

8. INDUSTRY OVERVIEW (cont'd)

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Supply of natural rubber and synthetic rubber

Natural rubber and synthetic rubber are to some degree substitutes and complementary products. Choosing either natural rubber or synthetic rubber depends not only on cost but also on the properties and performance required for the end use as well as the manufacturer's production technology. Over the long term, new types of synthetic rubber with new properties could be developed, replacing natural rubber.

Increases in petroleum prices are not always transferred to the feedstock used in the manufacturing of PBR and SBR in a one-to-one ratio, because there are many steps from the crude oil to the final product. In addition, an excess or shortage of capacity in the petrochemical industry may also influence prices. There is usually a time lag of approximately three (3) months before the effects are felt downstream. When prices of petroleum increase, retreading tyre manufacturers are compelled to substitute synthetic rubber with natural rubber. Subsequently, when demand for natural rubber increases, its prices also increase, owing to the efficacy of the global market place. Similar to the many other commodities in the global market, fluctuating prices of natural rubber are normal.

On the other hand, prices of synthetic rubber are less volatile as they do not fluctuate on a daily basis. The consumption of synthetic rubber such as SBR and PBR is affected by the global economic conditions as well as the dynamics of the automotive market and improvements in road and highway infrastructure. Several new SBR plants have come onstream such as in India in recent years such that supply capacity exceeds demand at present. This has led to a depressed price for SBR and this is expected to continue over the next few years. Global SBR consumption is anticipated to come from rising demand in Asian countries such as the PRC and India, Central and Eastern Europe, as well as Central and South America. Similarly, several PBR plants have come onstream in the PRC, leading to an oversupplied market and prices being pressured. This is anticipated to continue over the next few years. The Asia Pacific region is the leading region in terms of PBR consumption.

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Natural rubber prices

One (1) of the key inputs for the manufacturing of rubber compounds is natural rubber. Prices of natural rubber rose between 2009 and early 2011, due to severe drought in South East Asia (particularly Thailand) and increased demand from the PRC, the largest natural rubber consuming country in the world. However, demand nosedived in 2011, fuelled by the euro area sovereign debt crisis.

One (1) of the different natural rubber grades sold in Malaysia, Standard Malaysian Rubber (“SMR”) 20, is used in rubber compounds for tyre retreading. The prices of SMR 20 experienced high volatility in the market between January 2011 and January 2017, with prices decreasing by 39.4% between these two (2) periods (please refer to figure 6). Owing to the efficacy of the global market place, any volatility in the prices of natural rubber is quickly translated along the supply chain, affecting the cost of rubber compound manufacturing.

Prices of natural rubber were on the uptrend since the last quarter of 2016, due principally to a recovery in petroleum prices and flooding in southern Thailand, which is a major natural rubber producing area. Increases in the prices of petroleum may also lead to a corresponding increase in the prices of synthetic rubber. Rubber product manufacturers are compelled to substitute natural rubber for synthetic rubber, thus pushing up prices of natural rubber.

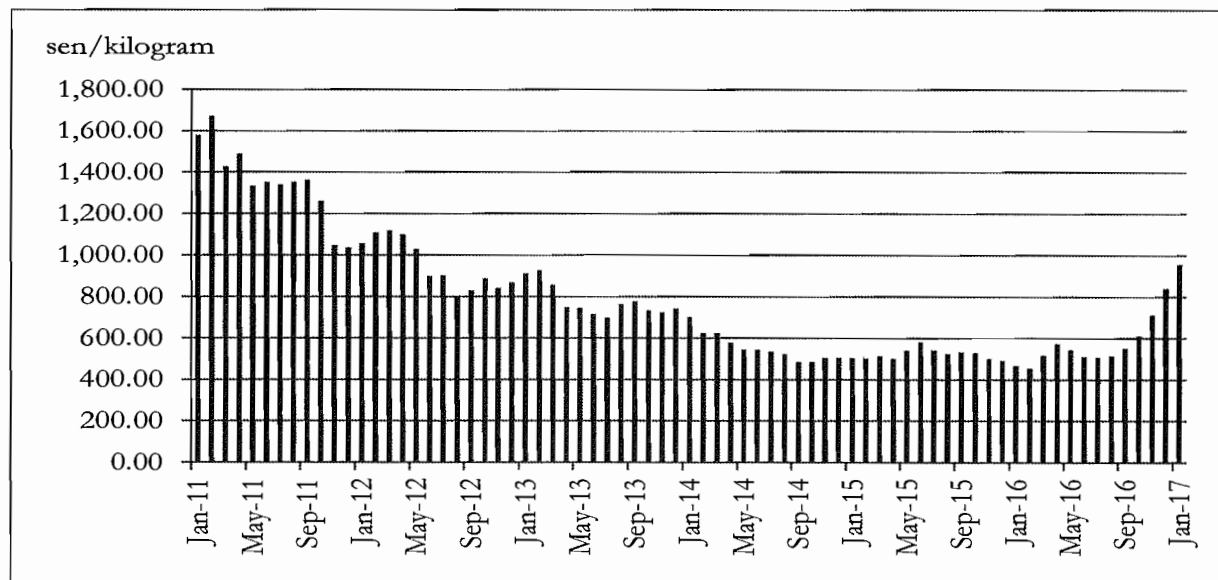
The market for natural rubber is uncertain as external factors continue to play a major role in determining prices. The market is anticipated to be affected by factors such as the global economic condition, developments in the Chinese economy, crude oil prices and currency movements, as well as the vagaries of the weather in the natural rubber producing countries. The global production of natural rubber is anticipated to exceed the global consumption over the next few years. Similar to many other commodities, the PRC is the big factor on the supply-demand situation in natural rubber. The natural rubber producers in South East Asian countries did a lot of planting in anticipation of the PRC’s economic growth, when a shortfall of the commodity was anticipated. The PRC had been consuming natural rubber to manufacture tyres for its booming automotive industry. However, the PRC’s economy has been slowing down from its double digit growth days.

8. INDUSTRY OVERVIEW (cont'd)

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Global production of natural rubber is anticipated to increase as rubber trees planted between 2006 and 2008 mature. The impact of El Nino occurring in 2016 will not be enough to counter the large and rising amount of surplus of natural rubber, although it may assist to slow down the declining price trend.

Figure 6: Monthly Price for SMR 20 (Sen/Kilogram)



Source: Malaysian Rubber Board

Supply of carbon black

Most carbon black applications are used in rubber compounding. Carbon black can be manufactured into various grades and categorised based on its functionality in end applications. They are principally utilised as fillers to provide the physical strength and black colour used in rubber compounds. As a multi-component system, tyres require the application of differing grades of carbon black and quantities to suit the different tyre types and needs. Carbon black is derived from carbonaceous fuels such as petroleum (crude oil and natural gas) as well as coal. The global oversupply of petroleum and coal has dictated the production costs of carbon black. This is compounded by the economic slowdown in the emerging and commodity-exporting countries on the demand side. Ultimately this translates into lower costs in the supply chain of rubber compounding manufacturing.

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11.0 Substitutes to rubber compounds

There are no substitutes to rubber compounds as they are necessary for the formulations of downstream rubber products, such as retreaded tyres. Depending on the end usage, each variety of rubber compounds has unique customised mechanical and physical characteristics to match the specific application and technical requirements of each market. Different ingredients are mixed together with either natural rubber and/or synthetic rubber to produce rubber compounds with specific characteristics.

12.0 Industry Reliance on and Vulnerability to Imports (rubber compounds)

The chief raw materials used in the manufacturing of rubber compounds are natural rubber and synthetic rubber. Malaysia is currently the fourth largest producer of natural rubber in the world and its production of dry rubber is sufficient for the rubber compounding industry. Although synthetic rubber such as SBR is produced in Malaysia, it is also imported, along with PBR, from countries such as Japan, South Korea, the PRC, Thailand and Singapore. Nevertheless, the different types of synthetic rubber used in the rubber compounding industry are viewed as commodities and are easily available in the market. Synthetic rubber is produced in large volumes in petrochemical plants so as to achieve economies of scale. In addition, synthetic rubber is one of the main downstream materials derived from petroleum.

13.0 Demand And Supply Conditions (Tyre Retreading)

13.1 Demand Conditions

Economic benefits

Retreaded tyres are a sound economic choice for fleet companies, as their usage can lead to significant savings without compromising on safety or reliability. Retreaded tyres can be driven at the same legal speeds as comparable new tyres with no loss in safety, performance or comfort. Tyres represent one of the largest items in the operating budget for most fleet companies. As retreaded tyres provide comparable mileage as against new tyres, but at a lower cost per kilometre, such economic benefits associated with retreaded tyres are the principal driver behind their usage in the market.

8. INDUSTRY OVERVIEW (cont'd)

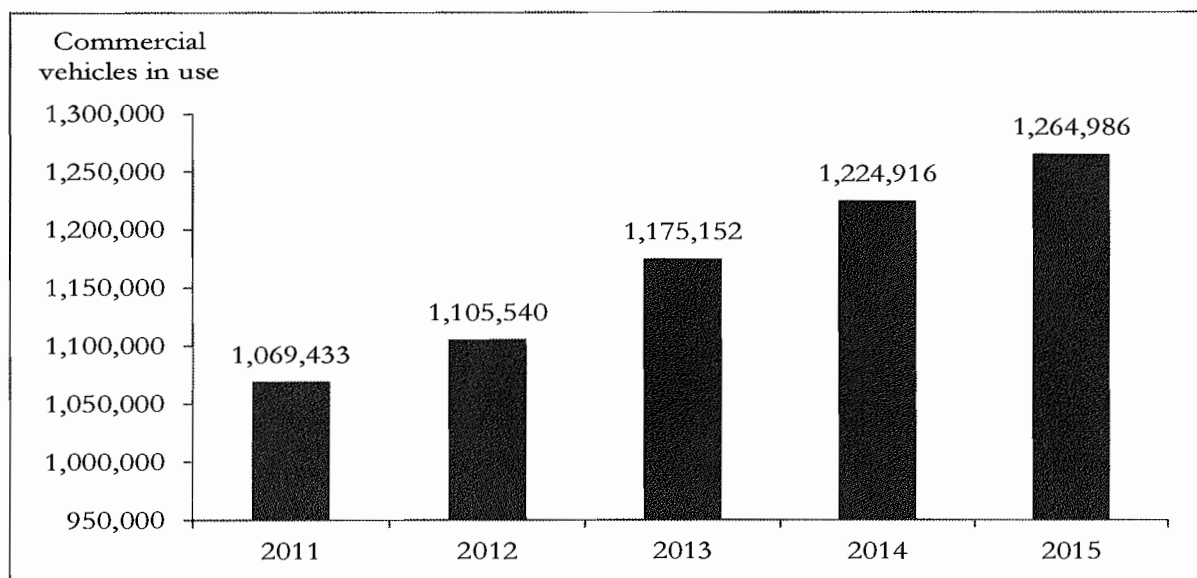
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Growing number of commercial vehicles in use in Malaysia

The number of commercial vehicles in use in Malaysia increased from 1.1 million in 2011 to 1.3 million in 2015, generating a CAGR of 4.3% during the corresponding period. They form an expanding base of commercial vehicles in the country, which in turn, translates into higher demand for retreaded tyres in the market. This is also supported by an expanding infrastructure, eg. the length of roads in Malaysia increased from 137,200 kilometres in 2010 to an estimated 230,300 kilometres in 2015, yielding a CAGR of 10.9% during the period.

The logistics industry is the main user of commercial vehicles in Malaysia. Broadly, logistics refers to the act of managing the efficient and cost-effective transport and storage of goods (such as raw materials, intermediate products and finished goods), from the point of origin to the point of consumption. The other main users of commercial vehicles in Malaysia are public buses. Transportation is a vital lifeline for both urban and rural communities in Malaysia. It ensures that people from all walks of life are able to access and broaden their activities in pursuit of jobs, recreation and daily necessities. Under the Eleventh Malaysia Plan 2016-2020, the Government aims to continue to provide sufficient and affordable access to transportation to allow for a safe, efficient and fast flow of people within the country.

Figure 7: Number of Commercial Vehicles in use in Malaysia



Source: Ministry of Transport

8. INDUSTRY OVERVIEW (cont'd)

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Environmental benefits

Retreaded tyres provide an environmentally friendlier alternative as they assist to reduce the amount of tyre wastes, as the former are recycled. The curved shape of tyres, together with their impermeability, allows rain water to collect and creates an ideal habitat for rodents and mosquitoes, particularly in the tropical and subtropical regions. Prone to heat retention, tyres in stockpiles can also ignite, creating fires that are difficult to extinguish and can burn for months, generating unhealthy smoke and toxic oils. They also help to save non-renewable natural resources in an energy scarce world, as they require significantly less crude oil as compared to the manufacturing of new tyres.

Government initiatives

The Eleventh Malaysia Plan 2016-2020 promulgated in 2015 envisages that commercial and industrial wastes generated in the country will be managed in a holistic manner, such that the amount of wastes and pollution is reduced through recycling and recovery rates. The reuse, reduction and recycling of wastes is a long term goal. Malaysia is undertaking sustainable consumption and production as one of the approaches to achieve green growth. It assists to promote economic growth without compromising the environment or jeopardising the needs of future generations. The usage of retreaded tyres is able to lead to a lower carbon footprint.

13.2 Supply Conditions**Availability of tyre casings**

The number of commercial vehicles in use in Malaysia increased from 1.1 million in 2011 to 1.3 million in 2015, yielding a CAGR of 4.3% during the corresponding period (please refer to figure 7). They provide a constant source of tyre casings to tyre retreading companies when their tyres are worn out. A used tyre casing has worn treads but an intact core (the steel and polyester belts, sidewall and steel rims). However, there is no guarantee that a substantial amount of tyre casings in a reasonably good condition can be collected back. The main challenge for tyre retreaders which plan to sustain and/or expand their operations is to obtain a consistent flow of tyre casings. The tyre casing condition is critical for tyre retreading. Tyre retreading cannot take place if the tyre casing is not built to withstand another life cycle. Tyre retreadability begins and ends with the quality of the tyre casing.

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Availability of labour

Tyre retreading is comparatively more labour-intensive than the rubber compounding industry. In addition, more skilled labour is needed to manufacture the retreaded tyres as the rubber compounding industry can be more easily automated. During tyre retreading, the retreading technician must first place the used tyre casing (which has passed the initial inspection process) in a buffing machine to remove old worn tread and sidewall rubber on the tyre casing; followed by further visual inspection and manual removal of materials. Next, the technician must inspect the tyre casing for any damages/holes. Lastly, the technician applies gum solutions onto the tyre casing for adhesion and fills the holes in the tyre casing with rubber compounds. In the case of hot cure tyre retreading, it requires more skilful technicians and more sophisticated equipment such as a range of moulds capable of withstanding high temperatures, as compared to cold cure tyre retreading.

14.0 Substitutes to retreaded tyres

The substitutes to retreaded tyres are new tyres. However, new tyres are more expensive and their usage will contribute to increased cost of doing business in the supply chain of many industries, as commercial vehicles are needed for the transportation of both raw materials and the final products. The cost of a retreaded tyre is up to 50% less than the cost of comparable quality new tyres, as the tyre casings are reused.

15.0 Industry Reliance on and Vulnerability to Imports (tyre retreading)

The tyre retreading industry in Malaysia is not reliant on and vulnerable to imports of rubber compounds, as the domestic rubber compounding industry is producing sufficient raw materials for the former. In particular, Malaysia is currently the world's fourth largest producer of natural rubber after Thailand, Indonesia and Vietnam.

8. INDUSTRY OVERVIEW (cont'd)

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Malaysia is not reliant on and vulnerable to imports of retreaded tyres, as far as commercial vehicles such as lorries and buses are concerned, as the domestic tyre retreading industry has sufficient capacity to cater to them. Although Malaysia does import retreaded tyres, the majority of the retreaded tyres are for specialised applications, such as for aircraft, tractors, forklifts, earthmover equipment, etc.

16.0 Company Positioning and Prospects

16.1 Major Industry Players

Eversafe Rubber Group is principally involved in the development, manufacturing and distribution of tyre retreading materials, and tyre retreading operations. During periods of rising natural rubber and synthetic rubber prices which lead to more expensive new tyres, there is an increase in demand for retreaded tyres among commercial vehicles. On the other hand, decreasing natural rubber and synthetic rubber prices lead to lower prices of raw materials for tyre retreading materials. Therefore, the Eversafe Rubber Group is able to enjoy lower input prices in the manufacturing of tyre retreading materials. All tyre retreading materials contain rubber compounds as their core constituents.

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8. INDUSTRY OVERVIEW (cont'd)**infobusiness**

The comparable companies to Eversafe Rubber Group are selected based on public listed companies in Bursa Malaysia Securities Berhad (“Bursa Securities”) and non-public listed companies registered with the Companies Commission of Malaysia. In order to be selected, the principal activities of these selected comparable companies to Eversafe Rubber Group must encompass both the development, manufacturing and distribution of tyre retreading materials, and manufacturing of retreaded tyres in Malaysia (please refer to table 6).

Table 6: Principal Activities of Comparable Companies to Eversafe Rubber Group

Company	Principal Activities
Acten Tire Technology Sdn Bhd	It is principally involved in the manufacturing of tyre retreading materials and manufacturing of retreaded tyres. Other activities include machine installation, maintenance and modification, as well as designs and consultations.
Eversafe Rubber Group	It is principally involved in the development, manufacturing and distribution of tyre retreading materials and tyre retreading operations.
Goodway Integrated Industries Berhad	It is listed on Bursa Securities and is principally involved in the manufacturing of tyre retreading materials and manufacturing of retreaded tyres, as well as providing automotive maintenance services, including tyre-related services. In addition, it also offers consultancy services in rubber compound development, mixing and retreading to customers. It is also involved in property development and construction.
Hiap Seng Tyre Group	It is principally involved in the manufacturing of tyre retreading materials and manufacturing of retreaded tyres, trading and manufacturing of new tyres for tractors, as well as providing automotive maintenance services, including tyre-related services.
Kit Loong Tyre Group	It is principally involved in the manufacturing of tyre retreading materials and manufacturing of retreaded tyres, trading, as well as providing automotive maintenance services, including tyre-related services. It also provides tyre retreading plant design-and-build turnkey projects.
Nam Bee Rubber & Tyre Group	It is principally involved in the manufacturing of tyre retreading materials and manufacturing of retreaded tyres, as well as trading. It also provides automotive maintenance services, including tyre-related services.
Sunrich Integrated Sdn Bhd	Sunrich Integrated Sdn Bhd and its subsidiaries are principally involved in the manufacturing of tyre retreading materials and manufacturing of retreaded tyres, as well as trading. It is a subsidiary of ecoWise Holdings Limited, which is listed on the Singapore Exchange and which is principally involved in resource recovery activities.

Source: Infobusiness Research

8. INDUSTRY OVERVIEW (cont'd)

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The table below shows the product coverage of the comparable companies, including the different subsidiaries of the non-public listed companies involved in the manufacturing of tyre retreading materials and/or manufacturing of retreaded tyres. Based on these criteria, there are 13 comparable companies to Eversafe Rubber Group.

Table 7: Product Coverage of Comparable Companies to Eversafe Rubber Group

Company	Manufacturing of tyre retreading materials	Manufacturing of retreaded tyres
Eversafe Rubber Group	√	√
Acten Tire Technology Sdn Bhd	√	√
Goodway Integrated Industries Berhad	√	√
Kit Loong Tyre Group		
Kayel Rubber Products Sdn Bhd	√	√
Kayel Tyre Retread Sdn Bhd		√
Sunrich Integrated Sdn Bhd		
Saiko Rubber (Malaysia) Sdn Bhd	√	
Sun Rubber Industry Sdn Bhd	√	
Gulf Rubber (M) Sdn Bhd		√
Sun Tyre Industries Sdn Bhd		√
Nam Bee Rubber & Tyre Group		
Nam Bee Rubber Works Sdn Bhd	√	
PNSB Nam Bee Rubber Industrial Sdn Bhd	√	
Nam Bee Tyre Retreading Sdn Bhd		√
Hiap Seng Tyre Group		
GTR Tyre Retreaders Sdn Bhd		√
Hiap Seng Tyre Sdn Bhd	√	

Source: Infobusiness Research

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16.2 Financial Comparisons of Comparable Companies

For the purpose of financial comparisons of the comparable companies to Eversafe Rubber Group, the financial information of the non-public listed companies disclosed is at their subsidiary company level only. Consolidated financial information at the holding company level cannot be provided due to the reasons below, and as such, there will not be any rankings assigned to the list of companies below:

- 1) Some of the companies below do not report consolidated financial statements at their group levels;
- 2) Those that do report group level consolidated financial statements also include various other businesses unrelated to tyre retreading materials and/or tyre retreading operations, and hence those group level consolidated financial statements are not comparable to Eversafe Rubber Group. Furthermore, the financials of these other businesses are not able to be carved-out from the consolidated financial information because segmental financial information is not provided in the said consolidated financial statements;
- 3) The subsidiary companies' financial information cannot be aggregated to derive consolidated results as this would misrepresent the financial figures because there are various inter-company sales between the subsidiary level companies within the same group that need to be eliminated to arrive at consolidated results. Unfortunately, information on these inter-company sales are not available in the companies' publicly available financial statements;
- 4) In addition, the subsidiary companies' financial information cannot be aggregated to derive consolidated results as the financials in the table below are extracted based on the companies' latest publicly available financial statements which comprise financial statements of different FYE; and
- 5) Some of the subsidiary level companies are involved in both tyre retreading materials and tyre retreading operations. Hence, it is also not appropriate to show a comparison split between tyre retreading materials and tyre retreading operations as the issues of items (3) and (4) still apply.

8. INDUSTRY OVERVIEW (cont'd)

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Table 8: Financial Comparison of Comparable Companies to Eversafe Rubber Group

Name of Company	FYE	Revenue (RM '000)	GP (RM '000)	GP Margin (%)	PBT (RM '000)	PBT margin (%)
Eversafe Rubber Group	31/12/15	75,297.6	17,230.4	22.9	7,609.5	10.1
Acten Tire Technology Sdn Bhd	31/12/15	11,508.2	1,993.2	17.3	99.6	0.9
Goodway Integrated Industries Berhad	31/12/15	181,362.1	23,727.6	13.1	-6,874.1	N. A.
Kit Loong Tyre Group						
Kayel Rubber Products Sdn Bhd	31/12/15	29,911.8	1,871.5	6.3	-258.2	N. A.
Kayel Tyre Retread Sdn Bhd	31/12/15	19,381.4	2,691.2	13.9	230.7	1.2
Sunrich Integrated Sdn Bhd						
Saiko Rubber (Malaysia) Sdn Bhd	31/10/15	25,919.2	4,067.6	15.7	2,566.5	9.9
Sun Rubber Industry Sdn Bhd	31/10/15	64,199.2	3,392.5	5.3	-214.9	N. A.
Gulf Rubber (M) Sdn Bhd	31/10/15	15,359.4	1,016.4	6.6	70.3	0.5
Sun Tyre Industries Sdn Bhd	31/10/15	28,469.7	1,622.0	5.7	1,783.4	6.3
Nam Bee Rubber & Tyre Group						
Nam Bee Rubber Works Sdn Bhd	31/12/14	23,135.4	6,100.7	26.4	2,859.6	12.4
PNSB Nam Bee Rubber Industrial Sdn Bhd	31/12/15	45,311.7	5,596.7	12.4	907.2	2.0
Nam Bee Tyre Retreading Sdn Bhd	31/12/15	9,161.9	854.2	9.3	165.3	1.8
Hiap Seng Tyre Group						
GTR Tyre Retreaders Sdn Bhd	31/12/15	14,457.5	3,184.7	22.0	1,182.3	8.2
Hiap Seng Tyre Sdn Bhd	31/12/15	35,408.9	5,342.0	15.1	423.9	1.2

Notes:

N. A. = Not Applicable / Not Available

GP margin is computed from the ratio of GP/revenue

PBT margin is computed from the ratio of PBT/revenue

Source: Company search from the Companies Commission of Malaysia and the respective audited financial statements, where relevant.

8. **INDUSTRY OVERVIEW** *(cont'd)*

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For information purposes only, according to the Annual Report 2015 of Goodway Integrated Industries Berhad, it was affected by the sluggish economic conditions in the Oceanic region and euro area, as well as in the PRC. Malaysian companies that were involved in exporting their products to such countries were impacted negatively, and consequently, Goodway Integrated Industries Berhad was also affected in the business ecosystem. A business ecosystem refers to the network of organisations such as suppliers, distributors, customers, competitors, etc. involved in the delivery of a specific product or service. In addition, Goodway Integrated Industries Berhad had also suffered an impaired loss on goodwill of RM6 million in the same FYE.

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8. INDUSTRY OVERVIEW (cont'd)

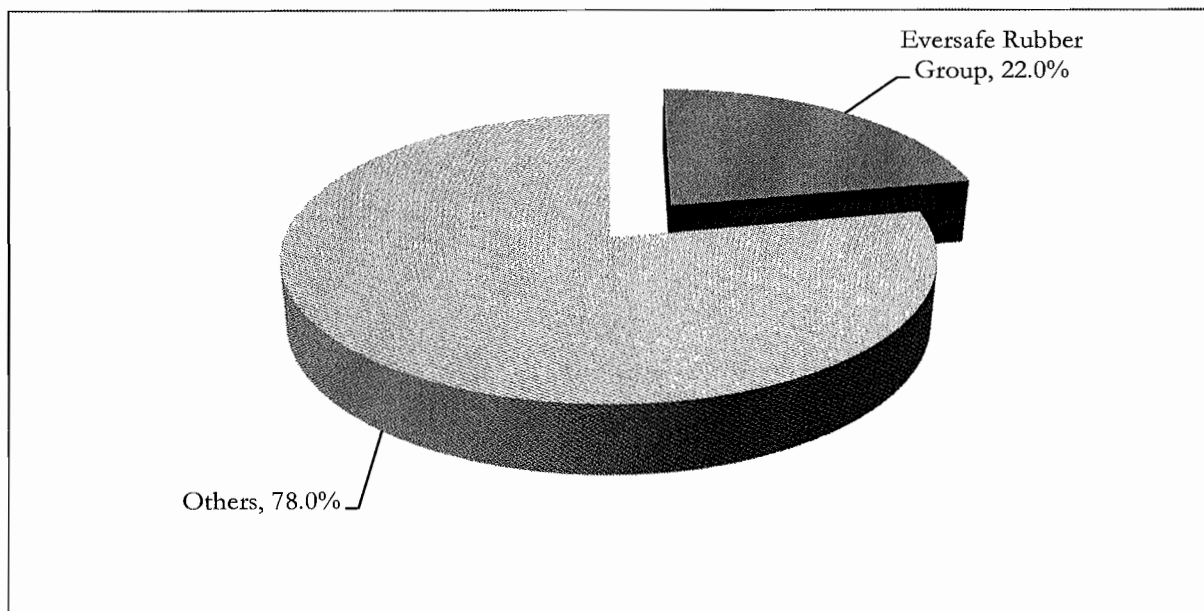
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16.3 Market Share

The sales of rubber compounds for tyre retreading by Eversafe Rubber Group (Malaysian operations) reached 4,034.1 metric tonnes in Malaysia in 2015. With the sales of rubber compounds used for tyre retreading computed at 18,374 metric tonnes in the same year in Malaysia, the market share of Eversafe Rubber Group for the rubber compounding industry used in tyre retreading was recorded at 22.0% in Malaysia in 2015.

The market share was determined based on the number of metric tonnes of rubber compounds sold because there are no official figures available for rubber compounds used in tyre retreading (unlike sales of retreaded tyres). In turn, the number of metric tonnes of rubber compounds sold is computed based on the number of commercial vehicles in use in Malaysia, as disclosed by the Ministry of Transport.

Figure 8: Market Share of Eversafe Rubber Group in the Rubber Compounding Industry for Tyre Retreading in Malaysia in 2015



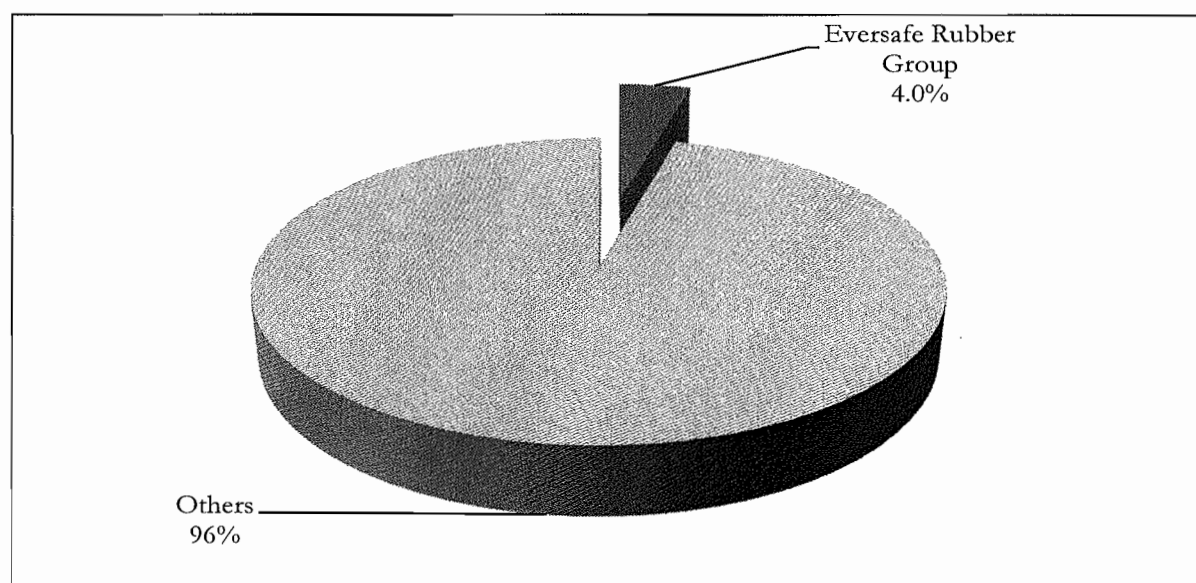
Source: Infobusiness Research

8. INDUSTRY OVERVIEW (cont'd)

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The sales of retreaded tyres by Eversafe Rubber Group attained RM8.0 million in 2015. With the ex-factory sales of retreaded tyres in Malaysia reported at RM198 million in the same year, the market share of Eversafe Rubber Group was recorded at 4.0% in the same year.

Figure 9: Market Share of Eversafe Rubber Group in the Tyre Retreading Industry in Malaysia in 2015



Source: Infobusiness Research

17.0 Outlook and Prospects

Malaysia has a natural comparative advantage in resource-based industries based on its rich resource endowment, such as the rubber products industry, including the rubber compounding and tyre retreading industries. The development of the resource-based industries, including rubber products, has featured importantly in the industrialisation strategies of Malaysia. The Government continues to promote the resource-based industries in order to diversify the country's sources of growth, so as to avoid over reliance on foreign direct investments in the non-resource based industries in the manufacturing sector. As a resource-rich country, Malaysia needs to capitalise on this advantage in order to produce more value added products in which it has a comparative advantage.

8. INDUSTRY OVERVIEW (cont'd)

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Rubber compounds are crucial in the manufacturing of retreaded tyres as well as new tyres. The performance of a tyre is influenced by the type of rubber compounds used, as the latter can provide the balance of properties desired by automotive drivers. On the part of the rubber compounder, the manufacturing costs must also be acceptable for the achieved optimised properties. The demand for rubber compounds is derived from tyre retreading, as the latter can provide performance similar to that of new tyres at a fraction of the cost and at a lower environmental impact.

The consumption of rubber compounds used in tyre retreading is expected to expand from 18,374 metric tonnes in 2015 to 21,800 metric tonnes in Malaysia in 2019, yielding a CAGR of 4.4% during the corresponding period (source: Infobusiness Research).

The forecasted consumption growth of rubber compounds used in tyre retreading in selected countries is shown in the table below. The PRC is expected to show the fastest CAGR growth of 8.9%, between 2014 and 2019.

Table 9: Forecasted Consumption Growth of Rubber Compounds used in Tyre Retreading in Selected Countries (%)

Country	CAGR (2014-2019)
PRC	8.9
Hong Kong	1.9
Thailand	4.3
Indonesia	3.6
Brazil	5.9
Turkey	4.2
Taiwan	1.4
Japan	-0.8
Singapore	0.7
South Korea	0.2

Note:

Hong Kong is a Special Administrative Region under the PRC.

Source: Infobusiness Research

8. INDUSTRY OVERVIEW (cont'd)

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In an increasing environment conscious world, recycling of consumer and industrial products, including tyres, is gaining momentum. Tyre retreading is a well-established and acceptable practice. The outlook for retreaded tyres depends on the general health of the economy and demand for goods and services. It is expected to remain healthy as both economic benefits and environmental concerns become more important in the future.

As highway networks in Malaysia have expanded over the years, the usage of highways has become the primary means of transportation for the movement of consumer and industrial goods. In the towns and cities, buses are the main form of transportation for people of the lower income group. As fuel and maintenance costs are largely fixed, fleet operators leverage on retreaded tyres to lower operating costs, especially during periods of economic slowdowns. The development of the highway infrastructure and roads drive the usage volumes of retreaded tyres, which in turn, provides favourable conditions for the development of the rubber compounding industry.

Tyres are essential and indispensable parts of an automotive. They are purchased on a **recurring** basis by motorists and fleet operators for the safe operation of their vehicles. It is also an offence to operate vehicles with bald tyre treads in Malaysia. Many companies are committed to road safety practices, including the usage of road-worthy tyres on their vehicles, as part of their corporate social responsibility.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

9.1 Promoters and Substantial Shareholders

9.1.1 Particulars and shareholdings

The details of our Promoters and Substantial Shareholders and their shareholdings in our Company before and after our IPO (assuming all 30,000,000 Offer Shares are fully placed out) are as follows:-

Name	Nationality / Country of incorporation	Before the IPO			After the IPO				
		No. of Shares	% ⁽¹⁾	Indirect	Direct	No. of Shares	% ⁽²⁾	Indirect	
				No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Promoters and Substantial Shareholders									
Tai Hin	Malaysia	138,461,444	71.89	-	-	116,893,546	48.59	-	-
Dato' Seri Cheah	Malaysian	18,227,504	9.46	138,461,444 ⁽³⁾	71.89	15,388,238	6.40	116,893,546 ⁽³⁾	48.59
Eu Ah Seng	Malaysian	19,790,005	10.28	-	-	16,707,350	6.94	-	-

Notes:-

(1) Based on the total number of 192,593,796 Shares after the Acquisition of Rubber Works.

(2) Based on the enlarged total number of 240,593,796 Shares after our IPO.

(3) Deemed interested by virtue of his interest in Tai Hin pursuant to Section 8 of CA 2016.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.1.2 Profiles of our Promoters and Substantial Shareholders

- (i) **Tai Hin & Son (PG) Sdn Bhd ("Tai Hin")** was incorporated in Malaysia as a private limited company under CA 1965 on 7 March 1978. As at the LPD, its issued share capital is RM621,002 comprising 621,002 ordinary shares. Tai Hin is principally involved in buying / selling of new and used machinery used for servicing motor vehicles, letting of real property and providing management services.

The directors and shareholders of Tai Hin and their respective shareholdings in Tai Hin as at the LPD are as follows:-

Name	No. of Shares	%
<u>Directors and shareholders</u>		
Dato' Seri Cheah	318,900	51.35
Cheah Eu Lee	105,000	16.91
Cheah Eu Siang	105,000	16.91
Cheah Siang Tee	62,102	10.00
<u>Shareholder</u>		
Cheah Eu Gaik	30,000	4.83
	621,002	100.00

As at the LPD, the subsidiaries of Tai Hin (*other than Eversafe Rubber Group, of which the details are as set out in Section 6 of this Prospectus*) are as follows:-

Name of company	Country of incorporation	Effective equity interest (%)	Principal activities
Tayarmart (M) Sdn Bhd	Malaysia	100	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
<u>Subsidiaries of Tayarmart (M) Sdn Bhd</u>			
Tayarmart (T. Bagan) Sdn Bhd	Malaysia	100	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
Tayarmart (Raja Uda) Sdn Bhd	Malaysia	100	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
Olimpik Jaya (M) Sdn Bhd	Malaysia	100	Ceased operations <i>(Prior to ceasing of operations in June 2016, it was principally engaged in trading of tyre casings and as an agent of new tyres and retreaded tyres)</i>

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

- (ii) **Dato' Seri Cheah Eu Kiat** ("Dato' Seri Cheah"), Malaysian, aged 67, is our Executive Director. In 1965, while he was still in high school, Dato' Seri Cheah began helping out at his family's battery and tyre services workshop. When he graduated from Chung Ling High School in 1968, he decided to assist in the family business on a full time basis. He was actively involved in the tyre retailing and automotive maintenance services. In 1973, anticipating the demand for commercial vehicles and usage of retreaded tyres would increase in the country, he made the decision to expand the family tyre retreading business to a larger scale, and established Syarikat Tai Hin Penchelop Tayar Sdn Bhd (*which was later renamed to Olympic*). Dato' Seri Cheah was involved in the management, daily operation, and the expansion of Olympic's tyre retreading business. Through his years of involvement, he has gained invaluable knowledge and experience in the tyre and tyre retreading industries.

In 1980, recognising that the potential market for tyre retreading materials was promising, Dato' Seri Cheah ventured into the manufacturing of tyre retreading materials through the establishment of Rubber Works. Under his vision and leadership, we have grown from a small workshop to having several manufacturing facilities in both Malaysia and PRC. Currently, he holds the following directorships in our Group:-

Name of company	Designation	Year
Eversafe Rubber	Executive Director	2016* to present
Rubber Works	Executive director	1982 to present
Eversafe Trading	Executive director	1983 to present
Eversafe Shanghai	Non-executive director	2005 to present
Supreme Good	Non-executive director	2008 to present
Olympic	Executive director	1973 to present

* Appointed on 30 May 2016.

Dato' Seri Cheah is actively involved in various tyre associations in Malaysia as follows:-

Name of association	Designation	Year
North Malaysia Tyre Association (NMTA)	Chinese Correspondent	1974
	Assistant Secretary	1975 to 1976
	Secretary	1977 to 1990
	Vice Chairman	1991 to 1994
	Chairman	1995 to 2012
	Life Honorary President and Executive Advisor	2013 to present
Malaysian Association of Tyre Retreaders and Dealers Societies (MATRDS)	Vice President	1976 to 1989 and 1992 to 1997
	President	1989 to 1992 and 1997 to 2000
	Life Honorary President	2001 to present
Tyre Retreads Manufacturers Association of Malaysia (TRMAM)	Executive Advisor	2006 to present

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

Besides his active involvement in all aspects of the tyre industry in Malaysia, Dato' Seri Cheah is also the vice chairman of the board of governors of Chung Ling High School, Penang State; the chairman of the board of governors of Chung Hwa Primary School, Butterworth; a committee member of United Hokkien Cemetery of Penang and a member of the Board of Visitors of Gleneagles Hospital in Penang. He was the national president of the Malaysia Chung Ling Alumni Association from 1998 to 2002, and also served as the treasurer for Barisan Nasional Penang from 2001 to 2008.

- (iii) **Eu Ah Seng**, Malaysian, aged 75, is our Executive Director. Eu Ah Seng began his career in the rubber-related industry in 1960 when he started working for a rubber trader, assisting in the collection of raw natural rubber from smallholders to be sent to factories. It was then that his interest in rubber and its properties grew and he spent five (5) years with the trader, learning about the rubber trade. In 1965, he joined Perak Rubber Works Sdn Bhd in Taiping, working in the production of rubber compounds for the tyre industry. After eleven (11) years of services in Perak Rubber Works Sdn Bhd, he left to start his own rubber trading business, Success Trading, a sole proprietary principally involved in the trading of rubber compounds as well as retreaded tyres *(and has subsequently become dormant)*. In 1980, he co-founded Rubber Works with Dato' Seri Cheah. He is currently an executive director in Eversafe Rubber *(appointed on 30 May 2016)*, Rubber Works *(since 1980)* and Eversafe Trading *(since 1980)*, overseeing the entire development, production, marketing and procurement activities of our Group. He is also a non-executive director of Eversafe Shanghai *(since 2005)*.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

9.1.3 Changes in our Promoters' and Substantial Shareholders' shareholdings in our Company

The table below sets out our Promoters' and Substantial Shareholders' shareholdings in our Company since the date of our incorporation on 5 March 2015 up to the LPD:-

Name	As at 5 March 2015				As at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Promoters and Substantial Shareholders								
Tai Hin	-	-	-	-	138,461,444 ⁽³⁾	71.89	-	-
Dato' Seri Cheah	-	-	-	-	18,227,504 ⁽³⁾⁽⁴⁾	9.46	138,461,444 ⁽⁵⁾	71.89
Eu Ah Seng	-	-	-	-	19,790,005 ⁽³⁾	10.28	-	-

Notes:-

- (1) Based on the total number of two (2) Shares.
- (2) Based on the enlarged total number of 192,593,796 Shares after the Acquisition of Rubber Works.
- (3) Issued pursuant to the Acquisition of Rubber Works.
- (4) Including eight (8) Shares (subdivided from two (2) subscriber shares) transferred to Dato' Seri Cheah.
- (5) Deemed interested by virtue of his interest in Tai Hin pursuant to Section 8 of CA 2016.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)**9.2 Board of Directors****9.2.1 Particulars and shareholdings**

The details of our Directors and their shareholdings in our Company before and after our IPO (assuming full subscription of our IPO Shares reserved for our Directors under the allocation for Eligible Persons in respect of the Retail Offering and all 30,000,000 Offer Shares are fully placed out) are as follows:-

Directors	Designation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Tan Sri Dato' Dr. Sak Cheng Lum	Independent Non-Executive Chairman	-	-	-	-	-	-	-	-
Dato' Seri Cheah	Executive Director	18,227,504	9.46	138,461,444 ⁽³⁾	71.89	15,388,238	6.40	116,893,546 ⁽³⁾	48.59
Eu Ah Seng	Executive Director	19,790,005	10.28	-	-	16,707,350	6.94	-	-
Cheah Siang Tee	Chief Executive Officer / Executive Director	-	-	-	-	700,000	0.29	-	-
Cheah Eu Lee	Non-Independent Non-Executive Director	-	-	-	-	700,000	0.29	-	-
Tuan Haji Mohd Isa bin Talib	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Ng Meng Kwai	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Ong Beow Chieh	Independent Non-Executive Director	-	-	-	-	-	-	-	-

Notes:-

(1) Based on the total number of 192,593,796 Shares after the Acquisition of Rubber Works.

(2) Based on the enlarged total number of 240,593,796 Shares after our IPO.

(3) Deemed interested by virtue of his interest in Tai Hin pursuant to Section 8 of CA 2016.

In addition to the subscription of our IPO Shares allocated for the Eligible Persons as set out in Section 4.3.1(b) of this Prospectus, our Directors may also subscribe for additional Excess Shares under those allocated for the Eligible Persons as well as our IPO Shares under the Retail Offering.

None of our Directors are representatives of corporate shareholders.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.2.2 Profiles of our Directors

The profiles of Dato' Seri Cheah and Eu Ah Seng are set out in Section 9.1.2 above.

- (i) **Tan Sri Dato' Dr. Sak Cheng Lum** ("**Tan Sri Dato' Dr. Sak**"), Malaysian, aged 73, is our Independent Non-Executive Chairman. Tan Sri Dato' Dr. Sak graduated with a Degree in Medicine from the University of Singapore in 1968. He began his career as a medical doctor, serving as a medical officer for the Malaysian government until 1972, before starting his own private practice.

In 1978, Tan Sri Dato' Dr. Sak was elected as the state assemblyman under Barisan Nasional for the seat of Bagan Jermal in Penang. His commitments to the nation can be seen from his election as a state assemblyman for five (5) terms (*from 1978 to 1990 and from 1995 to 2004*) as well as his appointment as a Penang State executive councillor for two (2) terms (*from 1986 to 1990 and from 1995 to 2004*). From 1990 to 1995, he served as a senator and parliamentary secretary of the Ministry of Domestic Trade and Consumer Affairs. Currently, he serves as chairman of the University Tunku Abdul Rahman Board of Trustees since 2010 and as a member of the Board of Trustees of the Tunku Abdul Rahman Foundation since 2005. Tan Sri Dato' Dr. Sak is also a member of the Board of Trustees of the ECM Libra Foundation. He was an independent non-executive director of Star Publications (Malaysia) Berhad from 2001 until 2010 and the independent non-executive chairman of XingHe Holdings Berhad from 2013 until 31 August 2016.

In addition to being our Independent Non-Executive Chairman (*appointed on 30 May 2016*), he is currently on the board of directors of several public listed and private corporations in Malaysia, serving in different capacities, i.e. independent non-executive director of HIL Industries Berhad since 2007 and independent non-executive director of A & M Realty Berhad since 2000.

- (ii) **Cheah Siang Tee**, Malaysian, aged 41, is our Chief Executive Officer / Executive Director. He obtained a Bachelor Degree in Accounting and a Bachelor in Business Administration majoring in Finance from University of Minnesota in 1998. He began his career in the accounting field when he joined Deloitte Touche Tohmatsu Malaysia as a trainee accountant in 1999. He was principally involved in taxation and audit work for many private and public listed companies in Malaysia. He was a member to the Minnesota Society of Certified Public Accountants in 2000; and later became a member of the American Institute of Certified Public Accountants (AICPA) in 2001. He also became a member of the Malaysian Institute of Certified Public Accountants (MICPA) in 2002.

In 2002, he left Deloitte Touche Tohmatsu Malaysia to join his family business in Tai Hin, where he was tasked to oversee Tai Hin's overall operations as its general manager (*since appointment in 2002 until he was designated as a non-executive director in 2010*), focusing on business development activities starting with tyre retreading operations only in 2002, followed by tyre retreading materials business segment from 2005.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

In 2004, he was appointed the general manager of Olympic, heading the sales and marketing division, overseeing the production department as well as handling purchasing activities.

In 2005, he spearheaded the establishment of Eversafe Shanghai in PRC and subsequently Jiaxing in PRC in 2007. In 2012, he was appointed as the general manager of Rubber Works and is currently a director tasked with managing and overseeing the entire operations including business strategic planning and development, overall sales and marketing activities as well as our operations in overseas markets.

Currently, he holds the following directorships in our Group:-

Name of company	Designation	Year
Eversafe Rubber	Chief Executive Officer / Executive Director	2016* to present
Rubber Works	Executive director	2014 to present
Eversafe Trading	Executive director	2014 to present
Eversafe Shanghai	Executive director	2005 to present
Supreme Good	Non-executive director	2008 to present
Jiaxing	Executive director	2007 to present
Olympic	Executive director	2014 to present

* Appointed on 30 May 2016.

- (iii) **Cheah Eu Lee**, Malaysian, aged 59, is our Non-Independent Non-Executive Director. After completing his secondary education from Chung Ling High School in 1976, he joined Chop Tai Hin (*sole proprietorship*), a family business and was put in charge of customer service, marketing and financing of the company. Then, in 1978, he was tasked to head the marketing division of Olympic, overseeing the sourcing for tyre casings used in the retreading of tyres before he was transferred in 1982 to oversee and be responsible for Tai Hin's retailing segment (*the retailing business of Chop Tai Hin was taken over by Tai Hin, also a family business in 1980 and Chop Tai Hin eventually became dormant*). Since then, he has been in charge of Tai Hin's retailing segment (*which was subsequently transferred to Tayarmart (M) Sdn Bhd upon its incorporation in 1987*), whereby his current role includes servicing all of its major customers such as container haulers, fleet operators and Rapid Penang Sdn Bhd. During his tenure in Tayarmart (M) Sdn Bhd (*where he currently serves as the managing director since 1987*), the group has established two (2) additional car workshops in Penang i.e. in Prai (1987) and Taman Bagan (1996). He is currently a non-executive director in Eversafe Rubber (*appointed on 30 May 2016*), Rubber Works (*since 2008*), Eversafe Trading (*since 2008*) and Olympic (*since 1979*).

Cheah Eu Lee is the founding president of the Lions Club of Bagan. He has been a member of the Lions Club of Bagan since 2001, and was appointed the club's president in 2003. He has also been a committee member for the North Malaysia Tyre Association (NMTA) since 1999 and serves as its treasurer since 2013.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

- (iv) **Tuan Haji Mohd Isa bin Talib** (“**Tuan Haji**”), Malaysian, aged 74, is our Independent Non-Executive Director *(appointed on 30 May 2016)*. Tuan Haji has over 35 years’ experience in the banking industry. He joined Malayan Banking Berhad (Maybank) after completing his secondary education in 1961. He began his career as an office clerk in the accounts division. He was later promoted to the position of banking officer, where he was responsible for the marketing and promotion of financial products and services for Maybank. He became an assistant branch manager in 1970, overseeing the operations of a Maybank branch in Jalan Tunku Abdul Rahman. He was later promoted to the branch manager position in 1971 and worked for several branches in Kuala Kubu Bahru, Hulu Selangor in 1971, Butterworth in 1972 and Alor Setar in 1977. In 1980, he was promoted to regional manager in Kuantan and was responsible for overseeing the operations of bank branches in three (3) states in Malaysia, i.e. Pahang, Kelantan and Terengganu. He was transferred to Johor Bahru in 1985 and was responsible for overseeing the operations of branches in Johor and Melaka. In 1991, he was transferred to Kuching to oversee branches in Sarawak. In 1993, he was transferred to Kuala Lumpur headquarters to head the property division of Maybank until he retired from Maybank in 1998.

Tuan Haji joined Olimpik Jaya (M) Sdn Bhd as a director in 2000 and held the position until April 2016. He serves as the president of the Maybank Retiree Association since 2011.

- (v) **Ng Meng Kwai**, Malaysian, aged 65, is our Independent Non-Executive Director *(appointed on 30 May 2016)*. He has over 40 years of public accounting experience and has extensive experience in audit and financial advisory services as well as risk management matters.

He joined Deloitte Malaysia *(then known as Kassim Chan & Co)* in 1973 as an audit junior. He was promoted to the position of principal in 1987 and partner in 1988. He retired from Deloitte Malaysia on 1 June 2013 and accordingly, relinquished all his positions in Deloitte Malaysia’s group of companies in June 2013 *(save for Deloitte Corporate Advisory Services Sdn Bhd in which he remained as a director until 1 June 2016 to assist in orderly transfer of responsibilities to his successors)*. In July 2013, he joined Robert Mengkwai & Loo as a partner in the accounting firm and he holds the position until to date.

He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a member of the Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia.

- (vi) **Ong Beow Chieh**, Malaysian, aged 45, is our Independent Non-Executive Director *(appointed on 4 January 2017)*. She graduated in 1995 with a Bachelor of Laws Degree from Queensland University of Technology, Australia. She has been with Messrs Presgrave & Matthews of Penang since pupillage in 1996 before she was admitted as an advocate and solicitor of the High Court of Malaya in 1997. She commenced her professional career with Messrs Presgrave & Matthews as a legal assistant in the same year. In 2002, she was made partner of the firm and is currently still serving the same. She specialises in banking, conveyancing and intellectual property and she is also a trademark and industrial design agent registered under the Intellectual Property Corporation of Malaysia.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

9.2.3 Principal directorships and principal business activities of our Directors outside our Group

The following table sets out the principal directorships of our Directors as at the LPD ("Present Directorships") and those which were held within the past five (5) years up to the LPD ("Previous Directorships"), as well as their involvement in principal business activities outside our Group as at the LPD:-

Name	Directorships	Principal business activities	Date appointed	Date resigned	Position held
Tan Sri Dato' Dr. Sak Cheng Lum	<i>Present Directorships:-</i>				
	• A & M Realty Berhad (Listed on Bursa Securities)	• Investment holding and the provision of management services	• 01.03.2000	• -	• Independent non-executive director
	• HIL Industries Berhad (Listed on Bursa Securities)	• Investment holding and the manufacture and sale of industrial and domestic moulded plastic products	• 16.02.2007	• -	• Independent non-executive director
	• Supreme Logic Sdn Bhd	• Property holding	• 16.02.2007	• -	• Independent non-executive director
	• Tengku Mohd Kamil Dan Ng Sdn Bhd	• Housing development and investment holding	• 11.12.2000	• -	• Independent non-executive director
	• Vertipro Management Sdn Bhd	• Food and beverage	• 11.12.2000	• -	• Independent non-executive director
	• Pembinaan Sijaya (M) Sdn Bhd	• Property development	• 02.10.2007	• -	• Independent non-executive director
	• Something Else F&B Sdn Bhd	• Trading	• 19.08.2015	• -	• Independent non-executive director
	• Sunrich Pristine Sdn Bhd	• Healthcare provider	• 20.05.2016	• -	• Independent non-executive director
	• UTAR Education Foundation	• Administration of funds for education	• 21.10.2005	• -	• Chairman of Board of Trustees
	• Cece Education Foundation	• Administration of funds for education	• 27.05.2008	• -	• Chairman of Board of Trustees
	• ECM Libra Foundation	• Administration of funds for education and charity	• 10.01.2005	• -	• Member of Board of Trustees
	• Neoh Foundation	• Administration of funds for education and charity	• 01.12.1983	• -	• Member of Board of Trustees
<i>Previous Directorships:-</i>					
• XingHe Holdings Berhad (Listed on Bursa Securities)	• Investment holding	• 06.08.2013	• 31.08.2016	• Independent non-executive chairman	
• XingHe Marketing Sdn Bhd	• Dormant	• 02.09.2014	• 31.08.2016	• Independent non-executive director	
• Ladang YS (Selangor) Sdn Bhd	• Oil palm plantation	• 05.04.2000	• 21.09.2012	• Independent non-executive director	
• Harta Intan Builders Sdn Bhd	• Property development	• 24.12.2005	• 01.06.2012	• Independent non-executive director	

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

Name	Directorships	Principal business activities	Date appointed	Date resigned	Position held
Dato' Seri Cheah	<u>Present Directorships:-</u> <ul style="list-style-type: none"> Westlake Marketing (Malaysia) Sdn Bhd Tai Hin 	<ul style="list-style-type: none"> Import and distribution of new tyres Buying / selling of new and used machinery used for servicing motor vehicles, letting of real property and providing management services 	<ul style="list-style-type: none"> 21.12.2015 07.03.1978 	<ul style="list-style-type: none"> - - 	<ul style="list-style-type: none"> Non-executive director and shareholder (Direct interest: 50.00%) Executive director and shareholder (Direct interest: 51.35%)
	Tayarmart (M) Sdn Bhd	Retailing and distribution of tyres and spare parts and servicing of motor vehicles	09.09.1987	-	Non-executive chairman and shareholder (Indirect interest: 100.00% ⁽¹⁾)
	Tayarmart (T.Bagan) Sdn Bhd	Retailing and distribution of tyres and spare parts and servicing of motor vehicles	26.12.1996	-	Non-executive chairman and shareholder (Indirect interest: 100.00% ⁽²⁾)
	Tayarmart (Raja Uda) Sdn Bhd	Retailing and distribution of tyres and spare parts and servicing of motor vehicles	21.09.2001	-	Non-executive chairman and shareholder (Indirect interest: 100.00% ⁽²⁾)
	Olimpik Jaya (M) Sdn Bhd	Ceased operations ⁽¹⁾	08.11.1986	-	Non-executive director and shareholder (Indirect interest: 100.00% ⁽²⁾)
	Tai Hin Realty Sdn Bhd	Licensed money lender and letting of real property	18.03.1986	-	Executive director and shareholder (Direct interest: 60.00%)
	Tai Hin Trading Sdn Bhd	Import and distribution of motor vehicle rims	07.03.1979	-	Non-executive director and shareholder (Direct interest: 20.02%)

Previous Directorships:-

- Nil

Note:-
(1) Prior to ceasing of operations in June 2016, it was principally engaged in trading of tyre casings and as an agent of new tyres and retreaded tyres

In addition to the above, he is also a shareholder in CL Global Networks Sdn Bhd (Direct interest: 7.69%)

Notes:-

- Deemed interested by virtue of his interest in Tai Hin pursuant to Section 8 of CA 2016.
- Deemed interested by virtue of his interest in Tai Hin (which is the company's ultimate holding company) pursuant to Section 8 of CA 2016.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

Name	Directorships	Principal business activities	Date appointed	Date resigned	Position held
Eu Ah Seng	<u>Present Directorships:-</u>				As at the LPD, Eu Ah Seng is not involved in principal business activities outside our Group other than his principal directorships as set out in this table.
	• Nil				
Cheah Siang Tee	<u>Previous Directorships:-</u>				
	• Nil				
Cheah Eu Lee	<u>Present Directorships:-</u>				
	• Tai Hin	• Buying / selling of new and used machinery used for servicing motor vehicles, letting of real property and providing management services	• 23.07.2010	• -	• Non-executive director and shareholder (Direct interest: 10.00%)
	• Tayarmart (M) Sdn Bhd	• Retailing and distribution of tyres and spare parts and servicing of motor vehicles	• 24.02.2014	• -	• Non-executive director
	• Tai Hin Trading Sdn Bhd	• Import and distribution of motor vehicle rims	• 10.03.2004	• -	• Non-executive director and shareholder (Direct interest: 19.98%)
	<u>Previous Directorships:-</u>				
	• Nil				
Cheah Eu Lee	<u>Present Directorships:-</u>				
	• Tai Hin	• Buying / selling of new and used machinery used for servicing motor vehicles, letting of real property and providing management services	• 10.12.1981	• -	• Executive director and shareholder (Direct interest: 16.91%)
	• Tayarmart (M) Sdn Bhd	• Retailing and distribution of tyres and spare parts and servicing of motor vehicles	• 30.09.1987	• -	• Executive director
	• Tayarmart (T.Bagan) Sdn Bhd	• Retailing and distribution of tyres and spare parts and servicing of motor vehicles	• 26.12.1996	• -	• Executive director
	• Tayarmart (Raja Uda) Sdn Bhd	• Retailing and distribution of tyres and spare parts and servicing of motor vehicles	• 21.09.2001	• -	• Executive director
	• Olimpik Jaya (M) Sdn Bhd	• Ceased operations ⁽¹⁾	• 08.11.1986	• -	• Non-executive director

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

Name	Directorships	Principal business activities	Date appointed	Date resigned	Position held
	<ul style="list-style-type: none"> Tai Hin Trading Sdn Bhd EL Cheah Sdn Bhd 	<ul style="list-style-type: none"> Import and distribution of motor vehicle rims Letting of real property 	<ul style="list-style-type: none"> 24.08.1983 09.04.2008 	<ul style="list-style-type: none"> - - 	<ul style="list-style-type: none"> Executive director and shareholder (Direct interest: 20.02%) Executive director and shareholder (Direct interest: 80.00%)
	<u>Previous Directorships:-</u>				
	<ul style="list-style-type: none"> Nil 	<p>Note:- (1) Prior to ceasing of operations in June 2016, it was principally engaged in trading of tyre casings and as an agent of new tyres and retreaded tyres</p>			
Tuan Haji Mohd Isa bin Talib	<u>Present Directorships:-</u>				
	<ul style="list-style-type: none"> Nil 				
	<u>Previous Directorships:-</u>				
	<ul style="list-style-type: none"> Olimpik Jaya (M) Sdn Bhd 	<ul style="list-style-type: none"> Ceased operations⁽¹⁾ 	<ul style="list-style-type: none"> 18.12.2000 	<ul style="list-style-type: none"> 28.04.2016 	<ul style="list-style-type: none"> Non-executive director
		<p>Note:- (1) Prior to ceasing of operations in June 2016, it was principally engaged in trading of tyre casings and as an agent of new tyres and retreaded tyres</p>			As at the LPD, Tuan Haji Mohd Isa bin Talib is not involved in principal business activities outside our Group other than his principal directorships as set out in this table.
Ng Meng Kwai	<u>Present Directorships:-</u>				
	<ul style="list-style-type: none"> Nil 				
	<u>Previous Directorships:-</u>				
	<ul style="list-style-type: none"> Deloitte Corporate Advisory Services Sdn Bhd Agensi Pekerjaan Deloitte Sdn Bhd Deloitte Corporate Solutions Sdn Bhd Deloitte Management Consultants Sdn Bhd 	<ul style="list-style-type: none"> Corporate finance and corporate advisory services Labour contracting services Financial and advisory consultancy Management consultancy services 	<ul style="list-style-type: none"> 06.07.1999 31.07.1999 05.08.1992 09.09.1996 	<ul style="list-style-type: none"> 01.06.2016 01.06.2013 01.06.2013 02.06.2013 	<ul style="list-style-type: none"> Executive director Non-executive director Executive director Executive director

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

Name	Directorships	Principal business activities	Date appointed	Date resigned	Position held
	<ul style="list-style-type: none"> Deloitte Enterprise Risk Services Sdn Bhd Multiple Blue Sdn Bhd Multiple Motion Sdn Bhd Lasting Rewards Sdn Bhd Multiple Score Sdn Bhd Grandamics Sdn Bhd 	<ul style="list-style-type: none"> Consultants and advisors in information technology and related services Wound up on 10 August 2015 Wound up on 18 March 2016 Wound up on 22 September 2014 Wound up on 13 April 2015 Wound up on 4 June 2015 	<ul style="list-style-type: none"> 30.05.1997 09.09.1996 09.09.1996 18.04.2003 22.08.2000 16.07.2007 	<ul style="list-style-type: none"> 01.06.2013 01.06.2013 01.06.2013 22.09.2014⁽¹⁾ 01.06.2013 26.03.2013 	<ul style="list-style-type: none"> Non-executive director Non-executive director Non-executive director Non-executive director Non-executive director Non-executive director

Note:-

(1) Ceased to be a director pursuant to winding up of the company
 In addition to the above, he is also a shareholder in Magnum Noble Sdn Bhd (Direct interest: 33.33%) and RMKL Advisory Sdn Bhd (Direct interest: 33.33%)

Ong Beow Chieh

Present Directorships:-

- Nil

Previous Directorships:-

- Dynahon Sdn Bhd
- Real property company
- 23.05.2008
- 23.02.2015
- Non-executive director

In addition to the above, she is also a partner in Messrs Presgrave & Matthews.

Dato' Seri Cheah's, Eu Ah Seng's and Cheah Siang Tee's respective involvement in the business activities or corporations set out above is not expected to affect their respective contribution to our Group or negatively impact their ability to act as our Executive Directors. Such businesses' or corporations' operations do not require their involvement on a daily basis as these businesses or corporations are managed by their respective management.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.2.4 Involvement of our Directors in other businesses or corporations which carry on a similar trade as our Group, or which are our customers and/or suppliers

Save as disclosed below, as at the LPD, none of our Directors have any interest (*direct or indirect*) in other businesses or corporations which are (i) carrying on a similar trade as that of our Group; or (ii) our customers and/or suppliers:-

Name	Businesses / Corporations	Nature of interest	Equity interest (%)		Principal activities
			Direct	Indirect	
Dato' Seri Cheah	Westlake Marketing (Malaysia) Sdn Bhd	Director / Shareholder	50.00	-	Import and distribution of new tyres
	Tayarmart (M) Sdn Bhd	Director / Shareholder	-	100.00 ⁽¹⁾	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
	Tayarmart (T.Bagan) Sdn Bhd	Director / Shareholder	-	100.00 ⁽²⁾	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
	Tayarmart (Raja Uda) Sdn Bhd	Director / Shareholder	-	100.00 ⁽²⁾	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
Cheah Siang Tee	Tai Hin Trading Sdn Bhd	Director / Shareholder	20.02	-	Import and distribution of motor vehicle rims
	Tayarmart (M) Sdn Bhd	Director	-	-	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
Cheah Eu Lee	Tai Hin Trading Sdn Bhd	Director / Shareholder	19.98	-	Import and distribution of motor vehicle rims
	Tayarmart (M) Sdn Bhd	Director	-	-	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
	Tayarmart (T.Bagan) Sdn Bhd	Director	-	-	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
	Tayarmart (Raja Uda) Sdn Bhd	Director	-	-	Retailing and distribution of tyres and spare parts and servicing of motor vehicles
	Tai Hin Trading Sdn Bhd	Director / Shareholder	20.02	-	Import and distribution of motor vehicle rims

Notes:-

(1) Deemed interested by virtue of his interest in Tai Hin pursuant to Section 8 of CA 2016.

(2) Deemed interested by virtue of his interest in Tai Hin (which is the company's ultimate holding company) pursuant to Section 8 of CA 2016.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

Our Board is of the view that the directorship and/or shareholding interest of Dato' Seri Cheah, Cheah Siang Tee and Cheah Eu Lee in the companies above do not give rise to a conflict of interest situation with our Group's business for the following reasons:-

- (i) Westlake Marketing (Malaysia) Sdn Bhd and Tai Hin Trading Sdn Bhd do not compete directly with our business. The principal activities of these companies mainly comprise the importation and distribution of new tyres and motor vehicle rims to retail customers.
- (ii) Tayarmart (M) Sdn Bhd, Tayarmart (T.Bagan) Sdn Bhd and Tayarmart (Raja Uda) Sdn Bhd do not compete directly with our business. These companies operate car workshops in Penang and their core activities involve the repair and servicing of motor vehicles. Their target customers are mainly day-to-day walk-in customers that come to fix and service their automobiles (*retail customers*).

Retreaded tyres (*similar to spare parts, car components and new tyres*) are incidental items consumed in the process of repairing and servicing motor vehicles. Moreover, the sale of retreaded tyres of these workshops are not significant as they only contribute a small percentage of revenue. For example, the sale of retreaded tyres contributed only 8.3% and 9.3% to the consolidated total revenue of the abovesaid companies for FYE 2015 and FPE 2016 respectively.

Furthermore, the aggregate contribution of Tayarmart (M) Sdn Bhd, Tayarmart (T.Bagan) Sdn Bhd and Tayarmart (Raja Uda) Sdn Bhd to our Group's total revenue is not material i.e. approximately 3.2%, 2.6% and 2.5% for FYEs 2013, 2014 and 2015 respectively and 2.7% for FPE 2016.

- (iii) For the companies listed in (i) and (ii) above, they serve vastly different segments of the market. Their target customers are mainly retail customers which differ from our Group's target customers which mainly comprise wholesale customers such as tyre retreaders, rubber material traders, fleet operators and tyre retailers.
- (iv) Furthermore, our Executive Directors' involvement in the abovesaid business activities do not require their involvement on a daily basis as those companies are managed by their respective management.
- (v) Tayarmart (M) Sdn Bhd, Tayarmart (T.Bagan) Sdn Bhd, Tayarmart (Raja Uda) Sdn Bhd and Tai Hin Trading Sdn Bhd have been customers and/or suppliers to our Group in the past and such transactions are deemed as related party transactions and subject to our Group's monitoring and oversight procedures for related party transactions. See Sections 11.1.1 and 11.1.2 of this Prospectus for further details. Westlake Marketing (Malaysia) Sdn Bhd does not have any business transaction with our Group.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.2.5 Directors' remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind *(including any contingent or deferred compensation accrued for the year)* paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYE 2016 and estimated for FYE 2017 are as follows:-

Name	Remuneration band	
	FYE 2016 (Actual) (RM)	FYE 2017 (Estimate) (RM)
Tan Sri Dato' Dr. Sak Cheng Lum	Below 50,000	Below 50,000
Dato' Seri Cheah	300,000 to 350,000	300,000 to 350,000
Eu Ah Seng	250,000 to 300,000	250,000 to 300,000
Cheah Siang Tee	300,000 to 350,000	300,000 to 350,000
Cheah Eu Lee	Below 50,000	Below 50,000
Tuan Haji Mohd Isa bin Talib	Below 50,000	Below 50,000
Ng Meng Kwai	Below 50,000	Below 50,000
Ong Beow Chieh	-	Below 50,000

The remuneration of our Directors includes salaries, bonuses, fees and allowances as well as other benefits. As set out in our Constitution, any change in our Directors' fees must be approved by our Shareholders pursuant to a resolution passed at a general meeting where notice of any proposed increase shall be given in the notice convening the meeting, of which further details are set out in Section 15.2.2 of this Prospectus. The remuneration for each of our Directors is subject to annual review by our Remuneration Committee.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.2.6 Directorships

The date of expiration of the current term of office for each of our Directors and the period for which each of them has served in that office is as follows:-

Name	Length of service in our Group up to the LPD (approximately)	Length of service as Director of our Company up to the LPD (approximately)	Date of expiration of the current term of office
Tan Sri Dato' Dr. Sak Cheng Lum (M)	1 year	1 year	At the next annual general meeting of the Company in accordance with Clause 127 of our Constitution
Dato' Seri Cheah (M)	44 years	1 year	
Eu Ah Seng (M)	37 years	1 year	
Cheah Siang Tee (M)	15 years	1 year	
Cheah Eu Lee (M)	39 years	1 year	
Tuan Haji Mohd Isa bin Talib (M)	1 year	1 year	
Ng Meng Kwai (M)	1 year	1 year	
Ong Beow Chieh (F)	Less than 1 year	Less than 1 year	

* (M) indicates male and (F) indicates female.

9.2.7 Audit committee

The main functions of the Audit Committee of our Company fall within the ambit of the Listing Requirements, which include the review of the audit plan with our external auditors; the review of the external auditors' audit report and evaluation of our system of internal controls with the external auditors; review of the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; review of the assistance given by our employees to the external auditors; review of the internal audit programme, processes, results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; review of financial statements; review of related party transactions and conflict of interest situations; review of any resignation letter and reasons for non-suitability of reappointment of our external auditors; and review and recommendation of the nomination of external auditors. Our Audit Committee comprises the following members:-

Name	Designation	Directorship
Ng Meng Kwai	Chairman	Independent Non-Executive Director
Tan Sri Dato' Dr. Sak Cheng Lum	Member	Independent Non-Executive Chairman
Tuan Haji Mohd Isa bin Talib	Member	Independent Non-Executive Director

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.2.8 Remuneration Committee

The Remuneration Committee of our Company is principally responsible for reviewing and recommending to our Board, the remuneration package and the terms of employment of our executive directors. An executive director does not participate in any way in determining his individual remuneration.

The policy adopted by our Remuneration Committee is to provide the necessary package to attract, retain and motivate the executive directors of the quality required to manage our business and to align the interest of our executive directors with those of our shareholders. Our Remuneration Committee comprises the following members:-

Name	Designation	Directorship
Tan Sri Dato' Dr. Sak Cheng Lum	Chairman	Independent Non-Executive Chairman
Tuan Haji Mohd Isa bin Talib	Member	Independent Non-Executive Director
Dato' Seri Cheah	Member	Executive Director

9.2.9 Nominating Committee

The Nominating Committee of our Company is principally responsible for recommending to our Board, the appointment of new Directors and committee members with regards to the Directors' contribution and performance as well as reviewing on an annual basis, the appropriate balance and size of non-executive participation.

This requires a review on the mix of skills and experience, including core competencies and qualities that non-executive directors should bring to our Board in order for our Board to function effectively. Our Board as a whole makes all decisions on appointments after considering the recommendations of the Nominating Committee. Our Nominating Committee comprises the following members:-

Name	Designation	Directorship
Tan Sri Dato' Dr. Sak Cheng Lum	Chairman	Independent Non-Executive Chairman
Cheah Eu Lee	Member	Non-Independent Non-Executive Director
Ng Meng Kwai	Member	Independent Non-Executive Director

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.3 Key Management

9.3.1 Particulars and shareholdings

Our Key Management is set out below:-

Name	Age	Designation/Function
Dato' Seri Cheah	67	Executive Director
Eu Ah Seng	75	Executive Director
Cheah Siang Tee	41	Chief Executive Officer / Executive Director
Leong Yew Wah	67	Chief of Internal Audit
Koid Lay Peng	51	Group Finance Manager
Lee Chee Kong	53	Marketing Manager
Eu Hong Lim	40	Export Sales Manager
Anuar bin Atan	54	Production Manager

Save for our Executive Directors whose direct and indirect shareholdings in our Company have been set out in Section 9.2.1 above, none of our other Key Management has any shareholding (*direct or indirect*) in our Company.

Each of our other Key Management (*i.e. excluding the Executive Directors*) has been allocated between 50,000 to 600,000 IPO Shares pursuant to our IPO Shares reserved for Eligible Persons under the Retail Offering. In addition, our Key Management may also subscribe for additional Excess Shares under those allocations for the Eligible Persons as well as for our IPO Shares under the Retail Offering.

9.3.2 Profiles of our Key Management

The profiles of Dato' Seri Cheah, Eu Ah Seng and Cheah Siang Tee are set out in Sections 9.1.2 and 9.2.2 above.

- (i) **Leong Yew Wah**, Malaysian, aged 67, is our Chief of Internal Audit. Upon completion of his high school education in 1970, he was appointed to the Inland Revenue Board ("**IRB**") in 1971 as an Examiner, a position which he served until 1984 when he was promoted to the position of an Assessor. From 1988 to 2006, he served in various capacities at the Investigative Centre for the IRB in both Penang and Alor Setar. During the span of his career in the IRB, he gained vast knowledge and extensive experience in investigation and examination of fraudulent financial accounts in tax evasion cases, and was an approved Tax Agent for the Ministry of Finance. After 35 years of service to the IRB, he retired in 2006. During his tenure in the IRB, he was awarded the "Sijil Perkhidmatan Cemerlang" twice. In 2007, he joined Tai Hin to be its Chief of Internal Audit. He was tasked with assuring that the company's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies were achieved. In May 2016, he was transferred to our Group. He reviews our internal control and compliance procedures and reports to the Audit Committee.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

- (ii) **Koid Lay Peng**, Malaysian, aged 51, is our Group Finance Manager. She obtained a Diploma in Business Studies from Institut Simyong, Penang in 1987 and Certificate of Accounting (Third Level) from London Chamber of Commerce and Industry Examinations Board in 1999. She began her career as an Auditor in Koay Seng Leong & Co in 1987. In 1988, she left to join Tayarmart (M) Sdn Bhd as an Accounts Executive before she was transferred to Tai Hin in 2009 to take up the role as the Manager of the Accounts and Administration Departments. In May 2016, she was transferred to our Group to oversee the overall finance and treasury operations including the preparation of financial statements and liaising with auditors, tax agents, lawyers and bankers.
- (iii) **Lee Chee Kong**, Malaysian, aged 53, is our Marketing Manager. He obtained Diploma in Business Studies and Certificate of Marketing from London Chamber of Commerce and Industry Examinations Board in 1994 and 1995 respectively. He started his career with Antah Holdings Berhad (*a property development company*) as a Marketing Executive in 1986. In 1993, he left Antah Holdings Berhad to join Sun Rubber Industry Sdn Bhd as their Marketing Manager. He oversaw both the domestic and export sales and marketing of the company's rubber compounds. After 13 years, he left Sun Rubber Industry Sdn Bhd in 2006 to join A-Max Industries Sdn Bhd (*now known as Acten Tire Technology Sdn Bhd*), a tyre retreading company, as its Marketing Manager. He was in-charge of the company's overall sales and marketing activities. In 2008, he joined Rubber Works to take charge of the marketing division, overseeing our Group's marketing activities for local market.
- (iv) **Eu Hong Lim**, Malaysian, aged 40, is our Export Sales Manager. He graduated with a Degree of Business Administration from the Middlesex University, England in 1999. Prior to obtaining his degree, he joined Kilotrac Industries Sdn Bhd (*a tyre retreading company*) as a Finance Executive in 1998. He later joined Limkokwing University as a Finance Executive in 2000.

In 2001, he joined Rubber Works as an Administration and Sales Executive. He assisted in the establishment, implementation and maintenance of our Group's information technology (IT) and enterprise resource planning (ERP) systems; establishment of our Group's QMS and the application of our ISO 9001 certifications; providing ISO training and auditing; managing our Group's export sales and building relationships with our overseas customers; and delivery matters such as arranging shipping schedules and monitoring warehouse operations.

In 2008, he was promoted to Export Sales Manager, whereby he is fully in-charge of our Group's export sales and promotional activities, as well as participation in trade fairs and exhibitions. He is also involved in brand building; assisting in the development of new products and improvisation of our existing products; attending to and handling QC issues to ensure our QMS is operating effectively; dealing with forwarding agents and shipping companies to ensure on-time delivery; and monitoring warehouse operations.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

- (v) **Anuar bin Atan**, Malaysian, aged 54, is our Production Manager. He obtained a Diploma in Rubber and Plastic Technology and Diploma in Rubber Processing from Institut Teknologi MARA and Institut Penyelidikan Getah Malaysia respectively. After obtaining his Diploma in 1986, he joined Heveafil (M) Sdn Bhd in the same year as a Supervisor, where he was responsible to oversee the operation of the company's compounding and wastewater management. In 1990, he joined Rubber Thread Industries (M) Sdn Bhd as a Senior Production Manager to manage and oversee the company's production, compounding and wastewater management activities.

He has over 30 years of experience in rubber compounding activities and factory management. In 2009, he joined Rubber Works as our Production Manager. Currently, he is responsible for managing and overseeing our Group's production-related matters including procurement and raw materials arrangement, production of our tyre retreading materials as well as storage and warehousing matters.

9.3.3 Involvement of our Key Management in other principal business activities

Save as disclosed in Section 9.2.3 above, none of our Key Management is involved in any other principal business activities outside of our Group as at the LPD.

9.4 Declaration by our Promoters, Directors and Key Management

Each of our Promoters, Directors and Key Management has confirmed that, as at the LPD, he or she is not and has not been involved in any of the following events *(whether in or outside Malaysia)*:-

- (i) a petition under any bankruptcy or insolvency laws was filed *(and not struck out)* against such person or any partnership in which such person is or was a partner or any corporation of which such person was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.5 Relationships and associations between our Promoters, Substantial Shareholders, Directors and Key Management

Save as disclosed below, there is no family relationship and/or association between any of our Promoters, Substantial Shareholders, Directors and Key Management as at the LPD:-

<u>Name</u>	<u>Position / Capacity</u>	<u>Relationship / Association</u>
Tai Hin	Promoter and Substantial Shareholder	<ul style="list-style-type: none"> As set out in Section 9.1.2 above, Dato' Seri Cheah, Cheah Eu Lee and Cheah Siang Tee are directors and shareholders of Tai Hin.
Dato' Seri Cheah	Promoter, Substantial Shareholder, Director and Key Management	<ul style="list-style-type: none"> Father to Cheah Siang Tee. Brother to Cheah Eu Lee.
Eu Ah Seng	Promoter, Substantial Shareholder, Director and Key Management	<ul style="list-style-type: none"> Father to Eu Hong Lim.
Cheah Siang Tee	Director and Key Management	<ul style="list-style-type: none"> Son to Dato' Seri Cheah. Nephew to Cheah Eu Lee.
Cheah Eu Lee	Director	<ul style="list-style-type: none"> Brother to Dato' Seri Cheah. Uncle to Cheah Siang Tee.
Eu Hong Lim	Key Management	<ul style="list-style-type: none"> Son to Eu Ah Seng.

9.6 Service agreements

As at the LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or Key Management with our Group.

9.7 Other matters

No amount has been paid or benefit given within the two (2) years preceding the date of this Prospectus, nor is it intended to be paid or given, to our Promoters, Substantial Shareholders and Directors except for the following:-

- (i) historical and future payments to our Promoters, Substantial Shareholders and/or Directors in the ordinary course of business as set out in Section 11 of this Prospectus;
- (ii) remunerations and benefits-in-kind payable to our Directors as set out in Section 9.2.5 above; and
- (iii) the allocation of IPO Shares to the Eligible Persons which may be subscribed by them under our IPO as set out in Section 4.3.1 of this Prospectus.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (cont'd)

9.8 Employees

A summary of our Group's total workforce by job functions as at the end of FYEs 2013, 2014 and 2015 as well as at the LPD is set out below:-

Categories	Number of employees			
	As at the end of FYE			As at the LPD
	2013	2014	2015	
Directors	3	4	4	4
Managers and supervisors	26	26	25	22
Administration	29	30	27	27
Sales and marketing	7	7	7	7
Production workers	194	198	207	188
Product development and QC	6	6	7	7
General workers	2	2	2	3
Total workforce	267	273	279	258

As at the LPD, our Group has a total workforce of over 250 employees, of which 49% or 127 of our employees are contractual foreign workers employed for our manufacturing lines in Malaysia. As for our China operations, we hire PRC nationals.

The breakdown of employees by nationality and years of service, as at the LPD is as follows:-

Categories	Nationality				Years of service		
	Malaysian	PRC	Others	Total	Less than	1 to 5	More than
					1 year	years	5 years
Directors	4	-	-	4	-	-	4
Managers and supervisors	20	2	-	22	-	2	20
Administration	24	3	-	27	2	7	18
Sales and marketing	7	-	-	7	-	3	4
Production workers	55	6	127	188	27	83	78
Product development and QC	7	-	-	7	1	1	5
General workers	3	-	-	3	-	-	3
Total workforce	120	11	127*	258	30	96	132

Note:-

* 120 are from Nepal and the rest are from Myanmar.

Our Group's employees (save for certain of our PRC national employees who are members of Xiuzhou, Jiaying Federation of Trade Unions) are not represented by any union and we enjoy a good working relationship with our employees. Since commencement of our operations, we have not been engaged in any industrial dispute.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.8.1 Training and development

We place strong emphasis on human resources development. Our employees are given regular on-the-job training aimed at improving their skills and technical knowledge, providing them with opportunities to acquire new skills and knowledge. We also provide opportunities for internal promotion as one of the key components of employees' development and retention.

The following table lists out some of the external training and development programmes attended by our employees in 2016 up to the LPD:-

Training programmes	Organiser
Understanding and Implementation of ISO 14001:2015	SQC Management (Ipoh) Sdn Bhd
Introduction and Key Changes of ISO 9001:2015	SQC Management (Ipoh) Sdn Bhd
Effective Integrated Internal Audit Skills to ISO 9001:2015 and ISO 14001:2015	SQC Management (Ipoh) Sdn Bhd
Environmental Aspects and Impacts Identification	SQC Management (Ipoh) Sdn Bhd
Malaysia's Environmental Legal Requirements	SQC Management (Ipoh) Sdn Bhd
Hearing Conservation Program And Chemical Handling Training	SQC Management (Ipoh) Sdn Bhd
Total Preventive Maintenance	Malaysian Rubber Board
Motivasi, Kepimpinan, Hubungan Kemanusiaan dan Pembentukan Kumpulan Kerja	Federation of Malaysian Manufacturers
7 alat QC dan Perlaksanaan QC	Federation of Malaysian Manufacturers
Kepimpinan: Seni Mempengaruhi Pekerja Untuk Meningkatkan Prestasi	Federation of Malaysian Manufacturers
Certified Environmental Professional in Scheduled Waste Management	Federation of Malaysian Manufacturers
Latest Labour Legislation Review and Current Issues	Federation of Malaysian Manufacturers
Production Planning and Scheduling Control	Federation of Malaysian Manufacturers
Membina Pasukan Kerja Yang Dinamik dan Proses Penyelesaian Masalah	Federation of Malaysian Manufacturers
Teknik Meningkatkan Produktiviti	Federation of Malaysian Manufacturers
ISO 9001:2015 Transition Training	BM Trada (Penang) Sdn Bhd
Seminar Pematuhan Seksyen 49A	Jabatan Alam Sekitar
Seminar Cukai Kebangsaan 2016	Lemhaga Hasil Dalam Negeri

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(cont'd)*

9.8.2 Management succession plan

Our Board believes that the success of our Group depends on the ability to retain our key management personnel and to attract and retain skilled personnel. Therefore, we have made efforts to train our staff and remunerate them accordingly.

Our Group has a management succession plan consisting of:-

- (i) Sound selection and recruitment;
- (ii) Competitive remuneration and employee benefits;
- (iii) Structured career planning and development; and
- (iv) Continuous training and education.

In addition, we will continue to provide appropriate training to promising junior staff in order to enhance their management and technical skills for the purpose of their career advancement with our Group. As part of the management succession plan, our Group has identified middle management personnel across all functions to assist the heads of various business divisions in order to facilitate skill transfer so as to ensure the smooth running and continuity of our operations. If the need arises, we will recruit qualified personnel with knowledge and expertise of the business to further enhance our operations.

We believe that our employees are valuable assets to our Group and we provide the necessary training for their future development.

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10. APPROVALS AND CONDITIONS

10.1 Approvals and conditions

10.1.1 Bursa Securities

Bursa Securities has, *vide* its letter dated 14 December 2016, approved our admission to the Official List and the listing and quotation of our entire enlarged issued share capital on the ACE Market of Bursa Securities.

The conditions imposed by Bursa Securities and status of compliance with the conditions are as follows:-

Conditions	Status of compliance
1. Appointment of at least one (1) additional independent Director to our Board and to submit the name and profile of new Director prior to the issuance of this Prospectus;	Complied
2. Any Director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to Listing of the Company;	To be complied
3. Submit the following information in respect of the moratorium on the shareholdings of Promoters to the Bursa Depository:- (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares;	Complied
4. Approvals from other relevant authorities have been obtained for implementation of the Listing;	Complied
5. Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
6. Furnish Bursa Securities with a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of Eversafe on the first day of Listing;	To be complied
7. In relation to the public offering to be undertaken by Eversafe, please announce at least two (2) Market Days prior to the Listing date, the result of the offering including the following:- (i) Level of subscription of public balloting and placement; (ii) Basis of allotment / allocation; (iii) A table showing the distribution for placement tranche, in format prescribed; and (iv) Disclosure of placees who become substantial shareholder of Eversafe arising from the public offering, if any, and to ensure that the overall distribution of Eversafe's securities is properly carried out to provide an orderly trading in the secondary market; and	To be complied
8. Eversafe / Mercury Securities 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

10. APPROVALS AND CONDITIONS (cont'd)**10.1.2 SC**

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

The SC has, *vide* its letter dated 19 December 2016, approved the resultant equity structure of our Company under the equity requirement for public listed companies pursuant to our Listing.

10.1.3 MITI

The MITI has, *vide* its letter dated 22 September 2016, taken note and has no objection to our Listing. The condition imposed by the MITI and status of compliance with the condition are as follows:-

Condition	Status of compliance
1. Eversafe to notify the MITI upon completion of our Listing	To be complied

10.1.4 Waiver

On 11 July 2016, the SC has approved the relief sought from complying with Paragraph 12.04 of the Prospectus Guidelines in relation to the submission of the prospectus for public exposure, subject to the following conditions:-

Conditions	Status of compliance
(i) submission of the prospectus for public exposure should not exceed nine (9) months from the date of the most recent financial year for which audited financial statements have been prepared	Complied
(ii) a copy of the unaudited interim financial statements as well as the Management's Discussion and Analysis on the said unaudited interim financial statements should be submitted for the SC's information only, at the point of submission of the registrable prospectus for public exposure	Complied. A copy of the unaudited interim financial statements for the six (6)-month ended 30 June 2016 as well as the Management's Discussion and Analysis on the said unaudited interim financial statements had been submitted for the SC's information only
(iii) the audited interim financial statements and the updated prospectus should be submitted to the SC at the latest two (2) weeks prior to the confirmation of registration of the said prospectus by the SC	Complied
(iv) material deviations, if any, between the unaudited interim financial statements and the audited interim financial statements should be highlighted and clarified to the SC, upon submission of the required information under paragraph (iii) above	Not applicable as the audited interim financial statements included in the updated prospectus are for a nine (9)-month period ended 30 September 2016

10. APPROVALS AND CONDITIONS (cont'd)**10.2 Moratorium on our Shares**

In compliance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:-

- (i) the moratorium applies to the entire shareholdings held by our Promoters (*after the Offer for Sale*) for a period of six (6) months from the date of our admission to the Official List ("**First 6-Month Moratorium**");
- (ii) upon the expiry of the First 6-Month Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45% of our total number of Shares issued remain under moratorium for another period of six (6) months ("**Second 6-Month Moratorium**"); and
- (iii) thereafter, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3) per annum (*on a straight-line basis*) of the Shares held under moratorium.

The moratorium shall be imposed as follows:-

Promoters	Shares under the First 6-Month Moratorium		Shares under the Second 6-Month Moratorium	
	No. of Shares ⁽¹⁾	% ⁽²⁾	No. of Shares ⁽¹⁾	% ⁽²⁾
Tai Hin	116,893,546	48.59	84,944,033	35.30
Dato' Seri Cheah	15,388,238	6.40	11,182,303	4.65
Eu Ah Seng	16,707,350	6.94	12,140,873	5.05
	148,989,134	61.93	108,267,209	45.00

Notes:-

(1) Assuming that all 30,000,000 Offer Shares are fully placed out.

(2) Based on the enlarged total number of 240,593,796 Shares after our IPO.

The moratorium restriction, which is fully acknowledged by our Promoters, is specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any sale, transfer or assignment that is not in compliance with the aforesaid restriction.

Our Promoters have provided written undertakings to Bursa Securities that they will comply with the moratorium conditions as set out in Rule 3.19(1) of the Listing Requirements.

The shareholders of Tai Hin (*as set out in Section 9.1.2 of this Prospectus*) have in accordance with Rule 3.19(2) of the Listing Requirements, each furnished a letter of undertaking to Bursa Securities that they will not sell, transfer or assign any part of their shareholdings in Tai Hin during the moratorium period.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

11.1 Related party transactions

Pursuant to the Listing Requirements, a “**related party transaction**” is a transaction entered into by a listed corporation or its subsidiaries that involves the interest (*direct or indirect*) of a related party. A “**related party**” of a listed corporation is:-

- (i) a director, having the meaning given in subsection 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the listed corporation, its subsidiaries or holding company or a chief executive of the listed corporation, its subsidiaries or holding company; or
- (ii) a major shareholder including any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation or its subsidiaries or holding company, having an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares is:-
 - (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or
 - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**11.1.1 Non-recurrent related party transactions**

Our Group had not entered into nor proposes to enter into any material related party transactions for the past three (3) FYEs 2013, 2014 and 2015 as well as FPE 2016, save for the Completed Transactions and as disclosed below:-

No.	Nature of transaction	Transacting parties	Nature of relationship as at the LPD				Transaction value			
			Dato' Seri Cheah (our Promoter, Director and Substantial Shareholder)	Cheah Eu Lee (our Director)	Cheah Siang Tee (our Director)	FYE				
						2013	2014	2015	FPE 2016	
(i)	Management services rendered by Tai Hin (for provision of personnel to support internal audit and finance functions)	(i) Tai Hin; and (ii) Rubber Works	<ul style="list-style-type: none"> • Director • Shareholder • Director • Major shareholder⁽¹⁾ 	<ul style="list-style-type: none"> • Director • Shareholder • Director 	<ul style="list-style-type: none"> • Director • Shareholder • Director 	<ul style="list-style-type: none"> • Director • Shareholder 	240,000	240,000	240,000	100,000
(ii)	Sale of tyre retreading materials to Tai Hin	(i) Tai Hin; and (ii) Eversafe Trading	<ul style="list-style-type: none"> • Director • Shareholder • Director • Major shareholder⁽²⁾ 	<ul style="list-style-type: none"> • Director • Shareholder 	<ul style="list-style-type: none"> • Director • Shareholder • Director 	<ul style="list-style-type: none"> • Director • Shareholder 	752,285 ⁽³⁾	-	-	-
(iii)	Purchase of tyre retreading materials from Tai Hin	(i) Tai Hin; and (ii) Olympic	<ul style="list-style-type: none"> • Director • Shareholder • Director • Major shareholder⁽²⁾ 	<ul style="list-style-type: none"> • Director • Shareholder 	<ul style="list-style-type: none"> • Director • Shareholder • Director 	<ul style="list-style-type: none"> • Director • Shareholder 	771,859 ⁽³⁾	-	-	-

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

No.	Nature of transaction	Transacting parties	Nature of relationship as at the LPD				Transaction value			
			Nature of relationship as at the LPD				FYE			
			Dato' Seri Cheah (our Promoter, Director and Substantial Shareholder)	Cheah Eu Lee (our Director)	Cheah Siang Tee (our Director)	RM	RM	RM	2013	2014
(iv)	Sale of tyre retreading materials to Tai Hin Trading Sdn Bhd	(i) Tai Hin Trading Sdn Bhd; and (ii) Eversafe Trading	<ul style="list-style-type: none"> • Director • Shareholder 	<ul style="list-style-type: none"> • Director • Shareholder 	<ul style="list-style-type: none"> • Director • Shareholder 	<ul style="list-style-type: none"> • Director • Shareholder 	339,862 ⁽⁴⁾	72,709 ⁽⁴⁾	-	-
(v)	Sale of retreaded tyres and provision of retreading services to Olimpik Jaya (M) Sdn Bhd	(i) Olimpik Jaya (M) Sdn Bhd; and (ii) Olympic	<ul style="list-style-type: none"> • Director • Shareholder⁽⁵⁾ 	<ul style="list-style-type: none"> • Director 	<ul style="list-style-type: none"> • Director 	<ul style="list-style-type: none"> • Director 	699,041	554,938	518,439	439,238
(vi)	Purchase of tyre casings from Olimpik Jaya (M) Sdn Bhd	(i) Olimpik Jaya (M) Sdn Bhd; and (ii) Olympic	<ul style="list-style-type: none"> • Director • Major shareholder⁽²⁾ 	<ul style="list-style-type: none"> • Director 	<ul style="list-style-type: none"> • Director 	<ul style="list-style-type: none"> • Director 	2,080	-	-	-

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

No.	Nature of transaction	Transacting parties	Nature of relationship as at the LPD	Transaction value							
				FYE			FPE				
				2013	2014	2015	2016	2016			
				RM	RM	RM	RM	RM			
(vii)	Rental paid to ES Cheah Sdn Bhd	(i) ES Cheah Sdn Bhd; and (ii) Olympic	Dato' Seri Cheah (our Promoter, Director and Substantial Shareholder)	• -	• -	• -	• -	12,000	12,000	12,000	-
(viii)	Rental paid to Tai Hin Realty Sdn Bhd	(i) Tai Hin Realty Sdn Bhd; and (ii) Olympic	Cheah Eu Lee (our Director)	• Director	• Director	• Director	• Director	12,000	12,000	12,000	-
			Cheah Siang Tee (our Director)	• Major shareholder ⁽²⁾	• Major shareholder ⁽²⁾	• Major shareholder ⁽²⁾	• Major shareholder ⁽²⁾				

Notes:-

- (1) Deemed interested by virtue of his interest in Tai Hin (which is a Substantial Shareholder of the company's holding company, Eversafe Rubber) pursuant to Section 8 of CA 2016.
- (2) Deemed interested by virtue of his interest in Tai Hin (which is a Substantial Shareholder of the company's ultimate holding company, Eversafe Rubber) pursuant to Section 8 of CA 2016.
- (3) In FYE 2013, Tai Hin purchased rubber compounds from Eversafe Trading and subsequently sold them to Olympic.
- (4) Tai Hin Trading Sdn Bhd was previously involved in trading of tyre retreading materials. Currently, it is only involved in import and distribution of motor vehicle rims.
- (5) Deemed interested by virtue of his interest in Tai Hin (which is the company's ultimate holding company) pursuant to Section 8 of CA 2016.

Our Directors are of the view that all the above non-recurrent related party transactions were conducted on an arm's length basis and on terms and conditions not unfavourable to our Group.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

11.1.2 Recurrent related party transactions

Related party transactions can be deemed as recurrent, if they are entered into at least once every three (3) years, in the ordinary course of business and are of a revenue or trading nature necessary for the day-to-day operations of our Group.

After our Listing and in accordance with the Listing Requirements, our Company will be required to seek shareholders' approval each time our Group enters into material related party transactions. However, if a related party transaction can be deemed as a recurrent related party transaction, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time it wishes to enter into such related party transactions during the validity period of the mandate. On 27 February 2017, our Company has obtained a general mandate from our shareholders in the annual general meeting to enter into recurrent related party transactions with related parties. The said general mandate shall lapse at the conclusion of the forthcoming annual general meeting in 2018 unless authority for its renewal is obtained from our shareholders at the said forthcoming annual general meeting.

Under the Listing Requirements, related party transactions may be aggregated to determine the materiality of these transactions if they occur within a twelve (12)-month period, are entered with the same party or with parties connected with one another or if the transactions involve the acquisition or disposal of securities or interests in one particular corporation / asset or of various parcels of land contiguous to each other.

Save as disclosed below, there are no existing and/or proposed recurrent related party transactions which have been entered into or are to be entered into by our Group for the past three (3) FYEs 2013, 2014 and 2015 as well as FPE 2016:-

No.	Nature of transaction	Transacting parties	Nature of relationship as at the LPD	Transaction value				
				2013	2014	2015	FPE	2016
				RM	RM	RM	RM	RM
(i)	Rental of factory building and office at No. 6422 and 6424, Jalan Permatang Pauh, Mak Mandin Industrial Estate, 13400 Butterworth, Penang from Tai Hin	(i) Tai Hin; and (ii) Olympic	<p>Dato' Seri Cheah (our Promoter, Director and Substantial Shareholder)</p> <p>Cheah Eu Lee (our Director)</p> <p>Cheah Siang Tee (our Director)</p>	60,000	60,000	90,000	90,000	90,000

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

No.	Nature of transaction	Transacting parties	Nature of relationship as at the LPD	Transaction value					
				FYE			FPE		
				2013	2014	2015	2016	2016	
				RM	RM	RM	RM	RM	
			Dato' Seri Cheah (our Promoter, Director and Substantial Shareholder)						
			Cheah Siang Tee (our Director)						
			Cheah Eu Lee (our Director)						
(i)	Purchase of tyres and other vehicle parts as well as provision of motor vehicle maintenance services from Tayarmart (M) Sdn Bhd	(i) Tayarmart (M) Sdn Bhd; and (ii) Rubber Works	• Director • Shareholder ⁽²⁾ • Director • Major shareholder ⁽³⁾	13,685	8,649	15,500	8,509		
(ii)	Sale of retreaded tyres and provision of retreading services to Tayarmart (M) Sdn Bhd	(i) Tayarmart (M) Sdn Bhd; and (ii) Olympic	• Director • Shareholder ⁽²⁾ • Director • Major shareholder ⁽¹⁾	2,090,342	1,769,220	1,618,788	1,300,878		
(iv)	Purchase of new tyres, tyre casings and other vehicle parts as well as provision of motor vehicle maintenance services from Tayarmart (M) Sdn Bhd	(i) Tayarmart (M) Sdn Bhd; and (ii) Olympic	• Director • Shareholder ⁽²⁾ • Director • Major shareholder ⁽¹⁾	170,652	137,620	104,942	86,667		

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

No.	Nature of transaction	Transacting parties	Nature of relationship as at the LPD	Transaction value			
				FYE			
				2013	2014	2015	2016
			Dato' Seri Cheah (our Promoter, Director and Substantial Shareholder)				
			Cheah Eu Lee (our Director)				
			Cheah Siang Tee (our Director)				
(v)	Sale of retreaded tyres as well as provision of retreading services to Tayarmart (Raja Uda) Sdn Bhd	(i) Tayarmart (Raja Uda) Sdn Bhd; and (ii) Olympic	<ul style="list-style-type: none"> • Director • Shareholder⁽⁴⁾ • Director • Major shareholder⁽¹⁾ 	461,669	358,307	235,272	177,695
(vi)	Purchase of new tyres, tyre casings and other vehicle parts as well as provision of motor vehicle maintenance services from Tayarmart (Raja Uda) Sdn Bhd	(i) Tayarmart (Raja Uda) Sdn Bhd; and (ii) Olympic	<ul style="list-style-type: none"> • Director • Shareholder⁽⁴⁾ • Director • Major shareholder⁽¹⁾ 	15,667	14,212	10,529	7,058
(vii)	Purchase of new tyres, tyre casings and other vehicle parts as well as provision of motor vehicle maintenance services from Tayarmart (Raja Uda) Sdn Bhd	(i) Tayarmart (Raja Uda) Sdn Bhd; and (ii) Rubber Works	<ul style="list-style-type: none"> • Director • Shareholder⁽⁴⁾ • Director • Major shareholder⁽³⁾ 	-	-	1,101	2,651

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

No.	Nature of transaction	Transacting parties	Nature of relationship as at the LPD	Transaction value					
				FYE					
				2013	2014	2015	FPE		
				2016	2016				
			Dato' Seri Cheah (our Promoter, Director and Substantial Shareholder)						
			Cheah Siang Tee (our Director)						
			Cheah Eu Lee (our Director)						
(viii)	Purchase of tyres and other vehicle parts as well as provision of motor vehicle maintenance services from Tayarmart (T. Bagan) Sdn Bhd	(i) Tayarmart (T. Bagan) Sdn Bhd; and (ii) Olympic	• Director • Shareholder ⁽⁴⁾ • Director • Major shareholder ⁽¹⁾	• Director	• -	1,504	8,014	5,882	4,775

Notes:-

- (1) Deemed interested by virtue of his interest in Tai Hin (which is a Substantial Shareholder of the company's ultimate holding company, Eversafe Rubber) pursuant to Section 8 of CA 2016.
- (2) Deemed interested by virtue of his interest in Tai Hin (which is the company's holding company) pursuant to Section 8 of CA 2016.
- (3) Deemed interested by virtue of his interest in Tai Hin (which is a Substantial Shareholder of the company's holding company, Eversafe Rubber) pursuant to Section 8 of CA 2016.
- (4) Deemed interested by virtue of his interest in Tai Hin (which is the company's ultimate holding company) pursuant to Section 8 of CA 2016.

Our Directors are of the view that all the above recurrent related party transactions were conducted on an arm's length basis and on terms and conditions not unfavourable to our Group. The recurrent related party transactions with Tayarmart (M) Sdn Bhd, Tayarmart (T.Bagan) Sdn Bhd and Tayarmart (Raja Uda) Sdn Bhd (which in aggregate contributes approximately 3.2%, 2.6% and 2.5% to our Group's total revenue for FYEs 2013, 2014 and 2015 respectively and 2.7% for FPE 2016) above do not give rise to a conflict of interest situation with our Group's business (see Section 9.2.4 of this Prospectus for further details).

11.1.3 Transactions entered into that are unusual in their nature or conditions

There were no transactions entered into that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which we or any of our parent or subsidiaries were a party to in respect of the past three (3) FYEs 2013, 2014 and 2015 as well as FPE 2016 and for the subsequent financial period immediately preceding the date of this Prospectus.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)**11.1.4 Loans made to or for the benefit of related parties**

There were no outstanding loans (including guarantees of any kind) made by our Group to or for the benefit of any related parties, for the past three (3) FYEs 2013, 2014 and 2015 as well as FPE 2016 and the subsequent financial period immediately preceding the date of this Prospectus.

11.2 Conflicts of interest

Save as disclosed below, none of our Directors and Substantial Shareholders have any interest (direct or indirect) in any businesses or corporations that (i) carry on a similar trade as that of our Group; or (ii) are customers or suppliers of our Group.

No.	Businesses / Corporations	Nature of interest			
		Tai Hin	Dato' Seri Cheah	Cheah Eu Lee	Cheah Siang Tee
(i)	Westlake Marketing (Malaysia) Sdn Bhd	-	Director / Shareholder	-	-
(ii)	Tayarmart (M) Sdn Bhd	Shareholder (100% direct interest)	Director / Shareholder (100% indirect interest ⁽¹⁾)	Director	Director
(iii)	Tayarmart (T.Bagan) Sdn Bhd	Shareholder (100% indirect interest ⁽²⁾)	Director / Shareholder (100% indirect interest ⁽³⁾)	Director	-
(iv)	Tayarmart (Raja Uda) Sdn Bhd	Shareholder (100% indirect interest ⁽²⁾)	Director / Shareholder (100% indirect interest ⁽³⁾)	Director	-
(v)	Tai Hin Trading Sdn Bhd	-	Director / Shareholder (20.02% direct interest)	Director / Shareholder (20.02% direct interest)	Director / Shareholder (19.98% direct interest)

Notes:-

(1) Deemed interested by virtue of his interest in Tai Hin (which is the company's holding company) pursuant to Section 8 of CA 2016.

(2) Deemed interested by virtue of its interest in Tayarmart (M) Sdn Bhd pursuant to Section 8 of CA 2016.

(3) Deemed interested by virtue of his interest in Tai Hin (which is the company's ultimate holding company) pursuant to Section 8 of CA 2016.

The businesses or corporations above do not give rise to a conflict of interest situation with our Group's business (see Section 9.2.4 of this Prospectus for further details).

11.3 Monitoring and oversight of related party transactions and conflicts of interest**11.3.1 Audit Committee review**

Our Audit Committee reviews related party transactions to ensure no conflicts of interest arise within our Group. Our Audit Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to ensure that these transactions are carried out in the best interest of the Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders. All reviews by the Audit Committee are reported to our Board for its further action.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (cont'd)

11.3.2 Related party transactions and conflicts of interest

Some of the Directors and/or Substantial Shareholders of our Group are also directors and/or shareholders of related parties of our Group or persons connected, as disclosed in Section 11.1 above. It is the policy of our Group that all related party transactions shall be reviewed by the Audit Committee to ensure there is no conflict of interest, are negotiated and agreed in the best interest of the Company at arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders.

11.4 Declaration by advisers on conflicts of interest

11.4.1 Mercury Securities

Mercury Securities confirms that there is no existing or potential conflict of interest in relation to its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our IPO.

11.4.2 BDO

BDO confirms that there is no existing or potential conflict of interest in relation to its capacity as the Auditors and Reporting Accountants for our IPO.

11.4.3 Teh & Lee

Teh & Lee confirms that there is no existing or potential conflict of interest in relation to its capacity as the Solicitors for our IPO.

11.4.4 Infobusiness Research & Consulting Sdn Bhd

Infobusiness Research & Consulting Sdn Bhd confirms that there is no existing or potential conflict of interest in relation to its capacity as the independent market researcher for our IPO.

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12. FINANCIAL INFORMATION

12.1 Historical combined statements of profit or loss and other comprehensive income and financial position

Our combined financial statements consist of the financial statements of Rubber Works and its subsidiaries, which were under common control throughout the reporting periods by virtue of common controlling shareholders in the ultimate holding company, Tai Hin. The financial information of Eversafe Rubber is not presented in our combined financial statements, as it is not meaningful since it was only incorporated to facilitate the IPO. The assets, liabilities, income and expenses of Eversafe Rubber for the financial period ended 31 December 2015 and FPE 2016 are insignificant relative to those of our Group.

Accordingly, the discussion and analysis of financial performance and financial condition of our Group for the past three (3) FYEs 2013, 2014 and 2015 as well as FPE 2016 respectively are based on and derived from the historical combined financial information of Rubber Works only.

The audited historical combined statements of profit or loss and other comprehensive income and financial position should be read in conjunction with the "Management's discussion and analysis of financial performance and financial condition" in Section 12.4 below and with the Accountants' Report in Section 13 of this Prospectus. The historical financial information included in this Prospectus is based on combined financial statements that have been prepared in accordance with MFRS, IFRS and the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants and have been audited by BDO in accordance with approved standards on auditing in Malaysia.

12.1.1 Historical financial performance

The table below presents the audited combined statements of profit or loss and other comprehensive income of our Group for FYEs 2013, 2014 and 2015 as well as FPE 2016 which have been extracted from the Accountants' Report in Section 13 of this Prospectus as well as the unaudited combined statement of profit or loss and other comprehensive income of our Group for FPE 2015.

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	80,816	81,387	75,297	57,735	55,066
Cost of sales	(63,010)	(63,174)	(58,067)	(44,348)	(40,922)
GP	17,806	18,213	17,230	13,387	14,144
Other operating income	776	588	2,014	2,505	2,579
Distribution costs	(4,268)	(5,210)	(5,299)	(3,830)	(3,367)
Administrative expenses	(4,594)	(4,865)	(5,577)	(3,912)	(3,585)
Other operating expenses	(48)	(149)	(181)	-	-
Profit from operations	9,672	8,577	8,187	8,150	9,771
Finance income	125	109	106	88	109
Finance costs	(622)	(724)	(683)	(536)	(382)
PBT	9,175	7,962	7,610	7,702	9,498
Tax expense	(2,620)	(2,643)	(1,781)	(2,290)	(2,051)
PAT attributable to common controlling shareholders of the combining entities	6,555	5,319	5,829	5,412	7,447

12. FINANCIAL INFORMATION (cont'd)

	Audited			Unaudited	Audited
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2015 RM'000	FPE 2016 RM'000
PAT attributable to common controlling shareholders of the combining entities	6,555	5,319	5,829	5,412	7,447
Other comprehensive income					
<i>Items that may be subsequently reclassified to profit or loss:-</i>					
Foreign currency translations, net of tax	(111)	(96)	(415)	(572)	(634)
Total comprehensive income, attributable to common controlling shareholders of the combining entities	6,444	5,223	5,414	4,840	6,813
PBT is derived after charging:-					
- Depreciation and amortisation	2,514	3,139	3,531	2,620	2,675
GP margin ⁽¹⁾ (%)	22.0	22.4	22.9	23.2	25.7
PBT margin ⁽²⁾ (%)	11.4	9.8	10.1	13.3	17.2
PAT margin ⁽³⁾ (%)	8.1	6.5	7.7	9.4	13.5
Basic and diluted EPS ⁽⁴⁾⁽⁵⁾ (sen)	2.7	2.2	2.4	2.3	3.1

Notes:-

- (1) GP margin is computed based on the GP over revenue.
- (2) PBT margin is computed based on the PBT over revenue.
- (3) PAT margin is computed based on the PAT over revenue.
- (4) Basic EPS is computed based on PAT attributable to common controlling shareholders of the combining entities divided by the enlarged total number of 240,593,796 Shares after the IPO.
- (5) Our Group does not have any outstanding convertible security.

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12. FINANCIAL INFORMATION (cont'd)**12.1.2 Historical financial position**

The table below summarises the audited combined statements of financial position of our Group as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016 which have been extracted from the Accountants' Report in Section 13 of this Prospectus as well as the unaudited combined statement of financial position of our Group as at 30 September 2015.

	Audited			Unaudited	Audited
	31.12.2013	31.12.2014	31.12.2015	30.09.2015	30.09.2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	29,802	34,310	32,006	32,477	30,316
Current assets	42,074	42,175	42,768	45,308	50,056
Total assets	71,876	76,485	74,774	77,785	80,372
Invested equity	10,094	10,094	10,094	10,094	10,094
Reserves	30,873	33,855	38,034	38,695	44,847
Total equity / NA	40,967	43,949	48,128	48,789	54,941
Non-current liabilities	3,767	6,912	5,534	5,996	5,510
Current liabilities	27,142	25,624	21,112	23,000	19,921
Total liabilities	30,909	32,536	26,646	28,996	25,431
Total equity and liabilities	71,876	76,485	74,774	77,785	80,372

The financial information as presented in the combined financial statements does not correspond to that presented in the consolidated financial statements of the Company, as the combined financial statements reflect business combinations under common control for the purpose of the IPO.

The historical financial information included in this Prospectus does not reflect our Group's financial performance, financial position and cash flows in the future, and our past financial performance is not to be taken as an indication of our Group's future financial performance.

Our Group previously applied Private Entity Reporting Standards during FYE 2013 and subsequently, adopted MFRS and IFRS for the first time during FYE 2014. Consequently, comparative information for FYE 2013 and the opening MFRS statement of financial position as at 1 January 2013 have been restated.

12.2 Significant accounting policies, estimates and judgements

For a summary of our significant accounting policies, see Note 7.2 of the Accountants' Report in Section 13 of this Prospectus.

The preparation of our combined financial statements requires us to make certain estimates, assumptions concerning the future and judgements. They affect the application of our Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. These estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates and judgements are based on our best knowledge of current events and actions, actual results may differ, and will seldom equal to the estimated results. See Note 7.4 of the Accountants' Report in Section 13 of this Prospectus for further details.

12. FINANCIAL INFORMATION *(cont'd)*

12.3 Significant factors affecting our Group's financial performance

We are principally involved in the following two (2) business segments:-

- (i) Development, manufacturing and distribution of tyre retreading materials
(carried out by Rubber Works and its subsidiaries (excluding Olympic))

We command a market share of about 22% in 2015 for the development, manufacturing and distribution of tyre retreading materials in Malaysia (*source: IMR Report*). In addition to our position in Malaysia, we have also grown our export sales significantly since 2004 to exporting to at least 23 countries, contributing approximately 55% and 57% of our total revenue for FYE 2015 and FPE 2016 respectively. Moving forward, we will continue growing the export market.

All the purchase orders from our customers (*except for PRC wherein we have a production facility to serve the domestic demand*) are fulfilled by our production facilities in Ipoh, Malaysia.

- (ii) Tyre retreading operations
(carried out by Olympic)

We currently carry out tyre retreading operations in Butterworth, Penang to serve our customers in the northern region of Peninsular Malaysia such as Perlis, Kedah, Penang, Perak and Kelantan.

Further, we also manufacture other rubber compounds, equipment and related accessories for other industries such as conveyor belts used in the mining industry and thermal insulation materials for pipes.

See Section 7.3 of this Prospectus for further details of our Group's principal business activities, products and services as well as our future plans and strategies.

Our revenue and financial performance are mainly driven by the factors outlined below. Any material impact on any of the factors described below would have a significant impact on our Group's financial performance:-

(i) **Growth in our Group's export sales to overseas markets**

During the period under review, we have been actively promoting our tyre retreading materials overseas in line with our growth strategy to expand our export market. As a result, our efforts have paid off and our products are gaining recognition in overseas market, whereby:-

- (a) we have increased our product presence internationally and are now serving at least 23 overseas countries; and
- (b) our export sales have increased significantly, contributing approximately 55% to our total revenue for FYE 2015 as compared to 40% for FYE 2013. For FPE 2016, our export sales contributed a higher percentage of 57% to our total revenue.

Hence, our financial performance is, to a large extent, dependent on our ability to penetrate into new export markets, introduce a wider range of products overseas and secure more orders from our existing as well as new overseas customers. Moving forward, we expect our overseas business contribution to continue growing.

12. FINANCIAL INFORMATION *(cont'd)***(ii) General state of the Malaysia's economy**

Our principal place of operations and manufacturing facilities are based in Malaysia, and a large part of our revenue is generated from our Malaysian customers. Accordingly, our financial performance is dependent on the general state of the Malaysia's economy, including the level of commercial and industrial activities, population growth, disposable income of consumers and inflation.

Fleet operators (*i.e. transportation and logistics companies whose businesses are positively correlated with the level of commercial and industrial activities, population growth, disposable income of consumers and inflation*) are major end users of retreaded tyres. Many fleet operators opt for retreaded tyres in place of new tyres for economic reasons as follows:-

- (a) the cost of tyres is a major expense item in view that the commercial vehicles used by fleet operators wear out tyres more quickly than passenger vehicles due to heavy and regular usage; and
- (b) retreaded tyres are comparable to new tyres in terms of safety and performance (*as retreaded tyres are manufactured and tested with the same stringent standards as new tyres*), while at the same time, cost up to 50% less than a new tyre of comparable quality.

(iii) Supply and pricing of natural rubber and/or synthetic rubber

Natural rubber and/or synthetic rubber are the main ingredients in our rubber compounds and are, to a certain extent, both substitutes and complementary products. The composition of natural rubber and/or synthetic rubber in a rubber compound depends on the properties and technical specifications required for the end products. Both natural rubber and synthetic rubber are commodities and hence, their market prices are subject to fluctuations due to supply and demand conditions in the global commodity market.

Natural rubber price fluctuates on a daily basis. The price of the natural rubber we procure is subject to fluctuations in the market price of SMR 20 grade natural rubber. On the other hand, the price of synthetic rubber *i.e. PBR and SBR (being a derivative of petrochemicals)* is subject to the volatility of petroleum prices. Fluctuations in petroleum price are not always transferred to the feedstock used in the manufacturing of PBR and SBR in a one-to-one ratio, because there are many steps involved from the crude oil to the final product. There is usually a time lag of approximately three (3) months before the effects are felt downstream.

For the period under review, the natural rubber and synthetic rubber prices were on a downtrend and remained at relatively low levels, due to global oversupply of rubber as well as weak demand affected by global economic conditions, developments in the Chinese economy, crude oil prices and currency movements, as well as the vagaries of weather in natural rubber producing countries (*see Section 10.2 of the IMR Report set out in Section 8 of this Prospectus for further details on supply and prices of natural rubber and synthetic rubber*).

Our Group constantly monitors the fluctuations in natural rubber and synthetic rubber prices to manage raw material purchases (*e.g. when the rubber prices are at low levels, we will increase purchases to take advantage of the low prices*) and assess any pass-on effect to be factored into the selling price of our products.

12. FINANCIAL INFORMATION (cont'd)**(iv) Competition**

The rubber compounding and tyre retreading industries are in general characterised by intense competition. Our Group faces competition from both existing competitors and potentially new market entrants in local and international markets. Failure to compete effectively will adversely affect our business, financial performance and financial condition. Nonetheless, our key management team consists of experts and experienced members in the rubber compounding and tyre retreading industries and we believe that our competitive advantages and key strengths (see Section 7.3.2 of this Prospectus) will provide us with the platform to compete effectively within the industries and to continue growing our business.

We will continue to work closely with our customers to obtain product knowledge and information in relation to the end consumers' experience. Thereafter, our product development team will evaluate and address our customers' needs and specifications. By continuously improving the quality and value propositions of our products, we expect to maintain our position and sales in these industries.

(v) Impact from foreign currency exchange rates movements

We may be exposed to foreign currency exchange risks as our Group's export revenue is mainly transacted in USD and JPY while other foreign currencies include AUD, EUR, HKD, RMB and SGD. On the other hand, the import of our raw materials such as synthetic rubber and carbon black is mainly denominated in USD. Any significant movement in foreign exchange rates will affect our Group's financial performance.

We match our foreign-denominated sales with foreign-denominated purchases as a natural hedge against adverse foreign exchange fluctuations (see Section 5.2.2 of this Prospectus in relation to the new policy announced by Bank Negara Malaysia). For the period under review, our foreign-denominated sales and foreign-denominated purchases are as follows:-

	<u>FYE 2013</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FPE 2016</u>
	RM'000	RM'000	RM'000	RM'000
Foreign-denominated sales (in RM equivalents)				
- USD	19,441	19,131	18,110	7,893
- JPY	5,369	11,602	9,376	10,400
- EUR	947	1,496	2,466	3,648
- RMB	1,335	1,599	2,018	640
- HKD	1,319	1,273	1,120	1,103
- AUD	799	720	768	1,006
- SGD	243	-	450	1,342
Foreign-denominated purchases (in RM equivalents)				
- USD	20,616	16,188	15,758	12,277
- JPY	-	3,576	1,505	406

Moreover, we maintain various foreign currency bank accounts in USD, AUD, EUR, HKD, JPY and RMB with our financial institutions to facilitate and support our business operations. This allows our management to monitor the latest buy / sell rates offered by the financial institutions for these foreign currencies in managing our foreign currency exchange risks.

12. FINANCIAL INFORMATION (cont'd)

The foreign exchange gain / (loss) of our Group for the period under review are as follows:-

	Audited			
	FYE 2013	FYE 2014	FYE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000
Gain / (Loss) on foreign exchange				
- Realised	(322)	(655)	554	(148)
- Unrealised	871	524	1,188	2,609

The foreign exchange gain / (loss) above arises from trade transactions in our ordinary course of business.

See "Risk factors" in Section 5 of this Prospectus for a more detailed discussion of the risk factors which may affect our Group's business, financial performance and financial condition.

12.4 Management's discussion and analysis of financial performance and financial condition

The following management's discussion and analysis of our Group's financial performance and financial condition for FYEs 2013, 2014 and 2015 as well as FPE 2016 are based on, and should be read in conjunction with the accompanying notes, assumptions and bases set out in the Accountants' Report in Section 13 of this Prospectus.

This discussion and analysis contain data derived from our audited combined financial statements and include forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ significantly from those projected in the forward-looking statements. The factors which may cause future results to differ significantly from those included in the forward-looking statements are discussed in "Forward-Looking Statements" section of this Prospectus and elsewhere in this Prospectus, in particular the risk factors in Section 5 of this Prospectus. Such forward-looking statements should not in any manner or circumstance be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person. Investors are cautioned not to place undue reliance on the forward-looking statements made as of the date of this Prospectus.

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12. FINANCIAL INFORMATION (cont'd)**12.4.1 Revenue**

For the period under review, our overseas business has been on the upward trend whilst our local business declined. This is due to the tougher operating environment and intense competition in Malaysia. For our overseas expansion strategy, we have been actively promoting our products to new countries in order to reduce reliance on local market. Moving forward, we expect our overseas business contribution as a percentage of total revenue to continue growing and this will enhance our financial performance.

(i) Analysis of revenue by business activities

Our principal sources of revenue are derived from the development, manufacturing and distribution of tyre retreading materials and tyre retreading operations. Being in the rubber compounding and tyre retreading industries, our revenue is positively correlated with the fluctuations in rubber prices (*which is also a major part of our cost of sales*) (see Section 12.3(iii) above for further information). The following table sets out our combined revenue by business activities for FYEs 2013, 2014 and 2015 as well as FPEs 2015 and 2016:-

	FYE 2013		Audited		FYE 2014		FYE 2015		Unaudited		FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Development, manufacturing and distribution of tyre retreading materials												
Pre-cured tread liner	50,113	62.0	51,541	63.3	50,247	66.7	38,941	67.4	38,535	70.0		
Camelback	7,622	9.4	6,703	8.2	4,025	5.3	2,799	4.9	2,723	4.9		
Cushion gum, repair rope and sidewall veneer	8,226	10.2	8,662	10.7	7,265	9.7	5,475	9.5	5,244	9.5		
Masterbatch and orbitread	4,441	5.5	5,553	6.8	4,206	5.6	3,180	5.5	2,669	4.9		
	70,402	87.1	72,459	89.0	65,743	87.3	50,395	87.3	49,171	89.3		
Tyre retreading operations	9,864	12.2	8,790	10.8	7,963	10.6	5,783	10.0	5,723	10.4		
Others ⁽¹⁾	550	0.7	138	0.2	1,591	2.1	1,557	2.7	172	0.3		
Total revenue	80,816	100.0	81,387	100.0	75,297	100.0	57,735	100.0	55,066	100.0		

Note:-

(1) "Others" comprises other products such as curing envelopes, flaps and tubes, related machineries and equipment as well as rubber wastages sold as scrap.

12. FINANCIAL INFORMATION (cont'd)**(ii) Analysis of revenue by geographical locations of our customers**

During the period under review, we have been growing our export markets. We export all categories of our tyre retreading materials. The following table sets out our combined revenue by geographical locations of our customers for FYEs 2013, 2014 and 2015 as well as FPEs 2015 and 2016:-

	FYE 2013		Audited FYE 2014		FYE 2015		Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local										
Development, manufacturing and distribution of tyre retreading materials	38,043	47.1	32,145	39.5	26,065	34.6	20,073	34.8	17,718	32.2
Tyre retreading operations	9,864	12.2	8,790	10.8	7,963	10.6	5,783	10.0	5,723	10.4
Others ⁽¹⁾	242	0.3	53	0.1	39	-(2)	28	-(2)	171	0.3
	48,149	59.6	40,988	50.4	34,067	45.2	25,884	44.8	23,612	42.9
Overseas										
(see Section 7.5 of this Prospectus for details on our Group's principal markets)										
Development, manufacturing and distribution of tyre retreading materials	32,359	40.0	40,314	49.5	39,678	52.7	30,322	52.5	31,453	57.1
Others ⁽¹⁾	308	0.4	85	0.1	1,552	2.1	1,529	2.7	1	-(2)
	32,667	40.4	40,399	49.6	41,230	54.8	31,851	55.2	31,454	57.1
Total revenue	80,816	100.0	81,387	100.0	75,297	100.0	57,735	100.0	55,066	100.0

Notes:-

(1)

(2) "Others" comprises other products such as curing envelopes, flaps and tubes, related machineries and equipment as well as rubber wastages sold as scrap. Insignificant.

12. FINANCIAL INFORMATION (cont'd)**Comparison between FYE 2013 and FYE 2014**

Our Group's overall revenue increased by 0.7% from RM80.82 million for FYE 2013 to RM81.39 million for FYE 2014. The increase was contributed by the increase in sales of tyre retreading materials.

The sales of tyre retreading materials increased by 2.9% from RM70.40 million for FYE 2013 to RM72.46 million for FYE 2014 due to an increase of 7.4% in total sales volume offset by a decrease of 4.2% in average selling price per tonne. All categories of tyre retreading materials (*except camelback*) witnessed increase in revenue for FYE 2014, driven by higher sales volume. Our selling price per tonne for all categories of tyre retreading materials was however lower in line with the decline in rubber prices during FYE 2014.

On an individual category basis, the sales for FYE 2014 in respect of:-

- (i) pre-cured tread liner increased 2.8%, contributed by higher export sales volume especially to Japan, Hong Kong and Singapore. The sales volume for pre-cured tread liner increased by 4.7% while its average selling price per tonne reduced by 1.7%;
- (ii) camelback decreased by 12.1% as a result of a decrease of 15.4% in average selling price per tonne despite an increase in sales volume of 3.9%;
- (iii) cushion gum, repair rope and sidewall veneer increased by 5.3%, contributed by an increase of 13.9% in sales volume offset by a decrease of 7.5% in average selling price per tonne; and
- (iv) masterbatch and orbitread increased by 25.0%, contributed by higher sales volume both locally and overseas. The sales volume for masterbatch and orbitread increased by 32.0% while its average selling price per tonne dropped by 5.3%.

On the other hand, the revenue from our tyre retreading operations decreased by 10.9% from RM9.86 million for FYE 2013 to RM8.79 million for FYE 2014, mainly attributable to lower sales volume (by 11.1%) due to tougher operating environment arising from the weakening of Ringgit Malaysia as well as intense competition within local tyre industry. Average selling price for our tyre retreading operations remained stable during FYE 2014.

In terms of revenue by geographical locations of our customers, both local and overseas markets contributed almost equally to our total revenue for FYE 2014. Against FYE 2013, our overseas revenue increased significantly by 23.7%, contributing approximately 50% to our total revenue for FYE 2014 (FYE 2013: 40%). The increase in overseas revenue contribution as a percentage of total revenue is in line with our long-term objectives to reduce reliance on local market and to penetrate further into overseas market and offer a wider range of products overseas particularly high value-added and premium products.

Comparison between FYE 2014 and FYE 2015

Our Group's overall revenue decreased by 7.5% from RM81.39 million for FYE 2014 to RM75.30 million for FYE 2015. The decrease was due to weaker performance for both sales of tyre retreading materials as well as tyre retreading operations.

The sales of tyre retreading materials decreased by 9.3% from RM72.46 million for FYE 2014 to RM65.74 million for FYE 2015. The average selling price per tonne reduced by 1.4% as a result of continued decline in rubber prices in FYE 2015.

12. FINANCIAL INFORMATION (cont'd)

On an individual category basis, the sales for FYE 2015 in respect of:-

- (i) pre-cured tread liner decreased by 2.5% due to a decrease of 0.8% and 1.7% in sales volume and average selling price per tonne respectively;
- (ii) camelback decreased by 40.0% as a result of a decrease of 36.0% and 6.2% in sales volume and average selling price per tonne respectively;
- (iii) cushion gum, repair rope and sidewall veneer decreased by 16.1% due to a decrease of 12.3% and 4.3% in sales volume and average selling price per tonne respectively; and
- (iv) masterbatch and orbitread decreased by 24.3% due to a decrease of 20.4% and 4.8% in sales volume and average selling price per tonne respectively.

In addition, the total sales volume of our tyre retreading materials also decreased in FYE 2015 (by 8.0%) as the local tyre retreading industry continued to be challenging with tough operating environment and intense competition. Following the implementation of GST in Malaysia effective from April 2015, many local tyre retreaders and rubber material traders were adversely impacted in terms of their working capital requirements and had become more conservative in their purchasing. With less working capital available, most of them adopted a "wait-and-see" approach and reduced their purchases leading to a decrease of 11.8% in our local sales volume of tyre retreading materials. Our average selling price per tonne for local sales of tyre retreading materials was similarly affected with a drop of 8.1%.

As for overseas market, our Group performed rather consistently for both FYEs 2014 and 2015 with revenue of approximately RM40 million. Unlike local sales of tyre retreading materials, our export sales volume decreased by a lower percentage of 4.0% while our average selling price per tonne of tyre retreading materials exported increased by 2.6%, as we penetrated into new overseas countries and introduced high value-added and premium products coupled with the favourable foreign currency conditions.

Our tyre retreading operations was also affected by the challenging local tyre retreading industry as set out above, such as the weakened Ringgit Malaysia, intense competition within local tyre industry and the roll-out of GST. Revenue from our tyre retreading operations continued to decrease by 9.4% from RM8.79 million for FYE 2014 to RM7.96 million for FYE 2015 despite an increase of 5.3% in sales volume. Average selling price for our tyre retreading operations declined by 14.0%.

In view of the consistent performance in the overseas market vis-à-vis the challenging local business environment, the contribution of our overseas revenue as a percentage of total revenue has surpassed that of local revenue.

Comparison between FPE 2015 and FPE 2016

Our Group's overall revenue decreased by 4.6% from RM57.74 million for FPE 2015 to RM55.07 million for FPE 2016. The decrease was due to weaker performance of our local sales of tyre retreading materials.

Overall, the sales of tyre retreading materials decreased by 2.4% from RM50.40 million for FPE 2015 to RM49.17 million for FPE 2016 due to a decrease in total sales volume of 3.2% offset by a slight improvement of 0.8% in average selling price per tonne (*in line with an increase in average raw material prices for FPE 2016*).

12. FINANCIAL INFORMATION *(cont'd)*

On an individual category basis, the sales for FPE 2016 in respect of:-

- (i) pre-cured tread liner decreased by 1.0% due to a decrease of 1.8% in sales volume offset by an improvement in average selling price per tonne of 0.7%;
- (ii) camelback decreased by 2.7% as a result of a decrease of 5.0% in average selling price per tonne offset by an increase of 2.4% in sales volume;
- (iii) cushion gum, repair rope and sidewall veneer decreased by 4.2% due to a decrease of 2.5% and 1.7% in sales volume and average selling price per tonne respectively; and
- (iv) masterbatch and orbitread decreased by 16.1% as a result of a decrease of 22.6% in sales volume despite an increase of 8.5% in average selling price per tonne.

The local tyre retreading industry continued to be challenging with tough operating environment and intense competition. Accordingly, our local sales of tyre retreading materials were impacted in terms of both sales volume (*declined by 10.5%*) and average selling price per tonne (*declined by 1.3%*).

On the other hand, the performance of our export sales was rather consistent for both FPEs 2015 and 2016 with revenue of approximately RM31 million. Unlike local sales of tyre retreading materials, our export sales volume and average selling price per tonne increased by 3.2% and 0.5% respectively, with strong performance in the Japanese market. As compared to FPE 2015, our export sales to Japan increased by 41.6% to RM10.5 million, contributed by an increase of 11.6% in sales volume and an increase of 26.8% in average selling price per tonne.

Despite the challenging local tyre retreading industry, the revenue from our tyre retreading operations remained consistent for both FPEs 2015 and 2016 with revenue of approximately RM5.7 million. Overall, our sales volume decreased by 3.7% offset by an improvement of 2.3% in average selling price.

In view of the consistent performance in the overseas market vis-à-vis the challenging local business environment, the contribution of our overseas revenue as a percentage of total revenue has increased from 55.2% for FPE 2015 to 57.1% for FPE 2016.

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12. FINANCIAL INFORMATION (cont'd)**12.4.2 Cost of sales****(i) Analysis of cost of sales by business activities**

During the period under review, approximately 90% of our cost of sales relates to our tyre retreading materials business segment whilst the remaining 10% relates to our tyre retreading operations.

The composition of manufacturing costs for the development, manufacturing and distribution of tyre retreading materials for FYEs 2013, 2014 and 2015 as well as FPEs 2015 and 2016 is as follows:-

	FYE			FPE	
	2013 %	2014 %	2015 %	2015 %	2016 %
Cost of materials ⁽¹⁾	83.0	79.7	76.3	75.8	75.5
Labour cost ⁽²⁾	7.3	7.6	9.4	9.4	9.2
Other overheads ⁽³⁾	9.7	12.7	14.3	14.8	15.3
Total	100.0	100.0	100.0	100.0	100.0

Notes:-

- (1) *The main raw materials used in our production are natural and/or synthetic rubber, carbon black and chemicals.*
- (2) *Labour cost includes both fixed and variable payments to our employees.*
- (3) *Major overhead expenses incurred in our production are utility expenses, depreciation charges and repair and maintenance of machineries.*

For FYE 2015 and FPE 2016, cost of rubber made up more than 50% of our cost of materials, while carbon black and chemicals took up approximately 20% each. Our cost of sales is positively correlated with fluctuations in rubber and carbon black prices. For the period under review, the natural rubber and synthetic rubber prices were on a downtrend and remained at relatively low levels, due to global oversupply of rubber as well as weak demand. The price of carbon black (*which is derived from carbonaceous fuels such as petroleum as well as coal*) was also at relatively low levels throughout the period under review due to global oversupply and weak demand of petroleum and coal.

The cost of sales for our tyre retreading operations comprise mainly tyre retreading materials, staff costs, utility expenses and depreciation charges.

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12. FINANCIAL INFORMATION (cont'd)

The following table sets out our combined cost of sales by business activities for FYEs 2013, 2014 and 2015 as well as FPEs 2015 and 2016:-

	FYE 2013		Audited FYE 2014		FYE 2015		Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Development, manufacturing and distribution of tyre retreading materials										
Pre-cured tread liner	38,934	61.8	38,175	60.4	38,709	66.7	30,045	67.8	28,904	70.6
Camelback	6,396	10.2	5,934	9.4	3,413	5.9	2,448	5.5	2,130	5.2
Cushion gum, repair rope and sidewall veneer	6,204	9.8	6,367	10.1	4,928	8.5	3,834	8.6	3,822	9.3
Masterbatch and orbitread	3,238	5.1	4,949	7.8	3,919	6.7	2,467	5.6	2,156	5.3
	54,772	86.9	55,425	87.7	50,969	87.8	38,794	87.5	37,012	90.4
Tyre retreading operations	7,210	11.5	6,516	10.3	5,938	10.2	4,408	9.9	3,919	9.6
Others⁽¹⁾	1,028	1.6	1,233	2.0	1,160	2.0	1,146	2.6	(9)	⁽²⁾
Total cost of sales	63,010	100.0	63,174	100.0	58,067	100.0	44,348	100.0	40,922	100.0

Notes:-

(1) "Others" comprises other products such as curing envelopes, flaps and tubes, related machineries and equipment as well as rubber wastages sold as scrap.

(2) Insignificant.

12. FINANCIAL INFORMATION (cont'd)**(ii) Analysis of cost of sales by geographical locations of our customers**

The following table sets out our combined cost of sales by geographical locations of our customers for FYEs 2013, 2014 and 2015 as well as FPEs 2015 and 2016:-

	FYE 2013		Audited FYE 2014		FYE 2015		Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local										
Development, manufacturing and distribution of tyre retreading materials	29,752	47.2	26,498	41.9	22,854	39.4	17,391	39.2	15,465	37.7
Tyre retreading operations	7,210	11.5	6,516	10.3	5,938	10.2	4,408	9.9	3,919	9.6
Others ⁽¹⁾	734	1.1	1,161	1.9	13	.(2)	(16)	.(2)	(19)	.(2)
	37,696	59.8	34,175	54.1	28,805	49.6	21,783	49.1	19,365	47.3
Overseas										
Development, manufacturing and distribution of tyre retreading materials	25,020	39.7	28,927	45.8	28,115	48.4	21,403	48.3	21,547	52.7
Others ⁽¹⁾	294	0.5	72	0.1	1,147	2.0	1,162	2.6	10	.(2)
	25,314	40.2	28,999	45.9	29,262	50.4	22,565	50.9	21,557	52.7
Total cost of sales	63,010	100.0	63,174	100.0	58,067	100.0	44,348	100.0	40,922	100.0

Notes:-

- (1) "Others" comprises other products such as curing envelopes, flaps and tubes, related machineries and equipment as well as rubber wastages sold as scrap.
(2) Insignificant.

12. FINANCIAL INFORMATION (cont'd)

Comparison between FYE 2013 and FYE 2014

Our Group's overall cost of sales increased by 0.3% from RM63.01 million for FYE 2013 to RM63.17 million for FYE 2014 in tandem with the increase in our revenue of 0.7%.

For FYE 2014, our cost of sales in relation to sales of tyre retreading materials increased by 1.2%, which was at a slower pace as compared to an increase of 2.9% in its revenue, as our Group benefited from lower raw material prices. Due to global decline of rubber prices, our average purchase price of rubber declined by 12.5% during FYE 2014. Correspondingly, the composition of material cost in our manufacturing costs also reduced from 83.0% to 79.7%.

As for tyre retreading operations, our cost of sales decreased by 9.6% in line with a decrease of 10.9% in revenue.

Comparison between FYE 2014 and FYE 2015

Our Group's overall cost of sales decreased by 8.1% from RM63.17 million for FYE 2014 to RM58.07 million for FYE 2015 in tandem with the decrease in our revenue of 7.5%.

For FYE 2015, our cost of sales in relation to sales of tyre retreading materials decreased by 8.0% as compared to a decrease of 9.3% in its revenue. Our average purchase price of rubber continued to decline during FYE 2015 and correspondingly, the composition of material cost in our manufacturing costs reduced further from 79.7% to 76.3%. However, due to lower production activity during FYE 2015, our average production cost per tonne of tyre retreading materials was higher due to higher fixed labour cost and overhead expense absorbed.

As for tyre retreading operations, our cost of sales decreased by 8.9% in line with a decrease of 9.4% in revenue.

Comparison between FPE 2015 and FPE 2016

Our Group's overall cost of sales decreased by 7.7% from RM44.35 million for FPE 2015 to RM40.92 million for FPE 2016 in tandem with the decrease in our revenue of 4.6%.

For FPE 2016, our cost of sales in relation to sales of tyre retreading materials decreased by 4.6%, which was at a faster pace as compared to a decrease of 2.4% in its revenue. This was mainly attributable to the higher contribution of export sales to the overseas market (*which commands a higher selling price than local sales*) as a percentage of our total tyre retreading materials sales for FPE 2016.

Similarly, for tyre retreading operations, our cost of sales decreased by 11.1%, which was at a faster pace as compared to a decrease of 1.0% in its revenue. This was mainly attributable to the higher contribution of cold cure tyre retreading (*which commands a higher selling price than hot cure tyre retreading*) as a percentage of our total revenue from tyre retreading operations for FPE 2016.

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12. FINANCIAL INFORMATION (cont'd)**12.4.3 GP margin and GP**

Despite the less favourable local market performance for the past three (3) financial years, we achieved a higher overall GP margin due to the (i) increase in our export sales to existing as well as new customers as we penetrated into new overseas markets, (ii) decrease in the average purchase price of rubber which had a positive impact to our profitability and (iii) favourable foreign currency conditions. In addition, we have also achieved a higher overall GP margin for FPE 2016 as compared to FPE 2015, contributed by our export sales of tyre retreading materials.

(i) Analysis of GP margin

Our GP margin by business activities is as follows:-

	Audited		Unaudited	
	FYE 2013 %	FYE 2014 %	FYE 2015 %	FPE 2016 %
Development, manufacturing and distribution of tyre retreading materials	22.2	23.5	22.5	23.0
Pre-cured tread liner	22.3	25.9	23.0	22.8
Camelback	16.1	11.5	15.2	12.5
Cushion gum, repair rope and sidewall veneer	24.6	26.5	32.2	30.0
Masterbatch and orbitread	27.1	10.9	6.8	22.4
Tyre retreading operations	26.9	25.9	25.4	23.8
Others⁽¹⁾	(86.9)	(793.5)	27.1	26.4
Overall GP margin	22.0	22.4	22.9	23.2
				25.7

Note:-

(1) "Others" comprises other products such as curing envelopes, flaps and tubes, related machineries and equipment as well as rubber wastages sold as scrap.

12. FINANCIAL INFORMATION (cont'd)

Our GP margin by geographical locations of our customers is as follows:-

	FYE 2013 %	Audited FYE 2014 %	FYE 2015 %	Unaudited FPE 2015 %	Audited FPE 2016 %
Local					
Development, manufacturing and distribution of tyre retreading materials	21.7	16.6	15.4	15.8	18.0
Tyre retreading operations	21.8	17.6	12.3	13.4	12.7
Others ⁽¹⁾	26.9	25.9	25.4	23.8	31.5
	(203.3)	(2,090.6)	66.7	157.1	111.1
Overseas					
Development, manufacturing and distribution of tyre retreading materials	22.5	28.2	29.0	29.2	31.5
Others ⁽¹⁾	22.7	28.2	29.1	29.4	31.5
	4.5	15.3	26.1	24.0	(900.0)
Overall GP margin	22.0	22.4	22.9	23.2	25.7

Note:-

(1) "Others" comprises other products such as curing envelopes, flaps and tubes, related machineries and equipment as well as rubber wastages sold as scrap.

12. FINANCIAL INFORMATION (cont'd)**(ii) Analysis of GP**

The following table sets out our combined GP by business activities for FYEs 2013, 2014 and 2015 as well as FPEs 2015 and 2016:-

	FYE 2013		Audited FYE 2014		FYE 2015		Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Development, manufacturing and distribution of tyre retreading materials										
Pre-cured tread liner	11,179	62.8	13,366	73.4	11,538	67.0	8,896	66.4	9,631	68.1
Camelback	1,226	6.9	769	4.2	612	3.5	351	2.6	593	4.2
Cushion gum, repair rope and sidewall veneer	2,022	11.3	2,295	12.6	2,337	13.5	1,641	12.3	1,422	10.1
Masterbatch and orbitread	1,203	6.8	604	3.3	287	1.7	713	5.3	513	3.6
	15,630	87.8	17,034	93.5	14,774	85.7	11,601	86.6	12,159	86.0
Tyre retreading operations	2,654	14.9	2,274	12.5	2,025	11.8	1,375	10.3	1,804	12.7
Others⁽¹⁾	(478)	(2.7)	(1,095)	(6.0)	431	2.5	411	3.1	181	1.3
Total GP	17,806	100.0	18,213	100.0	17,230	100.0	13,387	100.0	14,144	100.0

Note:-

(1) "Others" comprises other products such as curing envelopes, flaps and tubes, related machineries and equipment as well as rubber wastages sold as scrap.

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12. FINANCIAL INFORMATION (cont'd)

The following table sets out our combined GP by geographical locations of our customers for FYEs 2013, 2014 and 2015 as well as FPEs 2015 and 2016:-

	FYE 2013		Audited FYE 2014		FYE 2015		Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local										
Development, manufacturing and distribution of tyre retreading materials	8,291	46.6	5,647	31.0	3,211	18.6	2,682	20.0	2,253	15.9
Tyre retreading operations	2,654	14.9	2,274	12.5	2,025	11.8	1,375	10.3	1,804	12.7
Others ⁽¹⁾	(492)	(2.8)	(1,108)	(6.1)	26	0.1	44	0.3	190	1.4
	10,453	58.7	6,813	37.4	5,262	30.5	4,101	30.6	4,247	30.0
Overseas										
Development, manufacturing and distribution of tyre retreading materials	7,339	41.2	11,387	62.5	11,563	67.1	8,919	66.6	9,906	70.1
Others ⁽¹⁾	14	0.1	13	0.1	405	2.4	367	2.8	(9)	(0.1)
	7,353	41.3	11,400	62.6	11,968	69.5	9,286	69.4	9,897	70.0
Total GP	17,806	100.0	18,213	100.0	17,230	100.0	13,387	100.0	14,144	100.0

Note:-

(1) "Others" comprises other products such as curing envelopes, flaps and tubes, related machineries and equipment as well as rubber wastages sold as scrap.

12. FINANCIAL INFORMATION *(cont'd)*

Comparison between FYE 2013 and FYE 2014

Local tyre retreading industry was challenging for our Group in FYE 2014. The performance of our local sales of tyre retreading materials as well as tyre retreading operations declined in terms of total sales volume and GP margin.

Despite the less encouraging local market performance, we increased our overall GP by 2.3% from RM17.81 million for FYE 2013 to RM18.21 million for FYE 2014. Our overall GP margin also improved slightly from 22.0% for FYE 2013 to 22.4% for FYE 2014.

The abovesaid increase in our Group's overall GP for FYE 2014 was solely contributed by our export sales of tyre retreading materials which increased by 26.5% in sales volume. As for the increase in overall GP margin, this is contributed by export sales which command a higher GP margin of 28.2% as compared to local sales of only 17.6% (*FYE 2013: GP margin for export sales of 22.7% as compared to GP margin of local sales of 21.8%*).

Our main product i.e. pre-cured tread liner was well received in countries such as Japan, Hong Kong, Singapore and Indonesia, with an increase of 23.6% in export sales volume as well as at a higher export GP margin of 30.0% for FYE 2014 (FYE 2013: 22.3%).

We incurred gross loss for "Others" for FYEs 2013 and 2014 due to rubber wastages. In order to reduce rubber wastages, we intend to allocate part of the IPO proceeds to improve our manufacturing automation systems (*see Section 4.7.1 of this Prospectus for further details*). With the implementation of automation technology in our production processes, we are targeting to reduce our production wastage by 10% to 20%.

Comparison between FYE 2014 and FYE 2015

The tough operating environment in Malaysia continued to weigh down on our Group's financial performance. As a result of weaker contribution from local market, our overall GP reduced by 5.4% from RM18.21 million for FYE 2014 to RM17.23 million for FYE 2015.

Our overall GP margin however continued to improve from 22.4% for FYE 2014 to 22.9% for FYE 2015. The increase in our overall GP margin was contributed by our continual improvement in the GP margin achieved for our export sales of tyre retreading materials (29.1%; FYE 2014: 28.2%) as we introduced a wider range of products overseas (*in particular high value-added and premium products*) as well as successfully penetrated into new overseas markets such as Australia, Brazil, Ireland and Zimbabwe coupled with the favourable foreign currency conditions.

Comparison between FPE 2015 and FPE 2016

We increased our overall GP by 5.6% from RM13.39 million for FPE 2015 to RM14.14 million for FPE 2016. Our overall GP margin also improved from 23.2% for FPE 2015 to 25.7% for FPE 2016.

12. FINANCIAL INFORMATION (cont'd)

The increase in our Group's overall GP and GP margin for FPE 2016 was mainly due to the:-

- (i) increase in our export sales of tyre retreading materials (*which commands a higher selling price as compared to local sales*) as a percentage of our total tyre retreading materials sales. The increase was mainly contributed by our Group's strong sales performance for pre-cured tread liner (*our main product*) in Japan with an increase in sales volume and average selling price per tonne of 29.5% and 19.4% respectively. The said higher average selling price per tonne also yielded a higher GP margin; and
- (ii) increase in the contribution of cold cure tyre retreading as a percentage of our total revenue from tyre retreading operations. Cold cure tyre retreading commands a higher selling price and GP margin as compared to hot cure tyre retreading.

12.4.4 Other operating income and finance income

The following table sets out our Group's other operating income and finance income for FYEs 2013, 2014 and 2015 as well as FPEs 2015 and 2016:-

	Audited			Unaudited	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	549	-	1,742	2,365	2,461
Income from scrap sales	151	135	103	83	76
Reversal of impairment loss	-	16	110	-	-
Others	76	437	59	57	42
Other operating income	776	588	2,014	2,505	2,579
Finance income	125	109	106	88	109

Net gain on foreign exchange recognised for the financial periods above comprises the net realised and unrealised gain on foreign exchange arising from trade transactions and translation of outstanding foreign-denominated trade balances respectively. Trade receivables and trade payables relating to overseas sales and purchases were recorded in our books based on the prevailing exchange rates as at the date of transactions and subsequently, re-measured at the prevailing exchange rates as at the end of the reporting period until the settlement of these balances.

Income from scrap sales was derived mainly from the sales of buffing dust, being scrap produced in our ordinary course of business.

Reversal of impairment loss was due to collection of impaired trade debts. Initially, our Group had written off the said debts as our customers had defaulted on their payments. As they settled the debt subsequently, our Group recovered the said impaired trade debts.

Others include gain on disposal of property, plant and equipment and sundry income. In addition, for FYE 2014, we also recognised a one-off income of RM0.37 million, being the receipt of compensation sum awarded by the Nan Hu People's Court for the premature termination of tenancy for a factory which Jiaxing had previously been renting. In 2012, the said factory was foreclosed by the landlord's financier, which had then notified Jiaxing on its intention for premature termination of the tenancy (*without any compensation to be paid to Jiaxing*) and thereafter, auctioning off the premise ("**Auction of PRC Factory**").

12. FINANCIAL INFORMATION (cont'd)

Having invested in the high voltage cables and transformers at the rented premise, Jiaxing registered its vested interest in the Auction of PRC Factory with the Nan Hu People's Court. The Auction of PRC Factory was successfully concluded in 2013 and Jiaxing was awarded the compensation sum of RMB0.7 million (*approximately RM0.37 million*).

Finance income is derived from fixed deposit placements with licensed banks. The finance income includes interest income from fixed deposits pledged as security for banking facilities.

12.4.5 Operating expenses and finance costs

Our operating expenses are mainly distribution costs, administrative expenses and other operating expenses. The following table sets out a breakdown of our operating expenses and finance costs for FYEs 2013, 2014 and 2015 as well as FPEs 2015 and 2016:-

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Distribution costs	4,268	5,210	5,299	3,830	3,367
Staff costs	2,651	2,715	3,214	2,192	1,831
Depreciation and amortisation charges	526	451	481	356	369
Professional fees	209	251	274	188	231
Management fees	240	240	240	180	100
Office expenses	183	171	234	190	209
Travelling and accommodation expenses	48	177	233	156	134
Rental expenses	201	172	195	137	226
Bank charges	214	210	177	139	119
Security fees	109	140	121	67	81
Others	213	338	408	307	285
Administrative expenses	4,594	4,865	5,577	3,912	3,585
Net loss on foreign exchange	-	131	-	-	-
Loss on disposal of property, plant and equipment	-	11	-	-	-
Impairment loss on trade receivables	33	-	8	-	-
Bad debts written off	15	-	173	-	-
Others	-(1)	7	-(1)	-	-
Other operating expenses	48	149	181	-	-
Operating expenses	8,910	10,224	11,057	7,742	6,952
Finance costs	622	724	683	536	382

Note:-

(1) *Insignificant.*

12. FINANCIAL INFORMATION *(cont'd)****Distribution costs***

Our distribution costs comprise mainly freight charges, vehicle upkeep and running costs as well as sales-related expenses such as travelling expenses, advertising and promotion expenses, exhibition costs, sales staff costs and sales commission. Overall distribution costs increased from RM4.27 million for FYE 2013 to RM5.30 million for FYE 2015, in line with our growth strategy to expand overseas. As for FPE 2016, we incurred RM3.37 million in distribution costs (FPE 2015: RM3.83 million).

Freight charges for our export sales represent the largest component of our distribution costs (*approximately 36% of our distribution costs for FYE 2015 and FPE 2016*). Our freight charges increased by 24.0% for FYE 2014 but decreased by 2.4% for FYE 2015, corresponding with our export sales volume which increased by 26.5% for FYE 2014 but decreased by 4.0% for FYE 2015. For FPE 2016, our freight charges (RM1.21 million) were lower by 16.6% as compared to FPE 2015 (RM1.45 million) as we enjoyed lower shipping rate arising from continued challenging shipping industry due to a drop in global demand and a glut of supply in ship capacity. On the other hand, our vehicle upkeep and running costs such as fuel, repair and maintenance costs declined over the period under review due to lower local sales volume.

The other large components of our distribution costs are sales commission, advertising and promotion expenses as well as exhibition costs (*which made up approximately 34% and 29% of our distribution costs for FYE 2015 and FPE 2016 respectively*). These expenses had increased from an aggregate of RM1.27 million for FYE 2013 to RM1.78 million for FYE 2015 as we grew our export markets. For FPE 2016, these expenses amounted to RM0.99 million, which is lower than RM1.19 million incurred for FPE 2015. During FPE 2015, we participated in more overseas trade fairs and exhibitions as well as produced a corporate video for advertising and marketing purposes. During the period under review, we expanded our product presence into new overseas markets such as Australia, Brazil, Ireland and Zimbabwe.

Administrative expenses

Our administrative expenses comprise mainly staff costs, depreciation and amortisation charges, professional fees and management fees. Overall administrative expenses increased from RM4.59 million for FYE 2013 to RM5.58 million for FYE 2015. For FPE 2016, our overall administrative expenses amounted to RM3.59 million.

Staff costs represent the largest component of our administrative expenses (*approximately 58% and 51% of our administrative expenses for FYE 2015 and FPE 2016 respectively*). Our staff costs increased by 2.4% for FYE 2014 and 18.4% for FYE 2015. However, our staff costs for FPE 2016 were lower by 16.5% as compared to FPE 2015.

Our Group normally decides on the staff bonus and performance incentive in the first (1st) quarter following the close of financial year. However, in FYE 2015, we decided on such bonus and incentive earlier i.e. at the end of 2015. Accordingly, the bonus and incentive for both FYEs 2014 and 2015 were recognised during FYE 2015, leading to the higher staff costs for FYE 2015 and lower staff costs for FPE 2016.

The other large components of our administrative expenses are depreciation and amortisation charges (*approximately 9%/10%**), professional fees (*approximately 5%/6%**) and management fees (*approximately 4%/3%**).

* As a percentage of our administrative expenses for FYE 2015 / FPE 2016 respectively

12. FINANCIAL INFORMATION (cont'd)

Professional fees were incurred in respect of legal advice and related services, accounting and auditing services as well as secretarial services rendered to us. Meanwhile, management fees represent a fixed amount of RM20,000 per month charged by Tai Hin for its provision of personnel to support the internal audit and finance functions of our Group. Moving forward, we will no longer incur such management fees payable to Tai Hin as we have employed these relevant key personnel under our payroll starting May 2016 at an aggregate amount of RM15,000 per month.

Other operating expenses

Other operating expenses comprise mainly net loss on foreign exchange, loss on disposal of property, plant and equipment, impairment loss on trade receivables as well as bad debts written off.

Finance costs

Our finance costs consist of interest charges on our terms loans for the purchase of production machineries, hire purchase for the purchase of motor vehicles and plant and machineries as well as banker's acceptances and bank overdrafts used in our ordinary course of business.

12.4.6 PBT and PBT margin

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	9,175	7,962	7,610	7,702	9,498
PBT margin	11.4	9.8	10.1	13.3	17.2

Despite the increase in our overall GP margin from 22.0% for FYE 2013 to 22.9% for FYE 2015, our PBT margin remained at an average of approximately 10%. Over the period under review, we intensified efforts to expand our product presence overseas. Accordingly, we incurred higher freight charges and other selling expenses such as sales commission, advertising and promotion expenses as well as exhibition costs (See "Distribution costs" in Section 12.4.5 above). Further, we decided on staff bonus and performance incentive earlier for FYE 2015 (i.e. at the end of 2015 instead of early 2016) to reward and motivate them towards our long-term objective of achieving a strong overseas performance and ultimately improved financial performance.

Both our PBT and PBT margin increased significantly for FPE 2016 due to the following reasons:-

- (i) higher overall GP margin achieved of 25.7% (FPE 2015: 23.2%) (see "GP margin and GP" in Section 12.4.3 above for further details); and
- (ii) lower distribution costs and administrative expenses incurred as explained in Section 12.4.5 above.

12. FINANCIAL INFORMATION (cont'd)**12.4.7 Tax expense**

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

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Current tax expense					
Current year	1,131	1,425	1,702	2,136	2,227
Under / (Over) provision in prior years	98	272	155	154	(328)
	1,229	1,697	1,857	2,290	1,899
Deferred tax expense					
Current year	1,391	985	241	-	153
Over provision in prior years	-	(39)	(317)	-	(1)
	1,391	946	(76)	-	152
Tax expense	2,620	2,643	1,781	2,290	2,051

The following sets out the reconciliation of income tax expense applicable to PBT at the Malaysian statutory tax rate of 25% / 24% (for FPE 2016 only) to income tax expense at the effective tax rate of our Group:-

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	9,175	7,962	7,610	7,702	9,498
Income tax at rate of 25% / 24%	2,294	1,991	1,902	1,926	2,280
Tax effects in respect of:-					
Non-allowable expenses	331	534	181	329	222
Non-taxable income	(190)	(165)	(16)	-	(170)
Tax incentives and allowances	-	-	(166)	(166)	-
Reduction in deferred taxes as a result of reduction in tax rate	-	-	(29)	-	-
Difference in tax rates in foreign jurisdiction	-	-	-	-	(1)
Utilisation of previously unrecognised tax losses	-	-	-	-	(57)
Deferred tax assets not recognised	87	50	71	47	106
	2,522	2,410	1,943	2,136	2,380
Under / (Over) provision of current tax expense in prior years	98	272	155	154	(328)
Over provision of deferred tax expense in prior years	-	(39)	(317)	-	(1)
Tax expense	2,620	2,643	1,781	2,290	2,051
Effective tax rate (%)	28.6	33.2	23.4	29.7	21.6

12. FINANCIAL INFORMATION (cont'd)*Note:-*

During the period under review, our Group enjoyed certain tax incentives such as:-

- (a) a tax exemption on our statutory income equivalent to 50% of the value of increased exports, provided that we succeed in penetrating new markets; and
- (b) an accelerated capital allowance in respect of qualifying plant expenditure pursuant to the Rules of the Income Tax (Accelerated Capital Allowances) (Reinvestment of Eligible Projects) 2000.

12.4.8 PAT and PAT margin

	Audited			Unaudited	Audited
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2015 RM'000	FPE 2016 RM'000
PAT	6,555	5,319	5,829	5,412	7,447
PAT margin	8.1	6.5	7.7	9.4	13.5

The variance between PAT margins for the period under review was as a result of the reasons described in Sections 12.4.6 and 12.4.7 above.

12.4.9 Other comprehensive income

Our other comprehensive income arises from foreign currency translations of the financial statements of our foreign operations, whereby the assets and liabilities are translated at exchange rates prevailing at the end of the reporting period while profit or loss and other comprehensive income are translated at exchange rates prevailing at the dates of the transactions.

12.5 Liquidity and capital resources**12.5.1 Working capital**

Our working capital is funded through cash generated from our operating activities, credit extended to our Group by suppliers, credit facilities from financial institutions as well as our existing cash and bank balances. As at 30 September 2016, we had unencumbered cash and bank balances of RM6.9 million and unutilised overdraft facilities and trade lines of RM3.9 million and RM8.3 million respectively. As at 30 September 2016, our working capital, defined as the difference between current assets and current liabilities was RM30.1 million.

Based on the above and after taking into consideration our funding requirements for capital commitments, and together with the estimated gross proceeds from the Public Issue of RM17.28 million, our Board believes that our Group has sufficient working capital resources for our existing and foreseeable requirements for at least twelve (12) months from the date of this Prospectus.

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12. FINANCIAL INFORMATION (cont'd)**12.5.2 Summary of combined statements of cash flows**

The following table sets out a summary of our Group's combined statements of cash flows for the period under review, and should be read in conjunction with the Accountants' Report in Section 13 of this Prospectus.

	Audited			
	FYE			FPE
	2013	2014	2015	2016
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	17,574	6,172	9,649	4,694
Net cash used in investing activities	(11,911)	(7,134)	(674)	(447)
Net cash (used in) / from financing activities	(3,944)	446	(8,053)	(1,734)
Net increase / (decrease) in cash and cash equivalents	1,719	(516)	922	2,513
Effect of foreign exchange rate changes	93	161	353	(50)
Cash and cash equivalents at the beginning of the period	1,349	3,161	2,806	4,081
Cash and cash equivalents at the end of the period	3,161	2,806	4,081	6,544

Save as disclosed on certain financial covenants in Section 12.5.3 below, there are no other legal, financial or economic restriction on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet the cash obligations of our Company.

Net cash from operating activities

For FYE 2013, we generated operating cash flows before working capital changes of RM11.36 million. After accounting for working capital changes and tax payment, our Group's net cash from operating activities was RM17.57 million. The details of our significant working capital changes and tax payment are as follows:-

- (i) RM1.21 million decrease in inventories and RM2.53 million decrease in trade receivables, in line with decline in rubber prices. As our cost of inventories and revenue are positively correlated with the fluctuations in rubber prices, the lower rubber prices had resulted in lower closing balances for inventories and trade receivables (*being the amount of sales billed but remained outstanding*) as at 31 December 2013;
- (ii) RM1.69 million decrease in other receivables, deposits and prepayments mainly attributable to the refund of deposit amounting to RMB2.00 million (*approximately RM1.08 million*) which was paid for our participation in the Auction of PRC Factory as the factory was sold to another bidder;
- (iii) RM2.92 million increase in other payables and accrued expenses, mainly attributable to the costs accrued for the renovation and construction of a factory at Lot 90, Tasek Industrial Estate, Ipoh; and
- (iv) RM1.61 million in net payment of tax.

12. FINANCIAL INFORMATION *(cont'd)*

For FYE 2014, we generated operating cash flows before working capital changes of RM11.19 million. After accounting for working capital changes and tax payment, our Group's net cash from operating activities was RM6.17 million. The details of our significant working capital changes and tax payment are as follows:-

- (i) RM1.46 million decrease in trade receivables due to higher collection of outstanding debts from customers for FYE 2014;
- (ii) RM5.25 million decrease in other payables and accrued expenses, mainly due to the settlement of contractors' sum for the renovation and construction of the factory at Lot 90, Tasek Industrial Estate, Ipoh amounting to RM2.56 million as well as decrease of RMB4.04 million (*approximately RM2.18 million*) in advance payments received from our customers in PRC; and
- (iii) RM1.43 million in net payment of tax.

For FYE 2015, we generated operating cash flows before working capital changes of RM10.57 million. After accounting for working capital changes and tax payment, our Group's net cash from operating activities was RM9.65 million. The details of our significant working capital changes and tax payment are as follows:-

- (i) RM2.23 million decrease in inventories held by us in line with slower local demand following the implementation of Goods and Services Tax in Malaysia and correspondingly, a decrease of RM1.25 million in trade payables; and
- (ii) RM1.62 million in net payment of tax.

For FPE 2016, we generated operating cash flows before working capital changes of RM9.82 million. After accounting for working capital changes and tax payment, our Group's net cash from operating activities was RM4.69 million. The details of our significant working capital changes and tax payment are as follows:-

- (i) RM1.95 million increase in other receivables, deposits and prepayments, mainly due to the increase in prepayment for listing expenses (*Balance of the prepayment for listing expenses as at 30 September 2016: RM1.75 million*), downpayment for machineries as well as GST input tax receivable;
- (ii) RM1.91 million decrease in trade payables as we made payments to our trade suppliers more promptly; and
- (iii) RM0.82 million in net payment of tax

Net cash used in investing activities

For FYE 2013, we recorded net cash used in investing activities of RM11.91 million comprising:-

- (i) RM12.05 million used to purchase property, plant and equipment, of which are mainly attributable to the renovation and construction of the factory at Lot 90, Tasek Industrial Estate, Ipoh (RM4.85 million) and purchase of plant and machinery (RM6.14 million); and
- (ii) partially offset by RM0.14 million in interest income from fixed deposit placements with licensed banks (RM0.12 million) and proceeds from disposal of motor vehicles (RM0.02 million).

12. FINANCIAL INFORMATION *(cont'd)*

For FYE 2014, we recorded net cash used in investing activities of RM7.13 million comprising:-

- (i) RM7.15 million used to purchase property, plant and equipment including RM1.38 million for the renovation and construction of the factory at Lot 90, Tasek Industrial Estate, Ipoh, RM1.92 million for the associated electrical installation and RM2.72 million for the purchase of plant and machinery;
- (ii) acquisition of other investment, being unquoted ordinary shares of Olimpik Jaya (M) Sdn Bhd for an amount of RM0.13 million; and
- (iii) partially offset by RM0.15 million in interest income from fixed deposit placements with licensed banks (RM0.11 million) and proceeds from disposal of factory equipment and motor vehicles (RM0.04 million).

For FYE 2015, we recorded net cash used in investing activities of RM0.67 million comprising:-

- (i) RM0.91 million used to purchase property, plant and equipment, mainly factory equipment and motor vehicles; and
- (ii) partially offset by RM0.24 million in interest income from fixed deposit placements with licensed banks (RM0.10 million) and proceeds from disposal of factory equipment, furniture, fixtures and office equipment and motor vehicles (RM0.14 million).

For FPE 2016, we recorded net cash used in investing activities of RM0.45 million comprising:-

- (i) RM0.70 million used to purchase property, plant and equipment, including factory equipment, electrical installation and a passenger vehicle (*NBV as at 30 September 2016: RM0.56 million*); and
- (ii) partially offset by RM0.25 million in interest income from fixed deposit placements with licensed banks (RM0.11 million) and proceeds from disposal of other investment, being unquoted ordinary shares of Olimpik Jaya (M) Sdn Bhd (RM0.14 million).

Net cash (used in) / from financing activities

For FYE 2013, our Group recorded net cash used in financing activities of RM3.94 million comprising:-

- (i) RM3.28 million in net repayment of bank borrowings (*including hire purchase and lease creditors*) and related interest expenses;
- (ii) RM0.54 million in dividend payments; and
- (iii) additional RM0.12 million fixed deposits pledged as security for credit facilities.

For FYE 2014, our Group recorded net cash from financing activities of RM0.45 million comprising:-

- (i) RM2.13 million in net drawdown of bank borrowings (*including hire purchase and lease creditors*);
- (ii) RM2.24 million in dividend payments; and
- (iii) withdrawal of RM0.56 million fixed deposits previously pledged as security for credit facilities.

12. FINANCIAL INFORMATION (cont'd)

For FYE 2015, our Group recorded net cash used in financing activities of RM8.05 million comprising:-

- (i) RM6.21 million in net repayment of bank borrowings (including hire purchase and lease creditors) and related interest expenses;
- (ii) RM0.74 million in dividend payments; and
- (iii) additional RM1.10 million fixed deposits pledged as security for credit facilities.

For FPE 2016, our Group recorded net cash used in financing activities of RM1.73 million comprising:-

- (i) RM0.13 million in net repayment of bank borrowings (including hire purchase and lease creditors) and related interest expenses;
- (ii) RM0.49 million in dividend payments; and
- (iii) additional RM1.11 million fixed deposits pledged as security for credit facilities.

12.5.3 Borrowings

Our Group's total outstanding borrowings (all of which are interest-bearing, secured against our Group's assets as well as jointly and severally guaranteed by certain of our Directors) as at 30 September 2016 are as follows:-

Statement of total outstanding borrowings	Interest rate terms		Audited
	Fixed rate (%)	Variable rate (%)	Outstanding as at 30.09.2016
			RM'000
Denominated in USD			
Current			
Bankers' acceptances	-	2.16 to 2.45	5,940*
Denominated in RM			
Current			
Bankers' acceptances	-	3.80 to 4.79	5,731
Term loans	-	6.85	632
Hire purchase and lease creditors	4.52 to 6.00	-	322
Bank overdrafts	-	8.22	384
			7,069
Non-current			
Term loans	-	6.85	877
Hire purchase and lease creditors	4.52 to 6.00	-	530
			1,407
Total borrowings			14,416

* RM equivalent of USD1.44 million.

12. FINANCIAL INFORMATION (cont'd)Note:-

The remaining tenure / maturity periods of our Group's outstanding borrowings as at 30 September 2016 are as follows:-

(i)	Bankers' acceptances	:	Four (4) days to 117 days
(ii)	Term loans	:	4 months to 39 months
(iii)	Hire purchase and lease creditors	:	Six (6) months to 47 months
(iv)	Bank overdrafts	:	Repayable on demand

Similar to any common credit arrangements with financial institutions, all our Group's outstanding borrowings are repayable on demand at the discretion of the financial institutions. Nonetheless, we believe that in the absence of a default being committed on our part, these financial institutions are not entitled to exercise their rights to demand for repayment.

We obtained our borrowings from various Malaysian financial institutions. Our bankers' acceptances and term loans are secured by a number of our Group's real properties as well as plant and machinery. In addition, we have pledged deposits with licensed banks as security for bankers' acceptances and bank overdrafts. Our term loans are mainly arranged to finance acquisitions of plant and machinery by our Group while bankers' acceptances and bank overdrafts are used for working capital purposes. Our hire purchase and lease creditors are secured by the financial institutions' charge over the assets under hire purchase. Our borrowings are jointly and severally guaranteed by certain of our Directors.

As set out in Note 9.34(a) of the Accountants' Report in Section 13 of this Prospectus, we are subject to the following externally imposed capital requirements:-

- (i) gearing ratio of not more than 1.5 times and 2.0 times by two (2) different financial institutions;
- (ii) current ratio of not less than 1.1 times; and
- (iii) trade advances to related companies shall not exceed 10% of revenue or net trade advances to related companies shall not exceed 6% of revenue.

In addition, pursuant to term loan facilities secured by Rubber Works in late-2016, the company shall not declare any dividends in excess of 50% of its PAT and any such permissible declaration of dividends may only be made if the debt servicing is current.

The maturity profile based on the contractual undiscounted repayment obligation of our total borrowings as of the end of the respective financial years / period indicated is as follows:-

	Audited			
	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	30.09.2016 RM'000
Bankers' acceptances				
Within 1 year / Total contractual cash flow	13,439	13,850	10,190	11,671
Total carrying amount	13,439	13,850	10,190	11,671
	Audited			
	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	30.09.2016 RM'000
Term loans				
Within 1 year	513	1,437	1,277	632
1 to 2 years	235	1,271	404	390
2 to 5 years	-	1,196	780	487
Total contractual cash flow	748	3,904	2,461	1,509
Total carrying amount	748	3,904	2,461	1,509

12. FINANCIAL INFORMATION (cont'd)

	Audited			
	31.12.2013	31.12.2014	31.12.2015	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Hire purchase and lease creditors				
Within 1 year	749	455	283	342
1 to 2 years	448	284	216	279
2 to 5 years	116	185	242	293
Total contractual cash flow	1,313	924	741	914
Total carrying amount	1,158	825	660	852
	Audited			
	31.12.2013	31.12.2014	31.12.2015	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts				
Within 1 year / Total contractual cash flow	705	2,177	357	384
Total carrying amount	705	2,177	357	384
Total carrying amount of our borrowings	16,050	20,756	13,668	14,416
Gearing ratio ⁽¹⁾	0.4	0.5	0.3	0.3

Note:-

(1) Computed based on total interest-bearing borrowings over our total equity.

Our Group has not defaulted on payments of interest or principal sums on any of our borrowings throughout FYE 2015, FPE 2016 and up to the LPD.

Furthermore, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or borrowings which can materially affect our Group's business, financial performance or financial position.

12.5.4 Financial instruments

Financial instruments, from an accounting perspective, may include trade and other receivables net of prepayments, amount owing by / (to) ultimate holding company and related companies, cash and bank balances, trade payables, other payables and accrued expenses, amount owing to Directors and borrowings as shown on our combined statements of financial position. The abovementioned financial instruments are used in our Group's ordinary course of business.

As at the LPD, our Group does not use any financial instrument for hedging purposes.

12. FINANCIAL INFORMATION *(cont'd)***12.5.5 Material commitments for capital expenditure****(i) Historical capital expenditure**

The following sets out our capital expenditure incurred for the financial years / period indicated:-

	<u>FYE 2013</u> RM'000	<u>FYE 2014</u> RM'000	<u>FYE 2015</u> RM'000	<u>FPE 2016</u> RM'000
Land and buildings	4,866	3,307	63	199
Plant and machinery	6,137	2,723	36	42
Other equipment	756	764	691	284
Motor vehicles	701	746	388	596
Total	12,460	7,540	1,178	1,121

We incurred significant capital expenditure for FYEs 2013 and 2014 to renovate and construct the factory at Lot 90, Tasek Industrial Estate, Ipoh. In addition, we also invested heavily in new plant and machinery including the purchase of a mixing line and four (4) pressing lines to increase our manufacturing capacity (see Section 7.4.2 of this Prospectus for further details on our manufacturing capacity).

(ii) Planned capital expenditure

Our Group's planned capital commitments as at the LPD are disclosed in Section 4.7.1 of this Prospectus. We expect to meet our material capital commitments through our cash and cash equivalents, cash generated from future operations and funding from other financing activities (*if required*) as well as RM12.58 million from the proceeds from the Public Issue.

As we have recently renovated and constructed the factory at Lot 90, Tasek Industrial Estate, Ipoh, we have adequate space to increase our manufacturing capacity and hence, we do not expect any material capital expenditure in relation to land and buildings locally. As for overseas expansion, we have identified a customer in South America (*a trader of tyre retreading materials*) to be our business partner for the South American market. See Section 7.3.3 of this Prospectus for further details.

Other than the above, there are no material capital commitments incurred or known to be incurred by us that have not been provided for, which upon becoming enforceable, may have a material impact on our business, financial performance or financial position.

12.5.6 Off-balance sheet arrangements

We do not have any off-balance sheet arrangements which are reasonably likely to have a material effect on our business, financial performance or financial position.

12.5.7 Material litigation

Neither our Company nor our subsidiaries, in the twelve (12) months immediately preceding the date of this Prospectus have been engaged in any governmental, legal, litigation or arbitration proceedings including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our business, financial performance or financial position.

12. FINANCIAL INFORMATION *(cont'd)***12.5.8 Contingent liabilities**

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

12.5.9 Material acquisitions and divestitures

Save as disclosed in Section 12.5.5 of this Prospectus, there has not been any material acquisitions and divestitures undertaken by our Group for the period under review.

12.5.10 Key financial ratios

The following table sets forth certain key financial ratios of our Group based on the audited combined financial statements of our Group for the financial years / period indicated:-

	<u>FYE 2013</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FPE 2016</u>
Trade receivables turnover period (days)	85.2	80.6	94.5	111.1
Trade payables turnover period (days)	30.6	38.7	49.1	31.3
Inventory turnover period (days)	97.3	97.4	102.1	102.3
Current ratio (times)	1.6	1.6	2.0	2.5
Gearing ratio (times)	0.4	0.5	0.3	0.3

(i) Trade receivables turnover period

	<u>FYE 2013</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FPE 2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Trade receivables ⁽¹⁾	18,872	17,983	19,501 ⁽²⁾	22,320 ⁽²⁾
Revenue for the financial year / period	80,816	81,387	75,297	55,066
Trade receivables turnover period (days) ⁽³⁾	85.2	80.6	94.5	111.1

Notes:-

(1) Closing trade receivables as at the end of the respective financial year / period.

(2) This includes non-current trade receivables of RM165,173 (31.12.2015) and RM69,387 (30.09.2016) which are expected to be collected within the next two (2) financial years.

(3) Trade receivables multiplied by 365 days (FPE 2016: 274 days) over total revenue for the financial year / period.

The credit period granted to our customers ranges from cash basis to 90 days. Our credit term to customers are assessed and approved on a case-by-case basis by taking into consideration various factors such as our business relationship with customers, our marketing strategies, the customers' payment history and creditworthiness while new customers are subject to our credit verification and assessment process.

For FYEs 2013 and 2014, our trade receivables turnover period was within the range of credit period granted to our customers. However, due to increased trade debts from our overseas customer portfolio arising from the higher sales contribution from our export markets to our total revenue (FYE 2015: 55% and FPE 2016: 57%), our trade receivables turnover period increased to above 90 days (FYE 2015: 94.5 days and FPE 2016: 111.1 days).

12. FINANCIAL INFORMATION (cont'd)

Generally, our overseas customers will take longer to settle their outstanding balances, taking into consideration the much lengthier freight delivery time. The estimated delivery time required by location of our customers is generally as follows:-

- (a) within three (3) working days from the shipment date for Peninsular Malaysia and Singapore;
- (b) within one (1) to two (2) weeks from the shipment date for East Malaysia and other Asian countries; and
- (c) up to 45 days from the shipment date for other further countries such as those in Europe and South America.

Further, as part of our effort in expanding our customer base overseas and penetrating new markets, we allow longer credit term to selected overseas customers as an incentive for them to do business with us (*which is also the reason for high trade receivables turnover period of 111.1 days for FPE 2016*). We believe that by building and maintaining good business relationships with our overseas customers, this will increase our competitiveness in the overseas markets and ultimately, translate into recurring sales orders as well as business referrals in those markets.

As at 30 September 2016, the ageing analysis of our Group's trade receivables is as follows:-

	Not past due	Past due		Total
		91 to 120 days	More than 120 days	
	RM'000	RM'000	RM'000	RM'000
Trade receivables (<i>gross</i>)	13,998	1,650	7,168	22,816
Less: Accumulated impairment losses	-	-	(496)	(496)
Trade receivables (<i>net</i>)	13,998	1,650	6,672	22,320
% of total trade receivables	62.7%	7.4%	29.9%	100.0%
Subsequent collections up to the LPD	11,993	1,216	2,786	15,995
Trade receivables net of subsequent collection	2,005	434	3,886	6,325
% of total trade receivables net of subsequent collections	31.7%	6.9%	61.4%	100.0%

All of our outstanding trade receivables (*which are past due for more than 120 days*) are active customers which have been in business with us for between four (4) and 29 years and they have a history of repayment within a year. Hence, other than the impairment loss of RM0.50 million recognised above, no further impairment loss needs to be recognised for these balances up to the LPD.

12. FINANCIAL INFORMATION (cont'd)**(ii) Trade payables turnover period**

	FYE 2013	FYE 2014	FYE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000
Trade payables ⁽¹⁾	4,197	5,165	5,499	3,472
Total purchases ⁽²⁾	50,125	48,689	40,918	30,383
Trade payables turnover period (days) ⁽³⁾	30.6	38.7	49.1	31.3

Notes:-

- (1) Closing trade payables as at the end of the respective financial year / period.
(2) Total purchases are computed based on the cost of production plus change in opening and closing inventories for the period.
(3) Trade payables multiplied by 365 days (FPE 2016: 274 days) over total purchases for the financial year / period.

Our trade payables are amounts owing to our suppliers of raw materials (including natural and synthetic rubber, carbon black, chemicals and rubber processing oils as well as used tyre casings). The trade credit terms granted by suppliers to our Group range from one (1) month to three (3) months. Our trade payables turnover period for the period under review was within the said range of credit period.

As at 30 September 2016, the ageing analysis of our Group's trade payables is as follows:-

	Not past due	Past due		Total
		91 to 120 days	More than 120 days	
	RM'000	RM'000	RM'000	RM'000
Trade payables	3,281	188	3	3,472
% of total payables	94.5%	5.4%	0.1%	100.0%
Subsequent payments up to the LPD	3,281	188	3	3,472

(iii) Inventory turnover period

	FYE 2013	FYE 2014	FYE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000
Inventories ⁽¹⁾	13,364	12,986	11,444	11,343
Total purchases ⁽²⁾	50,125	48,689	40,918	30,383
Inventory turnover period (days) ⁽³⁾	97.3	97.4	102.1	102.3

Notes:-

- (1) Closing inventories as at the end of the respective financial year / period.
(2) Total purchases are computed based on the cost of production plus change in opening and closing inventories for the period.
(3) Inventories multiplied by 365 days (FPE 2016: 274 days) over total purchases for the financial year / period.

We maintained a relatively stable inventory turnover period of close to 100 days for the period under review, with sufficient raw materials for production as well as finished goods to fulfill sales orders.

12. FINANCIAL INFORMATION (cont'd)

The following table sets out our inventory turnover period by type of inventories:-

	<u>FYE 2013</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FPE 2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Raw materials ⁽¹⁾	5,498	4,911	4,524	5,590
Total purchases ⁽²⁾	50,125	48,689	40,918	30,383
Raw materials turnover period (days) ⁽³⁾	40.0	36.8	40.3	50.4
Work-in-progress ⁽¹⁾	1,524	1,418	1,711	1,096
Total purchases ⁽²⁾	50,125	48,689	40,918	30,383
Work-in-progress turnover period (days) ⁽³⁾	11.1	10.7	15.3	9.9
Finished goods ⁽¹⁾	6,342	6,657	5,209	4,657
Total purchases ⁽²⁾	50,125	48,689	40,918	30,383
Finished goods turnover period (days) ⁽³⁾	46.2	49.9	46.5	42.0

Notes:-

(1) Respective closing balance as at the end of the respective financial year / period.

(2) Total purchases are computed based on the cost of production plus change in opening and closing inventories for the period.

(3) Respective closing balance multiplied by 365 days (FPE 2016: 274 days) over total purchases for the financial year / period.

(iv) Current ratio

	<u>FYE 2013</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FPE 2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current assets	42,074	42,175	42,768	50,056
Current liabilities	27,142	25,624	21,112	19,921
Current ratio (times) ⁽¹⁾	1.6	1.6	2.0	2.5

Note:-

(1) Computed based on current assets over current liabilities.

We are subject to externally imposed capital requirement to maintain our current ratio at not less than 1.1 times. Our Group's current ratio was consistent at 1.6 times as at the end of FYEs 2013 and 2014 before it increased to 2.0 times as at the end of FYE 2015 and 2.5 times as at the end of FPE 2016 as we continued to generate profits.

12. FINANCIAL INFORMATION (cont'd)**(v) Gearing ratio**

	FYE 2013	FYE 2014	FYE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000
Total borrowings	16,050	20,756	13,668	14,416
Total equity	40,967	43,949	48,128	54,941
Gearing ratio (times) ⁽¹⁾	0.4	0.5	0.3	0.3

Note:-

(1) Computed based on total interest-bearing borrowings over our total equity.

We are subject to externally imposed capital requirement to maintain our gearing ratio at not more than 1.5 times. For the period under review, we were in compliance with the said requirement.

Our gearing ratio increased slightly from 0.4 times as at 31 December 2013 to 0.5 times as at 31 December 2014 mainly due to drawdown of term loans to finance the purchase of plant and machineries. Subsequently, our gearing ratio decreased to 0.3 times as at 31 December 2015 and 30 September 2016 as we continued to generate profits and made repayments of our bank borrowings.

12.5.11 Financial risk management objectives and policies

We are exposed to certain financial risks that arise in our ordinary course of business. The objective of our financial risk management is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

Our Board has overall responsibility for the oversight of financial risk management, including the identification of operational and strategic risks and subsequent action plans to manage these risks. Our management has established a framework and process to monitor the exposures to implement appropriate measures in a timely and effective manner.

Other than foreign currency risk (for further details, see Section 12.3(v) above), we are exposed mainly to credit risk, liquidity and cash flow risk and interest rate risk.

(i) Credit risk

Credit risk may arise from the default of a counterparty on trade and other receivables and also financial institutions in which we place our financial assets. To mitigate the risk of a counterparty default, we monitor the receivables' balances on an ongoing basis to ensure that they are within the prescribed limits. In terms of financial assets, we spread our risks by dealing with a few parties which are highly credit rated. Nonetheless, we believe that the possibility of non-performance by the financial institutions is remote on the basis of their financial strength.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset recognised in our combined statements of financial position.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risk may arise if we are unable to settle our financial obligations when they are due or due to the mismatch of our trade payables and trade receivables. We manage this risk by varying the maturities of our borrowings through long-term and short-term borrowings to balance between the costs of borrowings and liquidity position.

12. FINANCIAL INFORMATION (cont'd)**(iii) Interest rate risk**

For the period under review, the majority of our interest-bearing borrowings are bankers' acceptances which are used in our ordinary course of business and they bear low interest rates. Accordingly, the finance costs incurred on our interest-bearing borrowings with licensed financial institutions were minimal vis-à-vis our financial position. Our Group's financial performance for the period under review was not materially affected by fluctuations in interest rates.

12.6 Capitalisation and indebtedness

The following table summarises our pro forma cash and cash equivalents as well as capitalisation and indebtedness based on the unaudited combined statement of financial position of our Group as at 31 January 2017 and giving effect to the completion of our IPO and the utilisation of proceeds having occurred on 31 January 2017. The pro forma financial information below does not represent our Group's actual capitalisation and indebtedness as at 31 January 2017 and is provided for illustration purposes only.

	Unaudited As at 31.01.2017	Pro forma I After IPO and utilisation of proceeds
	RM'000	RM'000
Cash and cash equivalents⁽¹⁾⁽²⁾	3,931	7,952
Indebtedness		
Current		
- Bankers' acceptances	13,542	13,542
- Term loans ⁽²⁾	873	293
- Hire purchase and lease creditors	288	288
- Bank overdraft	711	711
	15,414	14,834
Non-current		
- Term loans	2,261	2,261
- Hire purchase and lease creditors	449	449
	2,710	2,710
Total indebtedness⁽³⁾	18,124	17,544
Total shareholders' equity / capitalisation	55,561	68,508
Total capitalisation and indebtedness	73,685	86,052
Gearing ratio (times) ⁽⁴⁾	0.3	0.3

Notes:-

- (1) Cash and cash equivalents comprise cash and bank balances excluding all deposits with licensed banks which are pledged as security for borrowings.
- (2) Assuming part of the IPO proceeds are used for (i) replenishment of our internally generated funds (RM2.021 million for prepaid listing expenses and RM2.000 million prepaid for new manufacturing lines and automation systems); and (ii) partial repayment of borrowings drawdown for new manufacturing lines and automation systems (RM0.580 million).
- (3) Total indebtedness includes current and non-current borrowings, all of which are secured against our Group's assets. Our borrowings are jointly and severally guaranteed by certain of our Directors.
- (4) Computed based on total indebtedness (as computed in note (3) above) divided by total shareholders' equity.

12. FINANCIAL INFORMATION *(cont'd)*

12.7 Treasury policies

We have been financing our operations and growth through a combination of cash generated from our operating activities, credit extended to our Group by suppliers, credit facilities from financial institutions as well as our existing cash and bank balances. Our funding policy is to obtain the most suitable type of financing and most favourable cost of funding whereas our treasury policy is to maintain sufficient working capital to finance our operations, coupled with adequate credit facilities to meet estimated commitments arising from our operational expenditure and financial liabilities.

The trade credit terms granted by suppliers to our Group range from one (1) month to three (3) months. We also have short-term and long-term borrowings from various financial institutions. Our short-term borrowings comprise bankers' acceptances and bank overdrafts, which are used mainly for purchases and to defray other expenses such as staff costs, sales and marketing expenses, transportation and travelling expenses. Whereas, our long-term borrowings comprise term loans and hire purchase and lease creditors obtained for the purchase of plant and machinery and motor vehicles. The interest rates for our bank borrowings are based on the prevailing base financing rate or cost of fund plus a margin agreed upon by the financial institutions when the respective financing facilities were granted.

Our Group does not generally hedge against interest rate risks. Hedging of risks through the use of financial instruments may be adopted if this will result in significant cost savings. It is our Group's policy to seek the most competitive interest rates from various financial institutions.

Our Group may be exposed to foreign currency exchange risks as our Group's export revenue is mainly transacted in USD and JPY while other foreign currencies include AUD, EUR, HKD, RMB and SGD. On the other hand, the import of our raw materials such as synthetic rubber and carbon black is mainly denominated in USD. Any significant movement in foreign exchange rates will affect our Group's financial performance. However, we have not entered into any forward contract or other financial instrument to hedge against foreign currency exposure. Nonetheless, we match our foreign-denominated sales with foreign-denominated purchases as a natural hedge to a certain degree against adverse foreign exchange fluctuations. For that purpose, we also maintain foreign currency bank accounts in USD, AUD, EUR, HKD, JPY and RMB with our financial institutions to facilitate and support our business operations.

12.8 Inflation

There was no material impact from inflation on our Group's financial performance for the period under review. Although we believe that we would be able to pass on inflationary increase in prices of products, materials and costs of operations to our customers, there can be no assurance that any significant increase in future inflation rate will not adversely affect our Group's business, financial performance or financial condition.

12.9 Government / economic / fiscal / monetary policies

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our Group's operations, are set out in Section 5 of this Prospectus.

12.10 Order book

The nature of the rubber compounding industry is such that customers do not enter into long-term contracts with suppliers. In line with the normal industry practice, our sales are generated via purchase orders (*ranging from monthly purchases up to orders made for one (1) year's supply*) as our customers try to match their needs for tyre retreading materials to their own internal requirements / sales orders, ensuring efficiency in their inventory management.

12. FINANCIAL INFORMATION (cont'd)

12.11 Prospects and trends

The financial performance of our Group for FYE 2017 has so far been and/or is expected to be mainly influenced by the significant factors affecting our Group's financial performance as described in Section 12.3 above. Except as disclosed in this Section 12, the IMR Report in Section 8 of this Prospectus and the "Risk factors" in Section 5 of this Prospectus, our Directors confirm to the best of their knowledge and belief after due enquiry, there are no:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our financial performance, position and operations;
- (ii) material commitment for capital expenditure save as disclosed in Section 12.5.5 above;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits save for the future plans and strategies in Section 7.3.3 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of our future financial performance and position; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our liquidity and capital resources.

12.12 Dividend policy

Subject to the factors described below, our Board intends to recommend and distribute dividends of between 40% and 60% of our annual Group's PAT attributable to the shareholders of our Company (*excluding non-recurring items*) in the near future. For FYE 2016, this is expected to translate to a dividend yield of approximately 5% based on our IPO Price.

As we are an investment holding company, our Company's income, and therefore, our ability to pay dividends depends on the dividends we receive from our subsidiaries. The payment of dividends by our subsidiaries will depend on their distributable profits (*see Note 9.14(a) of the Accountants' Report in Section 13 of this Prospectus for requirement on statutory surplus reserve*), financial performance, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant.

It is our Board's policy to recommend and distribute dividends to allow our shareholders to participate in our Group's profits, as well as to retain adequate reserves for our future growth. Any final dividend declared is subject to the approval of our shareholders at our annual general meeting.

12. FINANCIAL INFORMATION *(cont'd)*

When recommending the actual dividends for approval by shareholders or when declaring any interim dividends, our Board will consider, amongst others:-

- (i) our anticipated future operating conditions as well as future expansion, capital expenditure and investment plans;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our expected financial performance including return on equity and retained earnings;
- (iv) any restrictive covenants contained in our current and future financing arrangements;
- (v) the availability of adequate reserves and cash flows; and
- (vi) any material impact of tax laws and regulatory requirements.

However, investors should note that the intention to recommend dividends mentioned above should not be treated as a legally binding obligation on our Company to do so. Any declaration and payment of dividends in the future will be in the discretion of our Board and any final dividends proposed are subject to our shareholders' approval. There is no assurance on whether the dividend distributions will occur as intended, the amount of dividend payment or timing of such payments. No inference should or can be made from any of the statements above as to our actual future profitability or our ability to pay dividends in the future.

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12. FINANCIAL INFORMATION *(cont'd)*

12.13 Reporting Accountants' report on the compilation of the pro forma financial information



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Malaysia

The Board of Directors
Eversafe Rubber Berhad
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

22 February 2017

Our ref: BDO/TKY/lpy

Dear Sirs

Eversafe Rubber Berhad (“Eversafe Rubber” or “the Company”) and its subsidiaries (“Eversafe Rubber Group”, “Pro Forma Group” or “the Group”)

Report on Compilation of the Pro Forma Financial Information included in a Prospectus (“Report”)

We have completed our assurance engagement to report on the compilation of the pro forma financial information of the Group prepared by the Board of Directors of the Company. The pro forma financial information consists of the pro forma statement of financial position as at 30 September 2016 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The pro forma financial information has been prepared for inclusion in the prospectus of the Company in connection with the initial public offering (“IPO”) and the listing and quotation of the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”)(“Listing”).

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia (“Prospectus Guidelines”) and described in Note 1 of the pro forma financial information.

The pro forma financial information has been compiled by the Board of Directors for illustrative purposes only, to illustrate the impact of the transactions as set out in Note 1.3 of the pro forma financial information, on the financial position of the Group as at 30 September 2016 had the transactions been effected at 30 September 2016. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the interim combined financial statements of Eversafe Rubber Works Sdn. Bhd. (“Rubber Works”) for the financial period from 1 January 2016 to 30 September 2016, which have been audited.

Directors' Responsibility for the Pro Forma Financial Information

The Board of Directors is responsible for compiling the pro forma financial information on the basis described in Note 1 of the pro forma financial information.

12. FINANCIAL INFORMATION (cont'd)



Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis described in Note 1 of the pro forma financial information.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of the Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis set out in Note 1 of the pro forma financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information 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 events or transactions at 30 September 2016, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (a) The related pro forma adjustments give appropriate effect to those criteria; and
- (b) The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

12. FINANCIAL INFORMATION (cont'd)



Opinion

In our opinion, the pro forma financial information of the Group together with the accompanying notes, which are prepared for illustrative purposes only, has been properly prepared on the basis and assumptions as set out in the notes thereon, and such basis is consistent, in all material respects, with the accounting policies adopted by the Group, unless otherwise stated.

Other Matters

This report has been prepared solely for the purpose stated above, in connection with the IPO and Listing. 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 stylized signature of the BDO firm, consisting of the letters 'BDO' in a bold, sans-serif font, with a horizontal line through the 'D'.

BDO
AF: 0206
Chartered Accountants

22 February 2017

A handwritten signature in black ink, appearing to be 'Tan Khoon Yeow'.

Tan Khoon Yeow
03053/06/2018 J
Chartered Accountant

12. FINANCIAL INFORMATION (cont'd)

*Eversafe Rubber Berhad (Company No. 1133877 - V)
Pro Forma Financial Information*

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Pro Forma Group

The pro forma financial information of Eversafe Rubber Berhad (“Eversafe Rubber” or “the Company”) and its subsidiaries (collectively referred to as “Eversafe Rubber Group”, “Pro Forma Group” or “the Group”) has been prepared for illustrative purposes only.

1.2 Basis of Preparation

The pro forma financial information of the Group has been prepared on the basis consistent with the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The audited interim combined financial statements of the Group for the financial period from 1 January 2016 to 30 September 2016 were not subject to any audit qualification.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the start of the earliest period presented in the financial statements.

The financial information of Eversafe Rubber has not been included in the pro forma financial information because it is not meaningful since it was only incorporated on 5 March 2015 to facilitate the IPO, and remains dormant. Assets and liabilities of Eversafe Rubber as at 30 September 2016 are insignificant relative to those of the Group.

The pro forma financial information, because of its nature, may not reflect the actual financial position of the Group. Further, such information does not predict the future financial position of the Group.

The pro forma financial information of the Group comprises Pro Forma Statement of Financial Position as at 30 September 2016, adjusted for the impact of the Listing Scheme as set out in Note 1.3 of this pro forma financial information.



12. FINANCIAL INFORMATION (cont'd)

Eversafe Rubber Berhad (Company No. 1133877 - V)
Pro Forma Financial Information

1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)**1.3 Listing Scheme****1.3.1 Listing Scheme****(i) IPO**

The IPO involves a public issue of 48,000,000 new ordinary shares in Eversafe Rubber and an Offer for Sale of 30,000,000 existing ordinary shares in Eversafe Rubber at an indicative issue/offer price of RM0.36 per share.

(ii) Listing and Quotation on the ACE Market of Bursa Securities

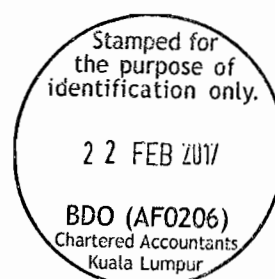
In conjunction with the IPO, the Company would seek the listing and quotation of its entire enlarged issued share capital of RM65,428,449 comprising 240,593,796 ordinary shares in Eversafe Rubber on the ACE Market of Bursa Securities.

1.3.2 Utilisation of proceeds from IPO

Gross proceeds from the IPO of RM17,280,000 are expected to be utilised as follows:

Details of utilisation	Estimated timeframe for utilisation upon Listing	RM
(i) New manufacturing lines and enhanced automation systems	Within 24 months	12,580,000
(ii) Establish intellectual property rights ("IPR") and overseas branding initiative	Within 36 months	1,500,000
(iii) Estimated listing expenses*	Immediate	3,200,000
Total		17,280,000

* Estimated listing expenses totaling RM3,200,000 to be borne by the Company comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. A total of RM593,400 is assumed to be directly attributable to the IPO and as such will be debited against the retained earnings in equity and the remaining expenses of RM2,606,600 are assumed to be attributable to the Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income. As at 30 September 2016, RM1,750,773 of listing expenses have already been prepaid and included in other receivables, deposits and prepayments.



12. FINANCIAL INFORMATION (cont'd)

Eversafe Rubber Berhad (Company No. 1133877 - V)
Pro Forma Financial Information

2. PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

The pro forma statement of financial position ("SOPF") as at 30 September 2016 has been prepared for illustrative purposes only to show the effects on the audited interim combined SOPF of Rubber Works as at 30 September 2016 based on the assumptions that the Listing Scheme and Utilisation of proceeds from IPO as set out in Note 1.3 of the pro forma information had been effected on 30 September 2016.

	Note	Audited as at 30 September 2016 RM	Adjustments for the Listing Scheme RM	Pro Forma I RM	Adjustments for Utilisation of Proceeds from IPO RM	Pro Forma II RM
ASSETS						
Non-current assets						
Property, plant and equipment	2.2.1	30,246,814	-	30,246,814	12,580,000	42,826,814
Trade receivable		69,387	-	69,387	-	69,387
		30,316,201	-	30,316,201	12,580,000	42,896,201
Current assets						
Inventories		11,342,676	-	11,342,676	-	11,342,676
Trade receivables		22,250,691	-	22,250,691	-	22,250,691
Other receivables, deposits and prepayments	2.2.2	3,545,115	-	3,545,115	(1,750,773)	1,794,342
Amount owing by ultimate holding company		13,656	-	13,656	-	13,656
Amounts owing by related companies		440,513	-	440,513	-	440,513
Current tax assets		74,157	-	74,157	-	74,157
Cash and bank balances	2.2.2	12,389,412	17,280,000	29,669,412	(15,529,227)	14,140,185
		50,056,220	17,280,000	67,336,220	(17,280,000)	50,056,220
TOTAL ASSETS		80,372,421	17,280,000	97,652,421	(4,700,000)	92,952,421
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Invested equity	2.2.3	10,093,752	(10,093,752)	-	-	-
Share capital	2.2.3	-	65,428,449	65,428,449	-	65,428,449
Reserves	2.2.3	44,847,798	(38,054,697)	6,793,101	(4,700,000)	2,093,101
		54,941,550	17,280,000	72,221,550	(4,700,000)	67,521,550
TOTAL EQUITY		54,941,550	17,280,000	72,221,550	(4,700,000)	67,521,550

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22 FEB 2017

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Chartered Accountants
Kuala Lumpur

Amounts owing by related companies

12. FINANCIAL INFORMATION (cont'd)

Eversafe Rubber Berhad (Company No. 1133877 - V)
Pro Forma Financial Information

2. PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016 (continued)

	Audited as at 30 September 2016	Note	RM	Adjustments for the Listing Scheme	RM	Pro Forma I	RM	Adjustments for Utilisation of Proceeds from IPO	RM	Pro Forma II	RM
EQUITY AND LIABILITIES (continued)											
LIABILITIES											
Non-current liabilities											
Deferred tax liabilities	4,102,986			-		4,102,986		-		4,102,986	
Borrowings	1,407,180			-		1,407,180		-		1,407,180	
	5,510,166			-		5,510,166		-		5,510,166	
Current liabilities											
Trade payables	3,472,465			-		3,472,465		-		3,472,465	
Other payables and accrued expenses	1,900,972			-		1,900,972		-		1,900,972	
Amount owing to ultimate holding company	20,600			-		20,600		-		20,600	
Amount owing to a related company	2,043			-		2,043		-		2,043	
Amounts owing to Directors	90,238			-		90,238		-		90,238	
Borrowings	13,008,517			-		13,008,517		-		13,008,517	
Current tax liabilities	1,425,870			-		1,425,870		-		1,425,870	
	19,920,705			-		19,920,705		-		19,920,705	
TOTAL LIABILITIES	25,430,871			-		25,430,871		-		25,430,871	
TOTAL EQUITY AND LIABILITIES	80,372,421			17,280,000		97,652,421		(4,700,000)		92,952,421	
Net assets	54,941,550			17,280,000		72,221,550		-		67,521,550	
Number of ordinary shares assumed in issue	192,593,796			48,000,000		240,593,796		-		240,593,796	
Net assets attributable to equity holders per ordinary share (RM)	0.29			0.36		0.30		-		0.28	

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Kuala Lumpur

12. FINANCIAL INFORMATION (cont'd)

Eversafe Rubber Berhad (Company No. 1133877 - V)
Pro Forma Financial Information

2. PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016 (continued)**2.1 Pro Forma Adjustments to the Pro Forma Statement of Financial Position****2.1.1 Pro Forma I**

Pro Forma I is stated after the completion of the Listing Scheme as disclosed in Note 1.3.1 of the pro forma financial information.

2.1.2 Pro Forma II

Pro Forma II is stated after Pro Forma I and after utilisation of proceeds as disclosed in Note 1.3.2 of this pro forma financial information.

2.2 Notes to the Pro Forma Statement of Financial Position**2.2.1 Property, plant and equipment**

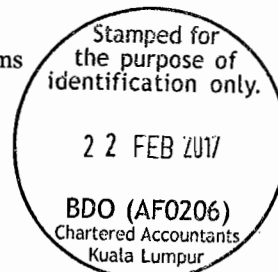
Movements of property, plant and equipment are as follows:

	RM
As at 30 September 2016	30,246,814
Listing Scheme	-
Pro Forma I	30,246,814
Proposed utilisation of proceeds	
- New manufacturing lines and enhanced automation systems	12,580,000
Pro Forma II	42,826,814

2.2.2 Cash and Bank Balances

Movements of cash and bank balances are as follows:

	RM
As at 30 September 2016	12,389,412
Listing Scheme	17,280,000
Pro Forma I	29,669,412
Proposed utilisation of proceeds	
- New manufacturing lines and enhanced automation systems	(12,580,000)
- Establish IPR and overseas branding initiative	(1,500,000)
- Estimated listing expenses	(1,449,227)
Pro Forma II	14,140,185



The reduction in other receivables, deposits and prepayments relates to the recognition of prepaid listing expenses in profit or loss.

12. FINANCIAL INFORMATION (cont'd)

Eversafe Rubber Berhad (Company No. 1133877 - V)
Pro Forma Financial Information

2. PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016 (continued)**2.2 Notes to the Pro Forma Statement of Financial Position (continued)****2.2.3 Share Capital and Reserves**

(a) Movements in the share capital and reserves are as follows:

	Invested equity RM	Share capital RM	Reserves* RM	Total RM
As at 30 September 2016	10,093,752	-	44,847,798	54,941,550
Listing Scheme	<u>(10,093,752)</u>	<u>65,428,449</u>	<u>(38,054,697)</u>	<u>17,280,000</u>
Pro Forma I	-	65,428,449	6,793,101	72,221,550
Less:				
- Establish IPR and overseas branding initiative	-	-	(1,500,000)	(1,500,000)
- Estimated listing expenses	<u>-</u>	<u>-</u>	<u>(3,200,000)</u>	<u>(3,200,000)</u>
Pro forma II	<u>-</u>	<u>65,428,449</u>	<u>2,093,101</u>	<u>67,521,550</u>

* Reserves comprise share premium, merger reserve, translation reserve, capital reserve and retained earnings as follows:

	Share premium	Merger reserve	Translation reserve	Capital reserve	Retained earnings	Reserves
As at 30 September 2016	25,000	1,114,737	(1,278,211)	7,104	44,979,168	44,847,798
Listing Scheme	<u>-</u>	<u>(38,054,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,054,697)</u>
Pro Forma I	25,000	(36,939,960)	(1,278,211)	7,104	44,979,168	6,793,101
Less:						
- Establish IPR and overseas branding initiative	-	-	-	-	(1,500,000)	(1,500,000)
- Estimated listing expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,200,000)</u>	<u>(3,200,000)</u>
Pro forma II	<u>25,000</u>	<u>(36,939,960)</u>	<u>(1,278,211)</u>	<u>7,104</u>	<u>40,279,168</u>	<u>2,093,101</u>

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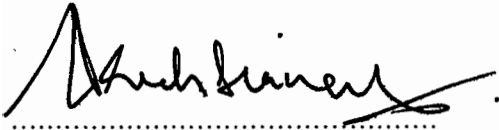
BDO (AF0206)
Chartered Accountants
Kuala Lumpur

12. FINANCIAL INFORMATION (cont'd)

*Eversafe Rubber Berhad (Company No. 1133877 - V)
Pro Forma Financial Information*

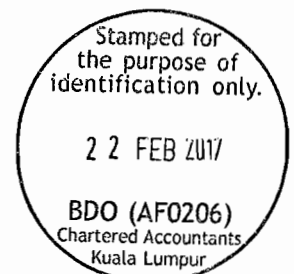
APPROVAL BY THE BOARD OF DIRECTORS

The pro forma financial information has been approved and adopted by the Board of Directors in accordance with a resolution dated 18 June 2016.



CHEAH SIANG TEE
DIRECTOR

Penang
22 February 2017



13. ACCOUNTANTS' REPORT



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Malaysia

The Board of Directors
Eversafe Rubber Berhad
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Date 22 February 2017
Our ref: BDO/TKY/lpy

Dear Sirs

Report on the Financial Information Contained in the Accountants' Report

We have audited the financial information contained in the Accountants' Report of Eversafe Rubber Berhad, which comprise the combined statements of financial position as at 31 December 2013, 2014, 2015 and 30 September 2016 of Eversafe Rubber Works Sdn. Bhd., and combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of Eversafe Rubber Works Sdn. Bhd. for the financial years/period then ended, and a summary of significant accounting policies and other explanatory information, as set out in Sections 7 to 9 of the Accountants' Report. This historical financial information has been prepared for inclusion in the prospectus of Eversafe Rubber Berhad ("Prospectus") in connection with the proposed listing of and quotation of the enlarged issued and paid-up share capital of Eversafe Rubber Berhad on the ACE Market of Bursa Malaysia Securities Berhad. This report is given for the purposes of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

Directors' Responsibility for the Financial Information

The Directors of the Company are responsible for the preparation of the financial information contained in the Accountants' Report so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of 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 the financial information contained in the Accountants' Report based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information contained in the Accountants' Report are free from material misstatement.

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

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

13. ACCOUNTANTS' REPORT (cont'd)



Opinion

In our opinion, the financial information contained in the Accountants' Report gives a true and fair view of the financial position of the Group as at 31 December 2013, 2014, 2015 and 30 September 2016 and of their financial performance and cash flows for the financial years/period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Other Matters

This report is made solely to the Directors of the Company, as a body for the abovementioned purpose. We do not assume responsibility to any other person for the content of this opinion.

We did not come across any significant events between the dates of the most recent audited financial statements used in the preparation of the Accountant's Report and the date of this report, which would affect materially the contents of this report.

A stylized signature of the BDO firm, consisting of the letters 'BDO' in a bold, sans-serif font, with a vertical bar to the left of the letters.

BDO
AF : 0206
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Tan Khoon Yeow'.

Tan Khoon Yeow
03053/06/2018 J
Chartered Accountant

13. ACCOUNTANTS' REPORT (cont'd)

Eversafe Rubber Berhad (1133877 - V)
Accountants' Report

ACCOUNTANTS' REPORT ("THIS REPORT")**1. INTRODUCTION**

This Report has been prepared by BDO, an approved company auditor, for inclusion in the Prospectus of Eversafe Rubber Berhad ("Eversafe Rubber") in connection with the proposed listing of and quotation for the enlarged issued and paid-up share capital of Eversafe Rubber on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter defined as "the Proposed Listing"), and shall not be relied on for any other purposes. Details of the listing scheme are disclosed in Section 2 of this Report.

2. DETAILS OF THE LISTING SCHEME

In conjunction with and as an integral part of the Proposed Listing, the Company would undertake the following transactions:

2.1 Proposed Initial Public Offering ("Proposed IPO")

The Proposed IPO involves a Proposed Public Issue of 48,000,000 new ordinary shares and an Offer for Sale by the Offerors of 30,000,000 existing ordinary shares representing 19.95% and 12.47% respectively of the enlarged issued and paid-up share capital of the Company.

2.2 Proposed Listing

Upon completion of the Proposed IPO, the Company would seek the listing of and quotation for its entire issued and paid-up share capital of RM60,148,449 comprising 240,593,796 ordinary shares on the ACE Market of Bursa Securities.

3. GENERAL INFORMATION

Eversafe Rubber was incorporated on 5 March 2015 under the Companies Act, 1965 ("the Act") as a private limited company with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each. On 24 June 2016, Eversafe Rubber was converted into a public limited company.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

For the purposes of the Proposed Listing, sale and purchase agreements were executed for:

- (a) the disposal of the entire equity interest in Olimpik Jaya (M) Sdn Bhd by Olympic Retreads (M) Sdn. Bhd. ("Olympic") for a cash consideration of RM145,389; followed by
- (b) the acquisition of the entire equity interest in Olympic by Eversafe Rubber Works Sdn. Bhd. ("Rubber Works") for a consideration of RM4,670,702, which was satisfied in full by the allotment and issuance of 1,055,946 new ordinary shares of RM1.00 each in Rubber Works to the vendor; followed by
- (c) the acquisition of the entire equity interest in Rubber Works by Eversafe Rubber for a total consideration of RM48,148,447, which was satisfied in full by the allotment and issuance of 192,593,788 new ordinary shares of RM0.25 each in Eversafe Rubber at par value.

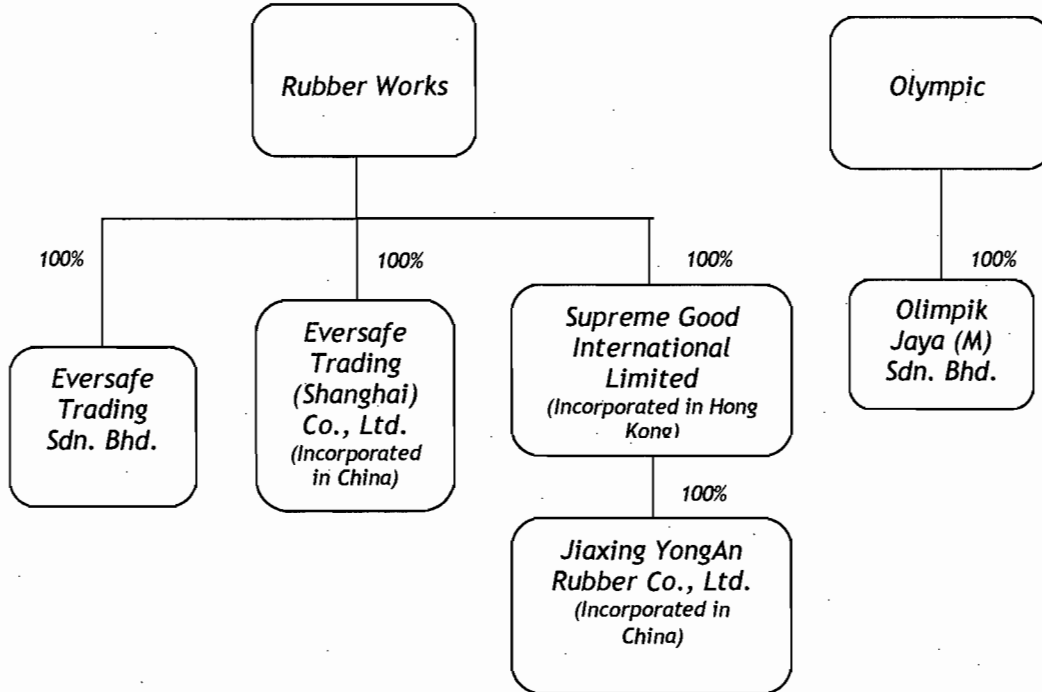
(collectively referred to as "Completed Transactions")

13. ACCOUNTANTS' REPORT (cont'd)

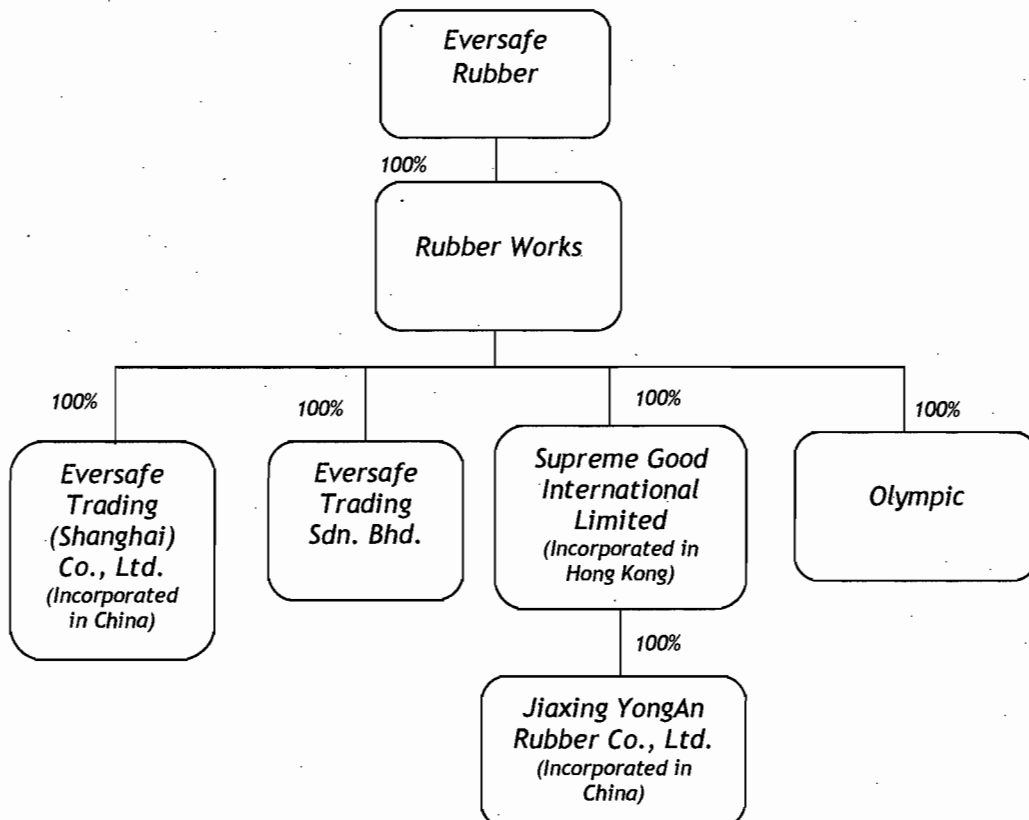


3.1 Group structure

The corporate structure prior to the Completed Transactions is as follows:



The corporate structure of Eversafe Rubber and its subsidiaries (hereinafter referred to as the "Group") following the Completed Transactions as at the date of this Report is as follows:



13. ACCOUNTANTS' REPORT (cont'd)Eversafe Rubber Berhad (1133877 - V)
Accountants' Report**3. GENERAL INFORMATION (continued)****3.1 Group structure (continued)**

The principal activity of the Company is investment holding. Details of the subsidiaries as at the date of this Report are as follows:

Subsidiaries	Date and place of incorporation	Paid-up capital	Effective equity interest	Principal activities
Rubber Works	21 July 1980 Malaysia	RM10,899,696	100%	Manufacturing and sale of rubber based tyre retread products and provision of related services
Eversafe Trading (Shanghai) Co., Ltd. ("Eversafe Shanghai")	2 September 2005 People's Republic of China	USD150,000	100%	Trading in rubber based tyre retreading products
Eversafe Trading Sdn. Bhd. ("Eversafe Trading")	30 August 1976 Malaysia	RM200,000	100%	Trading in rubber based tyre retreading products
Supreme Good International Limited ("Supreme Good")	14 September 2006 Hong Kong	HKD2,425,000	100%	Investment holding
Jiaxing YongAn Rubber Co., Ltd. ("Jiaxing")	24 May 2007 People's Republic of China	USD270,000	100%	Production and sales of rubber products (without national restrictions prohibit products) and service of after sale of self-produced products
Olympic	22 August 1973 Malaysia	RM250,002	100%	Manufacturing and distribution of retreaded tyres

4 AUDITED HISTORICAL FINANCIAL INFORMATION

This Report deals solely with the audited combined financial information of Rubber Works and its subsidiaries and Olympic for the past three (3) financial years ended 31 December 2013, 2014, 2015 and for the financial period ended 30 September 2016. The financial information of Eversafe Rubber has not been presented in this Report because it is not meaningful since it was only incorporated on 5 March 2015 to facilitate the Proposed IPO, and remains dormant. The assets, liabilities, income and expenses of Eversafe Rubber for the financial periods ended 31 December 2015 and 30 September 2016 are insignificant relative to those of the Group.

13. ACCOUNTANTS' REPORT (cont'd)

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5. SHARE CAPITAL

The Company was incorporated with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each.

5.1 Details of changes in the authorised share capital of the Company since the date of the incorporation are as follows:

Date	No. of shares	Details	Cumulative no. of shares	Par value (RM)	Amount (RM)	Cumulative authorised share capital (RM)
5.3.2015	400,000	Creation	400,000	1.00	400,000	400,000
28.5.2016	1,600,000	Subdivision*	1,600,000	0.25	400,000	400,000
28.5.2016	398,400,000	Creation	400,000,000	0.25	99,600,000	100,000,000

* The authorised share capital of the Company was increased from RM400,000 comprising 400,000 ordinary shares of RM1.00 each to RM1,600,000 comprising 1,600,000 ordinary shares of RM0.25 each pursuant to a subdivision of every one (1) existing ordinary share of RM1.00 each into four (4) ordinary shares of RM0.25 each.

5.2 Details of changes in the issued and paid-up share capital of the Company since the date of incorporation are as follows:

Date	No. of shares	Details	Cumulative no. of shares	Par value (RM)	Amount (RM)	Cumulative issued and paid-up share capital (RM)
5.3.2015	2	Allotment to initial subscribers	2	1.00	2	2
28.5.2016	8	Subdivision*	8	0.25	2	2
28.5.2016	192,593,788	Allotment pursuant to the acquisition of Rubber Works	192,593,796	0.25	48,148,447	48,148,449

* The number of issued and paid-up ordinary shares of the Company was increased from 2 ordinary shares of RM1.00 each to 8 ordinary shares of RM0.25 each pursuant to a subdivision of every one (1) existing ordinary share of RM1.00 each into four (4) ordinary shares of RM0.25 each.

13. ACCOUNTANTS' REPORT (cont'd)



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6. RELEVANT FINANCIAL YEARS/PERIOD

The relevant financial years/period of the audited financial statements presented for the purpose of this Report ("Relevant Financial Years/Period") and the statutory auditors of the respective companies within the Group were as follows:

Company	Relevant Financial Years/Period	Auditors
Eversafe Rubber	Financial period from 5 March 2015 to 31 December 2015 Financial period from 1 January 2016 to 30 September 2016 ("FPE 30 September 2016")	BDO BDO
Rubber Works	Financial year ended ("FYE") 31 December 2013 FYE 31 December 2014 FYE 31 December 2015 FPE 30 September 2016	Deloitte BDO BDO BDO
Supreme Good	FYE 31 December 2013 FYE 31 December 2014 FYE 31 December 2015 FPE 30 September 2016	S.L.Lam & Company
Eversafe Shanghai	FYE 31 December 2013 FYE 31 December 2014 FYE 31 December 2015 FPE 30 September 2016	Shanghai WSP Certified Public Accountants
Eversafe Trading	FYE 31 December 2013 FYE 31 December 2014 FYE 31 December 2015 FPE 30 September 2016	Deloitte BDO BDO BDO
Jiaxing	FYE 31 December 2013 FYE 31 December 2014 FYE 31 December 2015 FPE 30 September 2016	Zhejiang Changxin Certified Public Accountants (f.k.a. Jiaxing Changxin Certified Public Accountants) Shanghai WSP Certified Public Accountants
Olympic	FYE 31 December 2013 FYE 31 December 2014 FYE 31 December 2015 FPE 30 September 2016	Deloitte BDO BDO BDO

The audited financial statements of all the companies within the Group for the Relevant Financial Years/Period reported above were not subject to any qualification or modification except for Supreme Good, which was qualified for not preparing consolidated financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 10 *Consolidated Financial Statements* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for Supreme Good and its subsidiary for the financial years ended 31 December 2013 and 31 December 2014.

However, the audit qualification for non-consolidation of Supreme Good and its subsidiary has no significant implications to this Report because the financial information in this Report is based on the audited combined financial statements for the financial years ended 31 December 2013 and 31 December 2014. The audited combined financial statements were not subject to any qualification or modification during the Relevant Financial Years/Period.

13. ACCOUNTANTS' REPORT (cont'd)



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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

7.1 BASIS OF PREPARATION

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and based on the Guidance Note on 'Combined Financial Statements' issued by the Malaysian Institute of Accountants in relation to the Proposed Listing.

The combined financial statements consist of the financial statements of combining entities as disclosed in Section 9.7 to this Report, which were under common control throughout the reporting periods by virtue of common controlling shareholders in Tai Hin & Son (PG) Sdn. Bhd..

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting periods.

The financial information as presented in the combined financial statements do not correspond to the consolidated financial statements of the Company, as the combined financial statements reflect business combinations under common control for the purpose of the Proposed Listing. Consequently, the financial information from the combined financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting periods.

The combining entities previously applied Private Entity Reporting Standards ("PERs") during the financial year ended 31 December 2013.

The combining entities adopted MFRS and IFRS for the first-time during the financial year ended 31 December 2014.

Consequently, comparative information for the financial year ended 31 December 2013, and the opening MFRS statement of financial position as at 1 January 2013 have been restated as disclosed in Section 9.38 of this Report.

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES****7.2.1 Basis of accounting**

The combined financial statements have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of these financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. The Directors are also required to exercise their judgement in the process of applying the accounting policies. Areas involving such judgements, estimates and assumptions are disclosed in Section 7.4 of this Report. Although these estimates and assumptions are based on the best knowledge of events and actions of the Directors, actual results could differ from those estimates.

7.2.2 Basis of consolidation

The combined financial statements incorporate the financial statements of the combining entities as disclosed in Section 9.7 of this Report. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated in the combined financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment. The combined financial statements reflect external transactions only.

The financial statements of the combining entities are prepared for the same reporting period, using consistent accounting policies. The accounting policies of the combining entities are changed to ensure consistency with the policies adopted by the other entities in the combining entities, where necessary.

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.2 Basis of consolidation (continued)**

Non-controlling interests represent equity in the combining entities that are not attributable, directly or indirectly, to the common controlling shareholders, and is presented separately in the combined statement of profit or loss and other comprehensive income and within equity in the combined statement of financial position, separately from equity attributable to the common controlling shareholders. Profit or loss and each component of other comprehensive income are attributed to the common controlling shareholders 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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary disposed of during the financial year are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the common controlling shareholders' interests in a combining entity that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the combining entity. 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 equity and attributed to the common controlling shareholders of the combining entities.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) Aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) Previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.3 Business combinations not under common control**

Business combinations not under common control are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, 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.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the combined statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.4 Business combination under common control**

Business combinations under common control in the form of equity instrument exchanges are accounted for by applying the merger method of accounting. Assets, liabilities, income and expenses of the merger entities are reflected at their carrying amounts reported in the individual financial statements for the full financial year, irrespective of the date of the merger. Any difference between the consideration paid and the share capital of the merger entity are reflected within equity as merger reserve.

7.2.5 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 subsequent costs 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation periods are as follows:

Long-term leasehold land and buildings	50 to 94 years
Plant and machinery	10 years
Factory equipment	10 years
Furniture, fittings and office equipment	3 to 20 years
Electrical installation	5 to 20 years
Factory renovation	10 years
Signboards	10 years
Motor vehicles	5 to 10 years

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see section 7.2.7 of this Report on impairment of non-financial assets).

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

13. ACCOUNTANTS' REPORT (cont'd)



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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.5 Property, plant and equipment and depreciation (continued)

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

7.2.6 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.7 Impairment of non-financial assets**

The carrying amount of assets, except for financial assets and inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in the profit or loss immediately.

An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

7.2.8 Inventories

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

Cost is determined using the first-in, first-out formula other than tyre casing, which is determined using weighted average formula. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.9 Financial instruments**

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.9 Financial instruments (continued)****(a) Financial assets (continued)****(ii) Held-to-maturity investments**

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

13. ACCOUNTANTS' REPORT (cont'd)



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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2.9 Financial instruments (continued)

(a) Financial assets (continued)

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest expense and dividend. Such income or expense is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a 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.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.9 Financial instruments (continued)****(c) Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary share capital and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the asset distributed and the carrying amount of the liability in profit or loss.

7.2.10 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable and default or significant delay in payments by the receivable to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.11 Borrowing costs**

All non-qualifying borrowing costs are recognised in profit or loss in the year in which they are incurred.

7.2.12 Income taxes

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties, if any.

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profit and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

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 on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax related to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government which have the substantive effect of actual enactment by the end of each reporting period.

13. ACCOUNTANTS' REPORT (cont'd)Eversafe Rubber Berhad (1133877 - V)
Accountants' Report**7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.13 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision for restructuring, if any, are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

7.2.14 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations not under common control, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

7.2.15 Employee benefits**(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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Accountants' Report**7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.15 Employee benefits (continued)****(a) Short term employee benefits (continued)**

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The entities incorporated in Malaysia make contributions to a statutory provident fund, whilst foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

7.2.16 Foreign currencies**(a) Functional and presentation currency**

Items included in the financial statements of each of the combining entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the combining entities.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the combined statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the combined financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment in a foreign operation shall be recognised in profit or loss in the separate financial statements of the reporting entity or the foreign operation, as appropriate. In the combined financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

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Accountants' Report**7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.16 Foreign currencies (continued)****(c) Foreign operations (continued)**

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

7.2.17 Investments in subsidiaries

A subsidiary is an entity in which the Group are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

7.2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customers and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

13. ACCOUNTANTS' REPORT (cont'd)Eversafe Rubber Berhad (1133877 - V)
Accountants' Report**7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.19 Operating segments**

Operating segments are defined as components of the combining entities that:

- (a) Engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the combining entities);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the combining entities in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The combining entities report separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
 - (i) the combined reported profit of all operating segments that did not report a loss; and
 - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the combining entities. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

7.2.20 Earnings per share**(a) Basic**

Basic earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders by the expected number of ordinary shares of the Company upon completion of the Proposed Listing.

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.2 SIGNIFICANT ACCOUNTING POLICIES (continued)****7.2.20 Earnings per share (continued)****(b) Diluted**

Diluted earnings per share for the financial year is calculated by dividing the profit for the financial year attributable to common controlling shareholders by the expected number of ordinary shares of the Company upon completion of the Proposed Listing.

7.2.21 Fair value measurement

The fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The combining entities have considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

13. ACCOUNTANTS' REPORT (cont'd)



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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.3 ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

7.3.1 New MFRSs adopted during the current financial period

The combining entities adopted the following Standard and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the current financial period:

Title	Effective Date
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016

There is no material impact upon the adoption of these Standard and Amendments during the current financial period, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which would result in the following:

- Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- Disclosure of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

7.3.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
Amendments to MFRS 12 <i>Annual Improvements to MFRSs 2014-2016 Cycle</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRSs 2014-2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRSs 2014-2016 Cycle</i>	1 January 2018
Amendments MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.3.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017 (continued)**

The following are Standards and Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group: (continued)

Title	Effective Date
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instrument with MFRS 4 Insurance Contracts</i>	See MFRS 4 paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

7.4 Significant Accounting Estimates and Judgements**7.4.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of each reporting period.

7.4.2 Critical judgements made in applying accounting policies

The following are judgements made by the Directors in the process of applying the accounting policies of the combining entities that have the most significant effect on the amounts recognised in the combined financial statements:

(a) Classification of leasehold land

The combining entities have assessed and classified land use rights of the combining entities as finance leases in accordance with MFRS 117 *Leases* based on the extent to which risks and rewards incidental to ownership of the land resides with the combining entities arising from the lease term. Consequently, the combining entities have classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(b) Classification of non-current bank borrowings

Term loan agreements entered into by the combining entities include repayment on demand clauses at the discretion of financial institutions. The combining entities believe that in the absence of a default being committed by the combining entities, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amounts of the term loans have been classified between current and non-current liabilities based on their repayment period.

13. ACCOUNTANTS' REPORT (cont'd)

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7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**7.4 Significant Accounting Estimates and Judgements (continued)****7.4.3 Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation and useful lives of property, plant and equipment

The combining entities estimate the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets and, technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in the factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets; therefore future depreciation charges could be revised.

(b) Impairment of receivables

The combining entities make impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(c) Write down for obsolete or slow moving inventories

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

(d) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the combining entities for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Section 9.35 to this Report.

8. FINANCIAL INFORMATION AND LIMITATIONS

The financial information in Section 9 of this Report is based on the respective audited financial statements of the combining entities with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

All information, including the combined financial statements, have been extracted from the audited financial statements and records of the combining entities during the relevant reporting periods, except for those in italics, which are prepared based on calculations, management accounts and/or explanations provided by management of the combining entities.

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



*Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION

Key financial ratios used in the following sections are derived as follows:

- (a) Number of ordinary shares is the number of ordinary shares of the Company upon completion of the Proposed Listing.
- (b) Gross profit ("GP") margin is computed by dividing gross profit over revenue earned in the respective financial years/period.
- (c) Profit before tax ("PBT") margin is computed by dividing the profit before tax over revenue earned in the respective financial years/period.
- (d) Profit after tax ("PAT") margin is computed by dividing net profit over revenue in the respective financial years/period.
- (e) Effective tax rate is computed by dividing tax expense over PBT in the respective financial years/period.
- (f) Net assets per ordinary share is computed by dividing net assets over the expected number of ordinary shares of the Company upon completion of the Proposed Listing.
- (g) Trade receivables' turnover period is computed by dividing total trade receivables over revenue and multiplied by 365 days for the respective financial years (274 days for the FPE 30 September 2016).
- (h) Trade payables' turnover period is computed by dividing total trade payables over purchases and multiplied by 365 days for the respective financial years (274 days for the FPE 30 September 2016).
- (i) Gearing ratio (times) is computed by dividing total borrowings over total shareholders' equity.
- (j) Inventories turnover period is computed by dividing inventories balances over purchases and multiplied by 365 days for the respective financial years (274 days for the FPE 30 September 2016).

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Combined statements of financial position

The audited combined statements of financial position as at 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2015 and 30 September 2016 are set out below:

Section	30.9.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
ASSETS				
Non-current assets				
Property, plant and equipment	30,246,814	31,841,074	34,185,003	29,801,521
Other investment	-	-	125,012	-
Trade receivable	69,387	165,173	-	-
	30,316,201	32,006,247	34,310,015	29,801,521
Current assets				
Inventories	11,342,676	11,444,378	12,985,800	13,364,253
Trade receivables	22,250,691	19,336,036	17,983,248	18,871,898
Other receivables, deposits and prepayments	3,545,115	1,583,313	1,191,770	854,361
Amount owing by ultimate holding company	13,656	15,874	8,473	143,261
Amounts owing by related companies	440,513	1,292,274	1,568,462	858,760
Other investment	-	125,012	-	-
Current tax assets	74,157	180,506	198,877	296,585
Cash and bank balances	12,389,412	8,790,531	8,238,769	7,685,227
	50,056,220	42,767,924	42,175,399	42,074,345
TOTAL ASSETS	80,372,421	74,774,171	76,485,414	71,875,866

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Combined statements of financial position (continued)

Section	30.9.2016 RM	31.12.2015 RM	31.12.2014 RM	31.12.2013 RM
EQUITY AND LIABILITIES				
Equity attributable to common controlling shareholders of the combining entities				
Invested equity*	10,093,752	10,093,752	10,093,752	10,093,752
Reserves	44,847,798	38,034,318	33,854,927	30,873,646
TOTAL EQUITY	54,941,550	48,128,070	43,948,679	40,967,398
Non-current liabilities				
Deferred tax liabilities	4,102,986	3,950,844	4,026,947	3,081,158
Borrowings	1,407,180	1,582,793	2,885,400	685,828
	5,510,166	5,533,637	6,912,347	3,766,986
Current liabilities				
Trade payables	3,472,465	5,498,943	5,164,535	4,196,582
Other payables and accrued expenses	1,900,972	2,827,395	2,162,465	7,310,067
Amount owing to ultimate holding company	20,600	2,928	-	7,734
Amounts owing to related companies	2,043	10,225	11,675	6,494
Amounts owing to Directors	90,238	239,711	182,498	189,977
Borrowings	13,008,517	12,085,077	17,870,778	15,363,878
Current tax liabilities	1,425,870	448,185	232,437	66,750
	19,920,705	21,112,464	25,624,388	27,141,482
TOTAL LIABILITIES	25,430,871	26,646,101	32,536,735	30,908,468
TOTAL EQUITY AND LIABILITIES	80,372,421	74,774,171	76,485,414	71,875,866
	11,149,698	10,093,752	10,093,752	10,093,752

*Number of ordinary shares on combined basis

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Combined statements of profit or loss and other comprehensive income

The audited combined statements of profit or loss and other comprehensive income for the financial years/period ended 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016 are set out below:

	Section	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Revenue	9.24	55,065,654	75,297,589	81,386,700	80,816,104
Cost of sales		<u>(40,921,545)</u>	<u>(58,067,202)</u>	<u>(63,173,959)</u>	<u>(63,010,434)</u>
Gross profit		14,144,109	17,230,387	18,212,741	17,805,670
Other operating income	9.26	2,579,380	2,013,804	588,341	776,230
Distribution costs		<u>(3,367,423)</u>	<u>(5,298,896)</u>	<u>(5,210,382)</u>	<u>(4,267,754)</u>
Administration expenses		<u>(3,585,041)</u>	<u>(5,577,026)</u>	<u>(4,864,602)</u>	<u>(4,594,426)</u>
Other operating expenses	9.27	<u>-</u>	<u>(180,950)</u>	<u>(148,493)</u>	<u>(47,974)</u>
Profit from operations		9,771,025	8,187,319	8,577,605	9,671,746
Finance income		109,406	105,819	109,019	125,087
Finance costs		<u>(382,203)</u>	<u>(683,674)</u>	<u>(724,143)</u>	<u>(622,368)</u>
Profit before tax		9,498,228	7,609,464	7,962,481	9,174,465
Tax expense	9.28	<u>(2,051,445)</u>	<u>(1,780,868)</u>	<u>(2,643,081)</u>	<u>(2,619,752)</u>
Profit for the financial years/period, attributable to common controlling shareholders of the combining entities		7,446,783	5,828,596	5,319,400	6,554,713
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translations, net of tax		<u>(633,303)</u>	<u>(414,828)</u>	<u>(95,917)</u>	<u>(111,123)</u>
Total comprehensive income, attributable to common controlling shareholders of the combining entities		<u>6,813,480</u>	<u>5,413,768</u>	<u>5,223,483</u>	<u>6,443,590</u>

13. ACCOUNTANTS' REPORT (cont'd)

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9. HISTORICAL FINANCIAL INFORMATION (continued)**9.2 Combined statements of profit or loss and other comprehensive income (continued)**

Earnings per share attributable to common controlling shareholders of the combining entities:

	Section	30.9.2016	2015	2014	2013
Basic and diluted (sen)	9.31	<u>3.10</u>	<u>2.42</u>	<u>2.21</u>	<u>2.72</u>
<i>Number of ordinary shares</i>		240,593,796	240,593,796	240,593,796	240,593,796
<i>Gross earnings per share (RM)</i>		0.04	0.03	0.03	0.04
<i>Net earnings per share (RM)</i>		0.03	0.02	0.02	0.03
<i>GP margin (%)</i>		26%	23%	22%	22%
<i>PBT margin (%)</i>		17%	10%	10%	11%
<i>PAT margin (%)</i>		14%	8%	7%	8%
<i>Effective tax rate (%)</i>		22%	23%	33%	29%
<i>Net assets per ordinary shares</i>		0.23	0.20	0.18	0.17
<i>Current ratio (times)</i>		2.51	2.03	1.65	1.55
<i>Trade receivables turnover period (days)</i>		111	95	81	85
<i>Trade payables turnover period (days)</i>		31	49	39	31
<i>Gearing ratio (times)</i>		0.26	0.28	0.47	0.39
<i>Inventories turnover period (days)</i>		102	102	97	97

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Combined statements of changes in equity

The audited combined statements of changes in equity for the financial years/period ended 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016 are set out below:

Section	Invested equity RM	[-----Non-distributable-----]					Total equity RM
		Capital reserve RM	Exchange translation reserve RM	Merger reserve RM	Share premium RM	Retained earnings RM	
Balance as at 1 January 2013	10,093,752	7,104	(23,040)	1,114,737	25,000	23,541,920	34,759,473
Effect of adoption of MFRS 1	-	-	-	-	-	306,523	306,523
Restated balance as at 1 January 2013	10,093,752	7,104	(23,040)	1,114,737	25,000	23,848,443	35,065,996
Profit for the financial year	-	-	-	-	-	6,554,713	6,554,713
Other comprehensive income, net of tax	-	-	(111,123)	-	-	-	(111,123)
Total comprehensive income	-	-	(111,123)	-	-	6,554,713	6,443,590
Transactions with owners: Dividends paid	-	-	-	-	-	(542,188)	(542,188)
Total transactions with owners	-	-	-	-	-	(542,188)	(542,188)
Balance as at 31 December 2013	10,093,752	7,104	(134,163)	1,114,737	25,000	29,860,968	40,967,398

13. ACCOUNTANTS' REPORT (cont'd)

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Combined statements of changes in equity (continued)

Section	Invested equity RM	[-----Non-distributable-----]					Total equity RM
		Capital reserve RM	Exchange translation reserve RM	Merger reserve RM	Share premium RM	Retained earnings RM	
Balance as at 1 January 2014	10,093,752	7,104	(134,163)	1,114,737	25,000	29,860,968	40,967,398
Profit for the financial year	-	-	-	-	-	5,319,400	5,319,400
Other comprehensive income, net of tax	-	-	(95,917)	-	-	-	(95,917)
Total comprehensive income	-	-	(95,917)	-	-	5,319,400	5,223,483
Transactions with owners: Dividends paid	9.29	-	-	-	-	(2,242,202)	(2,242,202)
Total transactions with owners	-	-	-	-	-	(2,242,202)	(2,242,202)
Balance as at 31 December 2014	10,093,752	7,104	(230,080)	1,114,737	25,000	32,938,166	43,948,679

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Combined statements of changes in equity (continued)

Section	Invested equity RM	[-----Non-distributable-----]				Distributable		Total equity RM
		Capital reserve RM	Exchange translation reserve RM	Merger reserve RM	Share premium RM	Retained earnings RM		
Balance as at 1 January 2015	10,093,752	7,104	(230,080)	1,114,737	25,000	32,938,166	43,948,679	
Profit for the financial year	-	-	-	-	-	5,828,596	5,828,596	
Other comprehensive income, net of tax	-	-	(414,828)	-	-	-	(414,828)	
Total comprehensive income	-	-	(414,828)	-	-	5,828,596	5,413,768	
Transactions with owners: Dividends	-	-	-	-	-	(1,234,377)	(1,234,377)	
Total transactions with owners	-	-	-	-	-	(1,234,377)	(1,234,377)	
Balance as at 31 December 2015	10,093,752	7,104	(644,908)	1,114,737	25,000	37,532,385	48,128,070	

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Combined statements of changes in equity (continued)

Section	Invested equity RM	Capital reserve RM	[-----Non-distributable-----]				Distributable		Total equity RM
			Exchange translation reserve RM	Merger reserve RM	Share premium RM	Retained earnings RM	Share premium RM	Retained earnings RM	
Balance as at 1 January 2016	10,093,752	7,104	(644,908)	1,114,737	25,000	37,532,385	48,128,070		
Profit for the financial year	-	-	-	-	-	7,446,783	7,446,783		
Other comprehensive income, net of tax	-	-	(633,303)	-	-	-	(633,303)		
Total comprehensive income	-	-	(633,303)	-	-	7,446,783	6,813,480		
Balance as at 30 September 2016	10,093,752	7,104	(1,278,211)	1,114,737	25,000	44,979,168	54,941,550		

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)
9.4 Combined statements of cash flows

The audited combined statements of cash flows for the financial years/period ended 31 December 2013, 31 December 2014, 31 December 2015 and 30 September 2016 are set out below:

CASH FLOWS FROM OPERATING ACTIVITIES

Section	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Profit before tax	9,498,228	7,609,464	7,962,481	9,174,465
Adjustments for:				
Bad debts written off	-	173,383	-	14,954
Depreciation of property, plant and equipment	2,675,478	3,531,080	3,138,798	2,513,715
Finance cost	382,203	683,674	724,143	622,367
Finance income	(109,406)	(105,819)	(109,019)	(125,087)
Impairment loss on trade receivables	-	7,566	-	33,000
Gain on disposal of other investment	(20,377)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	-	(34,085)	10,612	(332)
Property, plant and equipment written off	-	1	341	20
Reversal of impairment loss on trade receivables	-	(109,687)	(15,944)	-
Net unrealised gain on foreign exchange	(2,609,579)	(1,188,435)	(524,483)	(871,443)
Operating profit before working capital changes	9,816,547	10,567,142	11,186,929	11,361,659
(Increase)/Decrease in inventories	(87,725)	2,228,511	563,391	1,206,143
(Increase)/Decrease in trade receivables	(668,167)	(362,464)	1,457,087	2,528,647
(Increase)/Decrease in other receivables, deposits and prepayments	(1,945,754)	(353,148)	(318,622)	1,685,627
(Decrease)/Increase in trade payables	(1,911,663)	(1,248,196)	552,234	(1,044,378)
(Decrease)/Increase in other payables and accrued expenses	(407,829)	112,956	(5,249,781)	2,921,848
Decrease/(Increase) in amounts owing by/to ultimate holding company	19,890	(4,473)	127,054	976,564
Decrease/(Increase) in amounts owing by/to related companies	843,579	274,738	(704,521)	(340,066)
(Decrease)/Increase in amounts owing to Directors	(149,473)	57,213	(7,479)	(108,741)
Cash generated from operations	5,509,405	11,272,279	7,606,292	19,187,303
Tax refunded	161,047	22,585	8,744	110,672
Tax paid	(976,316)	(1,645,437)	(1,442,641)	(1,723,959)
Net cash from operating activities	4,694,136	9,649,427	6,172,395	17,574,016

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 Combined statements of cash flows (continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of other investment
Interest received
Proceeds from disposal of other investment
Proceeds from disposal of property, plant and equipment
Purchase of property, plant and equipment

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid
Interest paid
Net drawdown/(repayment) of bank borrowings
Repayments of hire purchase payables
(Placements)/Withdrawals of short-term deposits pledged as securities

Net cash (used in)/from financing activities

Net increase/(decrease) in cash and cash equivalents

Effect of foreign exchange rates changes

Cash and cash equivalents at the beginning of the financial year/period

Cash and cash equivalents at the end of the financial year/period

Section	30.9.2016 RM	2015 RM	2014 RM	2013 RM
	-	-	(125,012)	-
	109,406	105,819	109,019	125,087
	145,389	-	-	-
	-	135,835	37,040	18,500
9.5	(701,412)	(915,275)	(7,155,493)	(12,054,764)
	(446,617)	(673,621)	(7,134,446)	(11,911,177)
	(492,187)	(742,190)	(2,242,202)	(542,188)
9.29	(382,203)	(683,674)	(724,143)	(622,367)
	477,474	(5,103,933)	3,568,194	(1,695,209)
	(228,162)	(427,037)	(718,575)	(964,340)
	(1,109,398)	(1,096,212)	563,094	(120,076)
	(1,734,476)	(8,053,046)	446,368	(3,944,180)
	2,513,043	922,760	(515,683)	1,718,659
	(50,318)	352,828	160,466	93,124
	4,081,212	2,805,624	3,160,841	1,349,058
9.13	6,543,937	4,081,212	2,805,624	3,160,841

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.5 Property, plant and equipment

	Balance as at 1.1.2016 RM	Additions RM	Currency translation differences RM	Depreciation charge for the financial period RM	Balance as at 30.09.2016 RM
Carrying amount					
Long-term leasehold land and buildings	12,312,913	-	-	(218,980)	12,093,933
Plant and machinery	12,901,508	41,693	(33,950)	(1,667,208)	11,242,043
Factory equipment	2,120,683	236,526	-	(271,106)	2,086,103
Furniture, fixtures and office equipment	625,206	18,373	-	(86,119)	557,460
Electrical installation	2,208,584	198,830	(107)	(127,373)	2,279,934
Factory renovation	1	-	-	-	1
Signboards	1	-	-	-	1
Motor vehicles	1,607,078	596,582	(6,137)	(304,692)	1,892,831
Construction-in-progress	65,100	29,408	-	-	94,508
	31,841,074	1,121,412	(40,194)	(2,675,478)	30,246,814

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long-term leasehold land and buildings	14,555,541	(2,461,608)	12,093,933
Plant and machinery	27,408,485	(16,166,442)	11,242,043
Factory equipment	4,600,102	(2,513,999)	2,086,103
Furniture, fixtures and office equipment	1,895,754	(1,338,294)	557,460
Electrical installation	2,991,175	(711,241)	2,279,934
Factory renovation	29,506	(29,505)	1
Signboards	13,961	(13,960)	1
Motor vehicles	3,877,035	(1,984,204)	1,892,831
Construction-in-progress	94,508	-	94,508
	55,466,067	(25,219,253)	30,246,814

13. ACCOUNTANTS' REPORT (cont'd)



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Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.5 Property, plant and equipment (continued)

	Balance as at 1.1.2015 RM	Additions RM	Disposals RM	Written off RM	Currency translation differences RM	Depreciation charge for the financial year RM	Balance as at 31.12.2015 RM
Carrying amount							
Long-term leasehold land and buildings	12,541,871	62,598	-	-	-	(291,556)	12,312,913
Plant and machinery	15,049,983	36,305	-	-	95,081	(2,279,861)	12,901,508
Factory equipment	1,878,780	552,466	(6,258)	-	-	(304,305)	2,120,683
Furniture, fixtures and office equipment	687,781	73,496	(1,470)	(1)	-	(134,600)	625,206
Electrical installation	2,367,790	-	-	-	392	(159,598)	2,208,584
Factory renovation	1	-	-	-	-	-	1
Signboards	1	-	-	-	-	-	1
Motor vehicles	1,658,796	388,010	(94,022)	-	15,454	(361,160)	1,607,078
Construction-in-progress	-	65,100	-	-	-	-	65,100
	34,185,003	1,177,975	(101,750)	(1)	110,927	(3,531,080)	31,841,074

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long-term leasehold land and buildings	14,555,541	(2,242,628)	12,312,913
Plant and machinery	27,478,541	(14,577,033)	12,901,508
Factory equipment	4,363,576	(2,242,893)	2,120,683
Furniture, fixtures and office equipment	1,877,381	(1,252,175)	625,206
Electrical installation	2,793,428	(584,844)	2,208,584
Factory renovation	29,506	(29,505)	1
Signboards	13,961	(13,960)	1
Motor vehicles	3,287,425	(1,680,347)	1,607,078
Construction-in-progress	65,100	-	65,100
	54,464,459	(22,623,385)	31,841,074

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.5 Property, plant and equipment (continued)

	Balance as at 1.1.2014 RM	Additions RM	Disposals RM	Written off RM	Currency translation differences RM	Depreciation charge for the financial year RM	Balance as at 31.12.2014 RM
Carrying amount							
Long-term leasehold land and buildings	11,431,195	1,382,617	-	-	-	(271,941)	12,541,871
Plant and machinery	14,397,150	2,723,230	-	-	28,099	(2,098,496)	15,049,983
Factory equipment	1,702,857	442,737	(1)	(1)	-	(266,812)	1,878,780
Furniture, fixtures and office equipment	491,373	321,266	-	(340)	-	(124,518)	687,781
Electrical installation	514,817	1,924,556	-	-	92	(71,675)	2,367,790
Factory renovation	1	-	-	-	-	-	1
Signboards	1	-	-	-	-	-	1
Motor vehicles	1,264,127	746,087	(47,651)	-	1,589	(305,356)	1,658,796
	29,801,521	7,540,493	(47,652)	(341)	29,780	(3,138,798)	34,185,003

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long-term leasehold land and buildings	14,492,943	(1,951,072)	12,541,871
Plant and machinery	27,125,604	(12,075,621)	15,049,983
Factory equipment	4,001,110	(2,122,330)	1,878,780
Furniture, fixtures and office equipment	1,810,073	(1,122,292)	687,781
Electrical installation	2,790,857	(423,067)	2,367,790
Factory renovation	29,506	(29,505)	1
Signboards	13,961	(13,960)	1
Motor vehicles	3,337,579	(1,678,783)	1,658,796
	53,601,633	(19,416,630)	34,185,003

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13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.5 Property, plant and equipment (continued)

	Balance as at 1.1.2013 RM	Additions RM	Disposals RM	Written off RM	Currency translation differences RM	Depreciation charge for the financial year RM	Balance as at 31.12.2013 RM
Carrying amount							
Long-term leasehold land and buildings	6,753,514	4,851,801	-	-	-	(174,120)	11,431,195
Plant and machinery	9,722,972	6,136,964	-	-	65,670	(1,528,456)	14,397,150
Factory equipment	1,332,639	596,311	-	-	-	(226,093)	1,702,857
Furniture, fixtures and office equipment	609,703	159,760	-	(20)	-	(278,070)	491,373
Electrical installation	544,910	14,342	-	-	400	(44,835)	514,817
Factory renovation	1	-	-	-	-	-	1
Signboards	1	-	-	-	-	-	1
Motor vehicles	838,419	700,586	(18,168)	-	5,431	(262,141)	1,264,127
	19,802,159	12,459,764	(18,168)	(20)	71,501	(2,513,715)	29,801,521

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long-term leasehold land and buildings	13,110,326	(1,679,131)	11,431,195
Plant and machinery	24,343,930	(9,946,780)	14,397,150
Factory equipment	3,612,873	(1,910,016)	1,702,857
Furniture, fixtures and office equipment	1,492,257	(1,000,884)	491,373
Electrical installation	865,714	(350,897)	514,817
Factory renovation	29,506	(29,505)	1
Signboards	13,961	(13,960)	1
Motor vehicles	2,712,723	(1,448,596)	1,264,127
	46,181,290	(16,379,769)	29,801,521

13. ACCOUNTANTS' REPORT (cont'd)Eversafe Rubber Berhad (1133877 - V)
Accountants' Report**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.5 Property, plant and equipment (continued)**

- (a) During the reporting periods, the combining entities made the following cash payments to purchase property, plant and equipment:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Purchase of property, plant and equipment	1,121,412	1,177,975	7,540,493	12,459,764
Financed by hire purchase and lease arrangements	<u>(420,000)</u>	<u>(262,700)</u>	<u>(385,000)</u>	<u>(405,000)</u>
Cash payments on purchase of property, plant and equipment	<u>701,412</u>	<u>915,275</u>	<u>7,155,493</u>	<u>12,054,764</u>

- (b) The carrying amount of the property, plant and equipment under finance lease at the end of each reporting period are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Plant and machinery	-	-	2,068,526	2,388,048
Motor vehicles	<u>1,446,120</u>	<u>1,066,043</u>	<u>961,506</u>	<u>653,837</u>
	<u>1,446,120</u>	<u>1,066,043</u>	<u>3,030,032</u>	<u>3,041,885</u>

- (c) As at the end of each reporting period, certain property, plant and equipment of the combining entities have been charged to local banks for credit facilities granted as disclosed in Section 9.18 of this Report as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Long-term leasehold land and building	4,293,734	4,368,856	4,415,449	4,517,159
Plant and machinery	<u>5,983,202</u>	<u>7,491,390</u>	<u>8,563,349</u>	<u>3,344,444</u>
	<u>10,276,936</u>	<u>11,860,246</u>	<u>12,978,798</u>	<u>7,861,603</u>

9.6 Other investment

Other investment comprised unquoted ordinary shares of Olimpik Jaya (M) Sdn. Bhd. at cost, which was acquired by Olympic during the financial year ended 31 December 2014 for a total cash consideration of RM125,012.

The financial position, financial performance and cash flows of Olimpik Jaya (M) Sdn. Bhd. had been carved out from the combined financial statements because on 2 May 2016, the management of Olympic disposed the entire equity interest of Olimpik Jaya (M) Sdn. Bhd. for the purposes of the Proposed Listing. The Directors are of the view that the carve out effect of Olimpik Jaya (M) Sdn. Bhd. is not material to the combined financial statements.

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.7 Combining entities

Details of combining entities are as follows:

Name of combining entities	Country of incorporation	30.9.2016 %	Effective interest in equity		Principal activities
			2015 %	2014 %	
Eversafe Rubber Works Sdn. Bhd.	Malaysia	100	100	100	Manufacturing and sale of rubber based tyre retread products and provision of related services
Olympic Retreads (M) Sdn. Bhd.	Malaysia	-	100	100	Manufacturing and distribution of retreaded tyres
Subsidiaries of Eversafe Rubber Works Sdn. Bhd.					
Olympic Retreads (M) Sdn. Bhd.	Malaysia	100	-	-	Manufacturing and distribution of retreaded tyres
Eversafe Trading (Shanghai) Co., Ltd. ⁽¹⁾	People's Republic of China	100	100	100	Trading in rubber based tyre retreading products
Eversafe Trading Sdn. Bhd.	Malaysia	100	100	100	Trading in rubber based tyre retreading products
Supreme Good International Limited ^{(1)(#)}	Hong Kong	100	100	100	Investment holding

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13. ACCOUNTANTS' REPORT (cont'd)

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.7 Combining entities (continued)

Details of combining entities are as follows: (continued)

Name of combining entities	Country of incorporation	Effective interest in equity		Principal activities
		2015	2014	
Subsidiary of Supreme Good International Limited				
Jiaxing YongAn Rubber Co., Ltd. ^(*)	People's Republic of China	100	100	Production and sales of rubber products (without national restrictions prohibit products) and service of after sale of self-produced products

(*) The financial statements of these subsidiaries were audited by auditors other than the auditors of the Company.

(#) Supreme Good is a private company with limited liability incorporated in Hong Kong Special Administrative Region ("HKSAR") under the Hong Kong Companies Ordinance (Cap32) on 14 September 2006. The auditors' report on the financial statements of Supreme Good for financial years ended 31 December 2013 and 31 December 2014 were qualified due to the non-preparation of consolidated financial statements as required by the applicable approved Hong Kong Financial Reporting Standards ("HKFRSs"). The Directors are of the view that the consolidated financial statements of Rubber Works already include the financial position, financial performance and cash flows of Supreme Good and its subsidiary, and therefore, the effect of qualification is neither material nor relevant to the combining entities.

During the FYE 31 December 2015, Eversafe Rubber Works Sdn. Bhd. acquired 2,425,000 ordinary shares of HKD 1.00 each paid up in the capital of Supreme Good International Limited for a total consideration of RM1 (HKD3). The Group has applied the merger method of accounting on a retrospective basis as if the combination had taken place before the start of the earliest period presented in the combined financial statements.

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.8 Inventories

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
At cost				
Raw materials	5,589,453	4,523,859	4,910,664	5,498,374
Work-in-progress	1,096,034	1,711,258	1,418,204	1,523,998
Finished goods	4,485,676	5,152,010	6,381,379	6,281,755
Trading goods	-	-	128,670	-
At net realisable value				
Finished goods	171,513	57,251	146,883	60,126
	<u>11,342,676</u>	<u>11,444,378</u>	<u>12,985,800</u>	<u>13,364,253</u>

During the financial period, inventories recognised as cost of sales amounted to RM29,750,613 (31.12.2015: RM46,173,646; 31.12.2014: RM51,987,702; 31.12.2013: RM61,393,737).

9.9 Trade receivables

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Non-current				
Trade receivable	76,953	172,739	-	-
Less: Accumulated impairment losses	(7,566)	(7,566)	-	-
	<u>69,387</u>	<u>165,173</u>	<u>-</u>	<u>-</u>
Current				
Trade receivables	22,738,839	19,824,184	18,581,083	19,485,677
Less: Accumulated impairment losses	(488,148)	(488,148)	(597,835)	(613,779)
	<u>22,250,691</u>	<u>19,336,036</u>	<u>17,983,248</u>	<u>18,871,898</u>
Total trade receivables	<u>22,320,078</u>	<u>19,501,209</u>	<u>17,983,248</u>	<u>18,871,898</u>

- (a) Non-current trade receivables are unsecured, interest-free and expected to be collected within the next two (2) financial years.
- (b) Current trade receivables are non-interest bearing and the normal trade credit terms granted range from 0 to 90 days (31.12.2015: 0 to 90 days; 31.12.2014: 0 to 90 days; 31.12.2013: 0 to 90 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.9 Trade receivables (continued)

(c) The currency exposure profile of trade receivables are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Ringgit Malaysia ("RM")	5,969,909	8,740,203	10,364,954	10,874,680
US Dollar ("USD")	7,478,744	4,596,115	5,004,499	3,609,795
Hong Kong Dollar ("HKD")	554,954	375,213	861,747	675,083
Euro ("EUR")	1,000,029	1,295,621	781,986	386,624
Australian Dollar ("AUD")	1,224,382	794,588	236,296	172,152
Japanese Yen ("JPY")	3,110,589	938,638	16,874	-
Singapore Dollar ("SGD")	936,651	299,489	3,807	30,852
Renminbi ("RMB")	2,044,820	2,461,342	713,085	3,122,712
	<u>22,320,078</u>	<u>19,501,209</u>	<u>17,983,248</u>	<u>18,871,898</u>

(d) The ageing analysis of trade receivables are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Neither past due nor impaired	13,997,790	13,399,338	13,686,814	11,666,406
Past due, not impaired				
91 to 120 days	1,650,498	2,060,746	2,006,653	1,148,442
More than 121 days	6,602,403	3,875,952	2,289,781	6,057,050
	8,252,901	5,936,698	4,296,434	7,205,492
Past due and individually impaired	565,101	660,887	597,835	613,779
	<u>22,815,792</u>	<u>19,996,923</u>	<u>18,581,083</u>	<u>19,485,677</u>

(e) The reconciliation of movements in the impairment loss is as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
At 1 January	495,714	597,835	613,779	580,779
Charge for the financial year/period	-	7,566	-	33,000
Reversal of impairment loss	-	(109,687)	(15,944)	-
At 30 September/31 December	<u>495,714</u>	<u>495,714</u>	<u>597,835</u>	<u>613,779</u>

(f) Trade receivables that are neither past due nor impaired as at the end of each reporting period are with expectations of low default risk. The capacity for payment is considered strong.

(g) Information on financial risks of trade receivables is disclosed in Section 9.35 of this Report.

13. ACCOUNTANTS' REPORT (cont'd)Eversafe Rubber Berhad (1133877 - V)
Accountants' Report**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.10 Other receivables, deposits and prepayments**

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Other receivables	308,889	392,971	632,244	462,741
Refundable deposits	76,661	110,446	159,012	84,063
Goods and Services Tax ("GST") receivable	602,023	223,288	-	-
	987,573	726,705	791,256	546,804
Prepayments	2,557,542	856,608	400,514	307,557
	<u>3,545,115</u>	<u>1,583,313</u>	<u>1,191,770</u>	<u>854,361</u>

(a) The currency exposure profile of other receivables, refundable deposits and GST receivable are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
RM	875,985	703,642	709,872	313,864
HKD	-	-	2,636	2,475
RMB	111,588	23,063	78,748	230,465
	<u>987,573</u>	<u>726,705</u>	<u>791,256</u>	<u>546,804</u>

(b) Information on financial risks of other receivables is disclosed in Section 9.35 of this Report.

9.11 Amounts owing by/to ultimate holding company

(a) Amounts owing by/to ultimate holding company arose from trade transactions, which are on normal credit terms.

(b) Amounts owing by/to ultimate holding company are denominated in RM.

(c) Information on financial risks of amounts owing by ultimate holding company is disclosed in Section 9.35 of this Report.

9.12 Amounts owing by/to related companies

(a) Amounts owing by/to related companies arose from trade transactions, which are on normal credit terms.

(b) Amounts owing by/to related companies are denominated in RM.

(c) Information on financial risks of amounts owing by/to related companies are disclosed in Section 9.35 of this Report.

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.13 Cash and bank balances

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Cash and bank balances	6,927,613	4,438,130	4,982,580	3,865,944
Deposits with licensed banks	5,461,799	4,352,401	3,256,189	3,819,283
	<u>12,389,412</u>	<u>8,790,531</u>	<u>8,238,769</u>	<u>7,685,227</u>

(a) Information on financial risks of cash and bank balances is disclosed in Section 9.35 of this Report.

(b) The currency exposure profile of cash and bank balances are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
RM	9,581,783	6,319,547	3,857,603	4,494,408
USD	1,151,369	494,225	1,527,590	617,115
AUD	93,282	10,118	-	-
HKD	12,399	40,590	48,259	121,244
JPY	12,803	595,515	977,948	1,488,648
EUR	676,303	313,007	11,370	-
RMB	861,473	1,017,529	1,815,999	963,812
	<u>12,389,412</u>	<u>8,790,531</u>	<u>8,238,769</u>	<u>7,685,227</u>

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Cash and bank balances	6,927,613	4,438,130	4,982,580	3,865,944
Deposits with licensed banks	5,461,799	4,352,401	3,256,189	3,819,283
Bank overdrafts included in borrowings (Section 9.16)	(383,676)	(356,918)	(2,176,956)	(705,103)
	<u>12,005,736</u>	<u>8,433,613</u>	<u>6,061,813</u>	<u>6,980,124</u>
Less: Deposits pledged as securities	(5,461,799)	(4,352,401)	(3,256,189)	(3,819,283)
	<u>6,543,937</u>	<u>4,081,212</u>	<u>2,805,624</u>	<u>3,160,841</u>

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.14 Reserves

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Non-distributable:				
Capital reserve	7,104	7,104	7,104	7,104
Exchange translation reserve	(1,278,211)	(644,908)	(230,080)	(134,163)
Merger reserve	1,114,737	1,114,737	1,114,737	1,114,737
Share premium	25,000	25,000	25,000	25,000
Distributable:				
Retained earnings	<u>44,979,168</u>	<u>37,532,385</u>	<u>32,938,166</u>	<u>29,860,968</u>
	<u>44,847,798</u>	<u>38,034,318</u>	<u>33,854,927</u>	<u>30,873,646</u>

(a) Capital reserve

Pursuant to applicable People's Republic of China ("PRC") regulations, entities incorporated in the PRC are required to allocate ten percent (10%) of their net profit for the financial year (after offsetting prior financial year losses, if any) to the statutory surplus reserve until it reaches fifty percent (50%) of their registered capital respectively. The transfer to the reserve shall be made before distribution of dividends to equity holders. The statutory surplus reserve could be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the respective subsidiaries, provided that the balance after such issue is not less than twenty-five percent (25%) of its registered capital.

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the combining entities. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Merger reserve

The merger reserve arose as a result of the deficit of the consideration paid over the share capital and capital reserves of Supreme Good.

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.15 Deferred tax liabilities

- (a) The components and movements of the deferred tax liabilities during the financial years/period are as follows:

Deferred tax liabilities/(assets)

	Property, plant and equipment RM	Trade receivables RM	Inventories RM	Total RM
Balance as at 1 January 2013	1,839,093	(144,787)	(4,122)	1,690,184
Recognised in profit or loss (Section 9.28)	<u>1,399,224</u>	<u>(8,250)</u>	<u>-</u>	<u>1,390,974</u>
Balance as at 31 December 2013	3,238,317	(153,037)	(4,122)	3,081,158
Recognised in profit or loss (Section 9.28)	<u>942,211</u>	<u>3,578</u>	<u>-</u>	<u>945,789</u>
Balance as at 31 December 2014	4,180,528	(149,459)	(4,122)	4,026,947
Recognised in profit or loss (Section 9.28)	<u>(67,733)</u>	<u>447,568</u>	<u>(455,938)</u>	<u>(76,103)</u>
Balance as at 31 December 2015	4,112,795	298,109	(460,060)	3,950,844
Recognised in profit or loss (Section 9.28)	<u>75,599</u>	<u>(379,560)</u>	<u>456,103</u>	<u>152,142</u>
Balance as at 30 September 2016	<u>4,188,394</u>	<u>(81,451)</u>	<u>(3,957)</u>	<u>4,102,986</u>

- (b) The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position is as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Unused tax losses	<u>1,032,403</u>	<u>834,670</u>	<u>547,930</u>	<u>347,000</u>

Deferred tax assets of certain combining entities have not been recognised in respect of these items as it is not probable that taxable profits of the combining entities would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under the current tax legislation.

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.16 Borrowings

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Current liabilities				
Bankers' acceptances (Section 9.17)	11,670,637	10,189,701	13,850,734	13,438,412
Term loans (Section 9.18)	631,648	1,276,770	1,437,371	512,769
Hire purchase and lease creditors (Section 9.19)	322,556	261,688	405,717	707,594
Bank overdrafts (Section 9.20)	383,676	356,918	2,176,956	705,103
	13,008,517	12,085,077	17,870,778	15,363,878
Non-current liabilities				
Term loans (Section 9.18)	877,495	1,184,078	2,466,377	235,107
Hire purchase and lease creditors (Section 9.19)	529,685	398,715	419,023	450,721
	1,407,180	1,582,793	2,885,400	685,828
Total borrowings				
Bankers' acceptances (Section 9.17)	11,670,637	10,189,701	13,850,734	13,438,412
Term loans (Section 9.18)	1,509,143	2,460,848	3,903,748	747,876
Hire purchase and lease creditors (Section 9.19)	852,241	660,403	824,740	1,158,315
Bank overdrafts (Section 9.13)	383,676	356,918	2,176,956	705,103
	<u>14,415,697</u>	<u>13,667,870</u>	<u>20,756,178</u>	<u>16,049,706</u>

(a) The currency exposure profile of borrowings is as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
RM	8,475,994	13,667,870	20,756,178	16,049,706
USD	5,939,703	-	-	-
	<u>14,415,697</u>	<u>13,667,870</u>	<u>20,756,178</u>	<u>16,049,706</u>

(b) Information on financial risks and remaining maturities of borrowings are disclosed in Section 9.35 of this Report.

9.17 Bankers' acceptances

Bankers' acceptances bear interests at rates ranging from 2.16% to 4.79% per annum (31.12.2015: 1.20% to 4.78% per annum; 31.12.2014: 1.35% to 5.05% per annum; 31.12.2013: 1.70% to 4.59% per annum).

13. ACCOUNTANTS' REPORT (cont'd)

*Eversafe Rubber Berhad (1133877 - V)
Accountants' Report*

9. HISTORICAL FINANCIAL INFORMATION (continued)**9.18 Term loans**

- (a) Long-term loans bear interests at rate of 0.00% per annum (31.12.2015: 0.00% to 1.00% per annum; 31.12.2014: 0.00% to 1.00% per annum; 31.12.2013: 0.75% to 1.00% per annum) above the base lending rates of the financial institutions.
- (b) Term loans together with the bankers' acceptances as disclosed in Section 9.17 of this Report are secured as follows:
- (i) Legal charges over long-term leasehold land and buildings of the combining entities;
 - (ii) Legal charges over certain plant and machinery of the combining entities;
 - (iii) Pledge of short-term deposits of the combining entities; and
 - (iv) Personal guarantees by certain Directors of the combining entities.

9.19 Hire purchase and lease creditors

	30.9.2016	2015	2014	2013
	RM	RM	RM	RM
Minimum hire purchase and lease payments:				
- not later than one (1) year	341,521	283,519	454,923	748,801
- later than one (1) year but not later than five (5) years	<u>572,618</u>	<u>457,853</u>	<u>468,681</u>	<u>563,717</u>
Total minimum hire purchase and lease payments	914,139	741,372	923,604	1,312,518
Less: Future interest charges	<u>(61,898)</u>	<u>(80,969)</u>	<u>(98,864)</u>	<u>(154,203)</u>
Present value of hire purchase and lease payments	<u><u>852,241</u></u>	<u><u>660,403</u></u>	<u><u>824,740</u></u>	<u><u>1,158,315</u></u>
Repayable as follows:				
Current liabilities				
- not later than one (1) year	322,556	261,688	405,717	707,594
Non-current liabilities				
- later than one (1) year but not later than five (5) years	<u>529,685</u>	<u>398,715</u>	<u>419,023</u>	<u>450,721</u>
	<u><u>852,241</u></u>	<u><u>660,403</u></u>	<u><u>824,740</u></u>	<u><u>1,158,315</u></u>

- (a) The effective interest rates of hire purchase and lease payments as of 30 September 2016 range from 4.52% to 6.00% (31.12.2015: 4.32% to 7.07%; 31.12.2014: 4.52% to 7.07%; 31.12.2013: 4.37% to 7.07%) per annum.
- (b) Hire purchase payables are secured by the financial institutions' charge over the assets under hire purchase. Certain hire purchase payables are also guaranteed by certain Directors of the combining entities.

13. ACCOUNTANTS' REPORT (cont'd)Eversafe Rubber Berhad (1133877 - V)
Accountants' Report**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.20 Bank overdrafts**

Bank overdrafts bear interests at rates of 1.50% (31.12.2015: 1.50%; 31.12.2014: 0.50% to 1.50%; 31.12.2013: 1.25% to 1.50%) per annum above the base lending rates of the financial institutions and is secured as follows:

- (a) A pledge of building of Eversafe Rubber Works Sdn. Bhd.; and
- (b) Joint and several guarantees from all the Directors.

During the previous financial year, Eversafe Trading had bank overdraft facilities obtained from a local bank, which were secured as follows:

- (a) A pledge of short term deposits of Eversafe Rubber Works Sdn. Bhd.; and
- (b) Joint and several guarantees from all the Directors.

During the financial years ended 31 December 2013 and 31 December 2014, Olympic had bank overdrafts facilities obtained from a local bank, which were secured as follows:

- (a) A legal charge over long leasehold land and building of the ultimate holding company;
- (b) Joint and several guarantees from all the Directors; and
- (c) Corporate guarantee from the ultimate holding company for RM1,520,000.

9.21 Trade payables

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted range from one (1) month to three (3) months.
- (b) The currency exposure profile of trade payables are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
RM	2,753,188	2,817,362	2,868,381	3,117,366
USD	716,098	517,311	243,984	132,022
RMB	3,179	2,164,270	2,052,170	947,194
	<u>3,472,465</u>	<u>5,498,943</u>	<u>5,164,535</u>	<u>4,196,582</u>

- (c) Information on financial risks of trade payables is disclosed in Section 9.35 of this Report.

9.22 Other payables and accrued expenses

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Other payables	874,226	1,172,806	1,546,049	6,674,827
Deposits received	-	-	21,591	21,591
Dividend payable	-	492,187	-	-
Accrued expenses	998,116	1,129,638	594,825	613,649
GST payable	28,630	32,764	-	-
	<u>1,900,972</u>	<u>2,827,395</u>	<u>2,162,465</u>	<u>7,310,067</u>

13. ACCOUNTANTS' REPORT (cont'd)Eversafe Rubber Berhad (1133877 - V)
Accountants' Report**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.22 Other payables and accrued expenses (continued)**

(a) The currency exposure profile of other payables and accrued expenses are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
RM	1,744,969	2,508,205	1,820,569	4,662,584
USD	9,666	8,965	6,676	27,889
HKD	11,916	21,620	19,444	23,388
RMB	118,052	288,605	315,776	2,596,206
Taiwan Dollar ("TWD")	11,255	-	-	-
Great British Pound ("GBP")	5,114	-	-	-
	<u>1,900,972</u>	<u>2,827,395</u>	<u>2,162,465</u>	<u>7,310,067</u>

(b) Information on financial risks of other payables and accrued expenses is disclosed in Section 9.35 of this Report.

9.23 Amounts owing to Directors

(a) The amounts owing to Directors arose mainly from unsecured advances, which are interest free and payable upon demand in cash and cash equivalents.

(b) The currency exposure profile of amounts owing to Directors are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
RM	79,078	167,080	182,498	50,057
RMB	11,160	72,631	-	139,920
	<u>90,238</u>	<u>239,711</u>	<u>182,498</u>	<u>189,977</u>

(c) Information on financial risks of amounts owing to Directors is disclosed in Section 9.35 of this Report.

9.24 Revenue

Revenue represents income from sale of rubber based tyre retread products and provision of related services.

9.25 Staff costs

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Wages, salaries and bonuses	5,476,877	7,946,531	7,352,999	6,777,107
Contributions to defined contribution plan	303,739	446,792	426,845	400,340
Social security contributions	59,703	69,360	44,075	42,590
Other benefits	327,597	909,732	529,115	752,341
	<u>6,167,916</u>	<u>9,372,415</u>	<u>8,353,034</u>	<u>7,972,378</u>

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.26 Other operating income

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Buffing dust	75,807	102,682	135,345	151,077
Gain on disposal of other investment	20,377	-	-	-
Gain on disposal of property, plant and equipment	-	34,085	-	332
Gain on foreign exchange	2,461,558	1,741,958	-	549,212
Reversal of impairment loss	-	109,687	15,944	-
Others	21,638	25,392	437,052	75,609
	<u>2,579,380</u>	<u>2,013,804</u>	<u>588,341</u>	<u>776,230</u>

9.27 Other operating expenses

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Loss on foreign exchange	-	-	131,009	-
Loss on disposal of property, plant and equipment	-	-	10,612	-
Impairment loss on trade receivables	-	7,566	-	33,000
Bad debts written off	-	173,383	-	14,954
Others	-	1	6,872	20
	<u>-</u>	<u>180,950</u>	<u>148,493</u>	<u>47,974</u>

9.28 Tax expense

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Current tax expense based on profit for the financial years/period	2,227,389	1,702,089	1,424,728	1,131,200
(Over)/Under provision in prior years	(328,086)	154,882	272,564	97,578
	1,899,303	1,856,971	1,697,292	1,228,778
Deferred tax (Section 9.15): Relating to origination and reversal of temporary differences	153,042	241,297	985,089	1,390,974
Over provision in prior years	(900)	(317,400)	(39,300)	-
	152,142	(76,103)	945,789	1,390,974
	<u>2,051,445</u>	<u>1,780,868</u>	<u>2,643,081</u>	<u>2,619,752</u>

The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (31.12.2015: 25%; 31.12.2014: 25%; 31.12.2013: 25%) of the estimated taxable profits for the fiscal years/period. The Malaysian statutory tax rate reduced to twenty-four percent (24%) for the fiscal year of assessment 2016 onwards.

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.28 Tax expense (continued)

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Profit before tax	9,498,228	7,609,464	7,962,479	9,174,465
Tax at statutory tax rate of 24% (2015: 25%, 2014: 25%, 2013: 25%)	2,279,575	1,902,366	1,990,620	2,293,616
Tax effects in respect of:				
Non-allowable expenses	222,043	180,615	534,254	331,408
Non-taxable income	(169,469)	(16,433)	(165,290)	(189,600)
Tax incentives and allowances	-	(165,706)	-	-
Reduction in deferred taxes as a result of reduction in tax rate	-	(29,141)	-	-
Difference in tax rates in foreign jurisdiction	(1,152)	-	-	-
Utilisation of previously unrecognised tax losses	(56,827)	-	-	-
Deferred tax assets not recognised	106,261	71,685	50,233	86,750
	2,380,431	1,943,386	2,409,817	2,522,174
(Over)/Under provision of current tax expense in prior years	(328,086)	154,882	272,564	97,578
Over provision of deferred tax in prior years	(900)	(317,400)	(39,300)	-
	2,051,445	1,780,868	2,643,081	2,619,752

9.29 Dividends

	Gross dividend per share sen	Amount of dividend net of tax RM
2015		
First interim tax exempt dividend of Rubber Works	5	492,188
Second interim tax exempt dividend of Rubber Works	5	492,187*
Interim single tier dividend of Olympiac	100	250,002
		1,234,377
2014		
Interim tax exempt dividend of Rubber Works	5	492,188
Interim single tier dividend of Olympiac	700	1,750,014
		2,242,202
2013		
Interim tax exempt dividend of Rubber Works	5	492,188
Interim dividend, less tax 25% of Olympiac	20	50,000
		542,188

* Dividend paid on 28 January 2016.

13. ACCOUNTANTS' REPORT (cont'd)Eversafe Rubber Berhad (1133877 - V)
Accountants' Report**9. HISTORICAL FINANCIAL INFORMATION** (continued)**9.30 Lease commitments**

Lease commitments in respect of rental of premises are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Not later than one (1) year	389,996	283,892	260,834	264,636
Later than one (1) year and not later than five (5) years	164,092	328,312	477,144	675,934
	<u>554,088</u>	<u>612,204</u>	<u>737,978</u>	<u>940,570</u>

9.31 Earnings per share

(a) Basic

Basic earnings per share for the financial year/period is calculated by dividing the profit for the financial year/period attributable to common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company upon completion of the Proposed Listing.

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Profit attributable to common controlling shareholders of the combining entities	<u>7,446,783</u>	<u>5,828,596</u>	<u>5,319,400</u>	<u>6,554,713</u>
Expected number of shares upon completion of the Proposed Listing	<u>240,593,796</u>	<u>240,593,796</u>	<u>240,593,796</u>	<u>240,593,796</u>
Basic earnings per share (sen)	<u>3.10</u>	<u>2.42</u>	<u>2.21</u>	<u>2.72</u>

(b) Diluted

Diluted earnings per share equals basic earnings per share because there are no potentially dilutive instruments in existence as at the end of each reporting period.

9.32 Related party disclosures

(a) Identities of related parties

Parties are considered to be related to the combining entities if the combining entities have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where combining entities and the party are subject to common control or common significant influence. Related parties could be individual or other entities.

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.32 Related party disclosures (continued)

(b) In addition to the transactions detailed elsewhere in the financial statements, the combining entities had the following transactions with related parties during the reporting periods:

	30.9.2016	2015 RM	2014 RM	2013 RM
With ultimate holding company:				
Tai Hin & Son (PG) Sdn. Bhd.				
- Sale of trading goods	-	-	-	752,285
- Purchase of trading goods	-	-	-	771,859
- Dividend paid	-	908,867	2,069,870	369,856
- Management fee paid	100,000	240,000	240,000	240,000
- Rental paid	90,000	90,000	60,000	60,000
With related parties:				
Tayarmart (M) Sdn. Bhd.				
- Sale of trading goods	1,300,878	1,618,788	1,769,220	2,090,342
- Purchase of trading goods	86,667	104,942	137,620	170,652
- Motor vehicle services and maintenance	8,509	15,500	8,649	13,685
Tayarmart (Raja Uda) Sdn. Bhd.				
- Sale of trading goods	177,695	235,272	358,307	461,669
- Purchase of trading goods	9,709	11,630	14,212	15,667
Tayarmart (T. Bagan) Sdn. Bhd.				
- Purchase of trading goods	4,775	5,882	8,014	1,504
Olimpik Jaya (M) Sdn. Bhd.				
- Sale of trading goods	439,238	518,439	554,938	699,041
- Purchase of trading goods	-	-	-	2,080
Tai Hin Trading Sdn. Bhd. ^(a)				
- Sale of trading goods	-	-	72,709	339,862
ES Cheah Sdn. Bhd. ^(a)				
- Rental paid	-	12,000	12,000	12,000
Tai Hin Realty Sdn. Bhd. ^(a)				
- Rental paid	-	12,000	12,000	12,000

^(a) Company in which certain Directors of the combining entities are also Directors and/or have interests in the company.

13. ACCOUNTANTS' REPORT (cont'd)Eversafe Rubber Berhad (1133877 - V)
Accountants' Report**9. HISTORICAL FINANCIAL INFORMATION (continued)****9.32 Related party disclosures (continued)****(c) Compensation of key management personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the combining entities.

The remunerations of Directors during the reporting periods are as follows:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Short term employee benefits	657,160	950,180	928,725	623,408

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash amounted to RM44,912 (31.12.2015: RM52,604; 31.12.2014: RM60,562; 31.12.2013: RM56,225).

9.33 Operating segments

The combining entities are principally involved in the manufacturing and sale of rubber based tyre retread products and provision of related services.

No product and services segment information is presented as the Chief Operating Decision Maker ("CODM") views the combining entities as a single reportable segment.

(a) Geographical information

Segment revenue is based on geographical location from which the sale transactions originated.

Segment assets are based on the geographical location of the assets of the combining entities.

The following are revenue from external customers by geographical location with revenue equal or more than ten percent (10%) of the combining entities revenue:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Revenue from external customers				
Malaysia	23,612,091	34,066,424	40,987,978	48,148,968
Japan	10,399,928	9,975,953	11,601,960	-
Non-current assets				
Malaysia	29,806,558	31,484,895	33,653,027	29,078,918
China	509,643	646,364	656,988	722,603

(b) Major customers

There is only one major customer contributing approximately RM9,346,000 (31.12.2015: Nil; 31.12.2014: Nil; 31.12.2013: Nil) of the revenue of the combining entities, which equals to ten percent (10%) or more of total revenue.

13. ACCOUNTANTS' REPORT (cont'd)



9. HISTORICAL FINANCIAL INFORMATION (continued)

9.34 Financial instruments

(a) Capital management

The primary objective of the capital management of the combining entities is to ensure that the combining entities would be able to continue as going concerns and to maintain an optimal capital structure so as to maximise shareholders' value. The overall strategy of the combining entities remains unchanged throughout the reporting periods.

Capital structure of the combining entities are represented by the equity of the combining entities and its capital ratio is determined by the ultimate holding company. No changes were made in the objectives, policies or processes throughout the reporting periods.

The combining entities monitor capital using a gearing ratio, which is loans and borrowings divided by total capital. Capital represents equity attributable to the common controlling shareholders of the combining entities.

The combining entities are subject to the following externally imposed capital requirements:

- (i) Gearing ratio of not more than 1.5 and 2.0 times by two (2) different financial institutions;
- (ii) Current ratio of not less than 1.1 times; and
- (iii) Trade advances to related companies should not exceed 10% of revenue or net trade advances to related companies shall not exceed 6% of revenue.

The combining entities have complied with these externally imposed capital requirements as at the end of each reporting period.

(b) Financial instruments

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Loans and receivables				
Trade receivables	22,320,078	19,501,209	17,983,248	18,871,898
Other receivables, net of prepayments	987,573	726,705	791,256	546,804
Amount owing by ultimate holding company	13,656	15,874	8,473	143,261
Amounts owing by related companies	440,513	1,292,274	1,568,462	858,760
Cash and bank balances	12,389,412	8,790,531	8,238,769	7,685,227
	<u>36,151,232</u>	<u>30,326,593</u>	<u>28,590,208</u>	<u>28,105,950</u>
Other financial liabilities				
Trade payables	3,472,465	5,498,943	5,164,535	4,196,582
Other payables and accrued expenses	1,900,972	2,827,395	2,162,465	7,310,067
Amount owing to ultimate holding company	20,600	2,928	-	7,734
Amounts owing to related companies	2,043	10,225	11,675	6,494
Amounts owing to Directors	90,238	239,711	182,498	189,977
Borrowings	14,415,697	13,667,870	20,756,178	16,049,706
	<u>19,902,015</u>	<u>22,247,072</u>	<u>28,277,351</u>	<u>27,760,560</u>

13. ACCOUNTANTS' REPORT (cont'd)

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9. HISTORICAL FINANCIAL INFORMATION (continued)**9.34 Financial instruments (continued)****(c) Method and assumptions used to estimate fair value**

- (i) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities (other than hire purchase creditors) as at the end of each reporting period approximate their fair values due to the relatively short term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

- (ii) Hire purchase creditors

The fair value of hire purchase creditors is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of each reporting period.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments not carried at fair value

	Section	Level 1 RM	Fair value Level 2 RM	Level 3 RM	Carrying amount RM
30.9.2016					
Hire purchase and lease creditors	9.19	-	767,593	-	852,241
2015					
Hire purchase and lease creditors	9.19	-	599,308	-	660,403
2014					
Hire purchase and lease creditors	9.19	-	746,622	-	824,740
2013					
Hire purchase and lease creditors	9.19	-	1,060,087	-	1,158,315

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.35 Financial risk management objectives and policies

The financial risk management objective of the combining entities is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The combining entities are exposed mainly to credit risk, liquidity and cash flow risks, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below:

(a) Credit risk

As at the end of the reporting period, the combining entities have significant exposure to credit risks on trade receivables, other receivables and deposits, amounts owing by ultimate holding company and related companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset recognised in the statement of financial position.

In respect of cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Information regarding trade receivables that are neither past due nor impaired and past due, not impaired are disclosed in Section 9.9 of this Report.

(b) Liquidity and cash flow risks

The exposure of the combining entities to liquidity and cash flows risks arises mainly from general funding and business activities.

The table below summarises the maturity profile of the liabilities of the combining entities at the end of each reporting period based on contractual undiscounted repayment obligations.

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Financial liabilities				
On demand or within one year				
Trade payables	3,472,465	5,498,943	5,164,535	4,196,582
Other payables and accrued expenses	1,900,972	2,827,395	2,162,465	7,310,067
Amount owing to ultimate holding company	20,600	2,928	-	7,734
Amounts owing to related companies	2,043	10,225	11,675	6,494
Amounts owing to Directors	90,238	239,711	182,498	189,977
Borrowings	13,027,482	12,106,908	17,919,984	15,405,085
	18,513,800	20,686,110	25,441,157	27,115,939
One to five years Borrowings	1,450,113	1,641,931	2,935,058	798,824
Total undiscounted financial liabilities	19,963,913	22,328,041	28,376,215	27,914,763

13. ACCOUNTANTS' REPORT (cont'd)

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9. HISTORICAL FINANCIAL INFORMATION (continued)**9.35 Financial risk management objectives and policies** (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments would fluctuate because of changes in market interest rates.

The exposure of the combining entities to interest rate risk arises primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the combining entities if interest rates at the end of each reporting period changed by ten (10) basis points with all other variables held constant:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Profit after tax				
- Increase by 0.1%	(9,900)	(9,800)	(15,000)	(11,200)
- Decrease by 0.1%	9,900	9,800	15,000	11,200

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.35 Financial risk management objectives and policies (continued)

(c) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the financial instruments of the combining entities that are exposed to interest rate risk:

Section	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
At 30 September 2016								
Fixed rates								
Fixed deposits	9.13	5,461,799	-	-	-	-	-	5,461,799
Hire purchase and lease creditors	9.19	(322,556)	(219,926)	(185,024)	(124,735)	-	-	(852,241)
Floating rates								
Bankers' acceptances	9.17	(11,670,637)	-	-	-	-	-	(11,670,637)
Bank overdrafts	9.20	(383,676)	-	-	-	-	-	(383,676)
Term loans	9.18	(631,648)	(390,000)	(390,000)	(97,495)	-	-	(1,509,143)
At 31 December 2015								
Fixed rates								
Fixed deposits	9.13	4,352,401	-	-	-	-	-	4,352,401
Hire purchase and lease creditors	9.19	(261,688)	(193,908)	(98,835)	(72,956)	(33,016)	-	(660,403)
Floating rates								
Bankers' acceptances	9.17	(10,189,701)	-	-	-	-	-	(10,189,701)
Bank overdrafts	9.20	(356,918)	-	-	-	-	-	(356,918)
Term loans	9.18	(1,276,770)	(404,083)	(390,000)	(389,995)	-	-	(2,460,848)

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.35 Financial risk management objectives and policies (continued)

(c) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the financial instruments of the combining entities that are exposed to interest rate risk: (continued)

Section	Weighted average effective interest rate %	Within 1 year RM	RM					Total RM
			1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	
At 31 December 2014								
Fixed rates								
Fixed deposits	9.13 3.10 - 3.30	3,256,189	-	-	-	-	3,256,189	
Hire purchase and lease creditors	9.19 4.52 - 7.07	(405,717)	(201,803)	(139,980)	(57,941)	(19,299)	(824,740)	
Floating rates								
Bankers' acceptances	9.17 1.35 - 5.05	(13,850,734)	-	-	-	-	(13,850,734)	
Bank overdrafts	9.20 7.35 - 8.35	(2,176,956)	-	-	-	-	(2,176,956)	
Term loans	9.18 6.85 - 7.85	(1,437,371)	(1,270,850)	(415,527)	(390,000)	(390,000)	(3,903,748)	
At 31 December 2013								
Fixed rates								
Fixed deposits	9.13 2.85 - 3.10	3,819,283	-	-	-	-	3,819,283	
Hire purchase and lease creditors	9.19 4.37 - 7.07	(707,594)	(248,523)	(92,251)	(81,014)	(28,933)	(1,158,315)	
Floating rates								
Bankers' acceptances	9.17 1.70 - 4.59	(13,438,412)	-	-	-	-	(13,438,412)	
Bank overdrafts	9.20 7.85 - 8.10	(705,103)	-	-	-	-	(705,103)	
Term loans	9.18 7.35 - 7.60	(512,769)	(235,107)	-	-	-	(747,876)	

13. ACCOUNTANTS' REPORT (cont'd)

*Eversafe Rubber Berhad (1133877 - V)
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9. HISTORICAL FINANCIAL INFORMATION (continued)**9.35 Financial risk management objectives and policies (continued)****(d) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

Entities operating in China and Hong Kong have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The following table demonstrates the sensitivity analysis of the combining entities to a reasonably possible change in the USD exchange rate against the functional currency of the combining entities, with all other variables held constant:

	30.9.2016 RM	2015 RM	2014 RM	2013 RM
Profit after tax USD/RM				
- strengthen by 3%	58,939	136,922	188,443	122,010
- weaken by 3%	(58,939)	(136,922)	(188,443)	(122,010)

Sensitivity analyses of other foreign currencies are not disclosed as they are not material to the combining entities.

9.36 Significant events during the financial year/period

- (a) On 2 May 2016, Olympic disposed of the entire issued and paid-up ordinary share capital of Olimpik Jaya (M) Sdn. Bhd. for a total cash consideration of RM145,389.

The effects of disposal of Olimpik Jaya (M) Sdn. Bhd. on the interim combined financial statement are as follow:

	30.9.2016 RM
Cost of other investment	125,012
Gain on disposal to the Group	20,377
Proceed from disposal	145,389

- (b) On 3 May 2016, Rubber Works acquired the entire equity interest of Olympic for a total consideration of RM4,670,702, which was satisfied in full by the allotment and issuance of 1,055,946 new ordinary shares of RM1.00 each in Rubber Works to the vendor. Consequently, Olympic became a wholly owned subsidiary of Rubber Works.

- (c) On 28 May 2016, the shareholders of Rubber Works agreed to dispose of their shareholding for a total consideration of RM48,148,447 to be satisfied in full by the allotment and issuance of 192,593,788 new ordinary shares of RM0.25 each in Eversafe Rubber. Consequently, Eversafe Rubber became the immediate holding company and Tai Hin & Son (PG) Sdn. Bhd. became the ultimate holding company of Rubber Works.

9.37 Significant events subsequent to the end of the reporting period

Bursa Securities has, *vide* its letter dated 14 December 2016, approved the application of Eversafe Rubber for the proposed listing of and quotation for the entire issued and paid-up share capital of Eversafe Rubber on the ACE Market of Bursa Securities.

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.38 Explanation of transition to MFRS

The combining entities adopted the MFRS Framework for the first time during the financial year ended 31 December 2014. The accounting policies set out in Section 7.2 of this Report have been applied in preparing the combined financial statements for the financial year ended 31 December 2014, as well as comparative information presented in these report for the financial year ended 31 December 2013 and in the preparation of the opening MFRS statement of financial position at 1 January 2013 (the date of transition to MFRSs).

There is no significant impact arising from the transition from PERSs to MFRSs on the financial position, financial performance and cash flows of Rubber Works and its subsidiaries. Accordingly, Rubber Works and its subsidiaries have not adjusted any amount previously reported in the financial statements that were prepared in accordance with the previous PERS Framework.

However, Olympic has adjusted amounts previously reported in its financial statements that were prepared in accordance with the previous PERS Framework. In preparing the opening statement of financial position at 1 January 2013, an explanation on the impact arising from the transition from PERSs to MFRSs on the financial position, financial performance and cash flows of Olympic is set out as follows:

(a) Reconciliation of combined financial position as at 1 January 2013

	Previously reported under PERSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
ASSETS			
Non-current assets			
Property, plant and equipment	19,467,705	334,454	19,802,159
Current assets			
Inventories	13,993,855	-	13,993,855
Trade receivables	20,078,156	-	20,078,156
Other receivables, deposits and prepayment	2,368,331	-	2,368,331
Amount owing by ultimate holding company	1,112,091	-	1,112,091
Amounts owing by related companies	519,101	(5,444)	513,657
Cash and bank balances	6,677,347	-	6,677,347
	<u>44,748,881</u>	<u>(5,444)</u>	<u>44,743,437</u>
TOTAL ASSETS	64,216,586	329,010	64,545,596
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Invested equity	10,093,752	-	10,093,752
Reserves	24,665,721	306,523	24,972,244
TOTAL EQUITY	34,759,473	306,523	35,065,996

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.38 Explanation of transition to MFRS (continued)

(a) Reconciliation of combined financial position as at 1 January 2013 (continued)

	Previously reported under PERSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
EQUITY AND LIABILITIES (continued)			
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	1,662,253	27,931	1,690,184
Borrowings	1,530,978	-	1,530,978
	3,193,231	27,931	3,221,162
Current liabilities			
Trade payables	4,039,749	-	4,039,749
Other payables and accrued expenses	4,066,584	-	4,066,584
Amounts owing to related companies	6,901	(5,444)	1,457
Amounts owing to Directors	298,718	-	298,718
Borrowings	17,697,256	-	17,697,256
Current tax liabilities	154,674	-	154,674
	26,263,882	(5,444)	26,258,438
TOTAL LIABILITIES	29,457,113	22,487	29,479,600
TOTAL EQUITY AND LIABILITIES	64,216,586	329,010	64,545,596

13. ACCOUNTANTS' REPORT (cont'd)



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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.38 Explanation of transition to MFRS (continued)

(b) Reconciliation of combined financial position as at 31 December 2013

	Previously reported under PERSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
ASSETS			
Non-current assets			
Property, plant and equipment	29,552,594	248,927	29,801,521
Current assets			
Inventories	13,364,253	-	13,364,253
Trade receivables	18,871,898	-	18,871,898
Other receivables, deposits and prepayment	854,361	-	854,361
Amount owing by ultimate holding company	143,261	-	143,261
Amounts owing by related companies	880,228	(21,468)	858,760
Current tax assets	296,585	-	296,585
Cash and bank balances	7,685,227	-	7,685,227
	42,095,813	(21,468)	42,074,345
TOTAL ASSETS	71,648,407	227,459	71,875,866
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Invested equity	10,093,752	-	10,093,752
Reserves	30,726,597	147,049	30,873,646
TOTAL EQUITY	40,820,349	147,049	40,967,398

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.38 Explanation of transition to MFRS (continued)

(b) Reconciliation of combined financial position as at 31 December 2013 (continued)

	Previously reported under PERSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
EQUITY AND LIABILITIES (continued)			
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	2,979,280	101,878	3,081,158
Borrowings	685,828	-	685,828
	3,665,108	101,878	3,766,986
Current liabilities			
Trade payables	4,196,582	-	4,196,582
Other payables and accrued expenses	7,310,067	-	7,310,067
Amount owing to ultimate holding company	7,734	-	7,734
Amounts owing to related companies	27,962	(21,468)	6,494
Amounts owing to Directors	189,977	-	189,977
Borrowings	15,363,878	-	15,363,878
Current tax liabilities	66,750	-	66,750
	27,162,950	(21,468)	27,141,482
TOTAL LIABILITIES	30,828,058	80,410	30,908,468
TOTAL EQUITY AND LIABILITIES	71,648,407	227,459	71,875,866

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.38 Explanation of transition to MFRS (continued)

- (c) Reconciliation of combined profit and loss and other comprehensive income for the financial year ended 31 December 2013

	Previously reported under PERSs RM	Effect on adoption of MFRSs RM	Restated under MFRSs RM
Revenue	80,816,104	-	80,816,104
Cost of sales	(63,010,434)	-	(63,010,434)
Gross profit	17,805,670	-	17,805,670
Other operating income	776,230	-	776,230
Distribution costs	(4,267,754)	-	(4,267,754)
Administration expenses	(4,568,899)	(25,527)	(4,594,426)
Other operating expenses	12,026	(60,000)	(47,974)
Profit from operations	9,757,273	(85,527)	9,671,746
Finance income	125,087	-	125,087
Finance costs	(622,368)	-	(622,368)
Profit before tax	9,259,992	(85,527)	9,174,465
Tax expense	(2,545,805)	(73,947)	(2,619,752)
Profit for the financial year, attributable to common controlling shareholders of the combining entities	6,714,187	(159,474)	6,554,713
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translations, net of tax	(111,123)	-	(111,123)
Total comprehensive income, attributable to common controlling shareholders of the combining entities	6,603,064	(159,474)	6,443,590

13. ACCOUNTANTS' REPORT (cont'd)



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Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.38 Explanation of transition to MFRS (continued)

(d) Reconciliation of combined statement of cash flows for the financial year ended 31 December 2013

	Previously reported under PERSS RM	Effect on adoption of MFRSS RM	Restated under MFRSS RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	9,259,992	(85,527)	9,174,465
Adjustments for:			
Bad debts written off	14,954	-	14,954
Depreciation of property, plant and equipment	2,428,188	85,527	2,513,715
Finance cost	622,367	-	622,367
Finance income	(125,087)	-	(125,087)
Impairment loss on trade receivables	33,000	-	33,000
Gain on disposal of property, plant and equipment	(332)	-	(332)
Property, plant and equipment written off	20	-	20
Net unrealised gain on foreign exchange	(871,443)	-	(871,443)
Operating profit before changes in working capital	11,361,659	-	11,361,659
Decrease in inventories	1,206,143	-	1,206,143
Decrease in trade receivables	2,528,647	-	2,528,647
Decrease in other receivables, deposits and prepayments	1,685,627	-	1,685,627
Decrease in amount owing by ultimate holding company	810,967	(810,967)	-
Increase in amounts owing by related companies	(361,077)	361,077	-
Decrease in trade payables	(1,044,378)	-	(1,044,378)
Increase in other payables and accrued expenses	2,921,848	-	2,921,848
Increase in amounts owing to ultimate holding company	157,863	818,701	976,564
Increase in amounts owing by/to related companies	310,422	(650,488)	(340,066)
Increase in amounts owing to ultimate holding company	7,734	(7,734)	-
Decrease in amounts owing to related companies	(289,411)	289,411	-
Decrease in amounts owing to Directors	(108,741)	-	(108,741)
Cash generated from operations	19,187,303	-	19,187,303
Interest paid	5,117	(5,117)	-
Tax refunded	110,672	-	110,672
Tax paid	(1,723,959)	-	(1,723,959)
Net cash from operating activities	17,579,133	(5,117)	17,574,016

13. ACCOUNTANTS' REPORT (cont'd)



Eversafe Rubber Berhad (1133877 - V)
Accountants' Report

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.38 Explanation of transition to MFRS (continued)

- (d) Reconciliation of combined statement of cash flows for the financial year ended 31 December 2013 (continued)

	Previously reported under PERSS RM	Effect on adoption of MFRSS RM	Restated under MFRSS RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	125,087	-	125,087
Proceeds from disposal of property, plant and equipment	18,500	-	18,500
Purchase of property, plant and equipment	(12,054,764)	-	(12,054,764)
Net cash used in investing activities	(11,911,177)	-	(11,911,177)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(542,188)	-	(542,188)
Interest paid	(627,484)	5,117	(622,367)
Net repayments of bank borrowings	(2,265,318)	570,109	(1,695,209)
Repayments of hire purchase payables	(964,340)	-	(964,340)
Placements of short-term deposits pledged as securities	(120,076)	-	(120,076)
Net cash used in financing activities	(4,519,406)	575,226	(3,944,180)
Net increase in cash and cash equivalents	1,148,550	570,109	1,718,659
Effect of foreign exchange rates changes	93,124	-	93,124
Cash and cash equivalents at beginning of financial year	1,959,724	(610,666)	1,349,058
Cash and cash equivalents at end of financial year	3,201,398	(40,557)	3,160,841

- (e) Sections to reconciliations

(i) Depreciation of property, plant and equipment

Under PERSS, depreciation of property, plant and equipment was calculated to write off the cost of the assets to their residual values on a reducing-balance method over their estimated useful lives. Upon transition to MFRSS, Olympic elected to apply the straight line basis over their estimated useful lives.

(ii) Presentation of trade receivables, cash and bank balances and expenses

Upon transition to MFRSS, Olympic reclassified the trade receivables, cash and bank balances, staff costs and other operating expenses, in accordance with their respective nature.

14. DIRECTORS' REPORT

EVERSAFE RUBBER BERHAD (1133877-V)

Lot 93, Portland Avenue, Tasek Industrial Estate, 31400 Ipoh, Perak, Malaysia.
Tel: +605 291 0599 Fax: +605 291 1699 Website: www.eversafe.com.my

Date: **20 MAR 2017**

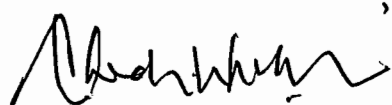
The shareholders of
Eversafe Rubber Berhad
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Dear Sir / Madam

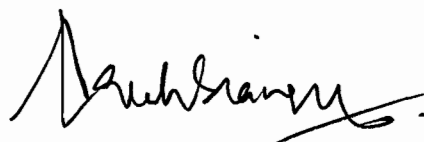
On behalf of the Board of Directors of Eversafe Rubber Berhad ("**Company**"), we wish to report after due inquiry by the Board of Directors of the Company, during the period from 30 September 2016 (*being the date which the last audited financial statements of the Company and its subsidiaries (collectively, the "**Group**") have been made up to ("**Date of Last Audited Financial Statements**")*) to the date of this letter (*being a date not earlier than 14 days before the issue of this Prospectus*), that:-

- (i) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the Date of Last Audited Financial Statements, which have adversely affected the trading or the value of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (v) there have been, since the Date of Last Audited Financial Statements, no defaults or any known events that could give rise to a default situation, on payments of either interest and/or principal sums in respect of any borrowings by the Group; and
- (vi) there have been, since the Date of Last Audited Financial Statements, no material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully
For and on behalf of the Board of Directors of
EVERSAFE RUBBER BERHAD



DATO' SERI CHEAH EU KIAT
Executive Director



CHEAH SIANG TEE
Chief Executive Officer / Executive Director

15. STATUTORY AND OTHER GENERAL INFORMATION

15.1 Share capital

- (i) No securities will be allotted, issued or offered on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (ii) There is no founder, management or deferred share in our Company. As at the date of this Prospectus, our Company has only one (1) class of shares, namely ordinary shares, all of which rank equally with one another.
- (iii) Save as disclosed in Sections 3.7, 4.3, 6.2, 6.3 and 6.4 of this Prospectus, no shares, stocks or debentures of our Group have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years preceding the date of this Prospectus.
- (iv) None of the share capital of our Company or any of our subsidiaries is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (v) Save for the IPO Shares reserved for our Directors and eligible employees as disclosed in Section 4.3.1(b) of this Prospectus and subject to our Listing as disclosed in Section 4 of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Group.
- (vi) Our Company and our subsidiaries do not have any outstanding convertible debt security as at the date of this Prospectus.

15.2 Extracts of our Constitution

The following is extracted from our Constitution and is qualified in its entirety by the remainder of our Constitution and by applicable law. The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless otherwise defined or the context otherwise requires.

15.2.1 Transfer of securities

The provisions in our Constitution in respect of the arrangements for transfer of the securities and restrictions on their free transferability are as follows:-

Clause 41

The transfer of any listed securities or class of listed securities of the Company shall be made by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 98 and 105 of the Act, and any exemption that may be made from compliance with subsection 105(2) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Clause 43

The Directors may decline to register any instrument of transfer of shares which are not fully paid (whether these are quoted or otherwise) to a person whom they do not approve. Subject to the Act, the Listing Requirements, the Central Depositories Act and the Rules, if the Directors refuse to register a transfer they shall send to the transferee written notice of the refusal and reasons therefore.

Clause 44

The Depository may, in its absolute discretion, refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Clause 45

Subject to the Central Depositories Act and the Rules, any Member may transfer all or any of its securities by instrument in writing in the form prescribed and approved by the Exchange and the Registrar (as the case may be). Subject to this Constitution, there shall be no restriction on the transfer of fully paid-up shares except where required by law. The instruments shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register and/or Record of Depositors as the case may be, in respect thereof. All transfer of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.

Clause 46

Subject to the Act, the Company may charge a fee not exceeding RM3.00 or such other amount as the law may allow the Company to charge (excluding any stamp duty and other charges payable) on the registration of each probate or letter of administration, certificate of death, stop notice, power of attorney or other document relating to or affecting the title to any shares or other securities, or otherwise for making any entry in the Register or any other register affecting the title to any shares or other securities.

Clause 47

Subject to the Rules, the Register may be closed for such periods as the Directors may from time to time determine provided that such register shall not be closed for more than thirty (30) days in any year. The Company shall before it closes such register:

- (1) give notice of such intended book closure (in the case of the Register) in accordance with Section 55 of the Act;*
- (2) give notice of such intended closure to the Exchange for such period as prescribed by the Exchange or any relevant governing laws and/or guidelines before the intended date of such closure including in such notice, such date, the reason for such closure and the address of the share registry at which documents will be accepted for registration.*

The Company shall give notice in accordance with the Rules to enable the Depository to prepare the appropriate Record of Depositors.

Clause 49

Subject to the Act, every entry in the Register, purporting to have been made on the basis of an instrument of transfer or other document in good faith by the Company shall be conclusively deemed to have been duly and properly made including (without limitation) where:

- (1) the instrument of transfer or other document is obtained or created fraudulently or is otherwise void, voidable or otherwise unenforceable; or*
- (2) the Company or any of its Directors or officers may have notice that such instrument of transfer was signed, executed and/or delivered by the transferor or other authorised person in blank as to the name of the transferee or the particulars of the shares transferred or otherwise made defectively,*

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

and any person who becomes the registered holder of any shares by reason of any such entry shall be entitled to be recognised as the registered holder of such shares, and the Company, its Directors and/or other officers shall not be liable to any person by reason of any such entry being made.

Clause 50

Neither the Company nor any of its Directors shall be liable for any transfer of shares effected by the Depository.

15.2.2 Remuneration of Directors

The provisions in our Constitution in respect of remuneration of our Directors are as follows:-

Clause 110

Subject to this Constitution, the fees and benefits of the Directors shall from time to time be determined by the Company in general meeting provided always:

- (1) Directors' fees and benefits payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;*
- (2) salaries payable to Directors holding any executive office pursuant to a contract of service need not be determined by the Company in general meeting but such salaries may not include a commission on or a percentage of turnover;*
- (3) all remuneration payable to Directors shall be deemed to accrue from day to day;*
- (4) fees and benefits payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;*
- (5) any fee or benefit paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.*

Clause 111

The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

Clause 112

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

- (1) render any special or extra services to the Company; or*
- (2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.*

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

15.2.3 Voting and borrowing powers of Directors

The provisions in our Constitution dealing with voting powers of our Directors in the proposals, arrangements or contracts and the borrowing powers exercisable by them are as follows:-

Clause 143

Subject to this Constitution, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary at the request of a Director shall, call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall (subject to Clause 146) have a second or casting vote.

Clause 144

The quorum for the transaction of the business of the Directors or of a committee of Directors may be fixed by the Directors or the members of the committee (as the case may be) and unless so fixed at any other number shall be two (2). A person who holds office only as an alternate Director shall, if his appointor is not present, be counted in the quorum.

Clause 145

The Directors may appoint one of their members to be Chairman of the board of Directors. The Chairman may hold any executive office with the Company. The Chairman or (if he is absent or unwilling to act or there is no Chairman) the managing director shall preside as chairman of a meeting of Directors. If neither the Chairman or managing director are present within fifteen (15) minutes after the time appointed for the meeting or if Chairman or managing director is unwilling to act, the Directors present may appoint a Director to preside as the chairman of the meeting.

Clause 146

When two (2) Directors form a quorum, the chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a casting vote. Otherwise, in the case of an equality of votes, the Chairman shall have a second or casting vote.

Clause 147

All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Clause 150

Except as otherwise provided by this Constitution, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, a personal interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs:

- (1) in a case where the contract or proposed contract relates to any loan to the company that he has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or*
- (2) in a case where the contract or proposed contract has been or will be made with or for the benefit of or on behalf of a Related Corporation - that he is a director of that corporation.*

For avoidance of doubt, a Director shall be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

Clause 151

Where proposals under consideration are concerning or relating to the terms of employment, consultancy or other services of or to be provided by Directors to or with the Company or any body corporate in which the Company is interested or other related matters, the proposals may be divided and considered in relation to each Director separately and (provided he is not for another reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own.

Clause 152

If a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the Chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive.

Clause 124

Except as provided by Clause 125, the Directors may exercise all the powers of the Company to borrow money of any sum or sums from any person, bank, firm or company and to mortgage or charge its undertaking, property and uncalled capital, and any part thereof and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company, its Subsidiaries or any other party. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its Subsidiaries.

Clause 125

The Directors shall not borrow any money or mortgage or charge any of the Company's or its Subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Clause 126

The Company shall keep a 'register of charges' in accordance with Section 357 of the Act. No fee shall be charged for any inspection of such register by a Member or a creditor of the Company.

15.2.4 Changes in capital and variation of class rights

The provisions in our Constitution in respect of changes in capital or variation of class rights, which are as stringent as those provided in CA 2016, are as follows:-

Clause 9

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 (subject to Section 90 of the Act and whether or not the Company is being wound up) be varied or abrogated in accordance with Section 91 of the Act

To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons and any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, Section 292 of the Act shall with such adaptations as are necessary apply.

Clause 11

Subject to Section 91 of the Act, the rights attached to any class shall not (unless otherwise provided by the terms of issue of such shares) be deemed to be varied by the creation or issue of further shares ranking in any respect pari passu with that class.

Clause 12

Subject to the Act and this Constitution, the Directors may offer, issue, allot (with or without conferring a right of renunciation) shares of the Company (whether forming part of the original or any increased capital), grant options over, grant any right or rights to subscribe for such shares or any right or rights to convert any Security into such shares, or otherwise deal with or dispose of them to such persons at such times and on such terms and conditions as they may determine.

Clause 13

Clause 12 shall be subject to the following provisions:

- (1) the Company shall not offer, issue, allot, grant options over shares, grant any right or right to subscribe for shares or any right or rights to convert any security into shares or otherwise deal with or dispose of shares which will or may have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meeting;*
- (2) no Director shall participate in a Share Issuance Scheme unless the Members in general meeting have approved the specific allotment to such Director; and*
- (3) the rights attached to shares of a class other than ordinary shares shall be expressed in the resolution creating them.*

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Clause 15

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

Clause 16

Notwithstanding Clause 15 (but subject to the Act and the Listing Requirements), the Company may waive the requirement from convening a general meeting to obtain shareholders' approval for further issue or issues of shares (other than bonus or rights issues) where:

- (1) the aggregate issues of shares (other than bonus and rights issues and other issues of shares which have been specifically approved by the shareholders in a general meeting) in any one financial year in which such further issue or issues are made do not exceed 10% (or such higher percentage as the Exchange may from time to time allow either in respect of a particular financial year, generally or otherwise) of the Company's issued share capital; and*
- (2) there is in force a resolution of the Company in general meeting authorising the Directors to make such further issue or issues as stated above.*

Clause 21

Subject to the Act and this Constitution, any preference shares may with the sanction of an ordinary resolution of shareholders in general meeting be issued on terms that they are, or at the option of the Company are liable to be redeemed on such terms and in such manner as may be provided for by this Constitution as the Board may think fit.

Clause 67

The Company may by special resolution:

- (1) consolidate and divide all or any of its share capital;*
- (2) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.*

Anything done in pursuance of this Clause, shall be done in manner provided and subject to any conditions imposed by the Act, so far as they shall be applicable, and, so far as they shall not be applicable, in accordance with the terms of the resolution authorising the same, and, so far as such resolution shall not be applicable, in such manner as the Directors deem most expedient.

15. STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Clause 70

The Company may by special resolution in accordance with Section 115 of the Act reduce its share capital and any capital redemption reserve or share premium account remaining in the Company on the coming into effect of the Act in any manner authorised by law. The Company shall give notice to the Registrar in accordance with the Act of such alteration in capital.

Clause 71

Without prejudice to the rights attached to any existing shares or class of shares, the Company in general meeting may by ordinary resolution increase its capital by the allotment of shares carrying such rights and restrictions, as the resolution specifies provided that where the capital of the Company consists of shares of different voting rights (if specified in such resolution) shall be prescribed in such a manner that a unit of capital in each class shall carry such different voting power when such right is exercisable.

Clause 72

Except so far as otherwise provided by the conditions of issue, all new shares shall be subject to the same provisions as to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the existing share capital.

Clause 174

- (1) *The Directors may resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that the sum be set free for distribution among the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same not be paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by those Members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and among the Members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution.*
- (2) *Whenever such a resolution as aforesaid is passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional shares or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled on the capitalization, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members.*

15. STATUTORY AND OTHER GENERAL INFORMATION *(cont'd)*

15.2.5 Limitation on the right to hold securities and/or exercise voting rights

Save for Clauses 75 and 98 as set out below which have been reproduced from our Constitution, there is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by law or by the constituent documents of our Company:-

Clause 75

In accordance with the Rules, the Company shall inform the Depository of the dates of the general meetings and the Company shall request the Depository to issue a Record of Depositors in accordance with the Rules of the Depository, to whom notices of general meetings shall be given by the Company. The Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the general meeting ('General Meeting Record of Depositors'). Subject to the Regulations and notwithstanding any provisions in the Act, a Depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

Clause 98

No Member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy or attorney, in respect of any share held by him unless all calls and other moneys presently payable by him in respect of that share have been paid.

15.3 Deposited securities and rights of Depositors

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

15.4 General

- (i) Save as disclosed in Section 4.8 of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by our Group within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any share in or debenture of our Group and in connection with the issue or sale of any capital of our Group and no Director or Promoter or expert is or are entitled to receive any such payment or any other benefits.
- (ii) During the last financial year and the current financial period up to the LPD, there were no:-
 - (a) public take-over offers by third parties in respect of our Company's securities; and

15. STATUTORY AND OTHER GENERAL INFORMATION *(cont'd)*

- (b) public take-over offers by our Company in respect of any other company's securities.
- (iii) Save as disclosed in Section 9.1.1 of this Prospectus, there is no person, so far as known to us, who directly or indirectly, jointly or severally, exercise control over us. In addition, there is no arrangement as at the LPD, the operation of which may at a subsequent date result in a change in control over us.

15.5 Material contracts

Save as disclosed below, our Company and our subsidiaries have not entered into any material contract which is not in the ordinary course of our Group's business during the two (2) years preceding the date of this Prospectus:-

- (i) a sale and purchase agreement dated 29 April 2016 entered into between Rubber Works and Tai Hin, wherein Rubber Works agreed to purchase and Tai Hin agreed to sell the entire equity interest in Olympic comprising 250,002 ordinary shares for a purchase consideration of RM4,670,702 satisfied in full by the allotment and issuance of 1,055,946 new ordinary shares in Rubber Works;
- (ii) the sale and purchase agreement dated 28 May 2016 for the Acquisition of Rubber Works;
- (iii) a distribution agreement dated 1 September 2016 entered into between Rubber Works and Drislew International S.A., a company incorporated under the laws of Uruguay ("**Distributor**"), wherein Rubber Works has agreed to appoint the Distributor to promote and sell tyre retreading materials produced by Rubber Works ("**Products**") to the South American market for a period of 3 years commencing 1 September 2016 and renewable at the discretion of both parties. The distribution agreement may be terminated by either party with a written notice of at least 90 calendar days prior to such termination provided that all outstanding obligations of the parties must be fulfilled.

The salient terms contained in the distribution agreement are as follows:-

- (a) the Distributor must pay a deposit to Rubber Works for the Products upon order and the balance shall be settled in full not later than 90 days from the bill of lading;
- (b) Rubber Works shall observe the exclusive right of the Distributor in South America for commercial distribution of the Products;
- (c) Rubber Works shall replace any Products with manufacturing defect at discounted price upon further purchase / import by the Distributor;
- (d) the Distributor shall promote and distribute the Products in South America. All costs related to the promotion and publicity of the Products as well as the development of new products, new equipment and new technology shall be shared by both parties; and
- (e) the Distributor shall bear sole responsibility for actions of consumers who do not observe the technical conditions of the Products; and
- (iv) the Underwriting Agreement.

15. STATUTORY AND OTHER GENERAL INFORMATION *(cont'd)*

15.6 Material litigation

Neither our Company nor our subsidiaries as at the date of this Prospectus, is involved in any material litigation or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or financial position of our Group, and our Directors are not aware of any legal proceeding, pending or threatened, or of any fact likely to give rise to any legal proceeding which may have a material adverse effect on the business or financial position of our Group.

15.7 Consents

The written consents of our Principal Adviser, Sponsor, Sole Underwriter, Sole Placement Agent, Solicitors, Principal Bankers, Issuing House and Share Registrar, and Company Secretaries as set out in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants for the inclusion of its name, Accountants' Report and Reporting Accountants' report on the compilation of the pro forma financial information, and all references thereto in the form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the independent market researcher for the inclusion of its name and the IMR Report 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.

15.8 Documents available for inspection

Copies of the following documents may be inspected at our registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia during office hours for a period of twelve (12) months from the date of this Prospectus:-

- (i) our Constitution;
- (ii) our material contracts referred to in Section 15.5 above;
- (iii) the Reporting Accountants' report on the compilation of the pro forma financial information and the Accountants' Report as referred to in Sections 12.13 and 13 respectively of this Prospectus;
- (iv) the Directors' Report as referred to in Section 14 of this Prospectus;
- (v) the letters of consent referred to in Section 15.7 above;
- (vi) the Independent Auditors' report on the combined financial statements of Rubber Works and its subsidiaries for FYEs 2013, 2014 and 2015 as well as FPE 2016;
- (vii) the audited financial statements of Eversafe Rubber for the period from 5 March 2015 (*date of our incorporation*) to 31 December 2015 as well as FPE 2016;

15. STATUTORY AND OTHER GENERAL INFORMATION *(cont'd)*

- (viii) the audited financial statements of our subsidiaries for FYEs 2013, 2014 and 2015 as well as FPE 2016;
- (ix) the IMR Report dated 22 February 2017, as set out in Section 8 of this Prospectus; and
- (x) the full IMR Report dated 22 February 2017 prepared by Infobusiness Research & Consulting Sdn Bhd.

15.9 Responsibility statements

Our Directors, Promoters and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. 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 facts which if omitted, would make any statement in this Prospectus false or misleading.

Mercury Securities as the Principal Adviser and Sponsor, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 Opening and closing of applications

Applications will be accepted from 10.00 a.m. on 31 March 2017 and will remain open until 5.00 p.m. on 10 April 2017 or such other date(s) as our Directors and Promoters, together with our Sole Underwriter may, in their absolute discretion, mutually decide.

Any extension of the closing date for the applications will be advertised in widely circulated Bahasa Malaysia and English daily newspapers in Malaysia. **Late applications will not be accepted.**

16.2 Methods of Application

Applications for our Issue Shares may be made using any of the following ways:-

- (i) Application Forms; or
- (ii) Electronic Share Applications; or
- (iii) Internet Share Applications.

16.3 Procedures for Application

The applications for our Issue Shares shall be made in connection with and subject to the terms of this Prospectus and our Constitution.

The following relevant Application Form issued with the notes and instructions printed therein is enclosed and issued together with this Prospectus and form an integral part of this Prospectus:-

16.3.1 Applications by the Malaysian Public

Applications for the 12,500,000 Issue Shares made available for application by the Malaysian Public (*of which at least 50% is reserved for subscription by Bumiputera public*) must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for our Issue Shares by way of Electronic Share Application or Internet Share Application.

16.3.2 Application by Eligible Persons

Application for the 11,500,000 Issue Shares made available for subscription by the Eligible Persons must be made on the **Pink Application Forms** provided ONLY and not by way of other Application Forms or Electronic Share Application or Internet Share Application. The amount payable in full on Application is RM0.36 per Issue Share.

16.3.3 Applications by institutional and selected investors by way of private placement

Institutional and selected investors being allocated IPO Shares under this category will be contacted directly by the placement agent(s) and are to follow the instructions as communicated by the placement agent(s). Bumiputera institutional and selected investors approved by the MITI who have been allocated IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

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

16.4 Procedures for application by way of an Application Form

The following relevant Application Forms issued with their notes and instructions are enclosed in this Prospectus:-

(i) **White Application Forms** for application by the Malaysian Public

White Application Forms together with copies of this Prospectus may be obtained, subject to availability from the following parties:-

- Mercury Securities;
- Participating organisations of Bursa Securities;
- Members of the Association of Banks in Malaysia;
- Members of the Malaysian Investment Banking Association; and
- Issuing House

The submission of an Application Form does not necessarily mean that the Application will be successful.

Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for our Issue Shares.

Only one (1) Application Form from each applicant will be considered and applications must be for 100 Shares or multiples thereof. Multiple applications will not be accepted. A person who submits multiple applications in his/her own name or by using the name of others, with or without their consent, commits 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.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications **must have a CDS account**.

The amount payable in full on application is RM0.36 per Issue Share. Persons submitting applications by way of Application Forms **may not** submit applications by way of Electronic Share Applications or Internet Share Applications and *vice versa*. A corporation or institution cannot apply for our Issue Shares by way of Electronic Share Application or Internet Share Application.

IF YOU ARE AN INDIVIDUAL AND YOU ARE NOT A MEMBER OF THE MALAYSIAN ARMED FORCES OR POLICE, YOUR NAME AND NATIONAL REGISTRATION IDENTITY CARD ("**NRIC**") NUMBER MUST BE EXACTLY THE SAME AS STATED IN:-

- (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
- (iv) THE RECORDS OF BURSA DEPOSITORY.

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

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 CORPORATION / INSTITUTION, THE NAME AND CERTIFICATE OF INCORPORATION NUMBER MUST BE EXACTLY THE SAME AS THAT STATED IN THE CORPORATION'S / INSTITUTION'S CERTIFICATE OF INCORPORATION OR CERTIFICATE OF CHANGE OF NAME.

Insert the relevant Application Form together with payment and a legible photocopy of your identification document (*NRIC / valid temporary identity document as issued by the National Registration Department / "Resit Pengenalan Sementara (KPPK 09)" / authority card for armed forces or police personnel / certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable)*) into the Official "A" envelope and seal it.

You must write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC / valid temporary identity document as issued by the National Registration Department / "Resit Pengenalan Sementara (KPPK 09)" / authority card for armed forces or police personnel / certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (*where applicable*).

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

No acknowledgement of the receipt of the Application Form or application monies will be made by us and/or the Issuing House.

16.4.1 Terms and conditions of Applications using Application Forms

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions as set out below:-

- (i) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (*White Application Forms only*).
- (ii) If you are a corporation / institution incorporated in Malaysia, you must have a CDS account and be subject to the following:-
 - if you have a share capital, more than half of the issued share capital (*excluding preference share capital*) is held by Malaysian citizens; and
 - there is a majority of Malaysian citizens on your board of directors / trustees.
- (iii) If you are a superannuation, provident or pension fund, you must be established or operating in Malaysia and must have a CDS account.
- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in **Sections 16.4.1(ii) and (iii)** above or the trustees thereof.

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

- (v) Applications for our Issue Shares must be made on the White Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. 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 will not be accepted.
- (vi) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE IN ANY OF THE FOLLOWING MANNER:-
- 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*); OR
 - MONEY ORDER OR POSTAL ORDER (*FOR APPLICANTS FROM SABAH AND SARAWAK ONLY*); OR
 - GUARANTEED GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (*DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS*); OR
 - ATM STATEMENT OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:-
 - Hong Leong Bank Berhad;
 - Malayan Banking Berhad; or
 - RHB Bank Berhad.
- AND MUST BE MADE OUT IN FAVOUR OF "TIIH SHARE ISSUE ACCOUNT NO. 672" AND CROSSED "A/C PAYEE ONLY" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND ADDRESS.
- APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFT / CASHIER'S ORDER / MONEY ORDER OR POSTAL ORDER / GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.
- (vii) YOU **MUST** STATE 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 YOUR CDS ACCOUNT TO THE ISSUING HOUSE / OUR COMPANY.
- (viii) YOUR NAME AND ADDRESS MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.

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

- (ix) If you are successful in your application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of notice issued to you to ascertain the regularity or propriety of your Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expense incurred or to be incurred by you for the purpose of complying with this provision.
- (x) The Issuing House, acting on the authority of our Board, reserves the right to reject any Application which does not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (xi) The Issuing House, acting on the authority of our Board, reserves the right not to accept any Application in whole or in part without giving any reason therefor. Due consideration will be given to the desirability of allotting or allocating our Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (xii) If you are unsuccessful / partially successful in your Application, your application monies will be refunded without interest in the following manner:-
 - (a) The application monies or the balance of it, as the case may be, will be refunded to you via a banker's draft sent in a self-addressed and stamped Official "A" envelope you provided by ordinary post (*for fully unsuccessful applications*) or by crediting into your bank account (*the same bank account you have provided to Bursa Depository for purposes of cash dividend / distribution*) or if you have not provided such bank account information to Bursa Depository, then the application monies will be refunded via a banker's draft sent by ordinary / registered post to your address maintained with Bursa Depository (*for partially successful applications*) within ten (10) Market Days from the date of the final ballot at your own risk.
 - (b) If your Application was rejected because you did not provide a CDS Account number, your application monies will be refunded via a banker's draft sent to the address stated in the NRIC or "Resit Pengenalán Sementara (KPPK 09)" or any valid temporary identity document issued by the National Registration Department from time to time or the Authority Card in the case of armed forces or police personnel at your own risk.
 - (c) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which subsequently rejected or unsuccessful or only partly successful will be refunded without interest as per item (a) and (b) above (*as the case may be*).
 - (d) The Issuing House, acting on the authority of our Board, reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants. These monies will be refunded by crediting into your bank account (*the same bank account you have provided to Bursa Depository for purposes of cash dividend / distribution*) or if you have not provided such bank account information to Bursa Depository or as per item (b) above (*as the case may be*), then the application monies will be refunded via a banker's draft sent by ordinary / registered post to your address maintained with Bursa Depository within ten (10) Market Days from the date of the final ballot.

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

(xiii) You shall ensure that your personal particulars stated in the Application Form are identical with the records pertaining to you as maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in your address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

(xiv) You must submit your completed Application Form together with the appropriate remittance and legible photocopy of the relevant documents by **ORDINARY POST** in the official envelopes provided, to the following address:-

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

OR DELIVERED BY HAND AND DEPOSITED in the drop-in boxes provided at the following address:-

Customer Service Centre

Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

or

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

so as to arrive not later than 5.00 p.m. on 10 April 2017, or such other date(s) as our Directors and Promoters, together with our Sole Underwriter may, in their absolute discretion, mutually decide.

We will not accept late applications.

(xv) Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for our Issue Shares.

(xvi) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO THE ISSUING HOUSE.

(ii) **Pink Application Forms** for application by the Eligible Persons

The Eligible Persons will be provided separately with **Pink Application Forms** and letters by us detailing their respective allocation. The applicants must follow the notes and instructions in the said documents and where relevant, in this Prospectus. The amount payable in full on application is RM0.36 per Issue Share.

Eligible Persons who apply for our Issue Shares allocated to them **must have a CDS account and a correspondence address in Malaysia.**

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

Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from the following locations stated below:-

- (a) our Company;
- (b) the Issuing House; and
- (c) ADAs disclosed in Section 17 of this Prospectus.

Any delivery charges, if applicable, will be borne by our Company.

Eligible Persons are not precluded from making additional applications using the White Application Form or the Electronic Share Application or the Internet Share Application.

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

16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution (as detailed in **Section 16.5.1(iv)** below) and an ATM card issued by that Participating Financial Institution to access the account;
- (ii) You **must** have a CDS account;
- (iii) You are to apply for our Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in **Section 16.5.2** below under the terms and conditions for Electronic Share Application. You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:-
 - Personal Identification Number (PIN);
 - **TIH Share Issue Account No. 672;**
 - CDS account number;
 - Number of Issue Shares applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.
- (iv) Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches with the respective processing fee:-

- 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;

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

- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad *(at selected branches only)* – RM2.50.

16.5.2 Terms and conditions of Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the “**Steps**”). You must complete all the Steps and follow the instructions set out on the ATM screen to complete an Electronic Share Application. You are advised to 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.

Only an applicant who is an individual with a CDS account is eligible to utilise the facility and in the case of a joint account, an individual CDS account registered in your name which is to be used for the purpose of the Application if you are making the Application instead of a CDS account registered in the joint account holder’s name.

You must have an existing bank 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 that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the 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 a record that you have completed a transaction at the ATM and not a record that the Issuing House or we have received any part of your Application. **Do not submit your Transaction Record with any Application Form. It is for your own retention.**

Upon the closing of the application for our Issue Shares, on 10 April 2017 at 5.00 p.m. or such other date(s) as our Directors and Promoters, together with our Sole Underwriter may, in their absolute discretion, mutually decide (“**Closing Date and Time**”), the Participating Financial Institutions shall submit a magnetic tape containing its respective customers’ applications for our Issue 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 and Time.

You are allowed to make an Electronic Share Application for our Issue Shares via an ATM that accepts the ATM cards of the Participating Financial Institutions with which you have an account and its branches, subject to you making only one (1) Application.

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN APPLYING FOR OUR ISSUE SHARES, EVEN WHEN YOU HAVE A JOINT ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTIONS. 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 CONDITIONS.

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

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions appearing below:-

- (i) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Constitution.
- (ii) You will have to confirm and undertake that the following statements are true and correct (*by depressing pre-designated keys or buttons on the ATM keyboard*):-
 - You are at least 18 years of age as at the Closing Date and Time of our IPO Share Application;
 - You are a Malaysian citizen residing in Malaysia;
 - You have read the Prospectus and understood and agreed with the terms and conditions of this Application;
 - This is the only Application that you are submitting; and
 - You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to the Issuing House and other relevant authorities.

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

- (iii) **YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OUR ISSUE SHARES AS A NOMINEE OF ANY OTHER PERSONS AND THAT YOUR ELECTRONIC SHARE APPLICATION IS MADE ON YOUR OWN ACCOUNT AS A BENEFICIAL OWNER. YOU WILL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR ISSUE SHARES, WHETHER AT THE ATMs OF ANY PARTICIPATING FINANCIAL INSTITUTIONS, ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET SHARE APPLICATION.**
- (iv) You must have sufficient funds in your bank account with the relevant Participating Financial Institutions at the time you make the 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.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue 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 such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (*by action of depressing the pre-designated key or button on the ATM*) of the number of Issue Shares applied for shall signify, and shall be treated as your acceptance of the number of Issue Shares that may be allotted or allocated to you and to be bound by our Constitution.

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

- (vi) The Issuing House, on the authority of our Board, reserves the right to reject or accept any Electronic Share Application in whole or in part without giving any reason. Due consideration will be given to the desirability of allotting or allocating our Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (vii) If your Electronic Share Application is not successful or successful in part only, the Issuing House shall inform the relevant Participating Financial Institutions of the non-successful or partially successful Applications within two (2) Market Days after the balloting date. The relevant Participating Financial Institutions will credit the full amount of the application monies or the balance of it *(as the case may be)* in RM *(without interest or any share of revenue or other benefit arising therefrom)* into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House. You may check your account on the fifth (5th) Market Day from the balloting day.

For any successfully balloted Applications which are subsequently rejected, the application monies relating to these Applications will be refunded *(without interest or any share of revenue or other benefit arising therefrom)* by the Participating Financial Institution by crediting into your account within ten (10) Market Days from the date of the final ballot.

A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. For Applications that are held in reserve and are subsequently unsuccessful *(or only partly successful)*, the Issuing House shall inform the relevant Participating Financial Institutions of the non-successful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institutions will then credit the application monies *(or any part thereof but without interest or any share of revenue or other benefit arising therefrom)* into your account within two (2) Market Days after the receipt of written confirmation from the Issuing House.

If you encounter any problems in your Applications, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us:-
- to credit our Issue Shares allotted or allocated to you into your CDS account; and
 - to issue share certificate(s) representing such Issue Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.
- (ix) You, acknowledging that the Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in our control, or the control of the Issuing House, the Participating Financial Institutions or Bursa Depository, irrecoverably agree that if:-
- we or the Issuing House do/does not receive your Electronic Share Application; and
 - your application data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible to us or the Issuing House, or not transmitted or communicated to us or the Issuing House,

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

you shall be deemed not to have made an Electronic Share Application and shall not have any claim whatsoever against us, the Issuing House, the Participating Financial Institutions or Bursa Depository for our Issue Shares applied for or for any compensation, loss or damage arising from it.

- (x) All of 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 we, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, the Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in your address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:-
- in consideration of our Company making available the Electronic Share Application facility to you, through the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - we, the Issuing House, the Participating Financial Institutions and Bursa Depository shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown or failure of transmission or communication facilities or to any cause beyond our / their control;
 - notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase our Issue Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notice of allocation by us or on our behalf for prescribed securities in respect of our Issue Shares;
 - 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 Issue Shares allotted to you; and
 - you agree that in the event of legal disputes arising from the use of the Electronic Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and that you agree to submit to the exclusive jurisdiction of Courts of Malaysia.
- (xiii) If you are successful in your Electronic Share Application, our Board reserves the right to require you 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 your Application is genuine and valid. Our Board is not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) The Issuing House, on the authority of our Board, reserves the right to reject Applications which do not conform to these instructions.

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

16.6 Procedures for application by way of an Internet Share Application

16.6.1 Steps for Internet Share Application through an Internet Participating Financial Institution

The exact steps for Internet Share Application for our Issue 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 the possible steps of an Application for our Issue Shares using Internet Share Application.

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

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for our Issue Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (ii) Log in to the Internet financial services facility by entering your user identification and PIN / password.
- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of our Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) After selecting the designated hyperlink on the screen, you will confirm and undertake that the following mandatory statements are true and correct:-
 - (a) You are at least 18 years of age as at the Closing Date and Time of our Issue Shares application.
 - (b) You are a Malaysian citizen residing in Malaysia.
 - (c) 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.
 - (d) 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 our Issue Shares.

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

- (e) The Internet Share Application is the only application that you are submitting for our Issue Shares.
- (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution.
- (g) You give your express consent in accordance with the relevant laws of Malaysia (*including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA*) 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 authorities.
- (h) You are not applying for our Issue Shares as a nominee of any other persons and the Application is made in your own name as a beneficial owner and subject to the risks referred to in this Prospectus.
- (i) 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 our Issue Shares, 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 Institutions, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our Issue Shares. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Share Application services.
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your Application of our Issue Shares.
- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen on the website through which the online payment for the application of our Issue Shares is being made.
- (xi) Subsequent to the above, the Internet Participating Financial Institutions shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and retention.

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

16.6.2 Terms and conditions for Internet Share Application

Your Application for our Issue Shares may be made through the Internet financial services websites of the Internet Participating Financial Institutions.

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

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions with the respective processing fee:-

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

PLEASE READ THE TERMS OF THIS PROSPECTUS, TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, BEFORE YOU MAKE AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR THE INTERNET SHARE APPLICATIONS IN RESPECT OF OUR ISSUE 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 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 set out below:-

- (i) In order to make an Internet Share Application, you must:-
 - be an individual with a CDS account and in the case of a joint account, an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the Application instead of a CDS account registered in the joint account holder's name;

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

- have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification and PIN / password for the relevant Internet financial services facilities; and
- be a Malaysian citizen and have a Malaysian address.

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

(ii) An Internet Share Application shall be made on and shall be subject to the terms and conditions of this Prospectus and our Constitution.

(iii) You are required to confirm the following statements *(by selecting the designated hyperlink on the relevant screen of the Internet financial services websites of the Internet Participating Financial Institutions)* and to undertake that the following information given is true and correct:-

- You have attained 18 years of age as at the date of the application for our Issue Shares.
- You are a Malaysian citizen residing in Malaysia.
- 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.
- You agree to all the terms and conditions of the Internet Share Application as set out in the 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 our Issue Shares.
- The Internet Share Application is the only application that you are submitting for our Issue Shares.
- You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution.
- You give your express consent in accordance with the relevant laws of Malaysia *(including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA)* to the disclosure by the Internet Participating Financial Institutions, the Authorised Financial Institutions 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 authorities.
- You are not applying for our Issue Shares as a nominee of any other persons and the application is made in your own name, as a beneficial owner and subject to the risks referred to in this Prospectus.

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

- You authorise the Internet Participating Financial Institutions 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 our Issue Shares, 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 Institutions, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our Issue Shares. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Share Application services.

- (IV) YOUR APPLICATION WILL NOT BE SUCCESSFULLY COMPLETED AND CANNOT BE RECORDED AS A COMPLETED APPLICATION UNLESS YOU HAVE COMPLETED ALL RELEVANT APPLICATION STEPS AND PROCEDURES FOR THE INTERNET SHARE APPLICATION WHICH WOULD RESULT IN THE INTERNET FINANCIAL SERVICES WEBSITE DISPLAYING THE CONFIRMATION SCREEN.

For the purposes of this section of the Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of our Issue 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 16.6.2(iii) above.

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for our Issue 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 strictly conform to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made, shall be rejected.
- (vi) You irrevocably agree and undertake to subscribe for and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of such Issue Shares that may be allotted or allocated to you. In the event that we decide to allot or allocate any lesser amount of Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept our decision as final.

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

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Issue 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:-

- your acceptance of the number of Issue 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
 - your agreement to be bound by our Constitution.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our Issue Shares will be rejected. The Issuing House, on the authority of our Board, reserves the right to reject or accept any Internet Share Application in whole or in part without assigning any reason. Due consideration will be given to the desirability of allotting or allocating our Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (viii) If your Internet Share Application is unsuccessful or partially successful, the Issuing House shall inform the relevant Internet Participating Financial Institutions of the unsuccessful or partially successful Internet Share Applications within two (2) Market Days after the balloting date. The Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it *(as the case may be)* 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.

For any successfully balloted Applications which are subsequently rejected, the application monies relating to these Applications will be refunded *(without interest or any share of revenue or other benefit arising therefrom)* by the Internet Participating Financial Institution by crediting into your account within ten (10) Market Days from the date of the final ballot.

A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. For Applications that are held in reserve and are subsequently unsuccessful *(or only partly successful)*, the Issuing House shall inform the relevant Internet Participating Financial Institutions of the non-successful or partially successful Applications within two (2) Market Days after the final balloting date. The Internet Participating Financial Institutions will then credit the application monies *(or any part thereof but without interest or any share of revenue or other benefit arising therefrom)* into your account within two (2) Market Days after the receipt of written confirmation from the Issuing House.

Except where the Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions 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 Issue Shares allotted, if any, before trading of our Shares on the Bursa Securities.

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

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 10 April 2017 or such other date(s) as our Directors and Promoters, together with our Sole Underwriter may, 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 Application will not be accepted.**
- (x) You irrevocably agree and acknowledge that the Internet Share Application is subject to the risk of electrical, electronic, technical, transmission and communication and computer related faults and breakdowns, fires and other events which are not in our control, or the control of the Issuing House, the Internet Participating Financial Institutions and the Authorised Financial Institutions. If we, the Issuing House, the Internet Participating Financial Institutions and/or the Authorised Financial Institutions do not receive your Internet Share Application and/or the payment, or if any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, 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 Institutions and the Authorised Financial Institutions in relation to our Issue Shares applied for or for any compensation, loss or damage arising from it.
- (xi) All of your particulars in the records of the relevant Internet Participating Financial Institutions at the time of the Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the 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 Institutions are correct and identical, otherwise your Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (xii) By making and completing an Internet Share Application, you are deemed to have agreed that:-
- in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institutions acting as our agents, the Internet Share Application is irrevocable;
 - you have irrevocably requested and authorised us to register our Issue Shares allotted to you for deposit into your CDS account;
 - neither us nor the Internet Participating Financial Institutions, shall be liable for any delays, failures or inaccuracies in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the Issuing House and Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.6.2(x) above or to any cause beyond our / their control;

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

- you shall hold the Internet Participating Financial Institutions harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, the Issuing House and/or the Internet Participating Financial Institutions 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 Institutions;
- the acceptance of your offer to subscribe for and the purchase of our Issue Shares for which your Internet Share Application has been successfully completed shall be constituted by the issue of a notice of allotment by us or on our behalf for prescribed securities in respect of our Issue Shares, notwithstanding the receipt of any payment by us or on our behalf;
- you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
- in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, our Sole Underwriter, Sponsor, Principal Adviser and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application; and
- our acceptance of your Internet Share Application and the contract resulting from our IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.

16.7 Applications and acceptances

The Issuing House, on the authority of our Board, reserves the right to reject any Application which does not strictly comply with the instructions or to accept any Application in part only without giving any reason.

The submission of an Application Form does not necessarily mean that the Application will be successful.

ALL APPLICATIONS MUST BE FOR AT LEAST 100 SHARES OR MULTIPLES THEREOF.

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

Pursuant to the Listing Requirements, we need at least 25% of our Shares to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our Listing. However, if the above requirement is not met pursuant to our IPO, we may not be allowed to proceed with our Listing. Then, monies paid in respect of all applications will be returned without interest.

The Retail Offering and Institutional Offering shall be subject to the clawback and reallocation provisions (*see Section 4.3.4 of this Prospectus for further details*).

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

Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for our Shares.

IF YOUR APPLICATION VIA APPLICATION FORM IS UNSUCCESSFUL OR SUCCESSFUL IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO YOU WITHOUT INTEREST, AS REFERRED TO IN SECTION 16.4.1(XII) ABOVE.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANT, REFUND MONIES IN RESPECT OF UNSUCCESSFUL APPLICANTS WHOSE MONIES HAVE BEEN BANKED IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AS REFERRED TO IN SECTION 16.4.1(XII) ABOVE.

WHERE YOUR APPLICATION UNDER ELECTRONIC SHARE APPLICATION OR INTERNET SHARE APPLICATION IS REJECTED, THE FULL AMOUNT OF YOUR APPLICATION MONIES, WILL BE REFUNDED WITHOUT INTEREST TO YOU BY CREDITING INTO YOUR ACCOUNT WITH THE PARTICIPATING FINANCIAL INSTITUTION OR INTERNET PARTICIPATING FINANCIAL INSTITUTION, AS THE CASE MAY BE.

16.8 CDS Account

Pursuant to subsection 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Security. Consequently, the Shares issued / offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the provisions of the SICDA and the Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

If you make an application by way of Application Form, you must have a CDS account. You should state your CDS account number in the space provided on the Application Form and shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to the Issuing House or us, and any relevant regulatory bodies (*as the case may be*). If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an Application for our Issue Shares.

In the case of an Application by way of Electronic Share Application, you must have a CDS account. You must furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number when the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

If you make an Application by way of Internet Share Application, you must have a CDS account. In certain cases, you can only make an Internet Share Application if you have a CDS account opened with the Internet Participating Financial Institutions. Subsequently, your CDS account number would automatically appear in the electronic online application form.

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

Failure to comply with the specific instructions or inaccuracy in the CDS account number arising from the use of invalid, third party or nominee accounts, may result in the Application being rejected. If you are successful in your application but fail to state your CDS account number, the Issuing House on the authority of our Board, reserves the right to reject your Application. Applications may also be rejected if your particulars provided in the Application Form, or your records with the Participating Financial Institutions (*in the case of Electronic Share Application*) or Internet Participating Financial Institutions (*in the case of Internet Share Application*) differ from those in Bursa Depository's records such as your identity card number, name and nationality.

16.9 Successful applicants

If you are successful or partially successful in your Application, our Shares allotted to you will be credited to your CDS account. We will not be issuing any share certificate to you. 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 your only acknowledgement of acceptance of the Application. For Electronic Share Application or Internet Share Application, the notice of allotment will be despatched to the successful or partially successful applicant at his/her address last maintained with Bursa Depository at the applicant's own risk prior to our Listing. This is the only acknowledgement of the Application.

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 your successful or partially successful allotment shall be sent to your registered or correspondence address last maintained with Bursa Depository.

16.10 Enquiries

You may also check the status of your Application by calling your ADAs at the telephone number stated in Section 17 of this Prospectus or the Issuing House at 603-2783 9299 or www.myetricor.com between five (5) to ten (10) Market Days (*during office hours only*) after the balloting date.

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17. LIST OF ADAs

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

Name	Address and telephone number	Broker Code
KUALA LUMPUR		
AFFIN HWANG INVESTMENT BANK BHD	Tingkat 2, 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 BHD	Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BHD	No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021
ALLIANCE INVESTMENT BANK BHD	17th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 3333	076-001
AMINVESTMENT BANK BERHAD	Tingkat 8-9, 11-18, 21-25 Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2036 2633	086-001
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2613 1600	024-001
CIMB INVESTMENT BANK BHD	Principal Office Level 17 Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001
CITIGROUP GLOBAL MARKETS MALAYSIA SDN BHD	Level 43, Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2383 3890	038-001

17. LIST OF ADAs (cont'd)**KUALA LUMPUR (cont'd)**

CLSA SECURITIES MALAYSIA SDN BHD	Bilik 20-01, Aras 20 Menara Dion2 7 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2056 7888	033-001
CREDIT SUISSE SECURITIES (MALAYSIA) SDN BHD	Suite 7.6, Level 7 Menara IMC8 Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2723 2020	036-001
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 6, 7 & 23 Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168 / 2710 1168	066-001
HONG LEONG INVESTMENT BANK BERHAD	Level 25 & 26 Menara LGB No.1, Jalan Wan Kadir 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	Tingkat Bawah, 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No.33 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9056 2922	054-007
J.P.MORGAN SECURITIES (MALAYSIA) SDN BHD	Level 18, Integra Tower The Intermark 348 Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2718 0500	035-001

17. LIST OF ADAs (cont'd)

KUALA LUMPUR (cont'd)

JUPITER SECURITIES SDN BHD	Levels 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th - 14th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2171 0228	053-001
KENANGA INVESTMENT BANK BHD	Levels 10, 11 & 12 Kenanga Tower 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-2172 2888	073-001
KENANGA INVESTMENT BANK BHD	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 BHD	Ground, Mezzanine, 1st and 2nd Floors (West & Center Wing) & 1st Floor East Wing Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-021
KENANGA INVESTMENT BANK BHD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	073-029
M & A SECURITIES SDN BHD	Aras 1-3, No. 45 & 47 and No. 43-6 The Boulevard, Bandar Mid Valley Lingkar Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
M & A SECURITIES SDN BHD	22A-1 & 22A-2, Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No.: 03-7983 9890	057-004
MACQUARIE CAPITAL SECURITIES (MALAYSIA) SDN BHD	Aras 10, Menara Dion 27 Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-2059 8833	032-001

17. LIST OF ADAs (cont'd)**KUALA LUMPUR (cont'd)**

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, Jalan Wangsa Maju Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak 53300 Kuala Lumpur Tel No.: 03-4144 2565	012-012
MAYBANK INVESTMENT BANK BERHAD	Tingkat 5-13, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MAYBANK INVESTMENT BANK BERHAD	Tingkat 27, 31-33, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel No.: 03-2059 1888	098-007
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 BHD	8th, 9th, 10th, 11th & 12th Floors Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
NOMURA SECURITIES MALAYSIA SDN BHD	Suite 16.5, Level 16 Menara IMC, Letter Box 47 8, Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2027 6811	037-001
PM SECURITIES SDN BHD	Ground Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BHD	27th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2268 3000	051-001
RHB INVESTMENT BANK BHD	Tingkat 10, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001

17. LIST OF ADAs (cont'd)**KUALA LUMPUR (cont'd)**

RHB INVESTMENT BANK BHD	Tingkat 12, 15 (Sebahagian), 20 (Sebahagian) & 21 Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333 / 2175 3388	087-018
RHB INVESTMENT BANK BHD	No. 62, 62-1, 64 & 64-1 Vista Magna Jalan Prima, Metro Prima Kepong 52100 Kuala Lumpur Tel No.: 03-6257 5869	087-028
RHB INVESTMENT BANK BHD	No. 5 dan 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BHD	Ground, First, Second and Third 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 BHD	Tingkat 13-15, 23, 28-30, 32, 34 & 35 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UBS SECURITIES MALAYSIA SDN BHD	Level 7 Wisma Hong Leong 18, Jalan Perak 50450 Kuala Lumpur Tel No.: 03-2781 1100	031-001
UOB KAY HIAN SECURITIES (M) SDN BHD	N3, 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 & 19th Floor Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010

17. LIST OF ADAs (cont'd)

SELANGOR DARUL EHSAN

AFFIN HWANG INVESTMENT BANK BHD	20th Floor Plaza Masalam 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 BHD	Suite B3A1, East Wing 3A Floor, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
AFFIN HWANG INVESTMENT BANK BHD	3rd & 4th Floors, 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 BHD	Lot 229, Tingkat 2 The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	068-020
AFFIN HWANG INVESTMENT BANK BHD	First Floor No. 79, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1999	068-023
AMINVESTMENT BANK BERHAD	Aras 4, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
CIMB INVESTMENT BANK BHD	Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009
JF APEX SECURITIES BHD	3rd, 5th, 6th and 10th Floor Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001

17. LIST OF ADAs (cont'd)**SELANGOR DARUL EHSAN (cont'd)**

JF APEX SECURITIES BHD	Level 16, 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 BHD	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 BHD	1st, 2nd & 3rd Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7862 6200 / 7800, 7629 6800	073-005
KENANGA INVESTMENT BANK BHD	55C (2nd Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1773	073-006
KENANGA INVESTMENT BANK BHD	Lot 240, Second 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 BHD	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
KENANGA INVESTMENT BANK BHD	No. 35, Ground, 1st & 2nd Floor Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-035

17. LIST OF ADAs (cont'd)

SELANGOR DARUL EHSAN (cont'd)

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. 58A & 60A 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 43200 Mahkota Cheras Selangor Darul Ehsan Tel No.: 03-9011 5913	012-011
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley 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	1st Floor, 157-A Jalan Kenari 2A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	1st & 2nd Floor No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BHD	24, 24M, 24A, 26M, 28M, 28A, 30M & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011

17. LIST OF ADAs (cont'd)**SELANGOR DARUL EHSAN (cont'd)**

RHB INVESTMENT BANK BHD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BHD	First Floor 10 & 11, Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Mezanin No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 1/2, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048
RHB INVESTMENT BANK BHD	Unit 1B, 2B & 3B, USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8022 1888	087-059
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Seksyen 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001
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 3rd Floor 10 Boulevard Lebuhraya Sprint PJU 6A 47400 Damansara Selangor Darul Ehsan Tel No.: 03-7732 3862	096-005
TA SECURITIES HOLDINGS BHD	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 BHD	2nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 5713	058-007

17. LIST OF ADAs (cont'd)

PERAK DARUL RIDZUAN

AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, Aras 1, 2 & 3 21 Jalan Stesen Aras 2 & 3 43 & 45 Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-806 6688	068-003
AFFIN HWANG INVESTMENT BANK BHD	Tingkat Bawah, 1 & 2 No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-255 9988	068-015
CIMB INVESTMENT BANK BHD	Ground, 1st, 2nd and 3rd Floor No. 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-208 8688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-253 0888	066-003
KENANGA INVESTMENT BANK BHD	Ground, 1st, 2nd & 4th Floor No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-242 2828	073-022
KENANGA INVESTMENT BANK BHD	Ground Floor, No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-693 9828	073-031
M & A SECURITIES SDN BHD	5th, 6th Floor & Unit 8A M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-241 9800	057-001
MALACCA SECURITIES SDN BHD	1st Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-254 1533 / 05-254 1577	012-013

17. LIST OF ADAs (cont'd)**PERAK DARUL RIDZUAN (cont'd)**

MAYBANK INVESTMENT BANK BERHAD	Blok B, Aras 1 & 2 No. 42, Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002
RHB INVESTMENT BANK BHD	No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BHD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-241 5100	087-023
RHB INVESTMENT BANK BHD	Tingkat Bawah No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-465 1261	087-044
RHB INVESTMENT BANK BHD	No. 1 & 3, First Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-717 0888	087-052
TA SECURITIES HOLDINGS BHD	Bahagian Kanan Tingkat Bawah, Tingkat 1 & 2 Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-253 1313	058-001

17. LIST OF ADAs (cont'd)

PERAK DARUL RIDZUAN (cont'd)

UOB KAY HIAN SECURITIES (M) SDN BHD	No. 27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-621 6010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No.: 05-241 1290	078-013

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17. LIST OF ADAs (cont'd)

PENANG

AFFIN HWANG INVESTMENT BANK BHD	Levels 2, 3, 4, 5 & 7 Wisma Sri Pinang 60, Green Hall; and Levels 2, 3, 4, 5, 6, 7 & 8 Wisma Sri Pinang II 42, Green Hall 10200 Penang Tel No.: 04-263 6996	068-001
AFFIN HWANG INVESTMENT BANK BHD	No. 2 & 4, Jalan Perda Barat Bandar Perda 14000 Penang Tel No.: 04-537 2882	068-006
ALLIANCE INVESTMENT BANK BHD	Ground & Mezzanine Floor Bangunan Berkath 21 Beach Street 10300 Georgetown Penang Tel No.: 04-261 1688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-226 1818	086-004
CIMB INVESTMENT BANK BHD	Ground Floor Suite 1.01 Level 2 Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-238 5900	065-003
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 & Level 3 No. 56 Cantonment Road 10250 Penang Tel No.: 04-226 8288	054-002
JF APEX SECURITIES BHD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Penang Tel No.: 04-228 9118	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
KENANGA INVESTMENT BANK BHD	7th, 8th & 16th Floor Menara Boustead 39, Jalan Sultan Ahmad Shah 10050 Penang Tel No.: 04-228 3355	073-023

17. LIST OF ADAs (cont'd)

PENANG (cont'd)

M & A SECURITIES SDN BHD	332H-1 & 332G-2 Jalan Perak 11600 Georgetown Penang Tel No.: 04-281 7611	057-005
M & A SECURITIES SDN BHD	216, 216A, 218 and 218A Pengkalan Weld Lebuh Macallum 10300 Penang Tel No.: 04-261 7611	057-008
MALACCA SECURITIES SDN BHD	No. 39-1 Jalan Lenggong Vantage Point 11600 Jelutong Penang Tel No.: 04-282 1533	012-004
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2 13700 Seberang Jaya Penang Tel No.: 04-390 5669	012-006
MALACCA SECURITIES SDN BHD	No. 17, 1st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Penang Tel No.: 04-642 1533	012-007
MALACCA SECURITIES SDN BHD	No. 9-1-37, Taman Kheng Tian Jalan Van Praagh 11600 Jelutong Penang Tel No.: 04-281 6822	012-014
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, Tingkat 1 Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Penang Tel No.: 04-219 6888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1st - 3rd Floor Wisma UMNO Lorong Bagan Luar Dua Seberang Perai 12000 Butterworth Penang Tel No.: 04-332 2123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor Standard Chartered Bank Chambers 2, Lebuh Pantai 10300 Penang Tel No.: 04-263 9118	093-004

17. LIST OF ADAs (cont'd)**PENANG (cont'd)**

MERCURY SECURITIES SDN BHD	70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Penang Tel No.: 04-640 0822	093-006
PM SECURITIES SDN BHD	3rd Floor, Wisma Wang 251-A, Jalan Burmah 10350 Penang Tel No.: 04-227 3000	064-004
RHB INVESTMENT BANK BHD	Aras Bawah, 1 dan 2 No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Penang Tel No.: 04-390 0022	087-005
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu dan Tingkat Dua No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Penang Tel No.: 04-5402 888	087-015
RHB INVESTMENT BANK BHD	Tingkat Bawah - Tingkat 3 & Tingkat 5 - Tingkat 8 64 & 64-D Lebuah Bishop 10200 Penang Tel No.: 04-263 4222	087-033
RHB INVESTMENT BANK BHD	No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5 dan 15-2-6 dan 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Penang Tel No.: 04-6404 888	087-042
SJ SECURITIES SDN BHD	12th Floor, Office Tower Hotel Royal Penang No. 3, Jalan Larut 10050 Georgetown Penang Tel No.: 04-228 9836	096-003
TA SECURITIES HOLDINGS BHD	3rd Floor, Bangunan Heng Guan No.171, Jalan Burmah 10050 Penang Tel No.: 04-227 2339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1st and 2nd Floor Bangunan Heng Guan No. 171, Jalan Burmah 10050 Penang Tel No.: 04-229 9318	078-002

17. LIST OF ADAs *(cont'd)*

PENANG *(cont'd)*

UOB KAY HIAN SECURITIES (M) SDN BHD	Aras Bawah dan 1 No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Penang Tel No.: 04-554 1388	078-003
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17. LIST OF ADAs (cont'd)

KEDAH DARUL AMAN

AFFIN HWANG INVESTMENT BANK BHD	No. 70A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-425 6666	068-011
ALLIANCE INVESTMENT BANK BHD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7088 / 731 8270	076-004
MALACCA SECURITIES SDN BHD	No. 9, Tingkat Satu Kompleks Perniagaan LITC Jalan Putra Mergong 05150 Alor Setar Kedah Darul Aman Tel No.: 04-730 0299	012-017
RHB INVESTMENT BANK BHD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017
RHB INVESTMENT BANK BHD	35, Tingkat Bawah Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019
RHB INVESTMENT BANK BHD	214-A, 214-B, 215-A dan 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 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-732 2111	078-007

17. LIST OF ADAs (cont'd)**NEGERI SEMBILAN DARUL KHUSUS**

AFFIN HWANG INVESTMENT BANK BHD	1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-761 2288	068-007
AFFIN HWANG INVESTMENT BANK BHD	No. 6, Tingkat Atas Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
KENANGA INVESTMENT BANK BHD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisma HM, Ground Floor No. 43 Jalan Dr. Krishnan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19, 20 and 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-762 3131	064-002
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641 641	087-024
RHB INVESTMENT BANK BHD	Tingkat Satu No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-4421 000 / 4421 002	087-037
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Mezanin No. 346 & 347, Batu 1/2 Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046

17. LIST OF ADAs (cont'd)

MELAKA

CIMB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-289 8800	065-006
KENANGA INVESTMENT BANK BHD	71 (Ground, A & B) & 73 (Ground, A & B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-288 1720	073-028
KENANGA INVESTMENT BANK BHD	22A & 22A-1, 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-337 2550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No.: 06-337 1533	012-001
MERCURY SECURITIES SDN BHD	No. 81B & 83B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-292 1898	093-003
PM SECURITIES SDN BHD	No. 6-1, Jalan Lagenda 2 Taman 1 Lagenda 75400 Melaka Tel No.: 06-286 6008	064-006
RHB INVESTMENT BANK BHD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-284 9885	087-002
RHB INVESTMENT BANK BHD	579, 580 dan 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-282 5211	087-026
TA SECURITIES HOLDINGS BHD	No. 59, 59A and 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-286 2618	058-008

17. LIST OF ADAs (cont'd)

MELAKA (cont'd)

UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No.: 06-335 2511	078-014
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17. LIST OF ADAs (cont'd)

JOHOR DARUL TAKZIM

AFFIN HWANG INVESTMENT BANK BHD	Level 7, Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 2692	068-004
ALLIANCE INVESTMENT BANK BHD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
AMINVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-002
AMINVESTMENT BANK BERHAD	18th & 31st Floor Selesa Tower Jalan Dato Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006
CIMB INVESTMENT BANK BHD	No. 73 Ground Floor, No. 73A First Floor & No. 79A First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-340 5888	065-011
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-223 1211	054-004
JUPITER SECURITIES SDN BHD	30-1, Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-353 8878	055-002
KENANGA INVESTMENT BANK BHD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-333 3600	073-004
KENANGA INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Mezzanine No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 500	073-009

17. LIST OF ADAs (cont'd)

JOHOR DARUL TAKZIM (cont'd)

KENANGA INVESTMENT BANK BHD	No. 33 & 35 (Tingkat Bawah dan Tingkat Satu A & B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010
KENANGA INVESTMENT BANK BHD	Tingkat Bawah No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-011
KENANGA INVESTMENT BANK BHD	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 BHD	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.: 07-223 7423	073-019
KENANGA INVESTMENT BANK BHD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 1222	073-024
KENANGA INVESTMENT BANK BHD	Tingkat Bawah No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678 885	073-025
KENANGA INVESTMENT BANK BHD	916, Ground Floor Jalan Bakek 82000 Pontian Johor Darul Takzim Tel No.: 07-686 1121	073-037
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-338 1233	057-003

17. LIST OF ADAs (cont'd)**JOHOR DARUL TAKZIM (cont'd)**

M & A SECURITIES SDN BHD	26, Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel No.: 07-236 6288	057-006
M & A SECURITIES SDN BHD	No. 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-355 1988	057-007
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-335 1533	012-005
MALACCA SECURITIES SDN BHD	1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000 Kulai Jaya Johor Darul Takzim Tel No.: 07-663 8877	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
MALACCA SECURITIES SDN BHD	31B, Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-438 1533	012-016
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-331 6992	093-005
PM SECURITIES SDN BHD	Tingkat Bawah & Tingkat Satu No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333 608	064-008
RHB INVESTMENT BANK BHD	Tingkat 6, Wisma Tiong Hua 8, Jalan Keris, Taman Sri Tebrau 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-278 8821	087-006

17. LIST OF ADAs (cont'd)

JOHOR DARUL TAKZIM (cont'd)

RHB INVESTMENT BANK BHD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009
RHB INVESTMENT BANK BHD	No. 33-1 Tingkat 1 & 2 (Unit Penjuru) Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 119 dan 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030
RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Satu No. 40 Jalan Haji Mana 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat Satu & Tingkat Dua No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BHD	Tingkat Satu No 2 & 4 Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256 881 / 9256 884	087-039
RHB INVESTMENT BANK BHD	Tingkat Bawah, Tingkat 1 dan Tingkat 2 No. 21 dan 23, Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043

17. LIST OF ADAs (cont'd)**JOHOR DARUL TAKZIM (cont'd)**

TA SECURITIES HOLDINGS BHD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-943 5278	058-009
TA SECURITIES HOLDINGS BHD	15, Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-364 7388	058-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Levels 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-219 7575	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-663 5651	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3218	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

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17. LIST OF ADAs (cont'd)

KELANTAN DARUL NAIM

RHB INVESTMENT BANK BHD	Tingkat Bawah & Tingkat Satu No. 3953-H, PT225, Tingkat Satu Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 0077	087-020
TA SECURITIES HOLDINGS BHD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 3388	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground Floor & First Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim Bandar Kota Bharu 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-747 3906	078-015

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17. LIST OF ADAs (cont'd)**PAHANG DARUL MAKMUR**

ALLIANCE INVESTMENT BANK BHD	Ground, Mezzanine & 1st Floor B-400, Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002
CIMB INVESTMENT BANK BHD	Ground, 1st & 2nd Floor No. A-27, Jalan Dato Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-2057 800	065-007
JUPITER SECURITIES SDN BHD	2nd Floor, Lot No. 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-223 4136	055-005
KENANGA INVESTMENT BANK BHD	A15, A17 & A19, Ground Floor Lorong Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-517 1698	073-027
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 011-2577 7489	012-008
RHB INVESTMENT BANK BHD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943 / 2234 948	087-022
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041

17. LIST OF ADAs (cont'd)**TERENGGANU DARUL IMAN**

ALLIANCE INVESTMENT BANK BHD	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 dan Tingkat 1 Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-623 8128	021-001
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-858 3109	087-027
RHB INVESTMENT BANK BHD	1st Floor No. 59, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 37-B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-622 4766	078-016

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17. LIST OF ADAs (cont'd)**SABAH**

AFFIN HWANG INVESTMENT BANK BHD	Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
CIMB INVESTMENT BANK BHD	1st & 3rd Floor, Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005
KENANGA INVESTMENT BANK BHD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032
RHB INVESTMENT BANK BHD	2nd Floor No. 81 & 83 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010
RHB INVESTMENT BANK BHD	Tingkat Bawah, Block 2 Lot 4 & Lot 5, Bandar Indah Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-229 286 / 089-229 326	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
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

17. LIST OF ADAs (cont'd)

SARAWAK

AFFIN HWANG INVESTMENT BANK BHD	Ground Floor & 1st Floor No. 1, Jalan Pending 1st Floor, No. 3, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AFFIN HWANG INVESTMENT BANK BHD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
AMINVESTMENT BANK BERHAD	1st, 2nd and 3rd Floor No. 162, 164, 166 & 168 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-005
CIMB INVESTMENT BANK BHD	Aras 1 (Utara) Wisma STA No. 26, Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-004
CIMB INVESTMENT BANK BHD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel No.: 084-367 700	065-008
KENANGA INVESTMENT BANK BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BHD	Level 1-5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat Satu No. 11-12, Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No.: 084-313 855	073-012

17. LIST OF ADAs (cont'd)**SARAWAK (cont'd)**

KENANGA INVESTMENT BANK BHD	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 BHD	Suite 9 & 10, 3rd Floor Yung Kong Abell Lot 365, Abell Road 93100 Kuching Sarawak Tel No.: 082-248 877	073-036
MERCURY SECURITIES SDN BHD	1st Floor No.16 Jalan Getah 96100 Sarikei Sarawak Tel No.: 084-659 019	093-007
RHB INVESTMENT BANK BHD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250 888	087-008
RHB INVESTMENT BANK BHD	Tingkat Dua, Lot 1268 dan Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422 788	087-012
RHB INVESTMENT BANK BHD	102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No.: 084-329 100	087-013
RHB INVESTMENT BANK BHD	Tingkat Bawah dan Tingkat 1 No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053
TA SECURITIES HOLDINGS BHD	12G, Jalan Kampung Datu 96000 Sibul Sarawak Tel No.: 084-319 998	058-002

17. LIST OF ADAs (cont'd)

SARAWAK (cont'd)

TA SECURITIES HOLDINGS BHD	Tingkat 2 (Bahagian Hadapan) Bangunan Binamas Lot 138, Section 54 Jalan Padungan 93100 Kuching Sarawak Tel No.: 082-236 333	058-006
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & First Floor No. 16, Lorong Intan 6 96000 Sibul Sarawak Tel No.: 084-252 737	078-018



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