locally. Direct labour costs are incurred by our Sale of New Lines segment and Upgrade and Modification segment but not our Supply and Trading segment, which does not require fabrication and installation works to be undertaken.

With due consideration given to the requisite skills in the fabrication and installation of glove-dipping lines, we usually send our in-house workers and locally sourced subcontracted workers to undertake on-site fabrication and installation works for our foreign orders. In addition, we also engage unskilled domestic workers in the country where our foreign customers are based for supporting tasks out of cost-efficiency considerations.

As we maintain a small team of in-house workers, subcontractors are frequently engaged by us for our labour-intensive fabrication and installation works. We rely mainly on our subcontractors for fabrication and installation works in our business operations as we believe it would not be cost effective to maintain a large production workforce given the project-based nature of our orders from customers. Pricing for the services of our subcontractors is determined on a case-by-case basis and is highly dependent on the complexity of works required for our orders and the associated execution timeline. The breakdown of our direct labour costs by subcontractor costs and salaries and allowances for our in-house workers for the Period Under Review and the FPE 2015 is as follows:-

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Subcontractor costs	5,650	96.20	5,889	90.23	7,718	92.48	3,652	91.41	6,079	95.06
Salaries and allowances to in-house workers	223	3.80	638	9.77	628	7.52	343	8.59	316	4.94
Total	5,873	100.00	6,527	100.00	8,346	100.00	3,995	100.00	6,395	100.00

(c) Overheads

Our overheads comprise mainly of depreciation on plant and machinery, utilities, insurance premiums for coverage against various risks relevant to our business operations, levies, equipment rental and transportation costs which are directly relevant to our factory operations and implementations of orders from customers.

Our cost of sales ranged from RM32.33 million to RM60.47 million for the past three (3) FYE 2013 to FYE 2015, and was RM40.96 million for the FPE 2016, which represented about 73.32% to 85.89% of our Group's revenue for the Period Under Review. Our costs of materials and parts constituted the largest portion of our total cost of sales, comprising over 75.00% of our total cost of sales for the Period Under Review.

11. FINANCIAL INFORMATION (Cont'd)**Commentary on Historical Cost of Sales****Comparison between FYE 2012 and FYE 2013**

Our cost of sales increased by 61.76% or RM12.89 million to RM33.76 million (FYE 2012 : RM20.87 million) due mainly to the increase in our costs of materials and parts by 66.54% or RM10.70 million to RM26.78 million (FYE 2012 : RM16.08 million) as a result of higher amount of materials and parts utilised in line with the higher revenue contribution from our Sale of New Lines segment for FYE 2013.

Our direct labour costs increased by 38.44% or RM1.63 million to RM5.87 million (FYE 2012 : RM4.24 million) mainly due to the increase in our subcontractor costs by 35.82% or RM1.49 million to RM5.65 million (FYE 2012 : RM4.16 million) as a result of higher volume of installation and fabrication works undertaken during the FYE 2013 in line with the new orders secured under our Sale of New Lines segment. The increase in our direct labour costs for the FYE 2013 was less proportionate to the increase in our total revenue as we managed to secure a lower scale of subcontractor costs given the higher volume of installation and fabrication works undertaken during the FYE 2013.

Our overheads increased by 101.82% or RM0.56 million to RM1.11 million (FYE 2012 : RM0.55 million) as a result of higher expenses incurred, particularly on transportation costs, equipment rental and levies on overseas working permits, in tandem with our higher revenue and foreign sales.

Comparison between FYE 2013 and FYE 2014

Our cost of sales decreased by 4.24% or RM1.43 million to RM32.33 million (FYE 2013 : RM33.76 million) due mainly to the net effect of the following:-

- 7.51% or RM2.01 million decrease in our costs of materials and parts to RM24.77 million (FYE 2013 : RM26.78 million) as a result of lesser materials and parts utilised in line with the lower revenue contribution from our Sale of New Lines segment for FYE 2014;
- 11.24% or RM0.66 million increase in our direct labour costs to RM6.53 million (FYE 2013 : RM5.87 million) due to the higher payment for subcontractor costs in conjunction with the implementation of minimum wages policy in Malaysia effective from 1 January 2014 and higher salaries and allowances for in-house workers following an increase in headcount of our production department; and
- 7.21% or RM0.08 million decrease in our overheads to RM1.03 million (FYE 2013 : RM1.11 million) as a result of, amongst others, lower levies on overseas working permits and insurance premiums in tandem with our lower revenue and foreign sales.

Comparison between FYE 2014 and FYE 2015

Our cost of sales increased by 87.04% or RM28.14 million to RM60.47 million (FYE 2014 : RM32.33 million) due mainly to the increase in our costs of materials and parts by 103.07% or RM25.53 million to RM50.30 million (FYE 2014 : RM24.77 million) as a result of higher amount of materials and parts utilised in line with the higher revenue contribution from our Sale of New Lines segment for the FYE 2015. The higher percentage increase in our costs of materials and parts as compared with that of our total revenue was due to lower gross profit margin of certain orders undertaken by our Sale of New Lines segment during the FYE 2015.

Our direct labour costs increased by 27.72% or RM1.81 million to RM8.34 million (FYE 2014 : RM6.53 million) mainly due to the increase in our subcontractor costs by 31.07% or RM1.83 million to RM7.72 million (FYE 2014 : RM5.89 million) as a result of higher volume of installation and fabrication works during the FYE 2015 in line with our higher number of orders for glove-dipping lines secured and implemented. As the increase in our total revenue for the FYE 2015 was arising from higher value orders for glove-dipping lines to mainly cater to our higher costs of materials and parts, our direct labour costs did not increase in proportion to the increase in our total revenue for the FYE 2015.

11. FINANCIAL INFORMATION (Cont'd)

Our overheads increased by 77.67% or RM0.80 million to RM1.83 million (FYE 2014 : RM1.03 million) due to, amongst others, higher insurance premiums and transportation costs in tandem with our higher value of orders for glove-dipping lines secured and higher foreign sales respectively.

Comparison between FPE 2015 and FPE 2016

Our cost of sales increased by 68.49% or RM16.65 million to RM40.96 million (FPE 2015 : RM24.31 million) due to the increase in all components of our cost of sales in line with our higher revenue. The higher percentage increase in our cost of sales as compared with that of our total revenue was due to lower gross profit margin of certain orders undertaken by our Sale of New Lines segment during the FPE 2016.

Our costs of materials and parts increased by 68.22% or RM13.50 million to RM33.29 million (FPE 2015 : RM19.79 million) as a result of higher amount of materials and parts utilised in line with the higher revenue contribution from our Sale of New Lines segment for the FPE 2016.

Our direct labour costs increased by 60.15% or RM2.40 million to RM6.39 million (FPE 2015 : RM3.99 million) mainly due to the increase in our subcontractor costs by 66.58% or RM2.43 million to RM6.08 million (FPE 2015 : RM3.65 million) as a result of higher volume of installation and fabrication works undertaken during the FPE 2016 in line with our higher revenue contribution from our Sale of New Lines segment for the same period.

Our overheads increased by 141.51% or RM0.75 million to RM1.28 million (FPE 2015 : RM0.53 million) due mainly to higher insurance premiums and transportation costs in tandem with our higher value of orders for glove-dipping lines implemented.

(iii) Gross Profit and Gross Profit Margin

A breakdown of our gross profit and gross profit margin by business segments is as follows:-

Gross profit by business segments

	Audited									
	FYE 2013		FYE 2014		FYE 2015		FPE 2015		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sale of New Lines	9,934	80.87	10,048	89.42	15,006	98.57	6,724	98.58	6,599	98.10
Upgrade and Modification	2,165	17.62	898	7.99	207	1.36	91	1.33	63	0.94
Supply and Trading	185	1.51	291	2.59	10	0.07	6	0.09	65	0.96
Total	12,284	100.00	11,237	100.00	15,223	100.00	6,821	100.00	6,727	100.00

Gross profit margin by business segments

	FYE 2013 %	FYE 2014 %	FYE 2015 %	FPE 2015 %	FPE 2016 %
Sale of New Lines	27.20	29.49	21.47	22.46	14.15
Upgrade and Modification	26.00	11.33	3.61	7.90	9.33
Supply and Trading	15.53	18.51	15.15	15.38	16.93
Overall	26.68	25.79	20.11	21.91	14.11

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11. FINANCIAL INFORMATION (Cont'd)

As illustrated above, our gross profit for each financial year depends substantially on the gross profit of our Sale of New Lines segment, which contributed between 80.87% and 98.57% to our total gross profit for the Period Under Review. Following which, our Upgrade and Modification segment contributed between 0.94% and 17.62% to our total gross profit for the Period Under Review, whilst the remaining 0.07% to 2.59% of our total gross profit for the Period Under Review was contributed by our Supply and Trading segment.

In this regard, the overall gross profit margin of our Group would be largely influenced by the gross profit margin of our Sale of New Lines segment, which depends on the pricing of our products that varies from customer to customer as they are made to customers' specifications and are generally determined based on factors such as materials used, production parameters, dimensional measurement, process complexity and logistics arrangement. For the Period Under Review, our overall gross profit margin varied between 14.11% and 26.68%.

Commentary on Historical Gross Profit and Gross Profit Margin**Comparison between FYE 2012 and FYE 2013**

In line with the 61.60% increase in our revenue from FYE 2012 to FYE 2013, our gross profit increased by 61.15% or RM4.66 million to RM12.28 million (FYE 2012 : RM7.62 million) due mainly to the following:-

- 55.64% or RM3.55 million increase in gross profit contributed by our Sale of New Lines segment to RM9.93 million (FYE 2012 : RM6.38 million); and
- 90.35% or RM1.03 million increase in gross profit contributed by our Upgrade and Modification segment to RM2.17 million (FYE 2012 : RM1.14 million),

following a higher segment revenue recorded by both of our Sale of New Lines segment and Upgrade and Modification segment for the FYE 2013.

Our overall gross profit margin for the FYE 2013 was fairly consistent at 26.68% as compared with that of the FYE 2012's 26.75%. Notably, the 3.55% improvement in gross profit margin attained by our Upgrade and Modification segment had cushioned the decrease in gross profit margin recorded by both of our Sale of New Lines segment and Supply and Trading segment by 0.36% to 27.20% (FYE 2012 : 27.56%) and 22.19% to 15.53% (FYE 2012 : 37.72%) respectively.

Comparison between FYE 2013 and FYE 2014

Our gross profit decreased by 8.47% or RM1.04 million to RM11.24 million (FYE 2013 : RM12.28 million) mainly due to the 58.53% or RM1.27 million decrease in gross profit recorded by our Upgrade and Modification segment to RM0.90 million (FYE 2013 : RM2.17 million) as a result of a low gross profit margin recognised by our Upgrade and Modification segment at 11.33% for the FYE 2014 as opposed to 26.00% achieved for the FYE 2013:-

- through undertaking the following low profit margin orders, which in aggregate constituted about 79.38% of the revenue recorded by our Upgrade and Modification segment for the FYE 2014:-
 - an order in relation to upgrading works undertaken for a customer shortly after commissioning of the glove-dipping lines installed by us and hence, a low margin was charged on goodwill purpose; and
 - an order in relation to the supply of certain in-house fabricated components of our glove-dipping lines to a customer without providing the associated installation and integration with the existing glove-dipping lines of our customer;

and

11. FINANCIAL INFORMATION (Cont'd)

- pursuant to the 14.12% or RM0.87 million higher cost of sales recorded by our Upgrade and Modification segment despite a 4.80% decrease in the segment revenue for the FYE 2014 due to the higher direct labour costs incurred by us in conjunction with the implementation of minimum wages policy in Malaysia effective from 1 January 2014 and following an increase in headcount of our production department, which have caused direct labour costs as a percentage of our total revenue to increase from 12.76% for the FYE 2013 to 14.98% for the FYE 2014.

The higher gross profit margin attained by our Sale of New Lines segment and Supply and Trading segment for the FYE 2014 of 29.49% (FYE 2013 : 27.20%) and 18.51% (FYE 2013 : 15.53%) respectively was insufficient to cushion the decrease in gross profit margin recorded by our Upgrade and Modification segment. As a result, our overall gross profit margin reduced from 26.68% for the FYE 2013 to 25.79% for the FYE 2014.

Comparison between FYE 2014 and FYE 2015

Our gross profit increased by 35.41% or RM3.98 million to RM15.22 million (FYE 2014 : RM11.24 million) due to the net effect of the following:-

- 49.35% or RM4.96 million increase in gross profit contributed by our Sale of New Lines segment to RM15.01 million (FYE 2014 : RM10.05 million) following a 105.17% or RM35.83 million increase in segment revenue to RM69.90 million (FYE 2014 : RM34.07 million);
- 77.78% or RM0.70 million decrease in gross profit contributed by our Upgrade and Modification segment to RM0.20 million (FYE 2014 : RM0.90 million) in line with a 27.74% or RM2.20 million decrease in segment revenue to RM5.73 million (FYE 2014 : RM7.93 million); and
- 96.55% or RM0.28 million decrease in gross profit contributed by our Supply and Trading segment to RM0.01 million (FYE 2014 : RM0.29 million) in line with a 96.18% or RM1.51 million decrease in segment revenue to RM0.06 million (FYE 2014 : RM1.57 million).

Despite a 105.17% increase in the revenue from our Sale of New Lines segment for the FYE 2015, the segment gross profit increased by a lower pace of 49.35% due to certain orders with lower gross profit margin undertaken by our Sale of New Lines segment during the FYE 2015. This is evidenced by the segment cost of sales as a percentage of the segment revenue, which had increased from 70.51% for the FYE 2014 to 78.53% for the FYE 2015.

As orders for glove-dipping lines are on project basis, the pricing/profit margin of our orders varies from project to project depending on, amongst others, the specifications of the subject glove-dipping lines with due regard to the materials used, production parameters, dimensional measurement, process complexity and logistics arrangement as well as the potential repeat orders in the future. For the FYE 2015, certain orders were secured by us at a lower profit margin after taking into consideration that, amongst others, the specifications of such orders were similar to some recent orders implemented by us and hence enable us to shorten the associated implementation time, the proximity of the customer's factory to our factory and hence minimise the associated transportation costs and ancillary expenses incurred, and the potential repeat orders to be secured from the same customer.

Our overall gross profit margin decreased by 5.68% to 20.11% (FYE 2014 : 25.79%) due largely to:-

- the decrease in gross profit margin attained by our Sale of New Lines segment by 8.02% to 21.47% (FYE 2014 : 29.49%) due to certain orders with lower gross profit margin undertaken by our Sale of New Lines segment during the FYE 2015 as explained above. Notwithstanding the lower gross profit margin attained, such orders were secured as part of our continuing strategy to expand our customer portfolio, which are expected to contribute positively to our business growth and financial performance in the long run; and

11. FINANCIAL INFORMATION (Cont'd)

- the decrease in gross profit margin attained by our Upgrade and Modification segment by 7.72% to 3.61% (FYE 2014 : 11.33%) due to certain orders with lower gross profit margin undertaken by our Upgrade and Modification segment during the FYE 2015.

Comparison between FPE 2015 and FPE 2016

Our gross profit decreased by 1.32% or RM0.09 million to RM6.73 million (FPE 2015 : RM6.82 million) due mainly to a 1.79% or RM0.12 million decrease in gross profit contributed by our Sale of New Lines segment to RM6.60 million (FPE 2015 : RM6.72 million) despite a 55.74% or RM16.69 million increase in segment revenue to RM46.63 million (FPE 2015 : RM29.94 million). The decrease in the segment gross profit notwithstanding an increase in the segment revenue was due to certain orders with lower gross profit margin implemented by our Sale of New Lines segment during the FPE 2016, as evidenced by the segment cost of sales as a percentage of the segment revenue, which had increased from 77.54% for the FPE 2015 to 85.85% for the FPE 2016. Such lower gross profit margin orders were secured by us having considered, amongst others, the following:

- (a) such orders have provided us with further business opportunities with the relevant customers in terms of repeat orders, which are expected to contribute positively to our business growth and financial performance in the forthcoming financial year. As at the LPD, repeat orders for glove-dipping lines with order value totalling RM39.04 million have been secured from the said relevant customers in July 2016 and October 2016; and
- (b) due to our capacity constraint as more particularly discussed in Section 6.15.4 of this Prospectus, we have procured the agreement from one of our customers for us to carry out fabrication works, particularly on assembly, fitting and welding, for the relevant components of glove-dipping lines at the said customer's factory, which ought to be undertaken in-house at our factory. By so doing, we would be able to utilise our factory's production floor space for the execution of other orders. In addition, the said customer is in the midst of expanding its production facilities for which there could be further orders to be secured by us. To-date, we have secured orders for a total of sixteen (16) glove-dipping lines, of which eight (8) glove-dipping lines were secured during the 4th quarter of FYE 2015, while another eight (8) glove-dipping lines were secured subsequent to the FPE 2016 from the said customer for its on-going expansion plan.

Accordingly, our overall gross profit margin decreased by 7.80% to 14.11% (FPE 2015 : 21.91%) due largely to the decrease in gross profit margin attained by our Sale of New Lines segment by 8.31% to 14.15% (FPE 2015 : 22.46%) as explained above.

(iv) Other operating income

We recorded other operating income of RM0.45 million, RM0.38 million, RM1.07 million and RM1.98 million for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. Other operating income recorded by us for the Period Under Review consisted of interest income, sundry income, gain on foreign exchange and gain on disposal of property, plant and equipment ("PPE").

Commentary on Historical Other Operating Income**Comparison between FYE 2012 and FYE 2013**

For the FYE 2013, our other operating income increased by 164.71% or RM0.28 million to RM0.45 million (FYE 2012 : RM0.17 million) due mainly to the following:-

- an increase in our interest income by RM0.12 million to RM0.29 million (FYE 2012 : RM0.17 million) as a result of our overall higher cash reserves maintained during the FYE 2013; and
- recognition of a sundry income of RM0.16 million for the FYE 2013 in relation to an insurance claim in respect of an incident of vehicle theft.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2013 and FYE 2014**

For the FYE 2014, our other operating income decreased by 15.56% or RM0.07 million to RM0.38 million (FYE 2013 : RM0.45 million) due mainly to the net effect of the following:-

- a decrease in our interest income by RM0.03 million to RM0.26 million (FYE 2013 : RM0.29 million) as a result of our overall lower cash reserves maintained during the FYE 2014;
- a decrease in sundry income by RM0.15 million to RM0.01 million (FYE 2013 : RM0.16 million) as the previously higher sundry income was supplemented by an insurance claim; and
- recognition of a gain on foreign exchange of RM0.11 million as a result of the strengthening USD against RM during the fourth quarter of 2014.

Comparison between FYE 2014 and FYE 2015

For the FYE 2015, our other operating income increased by 181.58% or RM0.69 million to RM1.07 million (FYE 2014 : RM0.38 million) mainly attributable to the net effect of the following:-

- an increase in our gain on foreign exchange by RM0.72 million to RM0.83 million (FYE 2014 : RM0.11 million) as a result of the strengthening USD against RM during the FYE 2015;
- a one-off gain on disposal of RM0.04 million from the disposal of used machinery; and
- a decrease in our interest income by RM0.06 million to RM0.20 million (FYE 2014 : RM0.26 million) due to our lower average fixed deposits held during the FYE 2015.

Comparison between FPE 2015 and FPE 2016

For the FPE 2016, our other operating income increased by 253.57% or RM1.42 million to RM1.98 million (FPE 2015 : RM0.56 million) mainly attributable to an increase in our gain on foreign exchange by RM1.33 million to RM1.87 million (FPE 2015 : RM0.54 million) primarily resulting from the positive impact of the USD fluctuation against RM during the FPE 2016 on our trade receivables and cash and bank balances denominated in USD.

(v) Selling and Distribution Expenses

Our selling and distribution expenses mainly consist of expenses incurred on local travelling, overseas travelling and accommodation, and upkeep of motor vehicles. We incurred selling and distribution expenses of RM0.40 million, RM0.36 million, RM0.39 million and RM0.13 million for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively.

Commentary on Historical Selling and Distribution Expenses**Comparison between FYE 2012 and FYE 2013**

For the FYE 2013, our selling and distribution expenses increased by 2.56% or RM0.01 million to RM0.40 million (FYE 2012 : RM0.39 million) due mainly to the higher expenses on local travelling and upkeep of motor vehicles incurred totalling RM0.28 million (FYE 2012 : RM0.18 million) for a local project. Such higher expenses were partly set-off by lower overseas travelling and accommodation expenses incurred amounting to RM0.12 million (FYE 2012 : RM0.21 million), attributable to the close proximity of the foreign project site. Our foreign sales for the FYE 2013 were in relation to a project based in Indonesia as opposed to our foreign sales to a China-based project for the FYE 2012.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2013 and FYE 2014**

For the FYE 2014, our selling and distribution expenses decreased by 10.00% or RM0.04 million to RM0.36 million (FYE 2013 : RM0.40 million) due mainly to a RM0.06 million decrease in local travelling expenses in line with our lower revenue.

Comparison between FYE 2014 and FYE 2015

For the FYE 2015, our selling and distribution expenses increased by 8.33% or RM0.03 million to RM0.39 million (FYE 2014 : RM0.36 million) due mainly to higher overseas travelling and accommodation expenses incurred amounting to RM0.24 million (FYE 2014 : RM0.14 million) in line with our higher foreign sales for the FYE 2015, which were partly offset by lower expenses on local travelling and upkeep of motor vehicles incurred totalling RM0.13 million (FYE 2014 : RM0.22 million) for our local projects.

Comparison between FPE 2015 and FPE 2016

For the FPE 2016, our selling and distribution expenses decreased by 40.91% or RM0.09 million to RM0.13 million (FPE 2015 : RM0.22 million) due mainly to lower overseas travelling and accommodation expenses incurred amounting to RM0.08 million (FPE 2015 : RM0.14 million) in line with our lower foreign sales for the FPE 2016.

(vi) Administrative Expenses and Finance Costs

Our administrative expenses consist mainly of staff costs (including staff's salaries and allowances, directors' salaries, bonuses and employees provident fund contributions), depreciation charges, PPE related expenses, professional fees and entertainment costs. We incurred administrative expenses of RM2.32 million, RM2.63 million, RM3.76 million and RM2.30 million for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively.

Our finance costs consist mainly of interest expenses arising from hire purchase and term loan for acquisitions of motor vehicles and the HL Advance Premises respectively. Interest expenses on our term loan are calculated based on the outstanding principal amount of term loan as reduced in proportion to the balance in our designated current account, which is linked to the term loan. We incurred finance costs of RM0.01 million, RM0.02 million, RM1,984 and RM4,118 for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively.

Commentary on Historical Administrative Expenses and Finance Costs**Comparison between FYE 2012 and FYE 2013**

For the FYE 2013, our administrative expenses increased by 14.29% or RM0.29 million to RM2.32 million (FYE 2012 : RM2.03 million) due mainly to the following:-

- RM0.15 million increase in staff costs to RM1.29 million (FYE 2012 : RM1.14 million) due to the additional staff headcount and higher salaries paid to directors and employees following annual salary increment; and
- RM0.09 million increase in PPE related expenses to RM0.11 million (FYE 2012 : RM0.02 million) pursuant to a write-off on motor vehicle due to theft and higher road tax and insurance for our motor vehicles.

Our finance costs reduced to RM0.01 million (FYE 2012 : RM0.02 million) in line with our lower outstanding amount of hire purchase loan for the FYE 2013. We did not incur any interest expenses on term loan for the FYE 2013 as the cash balance in our current account was in excess of the outstanding term loan principal amount during the FYE 2013.

11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2013 and FYE 2014**

For the FYE 2014, our administrative expenses increased by 13.36% or RM0.31 million to RM2.63 million (FYE 2013 : RM2.32 million) due mainly to the net effect of the following:-

- RM0.38 million increase in staff costs to RM1.67 million (FYE 2013 : RM1.29 million) due largely to the additional staff headcount as well as higher salaries and bonuses paid to our directors during the FYE 2014 as a reward for our improved financial performance for the FYE 2013; and
- RM0.07 million increase in professional fees to RM0.10 million (FYE 2013 : RM0.03 million) due mainly to the higher audit fee paid to our new auditors and the payment of tax consultancy fee in relation to HL Advance's application for Pioneer Status for a second 5-year period from November 2014 to November 2019,

which was cushioned by the following:-

- RM0.08 million decrease in entertainment costs to RM0.11 million (FYE 2013 : RM0.19 million) with lesser marketing activities being carried out during the FYE 2014 as a result of our improved revenue performance for the FYE 2013; and
- RM0.06 million lower in PPE related expenses for the FYE 2014, as we recognised a one time write-off on motor vehicle due to theft amounting to RM0.06 million during the FYE 2013.

Our finance costs increased by RM0.01 million to RM0.02 million (FYE 2013 : RM0.01 million) due mainly to the interest expenses incurred on our term loan.

Comparison between FYE 2014 and FYE 2015

For the FYE 2015, our administrative expenses increased by 42.97% or RM1.13 million to RM3.76 million (FYE 2014 : RM2.63 million) due mainly to the following:-

- RM0.21 million loss on foreign exchange recognised for the FYE 2015. Notwithstanding this, our Group recognised a net gain on foreign exchange of RM0.62 million for the FYE 2015 after taking into consideration a gain on foreign exchange of RM0.83 million recognised as other operating income for the same year;
- RM0.55 million increase in staff costs to RM2.22 million (FYE 2014 : RM1.67 million) due mainly to the higher salaries and bonuses paid to our directors;
- RM0.09 million increase in depreciation charges to RM0.55 million (FYE 2014 : RM0.46 million) following the acquisitions of additional motor vehicles during the FYE 2015; and
- a net increase of RM0.28 million in other administrative expenses, such as bank charges, goods and services tax incurred by the Company which was not claimable given that HLT Global is not registered under the Goods and Services Tax Act 2014, PPE related expenses and HLT Global's pre-operating expenses pertaining to its incorporation, to RM0.78 million (FYE 2014 : RM0.50 million) pursuant to our business operation requirements.

Our finance costs decreased by RM18,951 to RM1,984 (FYE 2014 : RM20,935), being interest expenses incurred on both of our hire purchase loan and term loan.

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11. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE 2015 and FPE 2016**

For the FPE 2016, our administrative expenses increased by 24.32% or RM0.45 million to RM2.30 million (FPE 2015 : RM1.85 million) due mainly to the following:-

- RM0.52 million realised loss on foreign exchange recognised for the FPE 2016 (FPE 2015 : RM0.13 million) arising from our settlement of trade payables denominated in USD when the USD was strengthening against the RM during the same period. Notwithstanding this, our Group recognised a net gain on foreign exchange of RM1.35 million for the FPE 2016 after taking into consideration an unrealised gain on foreign exchange of RM1.87 million arising from the translation of our trade receivables and bank balances denominated in USD as at 31 July 2016 into RM, which was recognised as other operating income for the same period; and
- RM0.10 million increase in depreciation charges to RM0.38 million (FPE 2015 : RM0.28 million) following the acquisitions of additional motor vehicles subsequent to the FPE 2015.

Our finance costs increased by RM2,198 to RM4,118 (FPE 2015 : RM1,920), all being term loan interest expenses.

(vii) PBT, Income Tax Expense and PAT

We recorded PBT of RM10.00 million, RM8.61 million, RM12.14 million and RM6.27 million for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. We incurred minimal income tax expenses for the Period Under Review as the revenue generated by our pioneer activities, i.e. those under our Sale of New Lines segment and Upgrade and Modification segment, is exempted from income tax by virtue of HL Advance's Pioneer Status. Therefore, we recorded insignificant effective tax rate of 0.58%, 0.62%, 0.02% and 0.88% for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively. In this regard, our PAT is comparable to our PBT for the Period Under Review.

Commentary on Historical PBT, Income Tax Expense and PAT**Comparison between FYE 2012 and FYE 2013**

In line with a 61.60% increase in our revenue, our PBT increased by 86.92% or RM4.65 million to RM10.00 million (FYE 2012 : RM5.35 million). Although our gross profit margins for the FYE 2012 and FYE 2013 were fairly consistent at 26.75% and 26.68% respectively, our PBT margin improved by 2.93% to 21.72% (FYE 2012 : 18.79%) due mainly to the decrease in our selling and distribution expenses as well as our administrative expenses for the FYE 2013 in relation to our revenue. For the FYE 2013, our selling and distribution expenses as a percentage of our revenue decreased by 0.49% to 0.88% (FYE 2012 : 1.37%), whilst our administrative expenses as a percentage of our revenue reduced by 2.10% to 5.04% (FYE 2012 : 7.14%). Accordingly, our PAT increased at a similar rate of 86.84% or by RM4.62 million to RM9.94 million (FYE 2012 : RM5.32 million) after deducting income tax expense of RM0.06 million.

Comparison between FYE 2013 and FYE 2014

Our PBT for the FYE 2014 reduced by 13.90% or RM1.39 million to RM8.61 million (FYE 2013 : RM10.00 million) following a 5.36% decrease in our revenue and coupled with a decline in our gross profit margin and higher administrative expenses incurred during the FYE 2014. As a result, our PBT margin reduced by 1.94% to 19.78% (FYE 2013 : 21.72%). On the same note, our PAT decreased at a similar rate of 13.88% or by RM1.38 million to RM8.56 million (FYE 2013 : RM9.94 million) after deducting income tax expense of RM0.05 million.

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11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2014 and FYE 2015**

Our PBT for the FYE 2015 increased by 41.00% or RM3.53 million to RM12.14 million (FYE 2014 : RM8.61 million) following a 73.72% increase in our revenue. The lower percentage increase in our PBT as compared with that of our revenue was due mainly to our lower gross profit margin of 20.11% (FYE 2014 : 25.79%). As a result, our PBT margin reduced by 3.75% to 16.03% (FYE 2014 : 19.78%). In line with our higher PBT, we recorded a higher PAT of RM12.13 million (FYE 2014 : RM8.56 million) after deducting income tax expense of RM3,181.

Comparison between FPE 2015 and FPE 2016

Our PBT for the FPE 2016 increased by 18.08% or RM0.96 million to RM6.27 million (FPE 2015 : RM5.31 million) following a 53.20% increase in our revenue. The lower percentage increase in our PBT as compared with that of our revenue was due mainly to our lower gross profit margin of 14.11% (FPE 2015 : 21.91%). As a result, our PBT margin reduced by 3.91% to 13.14% (FPE 2015 : 17.05%). In line with our higher PBT, we recorded a higher PAT of RM6.21 million (FPE 2015 : RM5.30 million) after deducting income tax expense of RM0.06 million.

11.3.3 Factors affecting our financial condition and results of operations

Our financial condition and results of operations have been, and will continue to be, affected by, amongst others, the following key factors:-

(i) Demand and supply conditions of the global rubber glove industry

As mentioned in Section 7 of this Prospectus, the demand for our products is mainly driven by, inter-alia, anticipated growth in demand for rubber gloves due to, amongst others, development of the global and domestic healthcare industry, increasing demand arising from other end-user markets such as manufacturing, continued growth in the global economy, and availability of raw materials utilised in the manufacturing of rubber gloves. Continuing growth in demand for rubber gloves will benefit our business operations as rubber glove manufacturers will require additional glove-dipping lines for rubber glove production purposes in order to be able to meet the growing demand for rubber gloves internationally. In addition, continuous technological advancements in glove-dipping lines will also lead to a need for upgrading and modification of the existing glove-dipping lines of rubber glove manufacturers, thereby providing more business opportunities to glove-dipping line manufacturers like us. However, underlying factors for future growth in rubber glove demand, which include those mentioned above, are expected to be influenced by, inter-alia, changes in macroeconomic conditions, hence are beyond our control.

(ii) Ability to sustain our competitiveness and secure good pricing for orders

Our ability to secure orders in the future is mainly dependent on our competitiveness in terms of quality of our products as well as our product pricing. Our ability to secure orders at good pricing from our customers will have a direct impact on our profitability. In addition, if we are unable to manage our operating cost effectively, hence resulting in cost overruns, our profitability may also be adversely affected. Any delay in the execution of our orders will also delay the recognition of revenue for the relevant orders.

(iii) Ability to secure skilled labour supplies

Our ability to consistently secure skilled labour supplies is an important aspect of our business operations given that the execution of our orders involves labour-intensive fabrication and installation works. Although we have employed in-house production staff, we currently rely mainly on our subcontractors to carry out fabrication and installation works related to our orders. Through supervision by our project manager and site engineer, we strive to ensure that our subcontractors are able to deliver their services within the stipulated time frame and in accordance with the prescribed specifications, as any failure or delay in delivery of works will inadvertently affect our relationship with our customers. The work quality of our subcontractors will also affect our track record, which may in turn affect referrals from our existing customers for future orders.

11. FINANCIAL INFORMATION (Cont'd)**(iv) Fluctuations in the prices of materials and parts for our business operations**

Steel materials, conveyor chain, former holders, nylon brushes, motors, insulant, heat exchangers and blower fans are some of the materials and parts used in our manufacturing operations. Presently, although there are ample sources of local and foreign supply of these materials and parts, their prices may fluctuate and any such fluctuation may in turn adversely impact our financial performance. However, we will only purchase the required materials and parts upon receipt of confirmed order from our customers (except for steel materials which we may stock up when steel prices fall) and we constantly endeavour to price our products with due consideration to the latest available pricing for materials and parts before confirmation of customers' orders. In addition, we make efforts to source for competitive prices through our pool of suppliers prior to procuring the required materials and parts.

(v) Foreign exchange fluctuations

Revenue from our foreign sales is either denominated in RM or USD, whilst majority of our foreign purchases of materials and parts for the Period Under Review were denominated in USD. In this regard, we are exposed to potential losses on foreign currency exchange rates, particularly arising from fluctuations in the exchange rate of the USD against the RM.

We have not incurred any material losses arising from foreign currency translations for the Period Under Review. The impact of foreign exchange fluctuations on our financial performance for the Period Under Review and the FPE 2015 is illustrated below:-

	Audited				
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Net gain on foreign exchange	3	113	621	415	1,350
As a percentage of PBT	0.03%	1.31%	5.12%	7.82%	21.54%

During the Period Under Review, there was no occurrence of any unusual/infrequent events or new developments that have materially affected our financial condition and results of operations.

Further information on other risk factors which could materially affect our financial condition and results of operations are set out in Section 4 of this Prospectus, whilst further information on prevailing economic situation and the prospects of the glove-dipping line industry are set out in Section 7 of this Prospectus.

11.3.4 Impact of fluctuation of interest rates, inflation, and government, economic, fiscal or monetary policies or factors on our Group's operations**(i) Impact of fluctuation of interest rates**

We have been incurring minimal finance costs for the Period Under Review given our low outstanding borrowings position over the same period. Therefore, there was no material impact of fluctuation of interest rates on our historical financial results for the Period Under Review.

(ii) Impact of inflation

There was no material impact of inflation on our historical financial results for the Period Under Review.

(iii) Impact of government, economic, fiscal or monetary policies or factors

For the Period Under Review, our historical financial results were not materially affected by any government, economic, fiscal or monetary policies or factors. Risks relating to changes in government, economic, fiscal or monetary policies or factors which could materially affect our Group's operations are set out in Section 4.1.14 of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**11.3.5 Order Book**

Our future profitability is mainly dependent on the number of orders to be secured by us under our Sale of New Lines segment and their corresponding value. For the Period Under Review, we have successfully secured orders for glove-dipping lines from both local and foreign rubber glove manufacturers directly.

As at the LPD, our outstanding order book (based on total value of orders secured less amount that has been recognised as revenue up to the FPE 2016) is approximately RM69.00 million, the details of which are as follows:-

Year of commencement	Expected year of completion	⁽¹⁾ Outstanding value of orders to be recognised as revenue subsequent to the FPE 2016 RM'000
2015	2016	18,451
2015	2017	4,977
2016	2016	6,534
2016	2017	39,040
		69,002

Note:-

(1) Outstanding value of foreign orders in USD were converted at USD1.00 : RM4.4205, being the middle rate as at 5:00 p.m. on the LPD as extracted from Bank Negara Malaysia's website.

11.4 LIQUIDITY AND CAPITAL RESOURCES**11.4.1 Working Capital**

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while external source of funds comprises credit terms granted by our suppliers. Credit terms granted to us by our suppliers range from 30 days to 120 days. The principal uses of these funds are for working capital requirements, such as payments for the purchase of materials and parts, subcontractors costs, selling and distribution expenses, and administrative expenses.

As at the LPD, we have total cash and bank balances (excluding fixed deposits pledged to a licensed bank) of RM1.45 million. In view that our business operations have been generating sufficient cash flows to fund our working capital requirements, we have not taken up any banking facilities for working capital purposes as at the LPD. We may raise additional capital or funds through debt or equity offerings in the future to part finance our expansion plans or to enhance our working capital should the need arises.

Our Directors are of the opinion that, after taking into account our cash and bank balances, funds envisaged to be generated from our business operations as well as the net proceeds to be raised from our Public Issue allocated for working capital purposes, we will have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus.

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11. FINANCIAL INFORMATION (Cont'd)**11.4.2 Cash Flow**

A summary of our statements of cash flows for the Period Under Review is as follows:-

	FYE 2013	FYE 2014	FYE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	7,079	96	10,044	7,982
Net cash (for)/from investing activities	566	(287)	(6,846)	(231)
Net cash for financing activities	(6,062)	(3,427)	(5,193)	(83)
Net increase/(decrease) in cash and cash equivalents	1,583	(3,618)	(1,995)	7,668
Effects of foreign exchange translation	3	50	13	1,597
Cash and cash equivalents at beginning of the financial year/period	8,869	10,455	6,887	4,905
Cash and cash equivalents at end of the financial year/period	10,455	6,887	4,905	14,170

Please refer to Section 11.1.2 of this Prospectus for our detailed statements of cash flows for the Period Under Review.

There are no legal, financial or economic restrictions on the ability of our subsidiary to transfer funds to us in the form of cash dividends, loans and advances for us to meet our cash obligations.

(i) Net cash from operating activities

- (a) For the FYE 2013, we generated an operating profit before working capital changes of RM10.30 million on the back of a PBT of RM10.00 million, after adjusting for depreciation of PPE of RM0.53 million, unrealised gain on foreign exchange of RM2,446, PPE written off of RM0.06 million and net interest income of RM0.28 million. Having been adjusted further for a net outflow of RM3.46 million from working capital changes, income tax paid of RM0.04 million and net interest income of RM0.28 million, we generated a net cash inflow from operating activities of RM7.08 million for the FYE 2013.

Working capital changes for the FYE 2013 arose from the following:-

- increase in inventories by RM0.88 million due mainly to a higher level of raw materials held as at 31 December 2013 catered for our outstanding orders;
 - increase in net amount owing by contract customers by RM2.25 million resulting from unbilled amount attributable to our outstanding orders;
 - increase in trade and other receivables by RM2.09 million in line with our higher revenue achieved in FYE 2013; and
 - increase in trade and other payables by RM1.76 million due mainly to the higher purchases of materials and parts as required for the execution of our outstanding orders during the FYE 2013.
- (b) For the FYE 2014, we generated an operating profit before working capital changes of RM8.88 million on the back of a PBT of RM8.62 million, after adjusting for depreciation of PPE of RM0.55 million, unrealised gain on foreign exchange of RM0.05 million, loss on disposal of PPE of RM1,000 and net interest income of RM0.24 million. Having been adjusted further for a net outflow of RM8.93 million from working capital changes, income tax paid of RM0.09 million and net interest income of RM0.24 million, we generated a net cash inflow from operating activities of RM0.10 million for the FYE 2014.

11. FINANCIAL INFORMATION (Cont'd)

Working capital changes for the FYE 2014 arose from the following:-

- increase in inventories by RM0.43 million due mainly to an increase in finished goods held as at 31 December 2014 pending shipment to a foreign customer, which has more than offset the decrease in raw materials and work-in-progress as a result of lower volume of outstanding orders in hand as at 31 December 2014;
 - decrease in net amount owing by contract customers by RM1.38 million as a result of lower unbilled amount attributable to the lower volume of outstanding orders in hand as at 31 December 2014;
 - increase in trade and other receivables by RM9.54 million due mainly to:-
 - a longer collection period on certain overdue trade receivables owing by some of our major recurring customers as they were experiencing tighter cash flow following the installation of new glove-dipping lines and/or upgrading and modification works for existing glove-dipping lines. The increase in trade and other receivables by RM9.54 million was also partially due to our low trade receivables balances outstanding as at 31 December 2013 of RM6.97 million mainly as a result of early settlement of trade receivables by a major customer for the FYE 2013; and
 - a retention sum which is not due of RM3.97 million as at 31 December 2014,
- and
- decrease in trade and other payables by RM0.34 million due mainly to the lower purchases of materials and parts in line with our lower revenue for the FYE 2014.

- (c) For the FYE 2015, we generated an operating profit before working capital changes of RM12.77 million on the back of a PBT of RM12.14 million, after adjusting for depreciation of PPE of RM0.66 million, unrealised loss on foreign exchange of RM0.21 million, net interest income of RM0.20 million and gain on disposal of PPE of RM0.04 million. Having been adjusted further for a net outflow of RM2.82 million from working capital changes, income tax paid of RM0.11 million and net interest income of RM0.20 million, we generated a net cash inflow from operating activities of RM10.04 million for the FYE 2015.

Working capital changes for the FYE 2015 arose from the following:-

- increase in inventories by RM0.51 million due mainly to an increase in our raw materials held as at 31 December 2015 pending execution of our outstanding orders;
- increase in net amount owing by contract customers by RM22.56 million resulting from unbilled amount attributable to our customers' orders for glove-dipping lines, whereby our billings were pending the relevant customers' inspection of the components fabricated and installed prior to their acknowledgment of the stage of completion for such outstanding orders;
- decrease in trade and other receivables by RM7.03 million mainly as a result of more prompt settlement of amount owing to us by our customers; and
- increase in trade and other payables by RM13.22 million due mainly to the higher purchases of materials and parts as required for the execution of orders secured during the FYE 2015 and higher outstanding amount of trade payables as at 31 December 2015 which were not due for settlement.

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11. FINANCIAL INFORMATION (Cont'd)

- (d) For the FPE 2016, we generated an operating profit before working capital changes of RM4.76 million on the back of a PBT of RM6.27 million, after adjusting for depreciation of PPE of RM0.46 million, unrealised gain on foreign exchange of RM1.87 million and net interest income of RM0.10 million. Having been adjusted further for a net cash inflow of RM3.18 million from working capital changes, income tax paid of RM0.06 million and net interest income of RM0.10 million, we generated a net cash inflow from operating activities of RM7.98 million for the FPE 2016.

Working capital changes for the FPE 2016 arose from the following:-

- increase in inventories by RM1.63 million due mainly to an increase in our raw materials held as at 31 July 2016 pending further execution of our on-going orders and our purchases of certain common steel materials in advance in anticipation of the project requirements of new orders to be secured;
- decrease in net amount owing by contract customers by RM11.86 million due mainly to an increase in the amount owing to contract customers, which was in turn arising from advanced billings to customers that can yet to be recognised as revenue in view of the stages of execution of the relevant outstanding orders based on percentage-of-completion method of accounting adopted by us;
- increase in trade and other receivables by RM9.01 million in line with our higher revenue achieved in the FPE 2016; and
- increase in trade and other payables by RM1.96 million due mainly to the higher purchases of materials and parts as required for the execution of orders secured during the FPE 2016.

(ii) Net cash for/from investing activities

- (a) For the FYE 2013, we recorded a net cash from investing activities of RM0.56 million, which comprised of repayment of advances by a Director of RM0.69 million whilst RM0.13 million was utilised for the acquisitions of plant and machinery, computer and computer software.
- (b) For the FYE 2014, we recorded a net cash used in investing activities of RM0.29 million, which was mainly utilised for the acquisitions of motor vehicle, computer and computer software.
- (c) For the FYE 2015, we recorded a net cash used in investing activities of RM6.85 million, of which RM1.71 million was mainly utilised for the acquisitions of motor vehicles and plant and machineries, whilst RM5.20 million was placed as deposits pledged to a licensed bank for a bank guarantee facility. Cash used in investing activities was partly offset by proceeds from disposal of PPE of RM0.06 million.
- (d) For the FPE 2016, we recorded a net cash used in investing activities of RM0.23 million, of which RM0.15 million was utilised for the acquisitions of forklift as well as plant and machinery, whilst RM0.08 million was placed as deposits pledged to a licensed bank for a bank guarantee facility.

(iii) Net cash for financing activities

- (a) For the FYE 2013, net cash used in financing activities amounted to RM6.06 million. Cash outflows comprised of dividend paid of RM6.00 million and repayment of hire purchase payables and term loan totalling RM0.27 million, whilst cash inflow comprised of advances from Directors of RM0.21 million.
- (b) For the FYE 2014, net cash used in financing activities amounted to RM3.43 million, which was utilised for payment of dividend of RM3.00 million, repayment of hire purchase payables and term loan totalling RM0.19 million, and repayment of advances from Directors of RM0.24 million.

11. FINANCIAL INFORMATION (Cont'd)

- (c) For the FYE 2015, net cash used in financing activities of RM5.19 million was for the payment of dividend of RM5.00 million and repayment of hire purchase payables and term loan of RM0.04 million and RM0.15 million respectively.
- (d) For the FPE 2016, net cash used in financing activities of RM0.08 million was for the repayment of term loan.

11.4.3 Borrowings

As at 31 July 2016, our Group's total outstanding borrowings, all of which are interest-bearing local borrowings, are as follows:-

	As at 31 July 2016
	RM'000
(a) Short term	
<u>Secured and guaranteed:</u>	
- Term loan	76
	<u>76</u>
(b) Long term	
<u>Secured and guaranteed:</u>	
- Term loan	1,349
	<u>1,349</u>
Total borrowings	<u><u>1,425</u></u>
Gearing ratio as at 31 July 2016 (times) ⁽¹⁾	0.04
Gearing ratio after our IPO (times) ⁽²⁾	0.03

Notes:-

- (1) Based on our pro forma consolidated shareholders' equity as at 31 July 2016 of RM35.48 million assuming completion of the Acquisition, but before our IPO.
- (2) Based on our pro forma consolidated shareholders' equity as at 31 July 2016 of RM50.89 million after our IPO and utilisation of proceeds from our Public Issue.

Our term loan, which was taken up to finance our acquisition of the HL Advance Premises, is to be repaid by way of monthly instalments over a repayment period of 20 years ending in 2032. As at the LPD, based on our financier's base lending rate of 6.72%, our term loan is subject to an interest rate of 4.52% per annum (i.e. 2.20% below our financier's base lending rate).

As at the LPD, our Group has no borrowings in foreign currency and save for our term loan as aforementioned, our Group has no other committed borrowing facilities.

To the best of our Directors' knowledge, as at the LPD, our Group is not subject to any seasonality factors in relation to borrowing requirements.

Our Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the Period Under Review and the subsequent financial period thereof up to the LPD.

To the best of our Directors' knowledge, as at the LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank loans, which can materially affect our business operations, financial position or results of operations, or the investments by holders of securities in our Company.

11. FINANCIAL INFORMATION (Cont'd)**11.4.4 Type of financial instruments used**

As at the LPD, save as disclosed in this Prospectus, our Group does not utilise any other financial instruments.

11.4.5 Treasury Policies and Objectives

We have been financing our business operations mainly through shareholders' funds, cash generated from our operations as well as credit terms granted by our suppliers. Our existing outstanding term loan was taken up to finance our acquisition of the HL Advance Premises. Interest rate for our term loan fluctuates in accordance with our financier's base lending rate. We do not have any other borrowings as at the LPD.

Our sales and purchases are mainly transacted in RM and USD, and we maintain bank balances in RM and USD. Therefore, our Group is exposed to foreign exchange risk. Nevertheless, we have not incurred any material losses arising from foreign currency translations for the Period Under Review.

We do not have any hedging policies nor have we entered into any forward contracts in respect of our foreign exchange risk exposure.

11.4.6 Key Financial Ratios

The table below sets out some of our key financial ratios for the Period Under Review:-

	FYE 2013	FYE 2014	FYE 2015	FPE 2016
Inventory turnover period (days) ⁽¹⁾	13	21	14	18
Trade receivables turnover period (days) ⁽²⁾	47	82	48	46
Trade payables turnover period (days) ⁽³⁾	95	114	99	129
Current ratio (times) ⁽⁴⁾	2.29	3.01	2.12	1.98
Gearing ratio (times) ⁽⁵⁾	0.11	0.08	0.05	0.04

Notes:-

- (1) Computed based on the average opening and closing inventories for the respective financial year/period over total cost of sales, and multiply by the number of days in the respective financial year/period.
- (2) Computed based on the average opening and closing trade receivables (less retention sum which is not due, if any) for the respective financial year/period over total revenue, and multiply by the number of days in the respective financial year/period.
- (3) Computed based on the average opening and closing trade payables for the respective financial year/period over total purchases, and multiply by the number of days in the respective financial year/period.
- (4) Computed based on total current assets over total current liabilities.
- (5) Computed based on total borrowings over total shareholders' funds.

(i) Inventory turnover period

It is our practice to purchase the required materials and parts upon confirmation of orders from customers, hence we usually maintain low levels of inventories. Accordingly, our inventory turnover period remained low at 13 days, 21 days, 14 days and 18 days for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016 respectively.

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11. FINANCIAL INFORMATION (Cont'd)**(ii) Trade receivables turnover period**

The normal credit terms granted by us to our customers generally range from 30 to 90 days. On a case by case basis, we may extend longer credit terms to our customers after assessing their background, credit worthiness and payment history as well as our relationship with them. We will assess the need for an impairment of long overdue trade receivables on individual customer basis as and when such assessment is deemed necessary. We have not experienced any instances of bad debts for the Period Under Review.

Due to the nature of our business, our trade receivables also include retention sum in relation to orders under our Sale of New Lines segment which is generally retained over a period of 6 to 12 months from the date of completion of the relevant orders.

Our trade receivables turnover period of between 46 days and 82 days over the Period Under Review is within the normal credit period granted to our customers. Trade receivables turnover period for the FYE 2014 increased from 47 days for the FYE 2013 to 82 days pending collection of certain overdue trade receivables owing by some of our major recurring customers. Our trade receivables turnover period decreased to 48 days for the FYE 2015 following the collection of those overdue trade receivables brought forward from the FYE 2014 and early settlement of trade receivables by two (2) of our major customers for the FYE 2015. Our trade receivables turnover period further decreased to 46 days for the FPE 2016 as most of our trade receivables were promptly settled by our customers during the FPE 2016. So long as our overall cash flow position will not be adversely impacted materially and subject to satisfactory past collection of trade receivables from the relevant customers, we, at the request of our customers, may allow settlement of trade receivables owing to us over an extended period beyond the normal credit period granted with due consideration to our customers' cash flow positions amid their on-going expansion of manufacturing facilities. This is in line with our continuing effort in fostering long term business relationships with our customers so as to facilitate our business growth.

The ageing analysis of our trade receivables as at 31 July 2016 is as follows:-

	Not past due	Past due			Total
		Less than 3 months	3 to 6 months	Over 6 months	
As at 31 July 2016	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	15,128	714	242	394	16,478
Less: Retention sum which is not due	*(1,837)	-	-	-	(1,837)
Net trade receivables	13,291	714	242	394	14,641
<i>% of total net trade receivables</i>	<i>90.78</i>	<i>4.88</i>	<i>1.65</i>	<i>2.69</i>	<i>100.00</i>
Subsequent collections up to the LPD	10,170	686	-	129	10,985
Trade receivables net of subsequent collections up to the LPD	3,121	28	242	265	3,656
<i>% of total trade receivables</i>	<i>85.37</i>	<i>0.76</i>	<i>6.62</i>	<i>7.25</i>	<i>100.00</i>

Note:-

* Excluding an amount of RM1.24 million which was not due as at 31 July 2016 but was subsequently collected before the LPD.

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11. FINANCIAL INFORMATION (Cont'd)

As at the LPD, 75.00% or RM10.98 million of the net trade receivables outstanding as at 31 July 2016 of RM14.64 million has been collected, whilst the remaining RM3.66 million was still outstanding, including RM0.54 million of trade receivables which were past due as at 31 July 2016. These trade receivables which remained outstanding as at the LPD are due from customers who generally require longer period for payment processing and/or have been making progressive payments to us. Out of these amounts, RM0.19 million, which has been past due for more than six (6) months as at 31 July 2016, was in relation to an original sum totaling RM4.47 million which was billed to a major customer for the FYE 2014. We have since then received progress payments up to the LPD of more than 95.00% from the original sum totaling RM4.47 million owing by such customer. In this regard, we believe that such outstanding amount is recoverable and we are giving the said customer a longer settlement period. The rest of the outstanding trade receivables which were past due as at 31 July 2016 of RM0.35 million are due from our other customers who have not defaulted on payments in the past but occasionally settle their amount owing to us over a longer time than the credit period granted to them.

Notwithstanding our normal credit period to customers of up to 90 days, as part of our credit control practice, we constantly follow up on our collections from customers with outstanding receivables exceeding 60 days so as to minimise the occurrence of our trade receivables becoming past-due.

Premised on the above and taking into consideration the long term business relationship between us and our customers, our Directors are of the opinion that the remaining trade receivables owing by our customers are fully recoverable.

There was no allowance for impairment loss on trade receivables nor bad debt written off for the Period Under Review.

(iii) Trade payables turnover period

The normal credit period given to us by our trade creditors ranges between 30 days and 120 days. For the Period Under Review, our trade payables turnover period was mainly within the credit period given to us by our trade creditors.

Our trade payables turnover period for the FYE 2014 increased from 95 days for the FYE 2013 to 114 days due to slower settlement of trade payables by us pending collection of outstanding trade receivables from customers. Nevertheless, our trade payables turnover period was still within the credit period granted to us by our suppliers. For the FYE 2015, our trade payables turnover period improved to 99 days. Our trade payables turnover period was higher at 129 days for the FPE 2016 mainly due to slower settlement of trade payables owing to certain local suppliers so as to facilitate payment for our purchases from a major supplier based in Thailand who requires payment upon delivery of goods. For this purpose, we have therefore negotiated with some of our local suppliers to allow for a slower settlement of trade payables by us as and when we are required to prioritise our other financial commitments, including payment to the aforementioned supplier based in Thailand.

The ageing analysis of our trade payables as at 31 July 2016 is as follows:-

	Not past due	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
As at 31 July 2016	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	16,747	2,372	1,239	2,082	22,440
<i>% of total trade payables</i>	<i>74.63</i>	<i>10.57</i>	<i>5.52</i>	<i>9.28</i>	<i>100.00</i>
Subsequent payments up to the LPD	7,812	2,119	1,196	1,917	13,044
Trade payables net of subsequent payments up to the LPD	8,935	253	43	165	9,396
<i>% of total trade payables</i>	<i>95.09</i>	<i>2.69</i>	<i>0.46</i>	<i>1.76</i>	<i>100.00</i>

11. FINANCIAL INFORMATION (Cont'd)

As illustrated above, 74.63% or RM16.75 million of our total outstanding trade payables as at 31 July 2016 were within the credit period. As at the LPD, 58.11% or RM13.04 million of the outstanding trade payables as at 31 July 2016 has been paid whilst 41.89% or RM9.40 million remained outstanding, including RM0.46 million of trade payables which were past due as at 31 July 2016. The said RM0.46 million is mainly owed to one of our major subcontractors whom we engage for fabrication and installation works from time to time as well as our major supplier for heating system components from whom we make purchases regularly. The amount owed is expected to be settled progressively by us over the next three (3) months.

(iv) Current ratio

Our current ratio strengthened from 2.29 times as at 31 December 2013 to 3.01 times as at 31 December 2014 primarily due to the increase in trade receivables. Despite an increase in our current assets for the FYE 2015, our current ratio decreased to 2.12 times as at 31 December 2015 from 3.01 times as at 31 December 2014 primarily due to higher outstanding amount of trade payables and other payables and accruals as at 31 December 2015. Our current ratio decreased to 1.98 times as at 31 July 2016 primarily due to a higher amount owing to contract customers as at 31 July 2016 notwithstanding our increased current assets position.

The decreasing trend of our current ratio since the FYE 2014 was mainly attributable to the higher percentage increase in our current liabilities as opposed to our current assets from 31 December 2014 to 31 December 2015, and subsequently to 31 July 2016 primarily as a result of:-

- (i) the lower gross profit margin orders undertaken by us for the FYE 2015 and FPE 2016, which have resulted in our trade payables to increase at a higher rate than our trade receivables and amount owing by contract customers, collectively, as we incurred higher costs for materials and parts in relative to the increase in our revenue during the same financial year and period; and
- (ii) a total of RM1.85 million of our cash resources were utilised for our investments in a combination of plant and machinery, motor vehicles and other fixed asset items during the FYE 2015 and FPE 2016, for which we did not resort to any external borrowings.

Notwithstanding the decreasing trend, our current ratio of 2.12 times as at 31 December 2015 remains above the average current ratio of our peers of 1.62 times as given under "Key Industry Players" of Section 4 of the IMR Report enclosed in Section 7 of this Prospectus.

(v) Gearing ratio

Our gearing ratio improved from 0.11 times as at 31 December 2013 to 0.08 times as at 31 December 2014, 0.05 times as at 31 December 2015 and 0.04 times as 31 July 2016. The overall improvement of our gearing ratio throughout the Period Under Review was solely due to the increase in our shareholders' equity vis-a-vis the outstanding borrowings of our Group over the same period.

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11. FINANCIAL INFORMATION (Cont'd)**11.4.7 Material Capital Expenditures and Divestitures**

Saved as disclosed below, we have not incurred any other material capital expenditures or undertaken any other material divestitures for the Period Under Review and up to the LPD, and there is no material capital expenditures and divestitures currently in progress.

Description	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000	Up to the LPD RM'000
<u>Investments</u>					
Plant and machinery ⁽¹⁾	73	12	383	55	-
Motor vehicles	-	⁽⁴⁾ 229	⁽⁶⁾ 1,243	⁽⁹⁾ 91	-
Others ⁽²⁾	55	73	81	-	9
<u>Divestments</u>					
Plant and machinery	-	-	⁽⁷⁾ 44	-	-
Motor vehicles	⁽³⁾ 167	⁽⁵⁾ 28	⁽⁸⁾ 14	-	-

Notes:-

- (1) Being plant and machinery comprising, inter alia, welding machine, punching machine and bandsaw machine for our factory operations.
- (2) Comprising air conditioners, computers, computer software, furniture and fittings, and/or office equipment.
- (3) Representing the original cost of a motor vehicle that was written off due to theft.
- (4) Being three (3) units of motor vehicle acquired for use by our employees in our day-to-day business operations.
- (5) Representing the original cost of a motor vehicle that was disposed of.
- (6) Being seven (7) units of motor vehicle acquired for the following purposes:-
 - (i) two (2) units of motor vehicle for use by our Directors;
 - (ii) one (1) unit of motor vehicle for use by our employees in our day-to-day business operations; and
 - (iii) four (4) units of forklift for our factory operations.
- (7) Representing the original costs of four (4) units of machinery that were disposed of.
- (8) Representing the original cost of a motor vehicle that was disposed of.
- (9) Being one (1) unit of forklift for our factory operations.

11.4.8 Material commitments

As at the LPD, we do not have any material commitment for capital expenditures.

11.4.9 Material litigation

As at the LPD, neither we nor our subsidiary are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Directors are not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which may materially or adversely affect our financial position and business.

11.4.10 Contingent liabilities

As at the LPD, we do not have any contingent liabilities which, upon becoming enforceable, may materially and adversely affect our financial position and business.

11. FINANCIAL INFORMATION (Cont'd)

11.5 TREND INFORMATION

As at the LPD, to the best of our Directors' knowledge and belief and save as disclosed in Sections 4, 6 and 11 of this Prospectus, our business operations have not been and are not expected to be affected by any of the followings:-

- (i) any known factors, trends, uncertainties, demands, commitments or events that are likely to have a material favourable or unfavourable effect on our financial condition and results of operations;
- (ii) any known factors, trends, uncertainties, demands, commitments or events that are likely to cause our historical financial statements to be not necessarily indicative of our future financial performance;
- (iii) any unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial condition and results of operations;
- (iv) any known factors, trends, uncertainties, demands, commitments or events that are likely to have a material impact on our revenue and profits;
- (v) any known factors, trends, uncertainties, demands, commitments or events that are likely to result in our Group's liquidity increasing or decreasing in any material way; and
- (vi) any known factors, trends, uncertainties, demands, commitments or events that are likely to affect, favourably or unfavourably, our capital resources.

Our Directors believe that the future prospects of our Group are promising given the favourable outlook of the rubber glove industry as given in Section 7 of this Prospectus, our competitive strengths as set out in Section 6.5 of this Prospectus as well as our future plans as given in Section 6.20 of this Prospectus.

11.6 DIVIDEND POLICY

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval. Although we have not formulated a dividend policy or payout ratio, we recognize that it is important to reward our investors with dividends. Therefore, it is our intention to pay dividends to shareholders in the future to allow our shareholders to participate in our profits subject to various factors including, inter-alia, our financial performance, cash flow requirements, availability of distributable reserves and capital expenditure plans.

As our Company is an investment holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiary. The payment of dividends or other distributions by our subsidiary will depend upon its distributable profits, operating results, financial condition, capital expenditure plans and other factors that its Board of Directors deems relevant.

11.7 SIGNIFICANT CHANGES

Save as disclosed in this Prospectus, there is no significant changes that have occurred which may have a material effect on our financial position and results of operations subsequent to the FPE 2016 up to the LPD.

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11. FINANCIAL INFORMATION (Cont'd)

11.8 FUTURE FINANCIAL INFORMATION

There is no future financial information which has been prepared for inclusion in this Prospectus.

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12. ACCOUNTANTS' REPORT



Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Date: 22 November 2016

The Board of Directors
HLT Global Berhad
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Dear Sirs/Madam

**ACCOUNTANTS' REPORT
HLT GLOBAL BERHAD**

We have audited the accompanying historical combined financial statements of HLT Global Berhad ("HLT Global" or the "Company") which comprise the combined statements of financial position as at 31 December 2013, 2014, and 2015, and 31 July 2015 and 2016 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years/periods ended ("FYE" or "FPE") 31 December 2013, 2014, 2015 and 31 July 2015 and 2016, and a summary of significant accounting policies and other explanatory information, as set out on pages 3 to 51.

Directors' Responsibility for the Combined Financial Statements

The directors of HLT Global are responsible for the preparation of combined financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia. The directors are also responsible for such internal accounting control as the directors determine are necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

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

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

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



**ACCOUNTANTS' REPORT
HLT GLOBAL BERHAD (CONT'D)**
(Incorporated in Malaysia)
Company No: 1163324 - H

Opinion

In our opinion, the combined financial statements of HLT Global give a true and fair view of its financial position as of 31 December 2013, 2014, 2015 and 31 July 2015 and 2016 and of its financial performance and cash flows for the financial years/periods then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia.

Restriction on Distribution and Use

We understand that this report will be used solely for the purpose of inclusion in the prospectus of HLT Global in connection with the listing of and quotation for the entire issued and paid-up share capital of HLT Global on the ACE Market of Bursa Securities. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

A handwritten signature in black ink, appearing to be "C. Horwath".

Crowe Horwath
Firm No: AF 1018
Chartered Accountants
22 November 2016

A handwritten signature in black ink, appearing to be "Chan Kuan Chee".

Chan Kuan Chee
Approval No: 2271/10/17(J)
Chartered Accountant

Kuala Lumpur

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	Audited 31 December 2013 RM	Audited 31 December 2014 RM	Audited 31 December 2015 RM	Audited 31 July 2015 RM	Audited 31 July 2016 RM
ASSETS						
NON CURRENT ASSET						
Property, plant and equipment	4	5,611,659	5,343,705	6,374,939	5,614,954	6,061,942
CURRENT ASSETS						
Inventories	5	1,670,633	2,102,742	2,615,744	2,598,511	4,242,065
Amount owing by contract customers	6	3,289,439	1,788,207	23,429,285	4,331,342	19,440,942
Trade receivables	7	6,972,442	16,545,284	8,182,221	21,015,629	16,477,611
Other receivables, deposits and prepayments	8	183,647	150,645	1,541,545	1,065,277	2,249,888
Tax recoverable		22,000	62,000	164,232	125,900	169,194
Fixed deposits with a licensed bank	9	9,380,698	6,038,047	6,198,167	6,034,414	5,283,217
Cash and bank balances		1,073,900	848,803	3,905,474	10,445,373	14,170,047
		22,592,759	27,535,728	46,036,668	45,616,446	62,032,964
TOTAL ASSETS		28,204,418	32,879,433	52,411,607	51,231,400	68,094,906
EQUITY AND LIABILITIES						
EQUITY						
Share capital	10	400,000	400,000	400,010	400,000	400,010
Retained profits		16,167,270	21,730,365	28,864,387	22,034,029	35,077,443
TOTAL EQUITY		16,567,270	22,130,365	29,264,397	22,434,029	35,477,453
NON-CURRENT LIABILITIES						
Hire purchase payables	11	42,434	-	-	-	-
Term loan	12	1,718,100	1,586,714	1,434,068	1,498,075	1,348,510
		1,760,534	1,586,714	1,434,068	1,498,075	1,348,510
CURRENT LIABILITIES						
Amount owing to contract customers	6	1,043,124	925,070	4,049	8,901,484	7,873,878
Trade payables	13	8,063,536	7,744,094	19,916,912	13,039,382	22,439,983
Other payables and accruals	14	403,624	379,789	1,718,028	276,046	879,004
Amount owing to directors	15	239,268	-	-	-	-
Dividend payable		-	-	-	5,000,000	-
Hire purchase payables	11	53,874	42,434	-	9,576	-
Term loan	12	73,188	70,967	74,153	72,808	76,078
		9,876,614	9,162,354	21,713,142	27,299,296	31,268,943
TOTAL LIABILITIES		11,637,148	10,749,068	23,147,210	28,797,371	32,617,453
TOTAL EQUITY AND LIABILITIES		28,204,418	32,879,433	52,411,607	51,231,400	68,094,906

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December			Audited Seven-Month period ended 31 July	
		Audited 2013 RM	Audited 2014 RM	Audited 2015 RM	Audited 2015 RM	Audited 2016 RM
REVENUE	16	46,042,366	43,568,206	75,697,255	31,134,442	47,692,224
COST OF SALES		(33,758,461)	(32,331,253)	(60,473,909)	(24,313,308)	(40,965,424)
GROSS PROFIT		12,283,905	11,236,953	15,223,346	6,821,134	6,726,800
OTHER OPERATING INCOME		450,439	383,863	1,071,146	563,461	1,980,121
		12,734,344	11,620,816	16,294,492	7,384,595	8,706,921
SELLING AND DISTRIBUTION EXPENSES		(405,813)	(359,390)	(391,418)	(220,870)	(133,807)
ADMINISTRATIVE EXPENSES		(2,318,229)	(2,624,335)	(3,763,887)	(1,854,960)	(2,301,321)
FINANCE COSTS		(10,668)	(20,935)	(1,984)	(1,920)	(4,118)
PROFIT BEFORE TAXATION	17	9,999,634	8,616,156	12,137,203	5,306,845	6,267,675
INCOME TAX EXPENSE	18	(58,008)	(53,061)	(3,181)	(3,181)	(54,619)
PROFIT AFTER TAXATION		9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
PROFIT AFTER TAXATION ATTRIBUTABLE TO:- Owners of the Company		9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- Owners of the Company		9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
EARNINGS PER SHARE	19					
Basic		24.85	21.41	30.33	13.26	15.53
Diluted		24.85	21.41	30.33	13.26	15.53

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****COMBINED STATEMENTS OF CHANGES IN EQUITY**

	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1 January 2013		400,000	12,225,644	12,625,644
Profit after taxation/Total comprehensive income for the financial year		-	9,941,626	9,941,626
Distributions to owners of HL Advance: - Dividends	20	-	(6,000,000)	(6,000,000)
Balance at 31 December 2013/1 January 2014		400,000	16,167,270	16,567,270
Profit after taxation/Total comprehensive income for the financial year		-	8,563,095	8,563,095
Distributions to owners of HL Advance: - Dividends	20	-	(3,000,000)	(3,000,000)
Balance at 31 December 2014/1 January 2015		400,000	21,730,365	22,130,365
Profit after taxation/Total comprehensive income for the financial year		-	12,134,022	12,134,022
Contribution by owners of HLT Global: - Issuance of shares		10	-	10
Distributions to owners of HL Advance: - Dividends	20	-	(5,000,000)	(5,000,000)
Balance at 31 December 2015		400,010	28,864,387	29,264,397
31 July 2015				
Balance at 1 January 2015		400,000	21,730,365	22,130,365
Profit after taxation/Total comprehensive income for the financial period		-	5,303,664	5,303,664
Distributions to owners of HL Advance: - Dividends	20	-	(5,000,000)	(5,000,000)
Balance at 31 July 2015		400,000	22,034,029	22,434,029
31 July 2016				
Balance at 1 January 2016		400,010	28,864,387	29,264,397
Profit after taxation/Total comprehensive income for the financial period		-	6,213,056	6,213,056
Balance at 31 July 2016		400,010	35,077,443	35,477,453

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

COMBINED STATEMENTS OF CASH FLOWS

Note	Year ended 31 December			Audited Seven-Month period ended 31 July	
	Audited 2013 RM	Audited 2014 RM	Audited 2015 RM	Audited 2015 RM	Audited 2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	9,999,634	8,616,156	12,137,203	5,306,845	6,267,675
Adjustments for:-					
Depreciation of property, plant and equipment	530,151	554,429	660,953	336,299	459,077
Interest expense	10,668	20,935	1,984	1,920	4,118
Loss/(Gain) on disposal of property, plant and equipment	-	1,000	(43,972)	-	-
Property, plant and equipment written off	55,746	-	-	-	-
Unrealised loss/(gain) on foreign exchange	(2,446)	(49,772)	208,944	(544,571)	(1,874,400)
Interest income	(290,307)	(262,564)	(196,133)	(18,340)	(100,315)
Operating profit before working capital changes	10,303,446	8,880,184	12,768,979	5,082,153	4,756,155
Increase in inventories	(879,958)	(432,109)	(513,002)	(495,769)	(1,626,321)
Decrease/(Increase) in amount owing by/(to) contract customers	(2,246,315)	1,383,178	(22,562,099)	5,433,279	11,858,172
(Increase)/Decrease in trade and other receivables	(2,094,884)	(9,539,840)	7,035,119	(5,270,864)	(9,005,583)
Increase/(Decrease) in trade and other payables	1,761,049	(343,277)	13,226,033	5,206,295	1,963,134
CASH FLOWS FROM OPERATING ACTIVITIES	6,843,338	(51,864)	9,955,030	9,955,094	7,945,557
Income tax paid	(43,308)	(93,061)	(105,413)	(67,081)	(59,581)
Interest received	290,307	262,564	196,133	18,340	100,315
Interest paid	(10,668)	(20,935)	(1,984)	(1,920)	(4,118)
NET CASH FROM OPERATING ACTIVITIES	7,079,669	96,704	10,043,766	9,904,433	7,982,173
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	(127,691)	(314,475)	(1,706,215)	(607,548)	(146,080)
Placement of deposits pledged to a licensed bank	-	-	(5,198,167)	(5,034,414)	(85,050)
Proceeds from disposal of property, plant and equipment	-	27,000	58,000	-	-
Repayment from a director	693,341	-	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	565,650	(287,475)	(6,846,382)	(5,641,962)	(231,130)
BALANCE CARRIED FORWARD	7,645,319	(190,771)	3,197,384	4,262,471	7,751,043

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

Note	Year ended 31 December			Audited Seven-Month period ended 31 July	
	Audited 2013 RM	Audited 2014 RM	Audited 2015 RM	Audited 2015 RM	Audited 2016 RM
BALANCE BROUGHT FORWARD	7,645,319	(190,771)	3,197,384	4,262,471	7,751,043
CASH FLOWS FOR FINANCING ACTIVITIES					
Proceeds from issuance of shares	-	-	10	-	-
Dividend paid	(6,000,000)	(3,000,000)	(5,000,000)	-	-
Repayment of hire purchase payables	(124,096)	(53,874)	(42,434)	(32,858)	-
Repayment of term loan	(150,584)	(133,607)	(149,460)	(86,798)	(83,633)
Advances from/(Repayment to) directors	212,556	(239,268)	-	-	-
NET CASH FOR FINANCING ACTIVITIES	(6,062,124)	(3,426,749)	(5,191,884)	(119,656)	(83,633)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,583,195	(3,617,520)	(1,994,500)	4,142,815	7,667,410
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	2,446	49,772	13,124	415,708	1,597,163
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD	8,868,957	10,454,598	6,886,850	6,886,850	4,905,474
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	10,454,598	6,886,850	4,905,474	11,445,373	14,170,047
21					

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

- (a) HLT Global was incorporated in Malaysia on 22 October 2015 under the Companies Act 1965, as a private limited company and is principally engaged in the business of investment holding.

HLT Global was incorporated with an authorised share capital of RM400,000 comprising 4,000,000 ordinary shares of RM0.10 each, of which RM10 comprising 100 ordinary shares of RM0.10 each have been subscribed for and fully paid-up.

On 7 January 2016, the Company was converted from a private limited company to a public company limited by shares and assumed its present name, HLT Global Berhad.

- (b) HL Advance Technologies (M) Sdn. Bhd. ("HL Advance") was incorporated in Malaysia on 8 August 2006 under the Companies Act 1965, as a private limited company and is principally engaged in the manufacture of glove dipping machines, fabrication works on metal and stainless steel products, and carry out all supporting services associated therewith.

(HLT Global and HL Advance shall collectively be referred to as the "Group" or "HLT Global Group")

2. BASIS OF PREPARATION

HLT Global Group has not been established as at the end of FYE 31 July 2016 and hence, there are no consolidated financial statements of the Group for FYE 31 December 2013, FYE 31 December 2014 and FYE 31 December 2015. The combined financial statements for FYE 31 December 2015 and FPE 31 July 2016 are prepared based on the audited financial statements of HLT Global and HL Advance for FYE 31 December 2015 and FPE 31 July 2016, respectively. The financial information for FYE 31 December 2013, and FYE 31 December 2014 and FPE 31 July 2015 are prepared based on audited financial statements of HL Advance. These audited financial statements are not subject to any qualification, modification or disclaimers.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of HLT Global Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

All material intra-group transactions and balances have been eliminated on combination.

The combined financial statements of the Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the financial period ended 31 July 2016:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the HLT Global Group's combined financial statements upon their initial application except as follows:-

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of "distinct" for the purposes of this accounting standard. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(i) Contract Revenue

Construction contracts accounting requires variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(ii) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the probability of the contract on an individual basis at any particular time.

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Critical Accounting Estimates and Judgements (Cont'd)

(c) Income Taxes

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

(d) Impairment of Non-Financial Assets

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

(e) Write-down of Inventories

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

(f) Impairment of Trade and Other Receivables

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

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Classification of Leasehold Land**

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(h) Fair Value Estimates for Certain Financial Assets and Liabilities

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

3.2 Functional and Foreign Currencies**(a) Functional and Presentation Currency**

The financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 Financial Instruments**

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 Financial Instruments (Cont'd)****(a) Financial Assets (Cont'd)****(iii) Loans and Receivables Financial Assets**

Trade receivables and other receivables that have fixed or determinable payments and are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial Instruments (Cont'd)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold apartments	Over the lease period of 86 years
Leasehold land	Over the lease period of 85 years
Building	2%
Plant and machineries	10%
Air conditioners	20%
Computers	20%
Furniture and fittings	20%
Motor vehicles	20%
Office equipment	10%
Renovation	20%

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

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Property, Plant and Equipment (Cont'd)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

3.5 Impairment**(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 Impairment (Cont'd)****(b) Impairment of Non-Financial Assets**

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.6 Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 3.4 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.8 Amounts Owing By/(To) Contract Customers**

Amount owing by contract customers represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity. For qualifying contracts, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Amount owing by contract customers is presented as part of total current assets in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount owing to contract customers which is part of the deferred income in the statement of financial position.

3.9 Income Taxes

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.9 Income Taxes (Cont'd)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

3.10 Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.12 Employee Benefits**(a) Short-term Benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Related Parties

A party is related to an entity (referred to as the 'reporting entity') if :-

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies :-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associated of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

3.15 Revenue and Other Income**(a) Contract Income**

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contracts cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the following:-

- (i) the survey of work performed;
- (ii) the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs; or
- (iii) the completion of a physical proportion of contract work;

whichever is applicable.

(b) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(c) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.16 Operating Segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.17 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold apartments RM	Leasehold land and building RM	Plant and machineries RM	Air conditioners RM	Computers RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
At 1 January 2013	82,330	4,162,663	897,356	19,460	39,078	52,688	1,798,021	37,617	28,516	7,117,729
Additions	-	-	72,990	4,800	39,851	-	-	10,050	-	127,691
Disposals	-	-	-	-	-	-	(167,239)	-	-	(167,239)
At 31 December 2013	82,330	4,162,663	970,346	24,260	78,929	52,688	1,630,782	47,667	28,516	7,078,181
Additions	-	-	12,294	-	72,640	566	228,975	-	-	314,475
Disposals	-	-	-	-	-	-	(28,000)	-	-	(28,000)
At 31 December 2014	82,330	4,162,663	982,640	24,260	151,569	53,254	1,831,757	47,667	28,516	7,364,656
Additions	-	-	382,625	-	80,832	-	1,242,758	-	-	1,706,215
Disposal	-	-	(44,300)	-	-	-	(14,450)	-	-	(58,750)
At 31 December 2015	82,330	4,162,663	1,320,965	24,260	232,401	53,254	3,060,065	47,667	28,516	9,012,121
Additions	-	-	55,080	-	-	-	91,000	-	-	146,080
At 31 July 2016	82,330	4,162,663	1,376,045	24,260	232,401	53,254	3,151,065	47,667	28,516	9,158,201

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS
4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold apartments RM	Leasehold land and building RM	Plant and machineries RM	Air conditioners RM	Computers RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
Accumulated depreciation										
At 1 January 2013	2,871	66,783	258,468	4,153	17,871	26,022	643,148	10,004	18,544	1,047,864
Depreciation for the year	957	66,783	97,035	2,426	15,786	10,538	326,156	4,767	5,703	530,151
Disposals	-	-	-	-	-	-	(111,493)	-	-	(111,493)
At 31 December 2013	3,828	133,566	355,503	6,579	33,657	36,560	857,811	14,771	24,247	1,466,522
Depreciation for the year	959	66,782	98,262	2,426	29,460	9,408	338,448	4,766	3,918	554,429
At 31 December 2014	4,787	200,348	453,765	9,005	63,117	45,968	1,196,259	19,537	28,165	2,020,951
Depreciation for the year	957	66,783	108,624	2,426	37,996	5,885	433,165	4,766	351	660,953
Disposal	-	-	(30,272)	-	-	-	(14,450)	-	-	(44,722)
At 31 December 2015	5,744	267,131	532,117	11,431	101,113	51,853	1,614,974	24,303	28,516	2,637,182
Depreciation for the year	558	38,956	77,975	1,416	23,228	1,127	313,036	2,781	-	459,077
At 31 July 2016	6,302	306,087	610,092	12,847	124,341	52,980	1,928,010	27,084	28,516	3,096,259
Net book value										
At 1 January 2013	79,459	4,095,880	638,888	15,307	21,207	26,666	1,154,873	27,613	9,972	6,069,865
At 31 December 2013	78,502	4,029,097	614,843	17,681	45,272	16,128	772,971	32,896	4,269	5,611,659
At 31 December 2014	77,543	3,962,315	528,875	15,255	88,452	7,286	635,498	28,130	351	5,343,705
At 31 December 2015	76,586	3,895,532	788,848	12,829	131,288	1,401	1,445,091	23,364	-	6,374,939
At 31 July 2016	76,028	3,856,576	765,953	11,413	108,060	274	1,223,055	20,583	-	6,061,942

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

- (a) Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicles which were acquired under hire purchase terms with net book value as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Number of motor vehicles	1	1	-	-	-
Net book value (RM)	47,609	25,000	-	-	-

- (b) The leasehold land and buildings of the Group have been charged to a licensed bank as security for banking facilities granted to the Group (Note 12).

5. INVENTORIES

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
At costs:-					
Raw materials	1,234,336	808,142	1,711,494	1,674,428	3,522,539
Work-in-progress	436,297	148,276	548,850	348,753	160,859
Finished goods	-	1,146,324	355,400	575,330	558,667
	1,670,633	2,102,742	2,615,744	2,598,511	4,242,065

None of the inventories is carried at net realisable value.

The amount of inventories recognised as an expense in cost of sales:

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
Inventories recognised as cost of sales	26,778,530	24,773,555	50,300,234	19,786,281	33,293,369

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

6. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Contract costs incurred	18,107,565	32,071,497	72,941,468	43,775,905	67,222,893
Attributable profits	6,995,404	9,203,222	22,406,166	14,108,980	18,360,596
	<u>25,102,969</u>	<u>41,274,719</u>	<u>95,347,634</u>	<u>57,884,885</u>	<u>85,583,489</u>
Progress billings	(22,856,654)	(40,411,582)	(71,922,398)	(62,455,027)	(74,016,425)
	<u>2,246,315</u>	<u>863,137</u>	<u>23,425,236</u>	<u>(4,570,142)</u>	<u>11,567,064</u>
Represented by:					
Amount owing by contract customers	3,289,439	1,788,207	23,429,285	4,331,342	19,440,942
Amount owing to contract customers	(1,043,124)	(925,070)	(4,049)	(8,901,484)	(7,873,878)
	<u>2,246,315</u>	<u>863,137</u>	<u>23,425,236</u>	<u>(4,570,142)</u>	<u>11,567,064</u>

7. TRADE RECEIVABLES

The Group's normal credit terms at the end of the reporting period are as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Credit terms (days)	<u>30 - 90</u>	<u>30 - 90</u>	<u>30 - 90</u>	<u>30 - 90</u>	<u>30 - 90</u>

Included in trade receivables of the Group at the end of the reporting period are retention sums as follows:

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Retention sums	<u>-</u>	<u>4,626,871</u>	<u>845,962</u>	<u>3,035,455</u>	<u>3,216,577</u>

Retention sums represent a portion of progress billings which are due and receivable upon expiry of the warranty period and the satisfaction of conditions specified in the relevant contracts.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Advance payment to suppliers	-	-	-	-	457,358
Other receivables	-	72,865	577,526	967,347	305,669
Deposits	169,580	77,780	99,180	97,930	81,950
Prepayments	14,067	-	864,839	-	1,404,911
	<u>183,647</u>	<u>150,645</u>	<u>1,541,545</u>	<u>1,065,277</u>	<u>2,249,888</u>

9. FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits with a licensed bank of the Group at the end of the reporting period bore effective interest rates and have maturity periods as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Range of effective interest rates (%)	3.00 - 3.80	3.25 - 3.90	3.15 - 4.28	3.15 - 3.98	3.15
Maturity periods (days)	30 - 90	30 - 90	30 - 120	30 - 120	30

10. SHARE CAPITAL

	Audited 2013 Number of share	Audited As at 31 December 2014 Number of share	Audited 2015 Number of share	Audited As at 31 July 2015 Number of share	Audited 2016 Number of share
Authorised					
Ordinary Shares of RM0.10 Each:-					
- HLT Global	-	-	4,000,000	-	4,000,000
- Increase during the financial period	-	-	-	-	496,000,000
Ordinary Shares of RM1 Each					
- HL Advance	500,000	500,000	500,000	500,000	500,000
At 31 December/31 July	<u>500,000</u>	<u>500,000</u>	<u>4,500,000</u>	<u>500,000</u>	<u>500,500,000</u>
Issued And Fully Paid-Up					
Ordinary Shares of RM0.10 Each:-					
- HLT Global	-	-	100	-	100
Ordinary Shares of RM1 Each					
- HL Advance	400,000	400,000	400,000	400,000	400,000
At 31 December/31 July	<u>400,000</u>	<u>400,000</u>	<u>400,100</u>	<u>400,000</u>	<u>400,100</u>

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

10. SHARE CAPITAL (CONT'D)

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Authorised					
Ordinary Shares of RM0.10 Each:-					
- HLT Global	-	-	400,000	-	400,000
- Increase during the financial period	-	-	-	-	49,600,000
Ordinary Shares of RM1 Each					
- HL Advance	500,000	500,000	500,000	500,000	500,000
At 31 December/31 July	500,000	500,000	900,000	500,000	50,500,000
Issued and Fully Paid-Up					
Ordinary Shares of RM0.10 Each:-					
- HLT Global	-	-	10	-	10
Ordinary Shares of RM1 Each					
- HL Advance	400,000	400,000	400,000	400,000	400,000
At 31 December/31 July	400,000	400,000	400,010	400,000	400,010

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

11. HIRE PURCHASE PAYABLES

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Minimum hire purchase payables:					
- not later than one year	57,876	43,402	-	9,641	-
- later than one year and not later than five years	43,402	-	-	-	-
	101,278	43,402	-	9,641	-
Future finance charges	(4,970)	(968)	-	(65)	-
Present value of hire purchase payables	96,308	42,434	-	9,576	-

The hire purchase payables are repayable as follows:-

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Current:					
- not later than one year	53,874	42,434	-	9,576	-
Non-current:					
- later than one year and not later than five years	42,434	-	-	-	-
	96,308	42,434	-	9,576	-

The effective interest rate of the hire purchase payables at the end of the reporting period are as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Effective interest rates (%)	5.91	5.91	-	5.91	-

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****12. TERM LOAN**

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Current:					
- not later than one year	73,188	70,967	74,153	72,808	76,078
Non-current:					
- Later than one year and not later than two years	70,967	74,159	77,482	76,077	79,493
- Later than two years and not later than five years	232,596	243,039	253,951	249,346	260,542
- Later than five years	1,414,537	1,269,516	1,102,635	1,172,652	1,008,475
	<u>1,718,100</u>	<u>1,586,714</u>	<u>1,434,068</u>	<u>1,498,075</u>	<u>1,348,510</u>
	<u>1,791,288</u>	<u>1,657,681</u>	<u>1,508,221</u>	<u>1,570,883</u>	<u>1,424,588</u>

The effective interest rates of the term loan at the end of the reporting period are as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Effective interest rates (%)	4.40	4.65	4.65	4.65	4.52

The term loan is secured by:-

- (i) a deed of assignment cum loan agreement over the leasehold land and building of the Group; and
- (ii) a joint and several guarantee of certain directors of the Group.

13. TRADE PAYABLES

The normal trade credit terms granted to the Group at the end of the reporting period are as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Credit terms (days)	30 - 120	30 - 120	30 - 120	30 - 120	30 - 120

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

14. OTHER PAYABLES AND ACCRUALS

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Advance payments from customers	211,046	211,046	211,046	211,046	211,046
Other payables	40,618	-	142,099	-	367,743
Accruals	151,960	168,743	1,364,883	65,000	300,215
	<u>403,624</u>	<u>379,789</u>	<u>1,718,028</u>	<u>276,046</u>	<u>879,004</u>

15. AMOUNT OWING TO DIRECTORS

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

16. REVENUE

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
Contract revenue	36,522,969	34,071,750	69,896,943	29,942,985	46,633,588
Sale of goods	1,191,516	1,572,639	66,120	38,860	383,936
Rendering of services	8,327,881	7,923,817	5,734,192	1,152,597	674,700
	<u>46,042,366</u>	<u>43,568,206</u>	<u>75,697,255</u>	<u>31,134,442</u>	<u>47,692,224</u>

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

17. PROFIT BEFORE TAXATION

	Audited	Audited	Audited	Audited	Audited
	2013 RM	2014 RM	2015 RM	2015 RM	2016 RM
Profit before taxation is arrived at after charging/(crediting):-					
Audit fee	18,000	40,000	35,000	25,000	-
Depreciation for property, plant and equipment	530,151	554,429	660,953	336,299	459,077
Directors' remuneration	483,612	778,240	1,198,160	606,960	443,680
Interest expense:					
- hire purchase payables	10,668	4,002	968	903	-
- term loan	-	16,933	1,016	1,017	4,118
Rental of equipment	232,146	231,383	113,344	64,328	62,510
Rental of premises	57,400	65,100	114,492	50,325	20,960
Staff costs:					
- salaries, bonus and allowances	789,703	1,047,228	1,218,681	542,708	821,623
- defined contribution plan	93,861	119,422	119,513	59,781	108,201
- other benefits	8,647	9,714	10,515	5,517	7,409
Pre-operating expenses	-	-	2,900	-	-
Property, plant and equipment written off	55,746	-	-	-	-
Unrealised (gain)/loss on foreign exchange	(2,446)	(49,772)	208,944	(544,571)	(1,874,400)
Loss/(Gain) on disposal of property, plant and equipment	-	1,000	(43,972)	-	-
Interest income	(290,307)	(262,564)	(196,133)	(18,340)	(100,315)
Realised (gain)/loss on foreign exchange	-	(63,671)	(829,624)	129,905	523,672

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

18. INCOME TAX EXPENSE

	Audited	Audited	Audited	Audited	Audited
	Year ended 31 December			Seven-Month period ended 31 July	
	2013 RM	2014 RM	2015 RM	2015 RM	2016 RM
Current tax expense:					
- for the financial year/period	58,000	53,000	3,668	3,668	19,060
- under/(over)provision in the previous financial year/period	8	61	(487)	(487)	35,559
	<u>58,008</u>	<u>53,061</u>	<u>3,181</u>	<u>3,181</u>	<u>54,619</u>

The corporate tax rate on the first RM500,000 of chargeable income is 19%. The tax rate applicable to the balance of the chargeable income is 24%.

HL Advance has extended its Pioneer status from 4 November 2014 to 3 November 2019.

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

	Audited	Audited	Audited	Audited	Audited
	Year ended 31 December			Seven-Month period ended 31 July	
	2013 RM	2014 RM	2015 RM	2015 RM	2016 RM
Profit before taxation	<u>9,999,634</u>	<u>8,616,156</u>	<u>12,137,203</u>	<u>5,306,845</u>	<u>6,267,675</u>
Tax at the statutory tax rate of 25% (2016: 24%)	2,499,909	2,154,039	3,034,301	1,326,711	1,504,242
Tax effects of:-					
Non-deductible expenses	138,249	154,611	206,641	125,523	117,799
Non-taxable income	-	-	-	(136,143)	(449,856)
Utilisation of previous temporary differences	(40,153)	(145,100)	(2,404)	(119,993)	(101,965)
Tax exemption on statutory business income under pioneer status	(2,515,005)	(2,085,550)	(3,209,870)	(1,167,430)	(1,026,160)
Effect of differential in tax rates	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Under/(Over)provision in the previous financial year/period	8	61	(487)	(487)	35,559
	<u>58,008</u>	<u>53,061</u>	<u>3,181</u>	<u>3,181</u>	<u>54,619</u>

At the end of FPE 2016, the Group has unused tax losses (stated at gross) of approximately RM293,000 that is available for offset against future taxable profits of the Group. No deferred tax assets are recognised in respect of this item as it is not probable that taxable profits of the Group will be available against which the deductible temporary differences can be utilised. The unused tax losses do not expire under current tax legislation.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

19. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit for the financial period/year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial period/year.

	Audited 2013	Audited Year ended 31 December 2014	Audited 2015	Audited Seven-Month period ended 31 July 2015	Audited 2016
Profit attributable to owners of the Group (RM)	9,941,626	8,563,095	12,134,022	5,303,664	6,213,056
Total weighted average number of ordinary shares in issue	400,000	400,000	400,100	400,000	400,100
Basic earnings per share (RM)	24.85	21.41	30.33	13.26	15.53

The diluted earnings per share is equal to the basic earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting year/period.

20. DIVIDEND

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven-Month period ended 31 July 2015 RM	Audited 2016 RM
Second interim single tier dividend of RM12.50 per ordinary share in respect of the financial year ended 31 December 2014	-	-	5,000,000	5,000,000	-
First interim single tier dividend of RM7.50 per ordinary share in respect of the financial year ended 31 December 2014	-	3,000,000	-	-	-
First interim tax-exempt dividend of RM5.00 per ordinary share in respect of the financial year ended 31 December 2012/2013	2,000,000	-	-	-	-
Second interim tax-exempt dividend of RM5.00 per ordinary share in respect of the financial year ended 31 December 2012/2013	2,000,000	-	-	-	-
Third interim tax-exempt dividend of RM5.00 per ordinary share in respect of the financial year ended 31 December 2013	2,000,000	-	-	-	-
	<u>6,000,000</u>	<u>3,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

21. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Fixed deposits with a licensed bank	9,380,698	6,038,047	6,198,167	6,034,414	5,283,217
Cash and bank balances	1,073,900	848,803	3,905,474	10,445,373	14,170,047
	<u>10,454,598</u>	<u>6,886,850</u>	<u>10,103,641</u>	<u>16,479,787</u>	<u>19,453,264</u>
Less: Deposits pledged to a licensed bank	-	-	(5,198,167)	(5,034,414)	(5,283,217)
	<u>10,454,598</u>	<u>6,886,850</u>	<u>4,905,474</u>	<u>11,445,373</u>	<u>14,170,047</u>

22. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

In addition to the information detailed elsewhere in the financial statements, identities of related parties are as follows:-

- (i) the directors and certain key management personnel;
- (ii) entities controlled, jointly controlled or significantly influenced by the key management personnel/directors/substantial shareholders; and
- (iii) close members of the family of certain directors.

(b) Significant Related Party Transaction and Balances

Other than those disclosed elsewhere in the financial statements, the Group carried out the following transactions with the related parties during the financial year/period:-

	Audited 2013 RM	Audited Year ended 31 December 2014 RM	Audited 2015 RM	Audited Seven months period ended 31 July 2015 RM	Audited 2016 RM
Related party					
- Sales	(22,935,932)	-	-	-	-
- Purchases	-	-	-	-	-
- Purchase of property, plant and equipment	-	28,000	22,625	22,625	-
- Rental of property	10,800	10,800	9,900	6,300	-
- Sub-contractor wages	1,132,947	802,670	1,144,749	496,389	-
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****23. OPERATING SEGMENTS**

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

Business Segments

The Group operates predominantly in one business segment. Accordingly, the information by business segment is not presented.

Geographical Information

	Audited	Audited	Audited	Audited	Audited
	Year ended 31 December			Seven months period ended 31 July	
	2013 RM	2014 RM	2015 RM	2015 RM	2016 RM
Malaysia	30,953,453	28,719,986	40,610,210	14,912,254	35,109,165
Thailand	-	401,576	32,894,900	14,721,617	12,333,024
Indonesia	15,011,882	13,290,107	549,990	447,107	250,035
Others	77,031	1,156,537	1,642,155	1,053,464	-
	<u>46,042,366</u>	<u>43,568,206</u>	<u>75,697,255</u>	<u>31,134,442</u>	<u>47,692,224</u>

All non-current assets of the the Group are located in Malaysia during the financial period/year.

The following are major customers with revenue equal to or more than 10% of the Group revenue:-

	Audited	Audited	Revenue Audited	Audited	Audited	Segment
	Year ended 31 December			Seven months period ended 31 July		
	2013 RM	2014 RM	2015 RM	2015 RM	2016 RM	
Cardinal Health 222 (Thailand) Ltd	-	401,576	32,894,900	14,721,617	12,333,024	Thailand
Rubberex Alliance Sdn Bhd	-	11,505,729	23,415,930	10,920,665	1,182,314	Malaysia
PT Medisafe Technologies	15,011,882	13,290,107	549,990	447,107	250,035	Indonesia
Green Prospect Sdn Bhd	13,014,577	9,085,016	9,410,929	16,925	9,089,886	Malaysia
Latex Form Sdn Bhd	-	4,467,020	-	-	-	Malaysia
YTY Industry Sdn Bhd	9,921,355	313,830	76,070	69,470	45,101	Malaysia
WRP Asia Pacific Sdn Bhd	1,139,210	552,250	6,271,551	2,591,624	8,320,170	Malaysia
Central Medicare Sdn Bhd	-	-	13,440	13,440	15,865,094	Malaysia
	<u>-</u>	<u>-</u>	<u>13,440</u>	<u>13,440</u>	<u>15,865,094</u>	

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

24. CAPITAL COMMITMENT

	Audited	Audited	Audited	Audited	Audited
	2013	As at 31 December	2015	As at 31 July	2016
	RM	2014	RM	2015	RM
		RM		RM	
Approved and contracted for:- Purchase of property, plant and equipment	-	-	-	549,667	-

25. CONTINGENT LIABILITY

	Audited	Audited	Audited	Audited	Audited
	2013	As at 31 December	2015	As at 31 July	2016
	RM	2014	RM	2015	RM
		RM		RM	
Bank guarantee given to a third party in relation to contract performance	-	-	2,541,924	1,626,154	950,942

26. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

26.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are United States Dollar and Thai Baht. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.12.2013			
<u>Financial Assets</u>			
Trade receivables	81,540	6,890,902	6,972,442
Other receivables and deposits	-	169,580	169,580
Fixed deposits with licensed banks	-	9,380,698	9,380,698
Cash and bank balances	64,339	1,009,561	1,073,900
	145,879	17,450,741	17,596,620
<u>Financial Liabilities</u>			
Trade payables	22,439	8,041,097	8,063,536
Other payables and accruals	-	403,624	403,624
Amount owing to a director	-	239,268	239,268
Hire purchase payables	-	96,308	96,308
Term loan	-	1,791,288	1,791,288
	22,439	10,571,585	10,594,024
Net financial assets	123,440	6,879,156	7,002,596
Less: Net financial assets denominated in the entity's functional currency	-	(6,879,156)	(6,879,156)
Currency exposure	123,440	-	123,440

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.12.2014			
<u>Financial Assets</u>			
Trade receivables	2,698,998	13,846,286	16,545,284
Other receivables and deposits	-	150,645	150,645
Fixed deposits with licensed banks	-	6,038,047	6,038,047
Cash and bank balances	220,807	627,996	848,803
	2,919,805	20,662,974	23,582,779
<u>Financial Liabilities</u>			
Trade payables	802,818	6,941,276	7,744,094
Other payables and accruals	-	379,789	379,789
Hire purchase payables	-	42,434	42,434
Term loan	-	1,657,681	1,657,681
	802,818	9,021,180	9,823,998
Net financial assets	2,116,987	11,641,794	13,758,781
Less: Net financial assets denominated in the entity's functional currency	-	(11,641,794)	(11,641,794)
Currency exposure	2,116,987	-	2,116,987

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.12.2015			
<u>Financial Assets</u>			
Trade receivables	1,321,381	6,860,840	8,182,221
Other receivables and deposits	-	676,706	676,706
Fixed deposits with licensed banks	-	6,198,167	6,198,167
Cash and bank balances	677,387	3,228,087	3,905,474
	<u>1,998,768</u>	<u>16,963,800</u>	<u>18,962,568</u>
<u>Financial Liabilities</u>			
Trade payables	2,478,958	17,437,954	19,916,912
Other payables and accruals	-	1,718,028	1,718,028
Term loan	-	1,508,221	1,508,221
	<u>2,478,958</u>	<u>20,664,203</u>	<u>23,143,161</u>
Net financial liabilities	(480,190)	(3,700,403)	(4,180,593)
Less: Net financial assets denominated in the entity's functional currency	-	3,700,403	3,700,403
Currency exposure	<u>(480,190)</u>	<u>-</u>	<u>(480,190)</u>

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.7.2015			
<u>Financial Assets</u>			
Trade receivables	4,742,157	16,273,472	21,015,629
Other receivables and deposits	-	209,502	209,502
Fixed deposits with licensed banks	-	6,034,414	6,034,414
Cash and bank balances	4,126,470	6,318,903	10,445,373
	<u>8,868,627</u>	<u>28,836,291</u>	<u>37,704,918</u>
<u>Financial Liabilities</u>			
Trade payables	5,018,286	8,021,096	13,039,382
Other payables and accruals	-	276,046	276,046
Dividend payable	-	5,000,000	5,000,000
Hire purchase payables	-	9,576	9,576
Term loan	-	1,570,883	1,570,883
	<u>5,018,286</u>	<u>14,877,601</u>	<u>19,895,887</u>
Net financial assets	3,850,341	13,958,690	17,809,031
Less: Net financial assets denominated in the entity's functional currency	-	(13,958,690)	(13,958,690)
Currency exposure	<u>3,850,341</u>	<u>-</u>	<u>3,850,341</u>

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	Thal Baht RM	United States Dollar RM	Ringgit Malaysia RM	Total RM
31.7.2016				
Financial Assets				
Trade receivables	-	1,082,442	15,395,169	16,477,611
Other receivables and deposits	-	-	844,977	844,977
Fixed deposit with a licensed bank	-	-	5,283,217	5,283,217
Cash and bank balances	-	11,113,546	3,056,501	14,170,047
	-	12,195,988	24,579,864	36,775,852
Financial Liabilities				
Trade payables	122,246	1,539,932	20,777,805	22,439,983
Other payables and accruals	-	-	879,004	879,004
Term loan	-	-	1,424,588	1,424,588
	122,246	1,539,932	23,081,397	24,743,575
Net financial (liabilities)/assets	(122,246)	10,656,056	1,498,467	12,032,277
Less: Net financial assets denominated in the entity's functional currency	-	-	(1,498,467)	(1,498,467)
Currency exposure	(122,246)	10,656,056	-	10,533,810

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Effects On Profit After Taxation					
United States Dollar:-					
USD/RM - strengthened by 5%	4,629	79,387	(18,007)	144,388	404,930
- weakened by 5%	(4,629)	(79,387)	18,007	(144,388)	(404,930)
Thai Baht:-					
THB/RM - strengthened by 5%	-	-	-	-	(4,645)
- weakened by 5%	-	-	-	-	4,645
Effects On Equity					
United States Dollar:-					
USD/RM - strengthened by 5%	4,629	79,387	(18,007)	144,388	404,930
- weakened by 5%	(4,629)	(79,387)	18,007	(144,388)	(404,930)
Thai Baht:-					
THB/RM - strengthened by 5%	-	-	-	-	(4,645)
- weakened by 5%	-	-	-	-	4,645

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 26.1(c) to the financial statements.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. FINANCIAL INSTRUMENTS (CONT'D)**

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade receivable and other receivable. The Group manages its exposure to credit risk by the application of credit limits and monitoring procedures on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivable as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposure, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit Risk Concentrates Profile

The Group's major concentration of credit risk at the end of the reporting period is as follows:

	Audited 2013	Audited As at 31 December 2014	Audited 2015	Audited As at 31 July 2015	Audited 2016
Number of customers	3	3	2	3	2
Percentage over total trade receivable	83%	62%	73%	69%	65%

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

(ii) Exposure to Credit Risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Ageing Analysis

The ageing analysis of the Group's trade receivables as at end of the reporting period is as follows:-

	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
31.12.2013			
Not past due	4,468,997	-	4,468,997
Past due			
- less than 3 months	271,708	-	271,708
- 3 to 6 months	185,548	-	185,548
- over 6 months	2,046,189	-	2,046,189
	6,972,442	-	6,972,442
31.12.2014			
Not past due	10,484,854	-	10,484,854
Past due			
- less than 3 months	1,567,894	-	1,567,894
- 3 to 6 months	2,265,897	-	2,265,897
- over 6 months	2,226,639	-	2,226,639
	16,545,284	-	16,545,284
31.12.2015			
Not past due	6,883,271	-	6,883,271
Past due			
- less than 3 months	385,784	-	385,784
- 3 to 6 months	33,357	-	33,357
- over 6 months	879,809	-	879,809
	8,182,221	-	8,182,221

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Exposure to Credit Risk (Cont'd)

Ageing Analysis (Cont'd)

	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
31.7.2015			
Not past due	11,392,467	-	11,392,467
Past due			
- less than 3 months	6,362,209	-	6,362,209
- 3 to 6 months	1,620,755	-	1,620,755
- over 6 months	1,640,198	-	1,640,198
	21,015,629	-	21,015,629
31.7.2016			
Not past due	15,128,325	-	15,128,325
Past due			
- less than 3 months	713,745	-	713,745
- 3 to 6 months	241,865	-	241,865
- over 6 months	393,676	-	393,676
	16,477,611	-	16,477,611

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	> 5 Years RM
31.12.2013							
Trade payables	-	8,063,536	8,063,536	8,063,536	-	-	-
Other payables and accruals	-	403,624	403,624	403,624	-	-	-
Amount owing to directors	-	239,268	239,268	239,268	-	-	-
Hire purchase payables	5.91	96,308	101,278	57,876	43,402	-	-
Term loan	4.40	1,791,288	2,609,418	150,543	150,543	451,630	1,856,702
		10,594,024	11,417,124	8,914,847	193,945	451,630	1,856,702
31.12.2014							
Trade payables	-	7,744,094	7,744,094	7,744,094	-	-	-
Other payables and accruals	-	379,789	379,789	379,789	-	-	-
Hire purchase payables	5.91	42,434	43,402	43,402	-	-	-
Term loan	4.40	1,657,681	2,458,875	150,543	150,543	451,630	1,706,159
		9,823,998	10,626,160	8,317,828	150,543	451,630	1,706,159

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM	> 5 Years RM
31.12.2015							
Trade payables	-	19,916,912	19,916,912	19,916,912	-	-	-
Other payables and accruals	-	1,718,028	1,718,028	1,718,028	-	-	-
Term loan	4.65	1,508,221	2,308,332	150,543	150,543	451,630	1,555,616
		23,143,161	23,943,272	21,785,483	150,543	451,630	1,555,616
31.7.2015							
Trade payables	-	13,039,382	13,039,382	13,039,382	-	-	-
Other payables and accruals	-	276,046	276,046	276,046	-	-	-
Dividend payable	-	5,000,000	5,000,000	5,000,000	-	-	-
Hire purchase payables	5.91	9,576	9,641	9,641	-	-	-
Term loan	4.65	1,570,883	2,321,787	150,543	150,543	451,630	1,569,071
		19,895,887	20,646,856	18,475,612	150,543	451,630	1,569,071
31.7.2016							
Trade payables	-	22,439,983	22,439,983	22,439,983	-	-	-
Other payables and accruals	-	879,004	879,004	879,004	-	-	-
Term loan	-	1,424,588	2,090,668	150,543	150,543	451,630	1,337,952
		24,743,575	25,409,655	23,469,530	150,543	451,630	1,337,952

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.2 CAPITAL RISK MANAGEMENT

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on the debt-to-equity ratio that complies with covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total borrowings from financial institutions.

There was no change in the Group's approach to capital management during the financial year.

26.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Audited 2013 RM	Audited As at 31 December 2014 RM	Audited 2015 RM	Audited As at 31 July 2015 RM	Audited 2016 RM
Financial asset					
<u>Loans and receivables</u>					
<u>financial assets</u>					
Trade receivables	6,972,442	16,545,284	8,182,221	21,015,629	16,477,611
Other receivables and deposits	169,580	150,645	676,706	209,502	844,977
Fixed deposits with licensed banks	9,380,698	6,038,047	6,198,167	6,034,414	5,283,217
Cash and bank balances	1,073,900	848,803	3,905,474	10,445,373	14,170,047
	<u>17,596,620</u>	<u>23,582,779</u>	<u>18,962,568</u>	<u>37,704,918</u>	<u>36,775,852</u>
Financial liability					
<u>Other financial liabilities</u>					
Trade payables	8,063,536	7,744,094	19,916,912	13,039,382	22,439,983
Other payables and accruals	403,624	379,789	1,718,028	276,046	879,004
Amount owing to directors	239,268	-	-	-	-
Dividend payable	-	-	-	5,000,000	-
Hire purchase payables	96,308	42,434	-	9,576	-
Term loan	1,791,288	1,657,681	1,508,221	1,570,883	1,424,588
	<u>10,594,024</u>	<u>9,823,998</u>	<u>23,143,161</u>	<u>19,895,887</u>	<u>24,743,575</u>

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
31.12.2013								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	101,278	-	101,278	96,308
Term loans	-	-	-	-	1,791,288	-	1,791,288	1,791,288
31.12.2014								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	43,402	-	43,402	42,434
Term loans	-	-	-	-	1,657,681	-	1,657,681	1,657,681
31.12.2015								
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	1,508,221	-	1,508,221	1,508,221
31.7.2015								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	9,641	-	9,641	9,576
Term loans	-	-	-	-	1,570,883	-	1,570,883	1,570,883
31.07.2016								
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	1,424,588	-	1,424,588	1,424,588

12. ACCOUNTANTS' REPORT (Cont'd)**HLT GLOBAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. FINANCIAL INSTRUMENTS (CONT'D)****26.4 FAIR VALUE INFORMATION (CONT'D)**

- (a) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using the interest rates for similar instruments at the end of the reporting period/year. The interest rates used to discount the estimated cash flows are as follows:-

	Audited		Audited		Audited		Audited	
	2013	As at 31 December 2014	2015	As at 31 July 2015	2016	As at 31 July 2016	%	%
Hire purchase payables	5.91	5.91	-	5.91	-	-		
Term loans	4.40	4.65	4.65	4.65	4.65	4.52		

- (b) In regard to financial instruments carried at fair value, there were no transfer between level 1 and level 2 during the financial period/year.

27. SIGNIFICANT EVENTS DURING/SUBSEQUENT TO THE FINANCIAL PERIOD

On 28 December 2015, HLT Global entered into a conditional Share Sale Agreement with the Vendors of HL Advance to acquire the entire issued and paid-up share capital of HL Advance of RM400,000 comprising 400,000 ordinary shares of RM1.00 each for a purchase consideration of RM22,432,990 which will be wholly satisfied by the issuance of 224,329,900 new Shares at an issue price of RM0.10 per Share.

The purchase consideration of HL Advance of RM22,432,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA position of HL Advance as at 31 July 2015 of RM22,434,029. The purchase consideration represents a price to book ratio of approximately 1.0 time. The Acquisition of HL Advance was completed on 20 October 2016 and HL Advance became a wholly-owned subsidiary of the Company.

12. ACCOUNTANTS' REPORT (Cont'd)

HLT GLOBAL BERHAD

STATEMENT BY DIRECTORS

We, Chan Yoke Chun and Wong Kok Wah, being two of the directors of HLT Global Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 3 to 51 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of HLT Global as of 31 December 2013, 2014 and 2015 and 31 July 2015 and 2016 and of their financial performance and cash flows for the financial year/period ended on that date.

Signed in accordance with a resolution of the directors dated 22 NOV 2016



Chan Yoke Chun



Wong Kok Wah

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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Date: 22 November 2016

The Board of Directors
HLT Global Berhad
Third Floor, No 79 (Room A),
Jalan SS21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan.

Dear Sirs/Madam

**HLT GLOBAL BERHAD ("HLT GLOBAL" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 JULY 2016**

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of HLT Global and its subsidiary, namely HL Advance Technologies (M) Sdn. Bhd. ("HL Advance"), (hereinafter referred to as "HLT Global Group" or "the Group") as at 31 July 2016 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors for inclusion in the Prospectus to be issued in connection with the listing of HLT Global on the ACE Market of Bursa Securities ("the Proposal").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are set out in Note 2 of Appendix A, and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the event or transaction set out in Appendix A of this letter on the Group's financial position as at 31 July 2016.

As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the Company's and HL Advance's financial statements for the financial period ended 31 July 2016, on which audit reports have been published.

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13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)



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

The Board of Directors of HLT Global is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

Our Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

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

The purpose of Pro Forma Consolidated Statements of Financial Position included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines involve performing procedures to assess whether the applicable criteria on the basis used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

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13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)



Our Responsibilities (Cont'd)

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

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

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

We understand that this letter will be used solely for the purpose of inclusion in the Prospectus in connection with the Proposal. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to be "C. H. H.", located to the left of the Crowe Horwath contact information.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

22 November 2016

Kuala Lumpur

A handwritten signature in black ink, appearing to be "Chan Kuan Chee", located to the left of the signature block.

Chan Kuan Chee
Approval No: 2271/10/17 (J)
Chartered Accountant

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (*Cont'd*)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

1. ABBREVIATION

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

1 st Tranche ESOS Options	: 2,000,000 ESOS options with an exercise price of RM0.45 each granted to eligible Directors and employees in conjunction with the Proposal
Acquisition of HL Advance	: Acquisition by HLT Global of the entire issued and paid-up share capital of HL Advance, amounting to RM400,000 comprising 400,000 ordinary shares of RM1.00 each in HL Advance for a total purchase consideration of RM22,432,990 to be satisfied by the issuance of 224,329,900 HLT Global Shares at par
Bursa Securities	: Bursa Malaysia Securities Berhad
ESOS	: Employee share option scheme of HLT Global
FPE 2016	: Financial period from 1 January 2016 to 31 July 2016
HL Advance	: HL Advance Technologies (M) Sdn. Bhd.
HL Advance Shares	: Ordinary share(s) of RM1.00 in HL Advance
HLT Global	: HLT Global Berhad
HLT Global Share(s) or Share(s)	: Ordinary share(s) of RM0.10 in HLT Global
HLT Global Group or Group	: HLT Global and HL Advance collectively
IPO	: Initial public offering of, amongst others, the Issue Shares in conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of HLT Global on the ACE Market of Bursa Securities
Issue Price	: The issue price of RM0.45 for each Issue Share
Issue Share(s)	: 39,591,000 new HLT Global Shares, representing approximately 15% of the enlarged issued and paid-up share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of the Prospectus

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A**HLT GLOBAL BERHAD AND ITS SUBSIDIARY****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016****1. ABBREVIATION (CONT'D)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

MITI	:	Ministry of International Trade and Industry
NA	:	Net assets
N/A	:	Not applicable
Prospectus	:	The Prospectus relation to the IPO
Public Issue	:	Public issue of 39,591,000 new HLT Global Shares at the Issue Price comprising:-
		(a) 13,199,000 new HLT Global Shares made available for application by the Malaysian Public; and
		(b) 26,392,000 new HLT Global Shares made available for application by the Bumiputera investors approved by the MITI via private placement.
RM and sen	:	Ringgit Malaysia and sen, respectively the lawful currency of Malaysia
Vendors	:	Collectively, Chan Yoke Chun and Wong Kok Wah in relation to the Acquisition of HL Advance

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

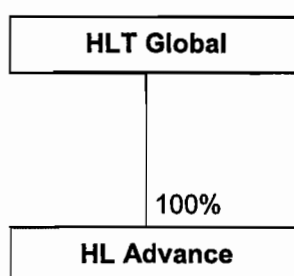
HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

2. PRO FORMA GROUP AND BASIS OF PREPARATION

2.1 Pro forma Group

The pro forma structure of HLT Global Group is as follows:-



2.2 Basis of Preparation

The Pro Forma Consolidated Statements of Financial Position have been prepared on the basis stated in the notes described below using the audited financial statements of HLT Global and HL Advance as at 31 July 2016 prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the accounting policies of HLT Global and HL Advance except for the adoption of the new accounting policies for the FPE 2016 as follows:-

(a) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A**HLT GLOBAL BERHAD AND ITS SUBSIDIARY****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016****2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)****2.2 Basis of Preparation (Cont'd)****(a) Merger Accounting for Common Control Business Combinations (Cont'd)**

When the merger method is used, the cost of investment in the Company's accounts is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets and liabilities of the former subsidiary and any non-controlling interests.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

2.2 Basis of Preparation (Cont'd)

(d) Loss of Control (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The financial statements of HLT Global and HL Advance for the FPE 2016 were not subject to any audit qualification or modification. All amounts are presented in RM.

The Pro Forma Consolidated Statements of Financial Position is compiled using the audited financial statements prepared in accordance with MFRSs as well as in a manner consistent with both the format of the audited financial statements and accounting policies of HLT Global and HL Advance for the FPE 2016.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

2.2 Basis of Preparation (Cont'd)

The results of HLT Global and HL Advance were consolidated using the merger method as these companies were under common control by the same parties both before and after the Acquisition of HL Advance, and control is not transitory. When the merger method is used, the difference between the cost of investments recorded by HLT Global and the nominal value of the shares acquired in HL Advance is accounted for as merger deficit in the Pro Forma Consolidated Statements of Financial Position, as follows:-

	RM'000
Cost of investments	22,433
Less: Nominal value of shares acquired in HL Advance	(400)
	<hr/>
Merger deficit	22,033
	<hr/>

The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the IPO and inter-related transactions, had they been implemented and completed on 31 July 2016, for inclusion in the prospectus of HLT Global in connection with the Proposal.

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not be reflective of HLT Global Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of HLT Global Group.

2.3 The Acquisition and Listing Scheme

HLT Global Group seeks a listing on the ACE Market of Bursa Securities. The details of the acquisition and listing scheme are as follows:-

(i) Acquisition of HL Advance

On 28 December 2015, HLT Global entered into a conditional Share Sale Agreement with the Vendors of HL Advance to acquire the entire issued and paid-up share capital of HL Advance of RM400,000 comprising 400,000 ordinary shares of RM1.00 each for a purchase consideration of RM22,432,990 which will be wholly satisfied by the issuance of 224,329,900 new Shares at an issue price of RM0.10 per Share.

The purchase consideration of HL Advance of RM22,432,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA position of HL Advance as at 31 July 2015 of RM22,434,029. The purchase consideration represents a price to book ratio of approximately 1.0 time. The Acquisition of HL Advance was completed on 20 October 2016 and HL Advance became a wholly-owned subsidiary of the Company.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

2.3 The Acquisition and Listing Scheme (Cont'd)

(ii) Listing Scheme of HLT Global

Public issue of 39,591,000 new HLT Global Shares at the Issue Price comprising:-

- (a) 13,199,000 new HLT Global Shares made available for application by the Malaysian Public; and
- (b) 26,392,000 new HLT Global Shares made available for application by the Bumiputera investors approved by the MITI via private placement.

Offer for sale by the Vendors of 34,309,000 HLT Global Shares ("Offer Shares") at the Issue Price comprising:-

- (a) 2,000,000 Offer Shares made available for application by the eligible Directors and employees of the HLT Global Group; and
- (b) 32,309,000 Offer Shares made available for selected investors via private placement.

The offer for sale will not have any financial impact to the Pro Forma Consolidated Statements of Financial Position.

(iii) ESOS

Granting of 2,000,000 ESOS options to eligible Directors and employees under the 1st Tranche ESOS Options with an exercise price of RM0.45 each.

(iv) Listing on Bursa Securities

The admission of HLT Global to the official list of Bursa Securities, and the entire enlarged issued and paid-up share capital of HLT Global of RM26,392,100 comprising 263,921,000 HLT Global Shares shall be listed and quoted on the ACE Market of Bursa Securities upon completion of the IPO.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF HLT GLOBAL GROUP AS AT 31 JULY 2016

	Acquisition of HL Advance		Pro Forma I After Acquisition of HL Advance	Pro Forma II After Pro Forma I and Public Issue	Granting of 1st Tranche ESOS Options	Pro Forma III After Pro Forma II and Granting of 1st Tranche ESOS Options	Utilisation of Proceeds	Pro Forma IV After Pro Forma III and Utilisation of Proceeds	Full Exercise of 1st Tranche ESOS Options	Pro Forma V After Pro Forma IV and Full Exercise of 1st Tranche ESOS Options
	Statement of Financial Position of HL Advance	Acquisition Adjustments								
ASSETS										
NON-CURRENT ASSET										
Property, plant and equipment	-	6,062	6,062	6,062	6,062	6,062	10,500	16,562	16,562	16,562
TOTAL NON-CURRENT ASSET	-	6,062	6,062	6,062	6,062	6,062	10,500	16,562	16,562	16,562
CURRENT ASSETS										
Inventories	-	4,242	4,242	4,242	4,242	4,242	-	4,242	4,242	4,242
Amount owing by contract customers	-	19,441	19,441	19,441	19,441	19,441	-	19,441	19,441	19,441
Trade receivables	-	16,478	16,478	16,478	16,478	16,478	-	16,478	16,478	16,478
Other receivables, deposits and prepayments	1,226	1,024	2,250	2,250	2,250	2,250	-	2,250	2,250	2,250
Amount owing by HLT Global	-	896	-	-	-	-	-	-	-	-
Tax recoverable	-	169	169	169	169	169	-	169	169	169
Fixed deposit with licensed banks	-	5,283	5,283	5,283	5,283	5,283	-	5,283	5,283	5,283
Cash and bank balances	-	14,170	14,170	31,986	31,986	31,986	(12,900)	19,086	19,986	19,986
TOTAL CURRENT ASSETS	1,226	61,703	62,933	79,849	79,849	79,849	66,949	66,949	67,849	67,849
TOTAL ASSETS	1,226	67,765	68,995	85,911	85,911	85,911	83,511	83,511	84,411	84,411

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF HLT GLOBAL GROUP AS AT 31 JULY 2016 (CONT'D)

	Acquisition of HL Advance					Pro Forma I After HL Advance RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Granting of 1st Tranche ESOS Options RM'000	Pro Forma III After Pro Forma II and Granting of 1st Tranche ESOS Options RM'000	Utilisation of Proceeds RM'000	Pro Forma IV After Pro Forma III and Utilisation of Proceeds RM'000	Full Exercise of 1st Tranche ESOS Options RM'000	Pro Forma V After Pro Forma IV and Full Exercise of 1st Tranche ESOS Options RM'000
	As at 31 July 2016 RM'000	Statement of Financial Position of HL Advance RM'000	Acquisition Adjustments RM'000	Pro Forma I After HL Advance RM'000	Public Issue RM'000								
EQUITY AND LIABILITIES													
EQUITY													
Share capital	*	400	22,033	22,433	3,959	26,392		26,392		26,392	200	26,592	
Share premium	-	-	-	-	13,857	13,857		13,857	(792)	13,065	1,005	14,070	
Share option reserve	-	-	(22,033)	(22,033)	-	-	305	305		305	(305)	-	
Merger deficit	-	-	-	(22,033)	(22,033)	(22,033)		(22,033)		(22,033)		(22,033)	
Retained profits	(61)	35,138		35,077	35,077	35,077	(305)	34,772	(1,608)	33,164		33,164	
TOTAL EQUITY	(61)	35,538		35,477	53,293	53,293		53,293		50,893		51,793	
NON-CURRENT LIABILITY													
Term loans	-	1,349		1,349	1,349	1,349		1,349		1,349		1,349	
TOTAL NON-CURRENT LIABILITIES	-	1,349		1,349	1,349	1,349		1,349		1,349		1,349	
CURRENT LIABILITIES													
Amount owing to contract customers	-	7,874		7,874	7,874	7,874		7,874		7,874		7,874	
Trade payables	-	22,440		22,440	22,440	22,440		22,440		22,440		22,440	
Other payables and accruals	391	488		879	879	879		879		879		879	
Amount owing to HL Advance	896	-	(896)	-	-	-		-		-		-	
Term loan	-	76		76	76	76		76		76		76	
TOTAL CURRENT LIABILITIES	1,287	30,878		31,269	31,269	31,269		31,269		31,269		31,269	
TOTAL LIABILITIES	1,287	32,227		32,618	32,618	32,618		32,618		32,618		32,618	
TOTAL EQUITY AND LIABILITIES	1,226	67,765		68,095	85,911	85,911		85,911		83,511		84,411	
No. of ordinary shares in issue ('000)	^A	224,330		224,330	263,921	263,921		263,921		263,921		265,921	
NA (RM'000)	(61)			35,477	53,293	53,293		53,293		50,893		51,793	
NA per share (RM)	(610)			0.16	0.20	0.20		0.20		0.19		0.19	

* - Represent RM10

^A - Represent 100 Shares

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2016

3.1 Pro Forma I

Pro Forma I incorporates the effects of the Acquisition of HL Advance as set out in Section 2.3(i) above.

3.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and effect of the Public Issue as set out in Section 2.3(ii) above.

3.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma I, II and effect of the ESOS as set out in Section 2.3(iii) above.

3.4 Pro Forma IV

Pro Forma IV incorporates the effects of Pro Forma I, II, III and the utilisation of the proceeds from the Public Issue.

The proceeds from the Public Issue will be utilised as follows:-

	RM'000	%	Estimated time frame for utilisation from the listing date
Capital expenditure	9,000	50.52	Within 24 months
Research and development ^	1,500	8.42	Within 18 months
Working capital	4,916	27.59	Within 6 months
Estimated listing expenses *	2,400	13.47	Immediate
	<u>17,816</u>	<u>100.00</u>	

Note:

^ - The RM1.50 million allocated for research and development is earmarked for the investment in related equipment and software including, inter-alia, simulation software, infrared thermometer, optic system and thermal oil flow meter.

* - The estimated listing expenses arising from the issuance of new HLT Global Shares pursuant to the IPO amounting to approximately RM792,000 is to be written off against the share premium under Section 60 of the Companies Act 1965, Malaysia and the remaining estimated listing expenses of approximately RM1,608,000 will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the IPO.

3.5 Pro Forma V

Pro Forma V incorporates the effects of Pro Forma I, II, III, IV and effect of the full exercise of 1st Tranche ESOS Options.

13. REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Cont'd)

APPENDIX A

HLT GLOBAL BERHAD AND ITS SUBSIDIARY

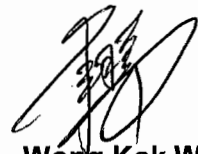
APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 22 NOV 2016

On behalf of the Board of Directors,



Chan Yoke Chun



Wong Kok Wah

14. DIRECTORS' REPORT



HLT GLOBAL BERHAD (1163324-H)

No. 6, Jalan Industri Mas 7, Taman Mas, 47130 Puchong, Selangor Darul Ehsan, Malaysia

Tel : 03-8068 3616, 03-8062 3612, 03-8063 2612 Fax : 03-8068 4618

Email : enquiry@hladvance.com

Registered Office:

Third Floor, No. 79 (Room A)

Jalan SS21/60

Damansara Utama

47400 Petaling Jaya

Selangor Darul Ehsan

Date: 09 DEC 2016

To: The Shareholders of **HLT Global Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of HLT Global Berhad ("**HLT Global**" or the "**Company**"), I report, after due inquiry, that during the period from 31 July 2016 (being the date to which the last audited financial statements of HLT Global and its subsidiary have been made up) to the date of this letter (being a date not earlier than 14 days before the issue of this Prospectus):-

- (a) in the opinion of the Directors, the business of the Company and its subsidiary (the "**Group**") has been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of HLT Global and its subsidiary which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the Group;
- (e) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings, since the last audited financial statements of HLT Global and its subsidiary; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited financial statements of HLT Global and its subsidiary.

Yours faithfully,

For and on behalf of the Board of Directors of
HLT GLOBAL BERHAD

A handwritten signature in black ink, appearing to read 'Chan Yoke Chun'.

CHAN YOKE CHUN

Executive Director / Chief Executive Officer

15. ESOS BY-LAWS**HLT GLOBAL BERHAD
BY-LAWS OF THE ESOS****1. DEFINITIONS AND INTERPRETATIONS**

1.1 In these By-Laws, unless otherwise specified, the following definitions shall, where the context so admits, be deemed to have the following meanings:

“Act”	:	Companies Act, 1965 as amended from time to time
“Adviser”	:	A person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007 to act as a Principal Adviser as defined in the Securities Commission’s Principal Adviser Guidelines
“Articles”	:	Articles of Association of the Company, as amended from time to time
“Auditor”	:	An approved company auditor as defined in Section 8 of the Act, of the Company for the time being or such other external auditors as may be nominated by the Board
“Board”	:	The Board of Directors of the Company for the time being
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“By-Laws”	:	The terms and conditions of the Scheme (as may be amended from time to time and to be adopted pursuant to By-Law 17)
“CDS”	:	A Central Depository System governed under the Central Depositories Act, as amended from time to time
“CDS Account”	:	An account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
“Central Depositories Act”	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time
“Date of Allocation”	:	A date to be determined by the ESOS Committee to be the date on which an Employee is deemed eligible to participate in the Scheme
“Date of Commencement”	:	The date of commencement of the Scheme being the date of full compliance with all relevant requirements as stated in By-Law 20
“Date of Expiry”	:	The last day of an Option Period
“Date of Offer”	:	The date of the Offer Letter, as described in By-Law 5.3, being the date on which a Selected Person is deemed to have been notified of an Offer by the ESOS Committee
“Director”	:	A natural person who holds a directorship in an executive or non-executive capacity in the Group;
“Duration of the Scheme”	:	The duration of the Scheme as defined in By-Law 20 and includes any extension or renewal thereof
“Eligible Person”	:	Any Employee or Director of HLT Global Group satisfying the conditions stipulated in By-Law 3
“Employee”	:	Any person who is employed by any corporation of the Group and is on the payroll of the Group

15. ESOS BY-LAWS (Cont'd)

“Entitlement Date”	:	The date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or other distributions
“ESOS Committee”	:	The committee comprising such persons as may be appointed and duly authorised by the Board, to administer the Scheme in accordance with the provisions of By-Law 16
“Grantee”	:	A Selected Person who has accepted the Offer in accordance with the provisions of By-Law 6
“HLT Global” or “Company”	:	HLT Global Berhad (Company No.: 1163324-H)
“HLT Global Group” or “Group”	:	The Company and its subsidiaries incorporated in Malaysia as defined in Section 5 of the Act (excluding subsidiaries which are dormant) and any subsidiary incorporated or acquired at any time during the tenure of the Scheme and where the context so requires, any one of them
“IPO”	:	Initial public offering of the Shares
“IPO ESOS Grant”	:	An Option which is granted as part of the listing proposal of HLT Global prior to the consummation of the IPO, on terms that the exercise of the said Option is conditional upon consummation of the listing of and quotation for the entire issued and paid-up share capital of HLT Global on the ACE Market of Bursa Securities
“Listing Requirements”		ACE Market Listing Requirements of Bursa Securities including any amendments which may be made from time to time
“Market Day”	:	Any day between Monday and Friday, both days inclusive, which is a trading day on Bursa Securities
“Maximum Allowable Allotment”	:	The maximum aggregate number of new Shares in respect of which Offers may be made in accordance with the provisions of By-Law 4 to a Selected Person to participate in the Scheme
“Offer”	:	An offer made by the ESOS Committee as set out in By-Law 5 to a Selected Person
“Option”	:	The right of a Grantee to subscribe for new Shares at the Subscription Price and where the context so requires, means any part of the Option as shall remain unexercised
“Option Period”	:	The period during which an Option may be exercised as may be specified in the Offer
“Persons Connected”	:	Has the same meaning as that assigned to “Person Connected” in paragraph 1.01 of the Listing Requirements
“Rules of Bursa Depository”	:	The rules of Bursa Depository, as issued pursuant to the Central Depositories Act
“Scheme”	:	HLT Global Group Employee Share Option Scheme established by the By-Laws hereto for the grant of Options to Selected Person to subscribe for new Shares
“Selected Person”	:	An Eligible Person to whom an Offer is being made pursuant to By-Law 5
“Share(s)” or “HLT Global Share(s)”	:	Ordinary share(s) of RM0.10 each in the Company

15. ESOS BY-LAWS (Cont'd)

“Subscription Price” : The price at which the Grantee shall be entitled to subscribe for a new Share as set out in By-Law 7

1.2 In these By-Laws-

- (a) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and any Listing Requirements, policies and/or guidelines of Bursa Securities and/or other relevant authorities respectively (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or other relevant authorities);
- (b) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the Date of Expiry and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) words importing the singular meaning where the context so admits include the plural meaning and vice versa;
- (d) words of the masculine gender include the feminine gender and all such words shall be construed interchangeably in that manner;
- (e) any liberty or power which may be exercised or any determination which may be made hereunder by the Board or the ESOS Committee may be exercised at the Board's or ESOS Committee's discretion;
- (f) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and
- (g) headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 2.1 The maximum number of new Shares which may be made available under the Scheme shall be up to ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) at the point in time when an Offer is made. The Company will for the Duration of the Scheme make available sufficient number of new Shares in the unissued share capital of the Company to satisfy all subsisting Options which may be exercisable from time to time.
- 2.2 Notwithstanding the provisions of By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of ten percent (10%) of the issued and paid-up share capital of the Company (excluding treasury shares) as a result of the Company purchasing its own Shares in accordance with the provisions of Section 67A of the Act or any other corporate proposal and thereby diminishing its issued and paid-up share capital, then such Options granted prior to the adjustment of the issued and paid-up share capital of the Company shall remain valid and exercisable in accordance with the provisions of the Scheme. However in such a situation, the Company shall not make any more new Offers until the total number of Shares under the subsisting Options including Shares that have been issued under the Scheme falls below ten percent (10%) of the Company's issued and paid-up share capital (excluding treasury shares).

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15. ESOS BY-LAWS (Cont'd)

3. ELIGIBILITY

- 3.1 Any Employee or Director of the HLT Global Group shall be eligible to participate in the Scheme and qualify for selection by the ESOS Committee, if, as at the Date of Allocation (where applicable):-
- (a) such Employee or Director has attained the age of eighteen (18) years;
 - (b) such Employee or Director has been employed on a full time basis and is on the payroll of any corporation within the HLT Global Group and his employment has been confirmed; or
 - (c) such Employee is serving in a specific designation under an employment contract for a fixed duration of at least six (6) months, including service during the probation period;
 - (d) such Director has been appointed as a Director for a period of at least six (6) months;
 - (e) such Employee or Director is not a participant of any other employee share option scheme implemented by any company within the HLT Global Group which is in force for the time being; and
 - (f) in the case of a Director or Employee (who is the chief executive or a major shareholder of HLT Global) and Persons Connected with them, the specific allocation of new Shares to such Director, Employee or Persons Connected with them under the Scheme has been approved by the shareholders of HLT Global at a general meeting PROVIDED ALWAYS THAT the Director, Employee and Person Connected to them shall not have voted on the resolution approving the said allocation.
- 3.2 Eligibility, however, does not confer on an Eligible Person a claim or right to participate in the Scheme unless the ESOS Committee has made an offer to the Eligible Person under By-Law 5 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 3.3 No Director or senior management shall participate in the deliberation and discussion of their own respective allocations.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT OF SHARES

- 4.1 Subject to any adjustments which may be made under By-Law 14, the aggregate number of Shares comprised in the Options to be offered to a Selected Person in accordance with the Scheme shall be determined at the discretion of the ESOS Committee after taking into consideration the Selected Person's performance, position, seniority and the number of years in service subject to the following:
- (a) that the number of Options made available under the Scheme shall not exceed the amount stipulated in By-Law 2.1; and
 - (b) that not more than ten percent (10%) of the Shares available under the Scheme at the point in time when an Offer is made be granted to any individual Selected Person who, either singly or collectively through Persons Connected with him, holds twenty per cent (20%) or more in the issued and paid-up share capital (excluding treasury shares) of the Company.
- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out the basis of allocation, identifying the category or grade of the Employee and the Maximum Allowable Allotment for the Eligible Person.
- 4.3 Any Selected Person who holds more than one position within the Group and by holding such positions such Selected Person is in more than one category, such Selected Person shall only be entitled to the Maximum Allowable Allotment of any one category. The ESOS Committee shall be entitled at its discretion to determine the applicable category.

15. ESOS BY-LAWS (Cont'd)

4.4 In the event that a Selected Person is promoted, the Maximum Allowable Allotment corresponding to the category of Employee which such Selected Person falls within as at the Date of Allocation shall apply, subject always to the maximum number of Shares as stipulated under By-Law 2.1.

5. OFFER

5.1 Subject to and in accordance with the provisions of these By-Laws, the ESOS Committee may at its discretion at any time from the Date of Commencement offer Options to a Selected Person based on the basis of allotment as set forth in By-Law 4.

5.2 The actual number of new Shares which may be offered to a Selected Person shall be at the discretion of the ESOS Committee but shall not be more than the Maximum Allowable Allotment as set out in By-Law 4.

5.3 The ESOS Committee will in its offer document ("Offer Letter") to a Selected Person state, inter alia, the number of Shares that can be subscribed under the Offer, the Subscription Price determined in accordance with the provisions of By-Law 7, the closing date for acceptance of the Offer and the manner and conditions of exercise of the Options. The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Selected Person or the Selected Person ceasing to be an Eligible Person for any reason whatsoever prior to the acceptance of the Offer by the Selected Person in the manner set out in By-Law 6 hereof.

5.4 Nothing herein shall prevent the ESOS Committee from making more than one Offer during the Duration of the Scheme to a Selected Person Provided Always that the total aggregate number of Options offered to any Selected Person including Options which have been exercised, if any, shall not exceed the Maximum Allowable Allotment.

5.5 The Company shall keep and maintain at its expense a register of Grantees as required under section 68A of the Act.

5.6 The Company shall, on the date of the Offer, announce the following to Bursa Securities upon the Options offered under the Scheme:

- (a) date of offer;
- (b) subscription price of options offered;
- (c) number of options offered;
- (d) market price of its securities on the date of the offer;
- (e) number of options offered to each director, if any; and
- (f) vesting period of the options offered.

5.7 Offers with respect of Options granted under the IPO ESOS Grant shall be made prior to the consummation of the IPO and on terms that exercise of the said Options are conditional upon consummation of the listing of and quotation for the entire issued and paid-up share capital of HLT Global on the ACE Market of Bursa Securities. Offers in relation to Options not comprising of the IPO ESOS Grant may thereafter be made from time to time as the Board may determine in its discretion.

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15. ESOS BY-LAWS (Cont'd)

6. ACCEPTANCE OF OFFER

- 6.1 An Offer made by the ESOS Committee under By-Law 5 shall be valid for a period of twenty one (21) calendar days from the Date of Offer or such longer period as may be determined by the ESOS Committee and may be accepted within this prescribed period by the Selected Person to whom the Offer is made by a notice (in a format to be prescribed by the ESOS Committee) to the ESOS Committee of such acceptance accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) as consideration for the grant of the Option.
- 6.2 If the Offer is not accepted in the manner aforesaid within the prescribed period of twenty one (21) calendar days from the Date of Offer or such longer period as may be determined by the ESOS Committee, such Offer shall upon the expiry of the said prescribed period, automatically lapse and be null and void and be of no further force and effect, and the new Shares comprised in the Options may at the discretion of the ESOS Committee be re-offered to Eligible Persons.

7. SUBSCRIPTION PRICE

The price at which the Grantee is entitled to subscribe for each new Share:

- (a) In respect of a Share subscribed for upon an exercise of an Option which is part of the IPO ESOS Grant, shall be the initial public offering price; and
- (b) In respect of a Share which is not granted as part of the IPO ESOS Grant, shall be determined by the ESOS Committee based on the five (5) day weighted average market price of Shares immediately preceding the Date of Offer of the Option, with a potential discount of not more than ten percent (10%) in accordance with any prevailing guideline issued by Bursa Securities or any other relevant authorities as may be amended from time to time, or at the par value of HLT Global Shares (or such other par value as may be permitted by the Act), whichever is higher. The Subscription Price as determined by the ESOS Committee shall be conclusive and binding on the Grantees.

8. NON-ASSIGNABLE

An Option is personal to the Grantee. Save and except as provided in By-Law 18.4, an Option shall be non-assignable and non-transferable.

9. EXERCISE OF OPTION

- 9.1 An Option granted to a Grantee under the Scheme, subject to the provisions of By-Law 18, is exercisable by that Grantee during his lifetime within the Option Period. All unexercised Options shall become null and void after the Date of Expiry.
- 9.2 Upon acceptance of an Offer, the Grantee may during the Option Period exercise his Options at such time and in such manner and subject to such conditions as stipulated in the Offer Letter.
- 9.3 The Grantee shall notify the Company of his intention to exercise an Option in such form and manner as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"). The Grantee shall, simultaneously with his exercise of the Option (or within such period as the ESOS Committee may prescribe), forward to the Company a remittance for the full amount of the subscription monies for the new Shares in respect of which the Notice of Exercise is given. An Option may be exercised in such manner and subject to such conditions as stipulated in the Offer Letter in respect of such lesser number of new Shares as the Grantee may decide to exercise. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Shares, if any, which he is entitled to subscribe under the Scheme.

15. ESOS BY-LAWS (Cont'd)

- 9.4 The Grantee shall provide all information as required in the Notice of Exercise and the Company shall within eight (8) Market Days or such period as Bursa Securities may prescribe after the receipt of a valid Notice of Exercise and remittance from the Grantee allot and despatch the notice of allotment for the relevant number of Shares to the Grantee upon and subject to the provisions of the Articles, the Central Depositories Act and the Rules of Bursa Depository. No physical share certificates will be delivered to the Grantee.
- 9.5 Any failure to comply with the foregoing provisions and/or to provide all information as required in the Notice of Exercise or inaccuracy in the information provided shall result in the Notice of Exercise being rejected. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within fourteen (14) calendar days from the date of rejection and the Grantee shall then be deemed not to have exercised his Options.
- 9.6 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right at its discretion by notice to that effect-
- (a) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group and/or the terms and conditions of the Grantee's employment (whether or not such contravention may give rise to a disciplinary proceeding being instituted) to exercise his Option. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of his Option having regard to the nature of the contravention Provided Always that in the event such contravention results in the dismissal or termination of service of such Grantee, the Option shall immediately cease and become null and void without notice, upon pronouncement of the dismissal or termination of service of such Grantee;
- OR
- (b) to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of his Option having regard to the nature of the charges made or brought against such Grantee, Provided Always that-
- (i) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his Option; or
- (ii) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately cease and become null and void without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
- (iii) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, on such exercise.
- 9.7 Each Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of the Option if such issue shall be contrary to any laws, rules and/or regulations of any regulatory body or authorities which may be in force during the Option Period.

10. RIGHTS OF A GRANTEE

- 10.1 The Options shall not carry any right to vote at any general meeting of the Company.

15. ESOS BY-LAWS (Cont'd)

10.2 A Grantee shall not be entitled to any dividends, right or other entitlement on his unexercised Options.

11. RIGHTS ATTACHING TO NEW SHARES

11.1 The new Shares to be allotted and issued upon any exercise of the Options will upon such allotment and issuance, rank *pari passu* in all respects with the then issued and fully paid-up Shares except that the new Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions, the Entitlement Date of which is a date prior to the date of allotment of the new Shares and will be subject to all the provisions of the Articles relating to transfer, transmission and otherwise of the Shares.

11.2 The new Shares allotted and credited into the CDS account would also carry rights to vote at any general meeting of the Company provided that the shareholder is registered on the Entitlement Date to determine the rights to attend and vote at the general meeting.

12. RETENTION PERIOD

12.1 A non-executive director must not sell, transfer or assign the Shares obtained through the exercise of the Options offered to him pursuant to the ESOS within one (1) year from the date of offer of such Options.

12.2 Save and except for By-Law 12.1 above, the new Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer. However, the Grantees are encouraged to hold the Shares as a long-term investment and not for any speculative and/or realisation of immediate gain.

13. TAKEOVER AND COMPULSORY ACQUISITION

In the event of:

- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer (“Offeror”) or any persons acting in concert with the Offeror); or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date,

the ESOS Committee may at its discretion to the extent permitted by law allow the exercise of any unexercised Options (or any part thereof) by the Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that-

- (aa) the date on which the Grantee becomes entitled to exercise the Options or any part thereof is not due or has not occurred; and/or
- (bb) the Option Period has not commenced; and/or
- (cc) other terms and conditions set out in the Offer have not been fulfilled/satisfied.

14. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

14.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, subdivision or consolidation of shares or capital reduction or any other variation of capital-

15. ESOS BY-LAWS (Cont'd)

- (a) the number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option (excluding Options already exercised) (“**Option Shares**”); and/or
- (b) the Subscription Price,

shall be adjusted PROVIDED ALWAYS THAT-

- (i) no adjustment to the Subscription Price shall be made which would result in the new Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such adjustments would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new Shares;
- (ii) on any such adjustment, the resultant Subscription Price, if not an integral multiple of one (1) sen, shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of a larger par value) involve an increase in the Subscription Price or reduce the number of Option Shares that a Grantee is already entitled to;
- (iii) upon any adjustment being made pursuant to these By-Laws, the ESOS Committee shall within thirty (30) days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his legal or personal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of Option Shares;
- (iv) in determining a Grantee’s entitlement to the revised number of Option Shares, any fractional entitlement will be disregarded; and
- (v) if fraction arises upon calculation of the adjusted number of Option Shares, the adjusted number so calculated shall be rounded down to the nearest whole number.

Any adjustments to the Subscription Price and/or the number of Option Shares so far as unexercised other than bonus issue, must be confirmed in writing by the external auditors of the Company or the Company’s Adviser.

Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the number of Option Shares in favour of all Grantees, but it is decided that no adjustments will be made, such decision must be made known to all the Grantees via a timely notice subject to compliance with the Listing Requirements.

14.2 In addition to By-Law 14.1 and not in derogation thereof, the Subscription Price and the number of Option Shares so far as unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with an Auditor and/or Adviser of the Company-

- (a) if and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted and the additional number of Option Shares to be issued shall be calculated in accordance with the following formula:

$$\text{New Subscription Price} = S \times \left[\frac{\text{Revised par value for each Share}}{\text{Original par value for each Share}} \right]$$

Where S = existing Subscription Price

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15. ESOS BY-LAWS (Cont'd)

$$\text{Number of Additional Option Shares} = T \times \left[\frac{\text{Original par value for each Share}}{\text{Revised par value for each Share}} \right] - T$$

Where T = existing number of Option Shares

Each such adjustment will be effective from the commencement of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of new Shares to ordinary shareholders credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the additional number of Option Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Option Shares} = \left[T \times \left[\frac{A + B}{A} \right] \right] - T$$

where:

- A = the aggregate number of issued and fully paid-up Shares on the Entitlement Date immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = existing number of Option Shares.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the Entitlement Date for such issue.

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe new Shares by way of rights; or
 - (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares,

15. ESOS BY-LAWS (Cont'd)

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 14.2(c)(ii) hereof, the number of additional new Option Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Option Shares} = \left[T \times \left[\frac{C}{C - D^*} \right] \right] - T$$

where:

- T = existing number of Option Shares;
- C = the current market price of each Share at the close of business on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (falling any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares by way of rights under By-Law 14.2(c)(ii) above or for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares under By-Law 14.2(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 14.2(c) hereof, the fair market value, as determined by an Auditor and/or Adviser of the Company, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (aa) of D above, the “value of the rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

- C = as C above;
- E = the subscription price for one (1) additional Share under the terms of such offer or invitation or subscription price for one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation;

15. ESOS BY-LAWS (Cont'd)

- F = the number of existing Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into or rights to acquire or subscribe for one (1) additional Share; and
- D* = the value of rights attributable to one (1) Share (as defined below).

For the purpose of definition D* above, the “value of rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:

- C = as C above;
- E* = the subscription price for one (1) additional Share under the terms of such offer or invitation; and
- F* = the number of existing Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of this By-Law 14.2(c) hereof, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (other than an issue falling under By-Law 14.2(b) hereof) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the audited financial statements of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders for any period after as shown in the audited financial statements of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the Entitlement Date for the above transactions.

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.2(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.2(c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.2(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.2(c)(ii) above and the Entitlement Date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the number of additional Options Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Option Shares} = \left[T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] \right] - T$$

15. ESOS BY-LAWS (Cont'd)

B	=	as B above; and
C	=	as C above;
G	=	the aggregate number of issued and fully paid-up Shares on the book closure date;
H	=	the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
H*	=	the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
I	=	the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the subscription price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;
I*	=	the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
T	=	as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the book closure date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.2(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares as provided in By-Law 14.2(c)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional Option Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Shares} = \left[T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] \right] - T$$

where:

C	=	as C above;
G	=	as G above;
H	=	as H above;
H*	=	as H* above;
I	=	as I above;
I*	=	as I* above;

15. ESOS BY-LAWS (Cont'd)

- J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = the subscription price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and
- T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the book closure date for the above transactions.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.2(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.2(c)(ii) above, together with securities convertible into Shares or with rights to acquire or subscribe for Shares as provided in By-Law 14.2(c)(iii) above, and the Entitlement Date for the purpose of the allotment is also the book closure for the purpose of offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional Option Shares to be issued shall be calculated as follows:

$$\text{Number of Additional Option Shares} = \left[T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] \right] - T$$

- B = as B above;
- C = as C above;
- G = as G above;
- H = as H above;
- H* = as H* above;
- I = as I above;
- I* = as I* above;
- J = as J above;
- K = as K above; and
- T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the book closure date for the above transaction.

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15. ESOS BY-LAWS (Cont'd)

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 14.2(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

where:

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purposes of By-Law 14.2(g), the "Total Effective Consideration", which shall be determined by the Board with the concurrence of an auditor and/or Adviser of the Company, shall be:

- (a) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (b) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 14.2(g), the Average Price of a Share shall be the average market price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of the Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

15. ESOS BY-LAWS (Cont'd)

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the offering price of such Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

14.3 The provisions of this By-Law shall not apply where the alteration in the capital structure of the Company arises from:

- (a) the issue of securities as consideration for an acquisition;
- (b) a special issue of new Shares to Bumiputera parties approved by the Ministry of International Trade and Industry, Malaysia and/or other Government authorities to comply with the Government policy on Bumiputera capital participation;
- (c) a special issue, private placement or restricted issue of new Shares by the Company;
- (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to the relevant provision of the Act;
- (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
- (f) an issue of new Shares upon the exercise of Options pursuant to the Scheme;
- (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including Directors, or Employees of the Company or any of its subsidiaries pursuant to purchase or option schemes approved by the Shareholders in general meeting; and
- (h) any issue of Shares by the Company (other than bonus and rights issue) pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding issued and paid-up share capital of the Company pursuant to the provision of Section 132D of the Act.

14.4 Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his legal or personal representatives where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.

14.5 The decision of the ESOS Committee as to whether any adjustment shall be made or not made to the Subscription Price and/or the number of new Option Shares or any portion thereof pursuant to this By-Law 14 is final, binding and conclusive.

15. LISTING AND QUOTATION OF SHARES

15.1 The new Shares to be allotted to the Grantee will not be listed or quoted on Bursa Securities until the Option is exercised in accordance with the provisions of By-Law 9 whereupon the Company shall-

- (a) issue and/or allot the Shares;
- (b) despatch a notice of allotment to the Grantee; and
- (c) apply for the quotation of such Shares;

within eight (8) Market Days after the receipt of the Notice of Exercise and remittance from the Grantee.

15. ESOS BY-LAWS (Cont'd)

- 15.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the Shares or in procuring the Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

16. ADMINISTRATION OF THE SCHEME

- 16.1 The ESOS Committee shall administer the Scheme in such manner as it shall in its discretion deem fit and within such powers and duties as are conferred upon it by the Board including but not limited to the powers to-

(a) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and

(b) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

- 16.2 The Board shall have power from time to time to rescind the appointment of any person in the ESOS Committee and appoint his replacement where the Board deems fit. The ESOS Committee shall be vested such powers and duties as are conferred upon by the Board.

17. AMENDMENT AND/OR MODIFICATION TO THE BY-LAWS

- 17.1 The ESOS Committee may recommend to the Board who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the By-Laws and the Board shall have the power by resolution to add, amend or modify and/or delete all or any of the By-Laws under such recommendation.

- 17.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of these Bylaws **PROVIDED THAT** no addition, amendment or deletion shall be made to these Bylaws which would-

(a) prejudice any rights which have accrued to any Grantee without his prior consent; or

(b) increase the number of new Shares available under the Scheme beyond the maximum imposed by By-Law 2.1; or

(c) alter any matter which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements to the advantage of the Eligible Employees without the prior approval of the shareholders of the Company unless allowed otherwise by the provisions of the Listing Requirements.

The ESOS Committee shall within ten (10) Market Days of any modification and/or amendment made pursuant to this By-Law notify the Grantee in writing of any modification and/or amendment made pursuant to this By-Law.

- 17.3 Upon amending and/or modifying all or any of the provisions of the Scheme, the Company shall submit to the Bursa Securities no later than five (5) Market Days after the effective date of the amendment to the By-Laws, a letter confirming that the said amendment and/or modification complies with the Listing Requirements and Rules of Bursa Depository.

15. ESOS BY-LAWS (Cont'd)

18. TERMINATION OF OPTIONS

18.1 In the event of cessation or termination of employment or appointment of a Grantee with the Group for whatever reason prior to the exercise of his Options or prior to full exercise of his Options, such Option shall cease immediately and become null and void on the date of such cessation or termination without any claim against the Company Provided Always That, subject to the approval of the ESOS Committee in its discretion, where the Grantee ceases his employment or appointment with the Group by reason of-

- (a) his retirement at or after attaining normal retirement age; or
- (b) retirement before that age; or
- (c) ill-health, injury or disability; or
- (d) redundancy; or
- (e) transfer to an associate of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standards Board); or
- (f) divestment of any company from the Group; and/or
- (g) any other reasons which are acceptable to the ESOS Committee,

a Grantee may exercise his unexercised Options for such period as may be determined by the ESOS Committee within the relevant Option Period Provided Always that such exercise shall always be subject to any restriction in the Offer Letter on the maximum percentage of the Grantee's Options that may be exercisable within each year of the Scheme (unless otherwise approved by the ESOS Committee). All unexercised or partially exercised Options of such Grantee shall become null and void after the expiry of such period.

18.2 If a Grantee ceases his employment or appointment with the Group by reason of his resignation, his remaining unexercised Options shall cease with immediate effect and become null and void on the effective date of such cessation. For the avoidance of any doubt, the date of acceptance of a Grantee's resignation by the Group shall be deemed to be the effective date when a Grantee ceases his employment or appointment with the Group.

18.3 An Option shall immediately become void and be of no further force and effect upon the Grantee being adjudicated a bankrupt.

18.4 In the event where a Grantee dies before the expiration of the Option Period and at the time of his death held unexercised Options, such unexercised Options may be exercised by the legal or personal representative(s) of the Grantee after the date of his death provided that such exercise shall be no later than twenty four (24) months thereafter unless otherwise approved by the ESOS Committee Provided Always that such exercise shall always be subject to any restriction in the Offer Letter on the maximum percentage of the Grantee's Options that may be exercisable within each year of the Scheme (unless otherwise approved by the ESOS Committee) and Provided Further That no Option shall be exercised after the expiry of the Option Period. All Options remaining unexercised thereafter shall automatically lapse and become null and void.

18.5 Any Option that has lapsed and become null and void pursuant to this By-Law 18 shall at the discretion of the ESOS Committee be re-allocated to other Eligible Person.

19. LIQUIDATION OF THE COMPANY

In the event of the liquidation of the Company, all unexercised or partially exercised Options shall cease and be null and void.

15. ESOS BY-LAWS (Cont'd)

20. DURATION OF THE SCHEME

The scheme shall be in force for a period of five (5) years commencing from the effective date of the implementation of the Scheme, which shall be the date of full compliance with all relevant requirements including the following:

- (i) Submission of the final copy of the By-Laws to Bursa Securities pursuant to the Listing Requirements;
- (ii) Receipt of approval-in-principle for the issuance and listing of the Shares to be issued under the Scheme from Bursa Securities;
- (iii) Receipt of approval of any other relevant authorities, where applicable; and
- (iv) Fulfilment of all conditions attached to the above approvals, if any.

On or before the expiry of the Scheme, the Board shall have the absolute discretion, without having to obtain approval of the Company's shareholders, to extend the duration of the Scheme provided that the initial period of the Scheme and such extension of the Scheme made pursuant to this By-Law shall not in aggregate exceed the duration of ten (10) years from the Date of Commencement. In the event the Scheme is extended in accordance with this provision, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme.

21. TERMINATION OF THE SCHEME

21.1 The Company may at any time during the duration of the Scheme terminate the Scheme and shall immediately announce to Bursa Securities the-

- (a) effective date of termination of the Scheme;
- (b) number of Options exercised or Shares vested; and
- (c) reasons for termination of the Scheme.

21.2 Notwithstanding the above, the Company may implement more than one (1) Scheme provided that the aggregate number of Shares available under all the Schemes implemented by the Company is not more than thirty percent (30%) of its issued and paid-up share capital (excluding treasury shares) at any one time or such lower or higher limit in accordance with any prevailing guideline issued by Bursa Securities or any other relevant authorities amended from time to time.

22. DISPUTES/DIFFERENCES

In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person and/or Selected Person as to any provisions contained in these By-Laws, the ESOS Committee shall determine such dispute or difference by a decision given to the Eligible Person and/or Selected Person. The said decision shall be final and binding on the parties unless the Eligible Person and/or Selected Person within fourteen (14) calendar days of the receipt thereof by a notice to the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the decision of the Adviser and/or Auditor (as selected by the ESOS Committee at its absolute discretion) (acting as experts and not as arbitrators) whose decision shall be final and binding in all respects.

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15. ESOS BY-LAWS (Cont'd)

23. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to preparation and/or operation of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any Option shall be borne by the Company.

24. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

Notwithstanding the maximum percentage of the Grantee's Options that may be exercisable within each year of the Scheme as set out in the Offer Letter and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between HLT Global and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of HLT Global under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee may exercise in full or in part any Option to which the Grantee is entitled commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective Provided Always That no Option shall be exercised after the expiry of the Option Period.

Upon the compromise or arrangement becoming effective, all Options remaining unexercised thereafter shall automatically lapse and become null and void.

25. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part of or constitute or shall not in any way be construed as a term or condition of employment of an Eligible Person.

26. COMPENSATION

26.1 Notwithstanding any provisions of these By-Laws,-

- (a) this Scheme shall not form part of any contract of employment between any company of the Group and any Employee or Director of the Group and the rights of any Grantee under the terms of his office and employment with the Company or any company of the Group shall not be affected by his participation in the Scheme or afford such Grantee any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Company or any company of the Group or any members of the ESOS Committee directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Group; and
- (c) a Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal, breach of contract or by way of compensation for loss of office.

26.2 No Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 17.

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15. ESOS BY-LAWS (Cont'd)

27. ARTICLES OF ASSOCIATION OF THE COMPANY

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Articles, the provisions of the Articles shall at all times prevail.

28. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

29. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

30. GOVERNING LAW AND JURISDICTION

30.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with the By-Laws and terms of the Scheme, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

30.2 In order to facilitate the making of any Offer under this Scheme, the Board may provide for such special terms to the Eligible Person who are employed by any corporation in the Group in a particular jurisdiction as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect, unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

31. INSPECTION OF THE AUDITED ACCOUNTS AND DISCLOSURES IN ANNUAL REPORT

31.1 All Grantees are entitled to inspect, during normal office hours from 9.00 a.m. to 5.00 p.m., Mondays to Fridays (except all public holidays declared in Malaysia) or as otherwise specified by the ESOS Committee, the latest audited financial statements of the Company at the registered office of the Company for the time being, which shall be made available on the Bursa Securities' website as well as the Company's website.

31.2 The Company will make such disclosure in its annual report for as long as the Scheme continues in operation as from time to time required by the Listing Requirements including (where applicable) a statement by the audit committee verifying that the allocation of Options pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Eligible Person.

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15. ESOS BY-LAWS (Cont'd)

32. NOTICE

Any notice which under the Scheme is required to be given or served upon a Selected Person or Grantee shall be in writing and be deemed to be sufficiently given or served either delivered by hand or sent to the Selected Person or Grantee at his place of employment or at the last known address known by the Company as being his address or by electronic mail.

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16. FURTHER INFORMATION

16.1 EXTRACT OF OUR ARTICLES OF ASSOCIATION

The following provisions relating to the selected matters are reproduced from our Company's Articles of Association. Terms defined in our Articles of Association shall have the same meaning when used herein unless they are otherwise defined herein or the context otherwise requires.

(i) Transfer of securities

The provision in our Company's Articles of Association in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:-

Article 27

The transfer of any listed Securities or class of listed Securities of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities.

Article 28

Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

Article 29

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules.

Article 30

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

Article 31

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of Securities apparently made by a Member or any person entitled to the Securities by reason of death, bankruptcy or insanity of a Member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may, as between the transferor Member and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor Member in the blank as to the name of the transferee, of the particulars of the Securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

16. FURTHER INFORMATION (Cont'd)

(ii) Remuneration of Directors

The provisions in our Company's Articles of Association in respect of the remuneration of Directors are as follows:-

Article 98

The Directors shall be paid by way of fees for their services, such fixed sum (if any) shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

- (a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 99

- (1) In addition to the fees set out in Article 98, the Directors shall be paid for all their meeting attendance allowances, travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or general meetings or otherwise as the Board may determine from time to time.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

Article 130

- (1) A Director may from time to time nominate any person to act as his alternate Director and at his discretion remove such alternate Director, but the appointment of such alternate Director shall not take effect until approved by a majority of the other Directors PROVIDED ALWAYS that any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.

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16. FURTHER INFORMATION (Cont'd)**Article 132**

The remuneration of a Director holding an executive office pursuant to these Articles shall, subject to Article 98, be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

(iii) Voting and borrowing powers of Directors

The provisions in our Company's Articles of Association in respect of the voting and borrowing powers of Directors, including voting powers on proposals, arrangements or contracts in which they are interested in, are as follows:-

Article 103

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Article 104

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

Article 105

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme, share option/incentive scheme and trusts or other funds for the benefit of, or pay a gratuity, pension or emolument, and to issue and allot and/or transfer shares or Securities to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him under this Article subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

Article 111

Subject always to the Act and requirements of the Exchange, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contracts, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature and extent of interest must be declared by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case, at the first meeting of the Directors after the acquisition of the interest.

16. FURTHER INFORMATION (Cont'd)

Article 126

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

Article 127

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat any decision is taken upon any contract or proposed contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 131 of the Act and all other relevant provisions of the Act and these Articles.

Article 128

A Director may vote in respect of:-

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

Article 129

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

(iv) Changes in Capital or Variation of Class Rights

The provisions in our Company's Articles of Association in respect of the changes in capital and variation of class rights, which are no less stringent than those required by law, are as follows:-

Article 4

Subject to the Act and these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

16. FURTHER INFORMATION (Cont'd)**Article 5**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (c) every issue of shares or options to employees and/or Directors (including executive and non-executive Directors) shall be approved by Members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such employees and/or Directors;
- (d) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director of the Company (including executive and non-executive Directors) shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share issuance scheme unless the Members in general meeting have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution;
- (e) without limiting the generality of Section 132D of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the nominal value of those shares or securities, when aggregated with the nominal value of any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten percent (10%) of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company, except where the shares or securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue; and
- (f) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

Article 6

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued. Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts and attending meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital or winding up or during the winding up of the Company, or on a proposal for the disposal of the whole of the Company's property, business and undertaking, or where any resolution to be submitted to the meeting directly affects their rights and/or privileges attached to the shares, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months.

16. FURTHER INFORMATION (Cont'd)

Article 8

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than three-fourths (3/4) of the issued shares of that class within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

Article 9

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

Article 53

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

Article 55

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

Article 56

The Company may by ordinary resolution:-

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

16. FURTHER INFORMATION (Cont'd)**Article 58**

The Company may, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

16.2 SHARE CAPITAL

- (a) Save for the ESOS Options as disclosed in Sections 3.3.4 and 14 of this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.
- (b) As at the date of this Prospectus, our Group has only one class of shares, namely ordinary shares of RM0.10 each, all of which rank pari passu with one another.
- (c) Save as disclosed in Sections 3.3, 5.2 and 5.4 of this Prospectus, no shares and debentures of our Company or our subsidiary have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years immediately preceding the date of this Prospectus.
- (d) Save for the ESOS Options as disclosed in Sections 3.3.4 and 14 of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital as at the date of this Prospectus.
- (e) Save for the ESOS Options as disclosed in Sections 3.3.4 and 14 of this Prospectus, our Group does not have any capital which is under option, or agreed conditionally or unconditionally to be put under option.
- (f) Save for the Public Issue as disclosed in Sections 3.3.1 and 5.4.2(i) of this Prospectus and the issuance of new Shares upon the exercise of ESOS Options as disclosed in Sections 3.3.4 and 14 of this Prospectus, there is no intention on the part of our Directors to issue any part of the authorised but unissued share capital of our Company as at the date of this Prospectus.
- (g) Save for the Pink Form Shares reserved for application by the Eligible Parties as disclosed in Sections 3.3.2(i) and 5.4.2(ii)(a) of this Prospectus and the ESOS as disclosed in Sections 3.3.4 and 14 of this Prospectus, there is currently no other scheme for or involving the Directors or employees of our Group.
- (h) As at the date of this Prospectus, there is no limitation on the right to own securities of our Company including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on the securities of our Company imposed by law or by our Memorandum and Articles of Association.

16.3 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group, and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which may materially and adversely affect the business or financial position of our Group.

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16. FURTHER INFORMATION (Cont'd)

16.4 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are or may be material, not being contracts entered into in the ordinary course of business, that have been entered into by our Group within the 2 years immediately preceding the date of this Prospectus:-

- (a) The SSA dated 28 December 2015 (as supplemented by a letter dated 17 October 2016 to extend the period within which the conditions precedent of the SSA are required to be fulfilled), wherein the Vendors shall sell and our Company shall purchase the entire issued and paid-up share capital of HL Advance for a total purchase consideration of RM22,432,990, satisfied entirely via the issuance of 224,329,900 Shares at an issue price of RM0.10 per Share to the Vendors; and
- (b) The Underwriting Agreement dated 22 November 2016 entered into between our Company and the Underwriter for the underwriting of 13,199,000 Public Issue Shares made available for application by the Malaysian Public via balloting, for underwriting fees and commission at the rate set out in Section 3.9.2 of this Prospectus.

16.5 GOVERNMENTAL LAW, DECREE, REGULATION OR OTHER REQUIREMENT

There are no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

16.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:-

- (a) public take-over offers by third parties in respect of our Group's shares; and
- (b) public take-over offers by our Group in respect of other companies' securities.

16.7 LETTERS OF CONSENT

- (a) The written consent of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretaries, Solicitors, Principal Banker, Share Registrar and Issuing House for the inclusion in this Prospectus of their names and all references herein in the form and context in which such names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of its name, Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position, Accountants' Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (c) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name, the Executive Summary of the Independent Market Research Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

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16. FURTHER INFORMATION (Cont'd)

16.8 RESPONSIBILITY STATEMENTS

- (a) Our Directors and Promoters and the Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained herein. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other fact which if omitted, would make any statement in the Prospectus false or misleading.
- (b) KAF IB, being the Principal 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 the IPO.

16.9 DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) Memorandum and Articles of Association of our Company;
- (b) The material contracts as referred to in Section 16.4 of this Prospectus;
- (c) The letters of consent as referred to in Section 16.7 of this Prospectus;
- (d) The Independent Market Research Report together with its Executive Summary as set out in Section 7 of this Prospectus;
- (e) The Reporting Accountants' Letter on the Pro Forma Consolidated Statements of Financial Position as set out in Section 13 of this Prospectus;
- (f) The Accountants' Report as set out in Section 12 of this Prospectus;
- (g) The Directors' Report as set out in Section 14 of this Prospectus;
- (h) The ESOS By-Laws as included in Section 15 of this Prospectus;
- (i) The audited financial statements of HL Advance for the past three (3) FYE 2013 to FYE 2015, FPE 2015 and FPE 2016; and
- (j) The audited financial statements of HLT Global for the financial period from 22 October 2015 (date of incorporation) to 31 December 2015 and the FPE 2016.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

17.1 OPENING AND CLOSING OF APPLICATION

Applications for the IPO Shares will open at 10.00 a.m. on 20 December 2016 and will remain open until 5.00 p.m. on 28 December 2016 or such further period as our Directors, the Promoters and the Offerors together with the Underwriter may in their absolute discretion mutually decide. Where the closing date of application is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia. Late applications will not be accepted. Should there be an extension of the closing date, the balloting, allotment of IPO Shares and our Listing may be extended accordingly.

17.2 TYPES AND METHODS OF APPLICATION

The applications shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association and in accordance to the following application types and the corresponding methods:-

Types of application	Application method
Eligible Parties – Application for the 2,000,000 Offer Shares	Pink Application Form only
Selected investors – Applications for the 26,392,000 Public Issue Shares as well as the 32,309,000 Offer Shares to be allocated to places via private placement	A letter of invitation shall be delivered to the respective identified investors
Malaysian Public – Applications for the 13,199,000 Public Issue Shares made available for applications by the Malaysian Public:-	
(i) Malaysian Public - individuals	<ul style="list-style-type: none"> • White Application Form • Electronic Share Application • Internet Share Application
(ii) Malaysian Public - non individuals	White Application Form only

YOU CAN ONLY SUBMIT ONE (1) APPLICATION FOR THE IPO SHARES OFFERED TO THE MALAYSIAN PUBLIC. For example, if you submit an application using the White Application Form, you cannot submit any application by way of an Electronic Share Application or Internet Share Application and vice versa. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

If you submit multiple applications in your own name or by using the name of others, with or without their consent, you commit an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten (10) years under Section 182 of the CMSA.

The amount payable in full upon application is RM0.45 per IPO share.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**17.3 GENERAL CONDITIONS FOR APPLICATION****YOU MUST HAVE A CDS ACCOUNT BEFORE MAKING THE APPLICATION.**

The application shall be made in connection with and subject to the terms of this Prospectus and in accordance with the methods set out in Section 17.2 of this Prospectus.

Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for the IPO Shares.

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

- (a) (i) Your NRIC;
- (ii) Any valid temporary identity document as issued by the National Registration Department from time to time; or
- (iii) Your Resit Pengenalan Sementara (KPPK 09) issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990; and
- (b) the records of Bursa Depository.

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

If you are a corporate/institutional applicant, your name and the certificate of incorporation number must be exactly the same as that stated in your certificate of incorporation.

Neither we nor the Issuing House will acknowledge receipt of the Application Forms or application monies.

17.4 APPLICATIONS USING APPLICATION FORMS**17.4.1 Application Forms**

The White Application Forms as detailed in Section 17.2 in this Prospectus are issued together with this Prospectus. The **White Application Forms** together with copies of this Prospectus may be obtained, subject to availability, from KAF, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and the Issuing House.

17.4.2 Terms and Conditions for Applications Using Application Forms

Application by way of Application Forms shall be made on and subject to the terms and conditions appearing below:-

- (a) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with Malaysian address and with a CDS account.
- (b) If you are a corporation/institution incorporated in Malaysia, you must have a CDS account and be subject to the following:-
 - (i) If you have a share capital, more than half of the issued and paid-up share capital (excluding preference shares capital) is held by Malaysian citizens; and
 - (ii) There is a majority of Malaysian citizens on your board of directors/trustees.

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

- (c) If you are a superannuation, provident or pension fund, you must be established or operating in Malaysia and with a CDS account.
- (d) Applications will not be accepted from trustees, any persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in Sections 16.4.2(b) and (c) above or the trustees thereof.
- (e) The Application Form must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form. In accordance with Section 232(2) of the CMSA, the Application Form together with the Notes and Instructions printed therein is accompanied by this Prospectus. Applications which do not strictly conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible may not be accepted.
- (f) Each completed Application Form must be accompanied by a remittance in Ringgit Malaysia for the full amount payable by either:-
- (i) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants);
 - (ii) MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); or
 - (iii) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants)
- made out in favour of 'MIH SHARE ISSUE ACCOUNT NO. 578' and crossed "A/C PAYEE ONLY" and endorsed on the reverse side with your name and address.
- Applications accompanied by any mode of payment other than those stated above or with excess or insufficient remittance or inappropriate banker's draft/cashier's order/money order/postal order/GGO will not be accepted. Details of the remittance must be filled in the appropriate boxes provided on the Application Form.
- (g) You must state your CDS account number in the space provided on the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to the Issuing House or our Company.
- (h) You must write your name and address on the reverse side of the banker's draft, cashier's order, money order, postal order or GGO from Bank Simpanan Nasional Malaysia Berhad.
- (i) Our Directors reserve the right to require you (if your application is successful) to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (j) The Issuing House, on the authority of our Directors, reserves the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) The Issuing House, on the authority of our Directors, reserves the right not to accept any application or accept any application in part only without assigning any reason. Due consideration will be given to the desirability of allotting or allocating the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

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

- (l) Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to you within ten (10) market days from the date of the final ballot of the applications by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository or where the application is not accepted due to you not having provided a CDS account, to the address as per the NRIC or “**Resit Pengenalan Sementara (KPPK 09)**” or any valid temporary identity document as issued by the National Registration Department from time to time, or authority card in the case of armed forces/police personnel, at your own risk.
- (m) You shall ensure that your personal particulars as stated in the Application Form are identical with the records you maintained with Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (n) The Issuing House, on the authority of our Directors, reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.
- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by ORDINARY POST in the official envelopes provided to the following address:-

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

OR

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

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, so as to arrive not later than **5.00 p.m. on 28 December 2016** or such other date or dates as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion may mutually decide. **Registered post must not be used.** No acknowledgement of the receipt of Application Forms or application monies will be made.

- (p) All enquiries in respect of the White Application Form should be directed to the Issuing House.

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

17.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION**17.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (a) You must have an account with a participating financial institution and an ATM card issued by that participating financial institution to access the account;
- (b) You must have a CDS account; and
- (c) You have to choose the Electronic Share Application option at the ATM of the participating financial institution. Mandatory statements required in the application are set out in Section 17.5.3 below under the terms and conditions for Electronic Share Application. You have to enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:-
 - Personal Identification Number (“PIN”);
 - **MIH Share Issue Account No. 578**;
 - CDS Account Number;
 - Number of IPO Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

17.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following participating financial institutions and their branches:-

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

17.5.3 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application are set out on the ATM screens of the relevant participating financial institutions (“Steps”). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in “**Steps for Electronic Share Application through a participating financial institution’s ATM**” in Section 17.5.1 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application. Any reference to the “**applicant**” in the terms and conditions for Electronic Share Applications and the steps shall mean the applicant who applies for the Shares through an ATM of any of the participating financial institutions.

Only an applicant who is an individual with a CDS account is eligible to utilise the facility.

You must have an existing account with, and be an ATM cardholder of, one (1) of the participating financial institutions before you can make an Electronic Share Application at an ATM of the participating financial institution. An ATM card issued by one (1) of the participating financial institutions cannot be used to apply for shares at an ATM belonging to other participating financial institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip (“**Transaction Record**”), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

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

Upon the closing of the offer for the application for the Shares on 28 December 2016 or such further period or periods as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion may mutually decide, the participating financial institution shall submit a magnetic tape containing its respective customers' applications for the Shares to the Issuing House as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the closing date of the application.

You are allowed to make an Electronic Share Application for the IPO Shares via an ATM belonging to the Participating Financial Institution with which you have an account, subject to you making only one (1) application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you have a joint account with any participating financial institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) You are required to confirm the following statements (by pressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
 - (i) You have attained 18 years of age as at the closing date of the Shares application;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - (iv) This is the only application that you are submitting; and
 - (v) You thereby give consent to the participating financial institution and Bursa Depository to disclose information pertaining to yourself and your account with the participating financial institution and Bursa Depository to the Issuing House and other relevant authorities.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the participating financial institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant participating financial institution or Bursa Depository, as the case may be, of any of your particulars to the Issuing House or any relevant regulatory bodies.

- (c) You confirm that you are not applying for Shares as nominee of any other persons and that any Electronic Share Application that you make is made by yourself as the beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for the IPO Shares, whether at the ATMs of any participating financial institution or on the prescribed Application Forms.
- (d) You must have sufficient funds in your account with the relevant participating financial institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.

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

- (e) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of IPO Shares or not to allot or allocate any shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or button on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (f) The Issuing House, on the authority of our Directors, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant participating financial institution will be informed of the non-successful or partially successful applications. Where the Electronic Share Application is not successful, the relevant participating financial institution will credit the full amount of the application monies without interest into your account with that participating financial institution within two (2) market days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the participating financial institutions of the non-successful or partially successful applications within two (2) market days after the balloting date. You may check your account on the fifth (5th) market day from the balloting date.

Where an Electronic Share Application is accepted in part only, the relevant participating financial institution will credit the balance of the application monies without interest into your account with the participating financial institution within two (2) market days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to you by crediting into your account with the participating financial institution not later than ten (10) market days from the day of the final ballot of the application. Should you encounter any problems in your applications, you may refer to the participating financial institutions.

- (h) You request and authorise us:-
- (i) to credit the IPO Shares allotted or allocated to you into your CDS account; and
 - (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, the Issuing House or the participating financial institution and irrevocably agree that if:-
- (i) our Company or the Issuing House does not receive your Electronic Share Application; or
 - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or the Issuing House,

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against our Company, the Issuing House or the participating financial institution for the IPO Shares applied for or for any compensation, loss or damage.

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

- (j) All your particulars in the records of the relevant participating financial institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, the Issuing House and the relevant participating financial institution shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your particulars as recorded by both Bursa Depository and the relevant participating financial institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:-
- (i) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Electronic Share Application facility established by the participating financial institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) our Company, the participating financial institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of your offer to subscribe for and purchase the IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said IPO Shares;
 - (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of our Shares allotted or allocated to you; and
 - (v) our Company agrees that in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) Our Directors reserve the right to require you (if your application is successful) to appear in person at the registered office of the Issuing House within fourteen (14) days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (n) The Issuing House, on the authority of our Directors, reserves the right to reject applications which do not conform to these instructions.
- (o) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:-
- Affin Bank Berhad – No fee will be charged for application by their account holders;
 - AmBank (M) Berhad – RM1.00;
 - CIMB Bank Berhad – RM2.50;
 - HSBC Bank Malaysia Berhad – RM2.50;
 - Malayan Banking Berhad – RM1.00;

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

- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50

17.6 APPLICATIONS USING INTERNET SHARE APPLICATION
17.6.1 Steps for Internet Share Application

The exact steps for the Internet Share Application in respect of the IPO Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the IPO Shares using Internet Share Application. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

You must have a CDS account before you can make any application for the IPO Shares. Please note that the actual steps for the Internet Share Applications contained in the Internet financial services websites of the Internet Participating Financial Institutions may differ from the steps outlined below.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for the IPO Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (b) Login to the Internet financial services facility by entering your user identification and PIN/password.
- (c) Navigate to the section of the website on applications in respect of IPO.
- (d) Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

By confirming such information, you will undertake that the following mandatory statements are true and correct:-

- (i) You have attained 18 years of age as at the closing date of the share application;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You have, prior to making the Internet Share Application, received and/or had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO Shares;

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

- (v) The Internet Share Application is the only application that you are submitting for the IPO Shares;
- (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- (vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
- (viii) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name as beneficial owner and subject to the risks referred to in this Prospectus; and
- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (h) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for the IPO.
- (i) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its websites.
- (k) You are advised to print out the Confirmation Screen for reference and retention.

17.6.2 Terms and Conditions for Internet Share Application

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

You are advised not to apply for the IPO Shares through any website other than the Internet financial services websites of the Internet Participating Financial Institutions.

Internet Share Application may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- Affin Bank Berhad at www.affinOnline.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);

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

- Affin Hwang Investment Bank Berhad at trade.affinhwang.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- CIMB Bank Berhad at www.cimbclicks.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- CIMB Investment Bank Berhad at www.eipocimb.com;
- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com);
- Public Bank Berhad at www.pbebank.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- RHB Bank Berhad at www.rhbgroup.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

Please read the terms of this Prospectus, the procedures for Internet Share Applications and the terms and conditions for Internet Share Applications set out herein carefully before making an Internet Share Application.

The exact terms and conditions and its sequence for the Internet Share Applications in respect of the IPO Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

Please note that the actual terms and conditions outlined below supplement the additional terms and conditions for the Internet Share Application contained in the Internet financial services websites of the Internet Participating Financial Institutions.

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out below:-

- (a) In order to make an Internet Share Application, you must:-
- (i) be an individual with a CDS account;
 - (ii) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and PIN/password for the relevant Internet financial services facilities; and
 - (iii) be a Malaysian citizen and have a Malaysian address.
- You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the IPO Shares at Internet financial services websites of other Internet Participating Financial Institutions.
- (b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (c) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institutions) and to undertake that the following information given are true and correct:-
- (i) You have attained 18 years of age as at the date of the application of the IPO Shares;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;

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

- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Share Application for the IPO Shares;
 - (v) The Internet Share Application is the only application that you are submitting for the IPO Shares;
 - (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of Internet Share Application services.
- (d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

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

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 17.6.2(c) herein.

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

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

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

- (i) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (ii) Your agreement to be bound by our Memorandum and Articles of Association.
- (g) You are fully aware that multiple or suspected multiple Internet Share Applications for the IPO Shares will be rejected. The Issuing House, on the authority of our Directors and the Offerors, reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (h) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of your application money in RM (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) market days after receipt of written confirmation from the Issuing House.

The Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) market days from the balloting date.

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application money in RM (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within two (2) market days after receipt of written confirmation from the Issuing House. However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is subsequently rejected, your application money (without interest or any share of revenue or other benefit arising therefrom) will be refunded to you by crediting into your account with the Internet Participating Financial Institution within ten (10) market days from the day of the final ballot of the applications list.

If your application is held in reserve and is subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) market days from the day of the final ballot of the applications list.

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

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

- (i) Internet Share Applications will be closed at 5.00 p.m. on 28 December 2016 or such other date(s) as our Directors, the Promoters and the Offerors together with the Underwriter in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of the Issuing House, the Internet Participating Financial Institutions and the Authorised Financial Institutions. If, in any such event, our Company, the Issuing House and/or the Internet Participating Financial Institutions and/or the Authorised Financial Institutions do not receive your Internet Share Application and/or the payment, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (k) All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the relevant Internet Participating Financial Institutions and all other persons who are entitled or allowed under the law to such information or where you expressly consent to the provision of such information, shall be entitled to rely on the accuracy thereof.

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

- (l) By making and completing an Internet Share Application, you are deemed to have agreed that:-
 - (i) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Internet Share Application facility established by the Internet Participating Financial Institution acting as agents of our Company, your Internet Share Application is irrevocable;
 - (ii) you have irrevocably requested and authorised us to register the IPO Shares allotted or allocated to you for deposit into your CDS account;

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

- (iii) neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 17.6.2(j) herein or to any cause beyond their control;
 - (iv) you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence or arising from any rejection of your Internet Share Application by the Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (v) the acceptance of your offer to subscribe for the IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
 - (vii) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. Our Company, the Underwriter, the Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which you may have relied on in making the Internet Share Application; and
 - (viii) our acceptance of your Internet Share Application and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by the respective account holders;
 - Affin Hwang Investment Bank Berhad (trade.affinhwang.com) – No fee will be charged for application by the respective account holders;
 - CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;
 - CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
 - Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
 - Public Bank Berhad (www.pbebank.com) – RM2.00; or
 - RHB Bank Berhad (www.rhbgroup.com) – RM2.50.

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

17.7 OVER/UNDER-SUBSCRIPTION

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. We will give due consideration to the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base and establishing an adequate market for our IPO Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up share capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, upon admission to the Official List of Bursa Securities. We expect to achieve this at the point of Listing. We may not be allowed to proceed with our Listing if the above requirement is not met pursuant to the IPO. In the event thereof, your monies paid in respect of your applications will be returned without interest if the said permission for listing and quotation is not granted.

Please refer to Section 3.3.3 of this Prospectus on the allocation of the IPO Shares and the adjustments thereof.

17.8 APPLICATIONS AND ACCEPTANCES

The Issuing House, on the authority of our Directors, reserves the right not to accept any application which does not strictly comply with the instructions, or accept any application in part only without assigning any reason therefor.

The submission of your Application Form, the completion of your Electronic Share Application or the completion of your Internet Share Application does not necessarily mean that your application will be successful.

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

Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and shall be despatched by registered post or ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository within ten (10) market days from the date of the final ballot of the application lists at the address registered with Bursa Depository at the applicant's own risks.

No application shall be deemed to have been accepted by reason of the remittances having been presented for payment.

The Issuing House reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants which would be refunded without interest to the applicants within ten (10) market days from the date of the final ballot of the application by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered post to your address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository.

17.9 CDS ACCOUNT

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares as prescribed securities. In consequence thereof, the Shares issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

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

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in the Shares including the IPO Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

You can only make an application by way of Application Form if you have a CDS account. You shall furnish your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to the Issuing House or us. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an Application for the Shares.

For applications by way of Electronic Share Application, you must have a CDS account and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

You can make an application by way of Internet Share Application, only if you have a CDS account. In certain cases, you can make an application by way of Internet Share Application only if you have a CDS account opened with the Internet Participating Financial Institution. Arising therewith, your CDS account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee account, may result in the application being rejected. If a successful applicant fails to state his/her CDS account number, the Issuing House under our instruction will reject the Application.

The Issuing House, on the authority of our Directors, reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if your particulars provided in your Application Forms, or in the case of Electronic Share Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Share Applications, or in the case of Internet Share Applications, if the records of the Internet Participating Financial Institutions at the time of making the Internet Share Applications, differ from those in Bursa Depository's records, such as the NRIC number, name and nationality.

17.10 NOTICES OF ALLOTMENT

Our Shares allocated to you will be credited into your CDS account if you are successful or partially successful in your application. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by calling your respective ADAs at the telephone number as stated in Section 17.11 or the Issuing House at its telephone numbers stated below between five (5) to ten (10) market days (*during office hours only*) after the final balloting date:-

TELEPHONE NUMBER : 03-7841 8289

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**17.11 LIST OF ADAS**

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KUALA LUMPUR			
AFFIN HWANG INVESTMENT BANK BERHAD 2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009	AFFIN HWANG INVESTMENT BANK BERHAD Ground Mezzanine & 3 rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD No. 38A & 40A Jalan Midah 1 Taman Midah, Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021	ALLIANCE INVESTMENT BANK BERHAD 17 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 6333	076-001
AMINVESTMENT BANK BERHAD 15 th Floor Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2036 2633	086-001	BIMB SECURITIES SDN BHD 32 nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2691 8887	024-001
CIMB INVESTMENT BANK BERHAD Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001	FA SECURITIES SDN BHD A-10-17 A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 03-2288 1676	021-002
HONG LEONG INVESTMENT BANK BERHAD Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001	HONG LEONG INVESTMENT BANK BERHAD Level 25 & 26 Menara LGB No. 1, Jalan Wan Kadir Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No.: 03-7723 6300	066-002
INTER-PACIFIC SECURITIES SDN BHD West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001	INTER-PACIFIC SECURITIES SDN BHD Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
INTER-PACIFIC SECURITIES SDN BHD No. 33-1 (First Floor) Jalan Radin Bagus Bandar Seri Petaling 57000, Kuala Lumpur Tel No.: 03-9056 2921	054-007	JUPITER SECURITIES SDN BHD Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD 11 th - 14 th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2171 0228	053-001	KENANGA INVESTMENT BANK BERHAD Level 8 Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4297 8806	073-020	KENANGA INVESTMENT BANK BERHAD 1 st Floor, West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-021
KENANGA INVESTMENT BANK BERHAD 1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	073-029	M & A SECURITIES SDN BHD Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
M & A SECURITIES SDN BHD 22A & 22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No.: 03-7983 9890	057-004	MALACCA SECURITIES SDN BHD 55-1, Jalan Metro Perdana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur Tel No.: 03-6241 8595	012-009
MALACCA SECURITIES SDN BHD No 76-1, Jalan Wangsa Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak, 53300, Kuala Lumpur Tel No.: 03-4144 2565	012-012	MAYBANK INVESTMENT BANK BERHAD 5-13 Floor, Mayban Life Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002	MIDF AMANAH INVESTMENT BANK BERHAD Level 9, 10, 11, 12 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
PM SECURITIES SDN BHD Ground, Mezanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001	PUBLIC INVESTMENT BANK BERHAD 27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001
RHB INVESTMENT BANK BERHAD Level 1, Tower 3 RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001	RHB INVESTMENT BANK BERHAD 4 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	087-018
RHB INVESTMENT BANK BERHAD No. 62 & 64, Vista Magna Jalan Prima, Metro Prima Kepong 52100 Kuala Lumpur Tel No.: 03-6257 5869	087-028	RHB INVESTMENT BANK BERHAD No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BERHAD Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058	TA SECURITIES HOLDINGS BERHAD Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004	UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 19 th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010
SELANGOR DARUL EHSAN			
AFFIN HWANG INVESTMENT BANK BERHAD 3 rd & 4 th Floor Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019	AFFIN HWANG INVESTMENT BANK BERHAD Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	068-020

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
AFFIN HWANG INVESTMENT BANK BERHAD No. 79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1999	068-023	AMINVESTMENT BANK BERHAD 4 th Floor, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
CIMB INVESTMENT BANK BERHAD Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009	AFFIN HWANG INVESTMENT BANK BERHAD 16 th , 18 th -20 th Floor Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
AFFIN HWANG INVESTMENT BANK BERHAD East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010	JF APEX SECURITIES BERHAD 6 th Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD 16 th Floor, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002	JF APEX SECURITIES BERHAD Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No.: 03-5879 0163	079-004
JUPITER SECURITIES SDN BHD No. 42-46, 3rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5632 4838	055-004	KENANGA INVESTMENT BANK BERHAD 55C (2 nd Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-006
KENANGA INVESTMENT BANK BERHAD Lot 240, 2 nd Floor The Curve No.6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016	KENANGA INVESTMENT BANK BERHAD Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118	073-030

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD No. 35, Ground & 1 st Floor Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-035	MALACCA SECURITIES SDN BHD No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-002
MALACCA SECURITIES SDN BHD No. 58 & 60, Level 1 Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7876 1533	012-003	MALACCA SECURITIES SDN BHD No 39-2, Jalan Temenggung 21/9 Seksyen 9, Bandar Mahkota Cheras 43200 Cheras, Selangor Tel No.: 03-9011 5913	012-011
MAYBANK INVESTMENT BANK BERHAD Suite 8.02, Level 8 Menara Trend Intan Millenium Square 68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003	MAYBANK INVESTMENT BANK BERHAD Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004
PM SECURITIES SDN BHD No. 157, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003	PM SECURITIES SDN BHD No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BERHAD 24, 24M, 24A, 26M, 28M. 28A & 30, 30M & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011	RHB INVESTMENT BANK BERHAD No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BERHAD First Floor 10 & 11 Jalan Maxwell 48000, Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047	RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Unit 1B & 2B, USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8023 6518	087-059	SJ SECURITIES SDN BHD Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001
SJ SECURITIES SDN BHD 101B, Jalan SS 15/5A 47500, Subang Jaya Selangor Darul Ehsan Tel No.: 03-5631 7888	096-002	SJ SECURITIES SDN BHD No.47-2, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1915	096-004
SJ SECURITIES SDN BHD No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7732 3862	096-005	TA SECURITIES HOLDINGS BERHAD No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD 2 nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 5713	058-007		
PERAK DARUL RIDZUAN			
CIMB INVESTMENT BANK BERHAD Ground, 1 st , 2 nd and 3 rd Floor No.8, 8A-C, Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-010	HONG LEONG INVESTMENT BANK BERHAD 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003
AFFIN HWANG INVESTMENT BANK BERHAD 21, Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003	AFFIN HWANG INVESTMENT BANK BERHAD 2 nd & 3 rd Floor No.22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559 988	068-015

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD No. 63, Ground, 1 st , 2 nd & 4 th Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022	KENANGA INVESTMENT BANK BERHAD No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6222 828	073-026
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6939 828	073-031	M & A SECURITIES SDN BHD M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
MALACCA SECURITIES SDN BHD No 3, 1 st Floor Persiaran Greenhill 30450, Ipoh Perak Darul Ridzuan Tel No.: 05-2541 533	012-013	MAYBANK INVESTMENT BANK BERHAD B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014	RHB INVESTMENT BANK BERHAD Ground, 1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BERHAD 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023	RHB INVESTMENT BANK BERHAD Ground Floor, No.40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BERHAD 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044	RHB INVESTMENT BANK BERHAD No 1 & 3, 1 st Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170 888	087-052

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
TA SECURITIES HOLDINGS BERHAD Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001	UOB KAY HIAN SECURITIES (M) SDN BHD 27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6216 010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD 153A Jalan Raja Musa Aziz 30303 Darul Ridzuan Tel No.: 05-2411 290	078-013		
PULAU PINANG			
ALLIANCE INVESTMENT BANK BERHAD Ground & Mezzanine Floor, Bangunan Barkath, 21 Beach Street, 10300, Georgetown Tel No.: 04-2611 688	076-015	AMINVESTMENT BANK BERHAD 3 rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2261 818	086-004
CIMB INVESTMENT BANK BERHAD Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2385 900	065-001	AFFIN HWANG INVESTMENT BANK BERHAD Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-2636 996	068-001
AFFIN HWANG INVESTMENT BANK BERHAD No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5372 882	068-006	INTER-PACIFIC SECURITIES SDN BHD Canton Square Level 2 (Unit 1) & Level 3 No. 56, Cantontment Road 10250 Penang Tel No.: 04-2268 288	054-002
JF APEX SECURITIES BHD 368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No.: 04-2289 118	079-005	JUPITER SECURITIES SDN BHD 20-1 Persiaran Bayan Indah Bayan Bay Sungai Nibong 11900 Bayan Lepas Penang Tel No.: 04-641 2881	055-003

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD 7 th , 8 th & 16 th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2283 355	073-023	M & A SECURITIES SDN BHD 332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No.: 04-2817 611	057-005
M & A SECURITIES SDN BHD 216, 216A, 218 & 218A Pengkalan Weld Lebuh Macallum 10300 Pulau Pinang Tel No.: 04-2617 611	057-008	MALACCA SECURITIES SDN BHD No 39-1, Jalan Lenggong Vantage Point 11600 Jelutong, Penang Tel No.: 04-8981 525	012-004
MALACCA SECURITIES SDN BHD 48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel No.: 04-3905 669	012-006	MALACCA SECURITIES SDN BHD No 17, 1 st Floor Persiaran Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No.: 04-6421 533	012-007
MALACCA SECURITIES SDN BHD No. 9-1-37, Taman Kheng Tian Jalan Van Praagh 11600 Jelutong Penang Tel No.: 04-2816 822	012-014	MAYBANK INVESTMENT BANK BERHAD Lot 1.02, 1 st Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Pulau Pinang Tel No.: 04-2196 888	098-006
MERCURY SECURITIES SDN BHD Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua Seberang Perai 12000 Butterworth Pulau Pinang Tel No.: 04-3322 123	093-001	MERCURY SECURITIES SDN BHD 2 nd Floor Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel No.: 04-2639 118	093-004
MERCURY SECURITIES SDN BHD D'Piazza Mall 70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-6400 822	093-006	PM SECURITIES SDN BHD Level 3, Wisma Wang 251-A, Jalan Burmah 10350, Pulau Pinang Tel No.: 04-2273 000	064-004

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No.: 04-3900 022	087-005	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5402 888	087-015
RHB INVESTMENT BANK BERHAD 64 & 64-D Ground-3 rd Floor 5 th -8 th Floor Lebuh Bishop 10200 Pulau Pinang Tel No.: 04-2634 222	087-033	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-6404 888	087-042
SJ SECURITIES SDN BHD 12 th Floor, Office Tower Hotel Royal Penang No.3 Jalan Larut 10050 Georgetown Penang Tel No.: 04-2289 836	096-003	TA SECURITIES HOLDINGS BERHAD 3 rd Floor, Bangunan Heng Guan No 171, Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2272 339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD 1 st Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2299 318	078-002	UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5541 388	078-003
KEDAH DARUL AMAN			
ALLIANCE INVESTMENT BANK BERHAD Lot T-30, 2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004	AFFIN HWANG INVESTMENT BANK BERHAD No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
RHB INVESTMENT BANK BERHAD No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017	RHB INVESTMENT BANK BERHAD 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021	UOB KAY HIAN SECURITIES (M) SDN BHD Lot 4, 5 & 5A, 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007

NEGERI SEMBILAN DARUL KHUSUS

AFFIN HWANG INVESTMENT BANK BERHAD 1 st Floor 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612 288	068-007	AFFIN HWANG INVESTMENT BANK BERHAD No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
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KENANGA INVESTMENT BANK BERHAD 1C & 1D, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-033	MAYBANK INVESTMENT BANK BERHAD Wisam HM Ground Floor No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
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PM SECURITIES SDN BHD 1 st - 3 rd Floor 18-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor, No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024
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RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046		
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MELAKA

CIMB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.:06-2898 800	065-006	KENANGA INVESTMENT BANK BERHAD 71 (A&B) & 73(A&B), Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-028
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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD 22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-034	MALACCA SECURITIES SDN BHD No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN BHD No. 81, 81A & 81B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003	PM SECURITIES SDN BHD No 6-1, Jalan Lagenda 2 Taman 1 lagenda 75400 Melaka Tel No.: 06-2880 050	064-006
RHB INVESTMENT BANK BERHAD No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2833 622	087-002	RHB INVESTMENT BANK BERHAD 579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026
TA SECURITIES HOLDINGS BERHAD No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-008	UOB KAY HIAN SECURITIES (M) SDN BHD 7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014
JOHOR DARUL TAKZIM			
ALLIANCE INVESTMENT BANK BERHAD No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006	AMINVESTMENT BANK BERHAD 3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-002
AMINVESTMENT BANK BERHAD 18 th Floor Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343 855	086-006	CIMB INVESTMENT BANK BERHAD No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3405 888	065-011

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
AFFIN HWANG INVESTMENT BANK BERHAD Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004	INTER-PACIFIC SECURITIES SDN BHD 95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
JUPITER SECURITIES SDN BHD 30-1, Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.:07-3538 878	055-002	KENANGA INVESTMENT BANK BERHAD Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
KENANGA INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 515	073-009	KENANGA INVESTMENT BANK BERHAD No. 33 & 35 (A&B) Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-011	KENANGA INVESTMENT BANK BERHAD No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-017
KENANGA INVESTMENT BANK BERHAD Suite 16-02, 16-03 & 16-03A Level 16, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2237 423	073-019	KENANGA INVESTMENT BANK BERHAD No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-024
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678 885	073-025	KENANGA INVESTMENT BANK BERHAD 916, Ground Floor Jalan Bakek 82000 Pontian Johor Darul Takzim Tel No.: 07-6861 121	073-037

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
M & A SECURITIES SDN BHD Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003	M & A SECURITIES SDN BHD No. 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3351 988	057-007
MALACCA SECURITIES SDN BHD 74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3351 533	012-005	MALACCA SECURITIES SDN BHD 1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000, Kulaijaya Johor Darul Takzim Tel No.: 07-6638 877	012-010
MALACCA SECURITIES SDN BHD Lot 880 Batu 3 ½ Jalan Salleh 84000 Muar Johor Darul Takzim Tel No.: 06-953 6948	012-015	MERCURY SECURITIES SDN BHD Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN BHD Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-008	RHB INVESTMENT BANK BERHAD 6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006
RHB INVESTMENT BANK BERHAD 53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009	RHB INVESTMENT BANK BERHAD No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-9787 180	087-038	RHB INVESTMENT BANK BERHAD No. 2, 1 st Floor Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256 881	087-039
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor, No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043	TA SECURITIES HOLDINGS BHD 7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009
TA SECURITIES HOLDINGS BHD 15, Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Tel No.: 07-3647 388	058-011	UOB KAY HIAN SECURITIES (M) SDN BHD Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332 000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6635 651	078-005	UOB KAY HIAN SECURITIES (M) SDN BHD No. 70 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121 633	078-008		

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
KELANTAN DARUL NAIM			
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020	TA SECURITIES HOLDINGS BERHAD 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7432 288	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-015		
PAHANG DARUL MAKMUR			
ALLIANCE INVESTMENT BANK BERHAD Ground, Mezzanine & 1st Floor B-400, Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002	CIMB INVESTMENT BANK BERHAD Ground 1 st & 2 nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-5057 800	065-007
JUPITER SECURITIES SDN BHD 2 nd Floor, Lot No 25 Jalan Chi Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 136	055-005	KENANGA INVESTMENT BANK BERHAD A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-027
MALACCA SECURITIES SDN BHD P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2220 993	012-008	RHB INVESTMENT BANK BERHAD B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943	087-022	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
TERENGGANU DARUL IMAN			
ALLIANCE INVESTMENT BANK BERHAD Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009	FA SECURITIES SDN BHD No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6238 128	021-001
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-8583 109	087-027	RHB INVESTMENT BANK BERHAD 1 st Floor, 59 Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD 37-B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel no.: 09-6224 766	078-016		
SABAH			
CIMB INVESTMENT BANK BERHAD 1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-001	AFFIN HWANG INVESTMENT BANK BERHAD Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
KENANGA INVESTMENT BANK BERHAD Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032	RHB INVESTMENT BANK BERHAD 2 nd Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
RHB INVESTMENT BANK BERHAD Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-229 286	087-057	UOB KAY HIAN SECURITIES (M) SDN BHD 11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	078-011

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
UOB KAY HIAN SECURITIES (M) SDN BHD Lot 177 & 178, Ground Floor Block 17, Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.:089-218 681	078-012		
SARAWAK			
AMINVESTMENT BANK BERHAD No. 164, 166 & 168 1 st Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-001	CIMB INVESTMENT BANK BERHAD Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 606	065-001
CIMB INVESTMENT BANK BERHAD No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-001	AFFIN HWANG INVESTMENT BANK BERHAD Ground Floor & 1 st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AFFIN HWANG INVESTMENT BANK BERHAD No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016	KENANGA INVESTMENT BANK BERHAD Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BERHAD Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003	KENANGA INVESTMENT BANK BERHAD No. 11-12, (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012
KENANGA INVESTMENT BANK BERHAD Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No.: 086-337 588	073-018	KENANGA INVESTMENT BANK BERHAD Suites 9 & 10 3 rd Floor, Yung Kong Abell Lot 365 Abell Road 93100 Kuching Sarawak Tel No.: 082-248 877	073-036

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

Name, Address and Telephone Number	ADA Code	Name, Address and Telephone Number	ADA Code
MERCURY SECURITIES SDN BHD 1 st Floor, 16, Jalan Getah 96100 Sarikei Sarawak Tel No.: 084-659 019	093-007	RHB INVESTMENT BANK BERHAD Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008
RHB INVESTMENT BANK BERHAD 2 nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	087-012	RHB INVESTMENT BANK BERHAD 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	087-013
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053	TA SECURITIES HOLDINGS BERHAD 12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
UOB KAY HIAN SECURITIES (M) SDN BHD Lot 1265, 1 st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017		

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