

11. FINANCIAL INFORMATION (CONT'D)**11.2 Historical financial information**

The following table sets out a summary of:-

- (a) the audited combined statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows of our Group for the FYE 31 December 2014 (prepared based on the assumption that our Group has been operating as a single economic entity in the FYE 31 December 2014); and
- (b) the audited consolidated statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flows of our Group for the FYEs 31 December 2015 and 2016.

These audited statements of financial position, statements of profit or loss and other comprehensive income and statements of cash flow should be read in conjunction with the Accountants' Report, together with the accompanying notes and assumptions as set out in **Sections 11.2 and 12** of this Prospectus.

11.2.1 Statements of financial position

	Audited		
	31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4,403	4,714	4,956
Investment property	1,147	-	550
Goodwill	99	99	99
Deferred tax assets	-	12	-
	5,649	4,825	5,605
CURRENT ASSETS			
Inventories	1,753	1,857	3,545
Amount owing by customers on contract	755	6,288	9,359
Trade receivables	13,836	12,509	12,843
Other receivables, deposits and prepayments	1,348	626	1,337
Tax recoverable	129	-	-
Fixed deposits with licensed banks	1,437	1,455	2,400
Cash and bank balances	1,500	1,984	5,951
	20,758	24,719	35,435
TOTAL ASSETS	26,407	29,544	41,040

11. FINANCIAL INFORMATION (CONT'D)

	Audited		
	31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,000	9,655	10,900
Share premium	-	-	5,603
Retained profits	7,911	4,680	11,090
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	8,911	14,335	27,593
NON-CONTROLLING INTEREST	1,274	-	-
TOTAL EQUITY	10,185	14,335	27,593
NON-CURRENT LIABILITIES			
Long-term borrowings	2,894	2,221	2,145
Deferred tax liabilities	46	-	11
	2,940	2,221	2,156
CURRENT LIABILITIES			
Amount owing to customers on contract	874	12	309
Trade payables	6,000	7,172	7,192
Other payables and accruals	1,148	685	476
Amount owing to directors	1,879	-	-
Short-term borrowings	2,195	3,327	2,489
Bank overdrafts	1,053	1,723	670
Tax payables	133	69	155
	13,282	12,988	11,291
TOTAL LIABILITIES	16,222	15,209	13,447
TOTAL EQUITY AND LIABILITIES	26,407	29,544	41,040
No. of shares in issue ⁽¹⁾ ('000)	96,550	96,550	109,000
Net assets ("NA") (RM'000)	8,911	14,335	27,593
NA per ordinary share (RM)	0.09	0.15	0.25

Note:-

(1) Based on our issued share capital before Netposa Investment and Public Issue.

11. FINANCIAL INFORMATION (CONT'D)

11.2.2 Statements of profit or loss and other comprehensive income

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Continuing Operations			
Revenue	34,065	39,591	50,844
Cost of sales	(24,206)	(27,990)	(38,658)
GP	9,859	11,601	12,186
Other operating income	170	450	492
Administrative expenses*	(4,941)	(5,025)	(5,292)
Other operating expenses	(160)	(617)	(339)
Results from operating activities	4,928	6,409	7,047
Finance costs	(352)	(353)	(300)
PBT	4,576	6,056	6,747
Taxation	(200)	(204)	(337)
PAT and total comprehensive income for the year	4,376	5,852	6,410
Discontinued operations			
PAT from discontinued operations ⁽¹⁾	142	-	-
PAT / total comprehensive income	4,518	5,852	6,410
PAT / total comprehensive income attributable to:			
- Owners of the Company			
• Continuing operations	3,975	5,769	6,410
• Discontinued operations	100	-	-
	4,075	5,769	6,410
- Non-controlling interest	443	83	-
	4,518	5,852	6,410
EBITDA ⁽²⁾ (RM'000)	5,308	6,773	7,362
GP margin ⁽³⁾ (%)	28.94	29.30	23.97
PBT margin ⁽⁴⁾ (%)	13.43	15.30	13.27
PAT margin ⁽⁵⁾ (%)	12.85	14.78	12.61
Weighted average number of shares in issue ('000)	96,550 ⁽⁷⁾	96,550 ⁽⁷⁾	105,888 ⁽⁸⁾
Basic and diluted EPS (sen)⁽⁶⁾			
Continuing operations ⁽⁹⁾	4.12	5.98	6.05
Discontinued operation ⁽¹⁰⁾	0.10	-	-

11. FINANCIAL INFORMATION (CONT'D)Notes:-

- * *Administrative expenses include selling and distribution expenses.*
- (1) *Arising from the disposal of ITWin's 70% equity interest in ICT Automation (M) Sdn Bhd on 27 October 2014 to Tay Lai Eng, a non-related party, to focus on our Group's existing business. ICT Automation (M) Sdn Bhd's is principally involved in computer networking. At the time of ITWin's disposal, the remaining 30% was held by Lim Yit Choy.*
- (2) *EBITDA represents earnings before interest, taxation and depreciation from continuing operation. The table below sets forth a reconciliation of our PBT to EBITDA:-*

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
PBT	4,576	6,056	6,747
<i>Adjusted for:-</i>			
<i>Interest income</i>	(36)	(45)	(86)
<i>Interest expenses</i>	352	353	300
<i>Depreciation</i>	416	409	401
EBITDA	5,308	6,773	7,362

- (3) *Computed based on the GP over total revenue of our Group.*
- (4) *Computed based on the PBT over total revenue of our Group.*
- (5) *Computed based on the PAT over total revenue of our Group.*
- (6) *As at the LPD, there are no potential dilutive instruments issued or to be issued.*
- (7) *Based on our issued share capital before the Share Subscription and the Public Issue.*
- (8) *Based on the weighted average number of Shares in issue after the Share Subscription which was completed on 1 April 2016 but before the Public Issue as computed below:-*
- $$\begin{aligned} & \text{Opening number of Shares in} \\ & \text{issue as at 1 January 2016} \quad + \quad \left(\frac{\text{Number of Shares issued on 1 April 2016}}{12 \text{ months}} \times 9 \text{ months} \right) \\ & = 96,550,000 \text{ Shares} + (12,450,000 \text{ Shares} / 12 \text{ months} \times 9 \text{ months}) \\ & = 105,887,500 \text{ Shares} \end{aligned}$$
- (9) *Computed based on PAT of the continuing operations of our Group divided by the weighted average number of Shares in issue.*
- (10) *Computed based on the PAT of the discontinued operations in our Group divided by the weighted average number of Shares in issue.*

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11. FINANCIAL INFORMATION (CONT'D)

11.2.3 Statements of cash flows

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation			
- Continuing operations	4,576	6,056	6,747
- Discontinued operations	180	-	-
	4,756	6,056	6,747
Adjustments for:-			
Allowance for impairment losses on trade receivables	115	456	18
Bad debts written off	1	7	-
Bargain purchase	-	(77)	-
Depreciation of property, plant and equipment	403	400	401
Depreciation of investment property	14	9	-
Gain on disposal of investment property	-	(97)	-
(Gain) / Loss on disposal of property, plant and equipment	(20)	(20)	46
Listing expenses	-	-	563
Unrealised loss on foreign exchange - unrealised	8	25	-
Investment in associate written off	*	-	-
Interest expenses	352	353	300
Interest income	(36)	(45)	(86)
Inventories written off	-	182	250
Property, plant and equipment written off	-	-	12
Reversal of impairment losses on trade receivables	-	(152)	(360)
Operating profit before working capital changes	5,593	7,097	7,891
Increase in inventories	(429)	(287)	(1,937)
Increase in amount owing by customer on contract	(630)	(5,532)	(3,072)
(Increase)/Decrease in trade and other receivables	(3,195)	2,000	(1,200)
Increase / (Decrease) in trade and other payables	1,304	684	(189)
Increase / (Decrease) in amount owing to customer on contract	874	(862)	296
CASH FLOWS FROM OPERATIONS / BALANCE CARRIED FORWARD	3,517	3,100	1,789

11. FINANCIAL INFORMATION (CONT'D)

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
BALANCE BROUGHT FORWARD	3,517	3,100	1,789
Interest paid	(352)	(353)	(300)
Tax refund	42	133	-
Tax paid	(202)	(330)	(227)
NET CASH FROM OPERATING ACTIVITIES	3,005	2,550	1,262
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Interest received	36	45	86
Consideration paid for acquisition of remaining equity interest in a subsidiary	-	(625)	-
Proceeds from disposal of investment property	-	1,235	-
Proceeds from disposal of property, plant and equipment	33	47	140
Disposal of discontinued operations, net of cash and cash equivalents	(149)	-	-
Purchase of property, plant and equipment	(122)	(296)	(491)
Purchase of investment property	(229)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(431)	406	(265)
CASH FLOWS (FOR) / FROM FINANCING ACTIVITIES			
Dividends paid	(3,649)	(1,000)	-
Increase in prepayment related to listing expenses	-	(262)	(616)
(Placement) / Withdrawal of fixed deposits pledged to banks	(274)	(18)	88
Proceed from issuance of shares	-	*	6,848
Drawdown of term loan	252	-	-
Repayment of term loans	(47)	(841)	(55)
Net drawdown / (repayment) of bankers' acceptance	5	1,107	(809)
Net repayment of hire purchase payables	(237)	(249)	(400)
Net advances/(repayment to) from directors	1,305	(1,879)	-
Placement of fixed deposits with maturity above 3 months	-	-	(1,033)
NET CASH (FOR) / FROM FINANCING ACTIVITIES	(2,645)	(3,142)	4,023

11. FINANCIAL INFORMATION (CONT'D)

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(71)	(186)	5,020
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD	518	447	261
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	447	261	5,281

Note:-

* Represents amount less than RM500.

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11. FINANCIAL INFORMATION (CONT'D)**11.3 Capitalisation and indebtedness**

The following table summarises our capitalisation and indebtedness:-

- as at 1 April 2017, based on our pro forma unaudited consolidated statement of financial position; and
- as adjusted for the proceeds arising from the Public Issue and utilisation of proceeds as set out in **Section 3.8** of this Prospectus.

	Unaudited as at 1 April 2017	After adjustment for the Public Issue and utilisation of proceeds
	RM'000	RM'000
Cash and bank balances	3,991	9,751
Fixed deposits with licensed banks	3,023	3,023
	7,014	12,774
Indebtedness		
Short-term indebtedness:-		
<i>Secured and guaranteed</i>		
Bank overdrafts	1,126	126 ⁽¹⁾
Bankers' acceptance	2,803	803 ⁽¹⁾
Hire purchase payables	215	215
Term loans	14	14
Long-term indebtedness:-		
<i>Secured and guaranteed</i>		
Hire purchase payables	463	463
Term loans	1,664	1,664
Total indebtedness	6,285	3,285
Capitalisation		
Total shareholders' equity	29,093	37,853
Total capitalisation	29,093	37,853
Total capitalisation and indebtedness	35,378	41,138
Gearing Ratio (times)⁽²⁾	0.22	0.09

Notes:-

- Our Group intends to utilise RM3.0 million to partially repay the bank overdrafts and bankers' acceptance. Please refer to **Section 3.8** of this Prospectus for further details on the utilisation of proceeds from the Public Issue.
- Calculated based on the total indebtedness (total bank borrowings) over the total capitalisation.

11. FINANCIAL INFORMATION (CONT'D)**11.4 Management's discussion and analysis of financial condition and results of operations and prospects**

The following discussion and analysis of our past financial condition and results of operations should be read in conjunction with the historical financial information as set out in **Section 11.2** of this Prospectus, as well as the Accountant's Report for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 as set out in **Section 12** of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties.

Our actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in **Section 4** of this Prospectus

11.4.1 Overview

Our Group is principally involved in the provision of building management solutions which comprise structured cabling works and ELV systems for buildings and other facilities. Our Group also provides IT services which can be offered as complementary IT services to our building management solutions or offered separately on a standalone basis.

As at LPD, all our business operations are located in Malaysia.

Please refer to **Section 5** of this Prospectus for information on the business of our Group.

11.4.1.1 Revenue

Our main revenue stream can be segregated into the following segments:-

(i) ELV systems

Our Group undertakes the design, supply, build, testing and commissioning, as well as provision of project management, training, maintenance and aftersales service for standalone and integrated ELV systems.

The revenue recognition for our ELV systems segment is as follows:-

- (1) For contract based revenue, revenue is recognised in the income statement in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payment to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion is assessed by reference to the proportion of contract cost incurred for work performed to date against total estimated cost where the outcome of project can be estimated reliably;

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11. FINANCIAL INFORMATION (CONT'D)

- (2) For revenue relating to the sale of ELV systems related goods, the revenue is measured at fair value of consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns and cash and trade discounts; and
- (3) For revenue relating to ELV systems related services, revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(ii) Structured cabling works

Our structured cabling works involve the design, supply, build, testing and commissioning, as well as provision of project management, training, maintenance and aftersales service of structured cabling works.

The revenue recognition for our structured cabling works segment is as follows:-

- (1) For contract based revenue, revenue is recognised in the income statement in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payment to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion is assessed by reference to the proportion of contract cost incurred for work performed to date against total estimated cost where the outcome of project can be estimated reliably;
- (2) For revenue relating to the sale of structured cabling works related goods, revenue is measured at fair value of consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns and cash and trade discounts; and
- (3) For revenue relating to structured cabling works related services, revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) IT services

Our IT services comprise design, supply, build, testing and commissioning, as well as provision of project management, training, maintenance and aftersales service of IT solutions.

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

11. FINANCIAL INFORMATION (CONT'D)

For revenue relating to the sale of goods, it is measured at fair value of the consideration received or receivable and is recognised upon the delivery of goods and customers' acceptance, and where applicable, net of goods and services tax, returns and trade discounts.

Our year-on-year Group's total revenue grew from approximately RM34.07 million (after consolidation adjustment) for the FYE 31 December 2014 to approximately RM50.84 million for the FYE 31 December 2016, which represented a CAGR of approximately 22.16%.

Our Group's largest revenue contributor, ELV systems contributed approximately RM18.22 million, RM19.51 million and RM30.22 million, representing 53.48% and 49.27% and 59.43% of our Group's total revenue for the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 respectively.

Our year-on-year revenue for the ELV systems grew from approximately RM18.22 million for the FYE 31 December 2014 to approximately RM30.22 million for the FYE 31 December 2016, which represented a CAGR of approximately 28.79%.

Our year-on-year revenue from the structured cabling works grew from approximately RM6.36 million for the FYE 31 December 2014 to approximately RM10.14 million for the FYE 31 December 2016, which represented a CAGR of approximately 26.27%.

Our year-on-year revenue from the IT services grew from approximately RM12.29 million for the FYE 31 December 2014 to approximately RM12.45 million for the FYE 31 December 2016, represented a CAGR of approximately 0.65%.

Our year-on-year revenue from the local market grew from approximately RM36.75 million (before consolidation adjustment) for the FYE 31 December 2014 to approximately RM52.80 million (before consolidation adjustment) for the FYE 31 December 2016, represented a CAGR of approximately 19.86%.

Please refer to **Section 11.4.2.1** of this Prospectus for the analysis of our Group's revenue for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 .

11.4.1.2 Cost of sales

In tandem with our business growth, our Group's year-on-year total cost of sales grew from approximately RM24.21 million for the FYE 31 December 2014 to approximately RM38.66 million for the FYE 31 December 2016, which represented a CAGR of approximately 26.37%.

Cost of sales of our business operations constituted approximately 71.06%, 70.70% and 76.03% of our Group total revenue for the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 respectively.

The main component of our cost of sales was cost of goods sold, which contributed to a combined total of approximately 78.62%, 71.81% and 71.03% of our Group total cost of sales for the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 respectively whereas the staff cost contributed approximately 16.94%, 13.02% and 7.42% of our Group total cost of sales for the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 respectively.

Please refer to **Section 11.4.2.2** of this Prospectus for the analysis of our Group's cost of sales for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 .

11. FINANCIAL INFORMATION (CONT'D)

11.4.1.3 GP

Our Group's year-on-year total GP grew from approximately RM9.86 million for the FYE 31 December 2014 to RM12.19 million for the FYE 31 December 2016, representing a CAGR of approximately 11.19% over the same period.

Our Group's overall GP margin for the FYE 31 December 2015 has increased to 29.30% as compared to the Group's overall GP margin for the FYE 31 December 2014 of 28.94%, representing a slight increase of 0.36% in the Group's overall GP margin for the year. The increase was mainly attributed to the increase in the GP margin for our structured cabling works.

Our Group's overall GP margin for the FYE 31 December 2016 has decreased to 23.97% as compared to the Group's overall GP margin for the FYE 31 December 2015 of 29.30%, representing a decrease of 5.33% in the Group's overall GP margin for the year. The decrease was mainly attributed to the decrease in the GP margin for our ELV systems and structured cabling works.

Please refer to **Section 11.4.2.3** of this Prospectus for the analysis of our Group's GP for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 .

11.4.1.4 Other income

Our other income mainly consists of management fees relating to secondment of our project staff, gain on disposal of fixed assets, interest income and bad debt recovered.

Our management fees relating to the secondment of our project staff to CEE M&E from November 2011 to October 2014. The higher other income recorded for the FYE 31 December 2015 as compared to the FYE 31 December 2014 was mainly attributed to reversal of impairment loss on trade receivables amounting to RM0.15 million, gain on disposal of an investment property amounting to RM0.10 million and gain on the acquisition of 49% equity interest in ITWin amounting to RM0.08 million. The higher other income recorded for the FYE 31 December 2016 as compared to the FYE 31 December 2015 was mainly attributed to the reversal of impairment loss on trade receivables amounting to RM0.36 million and interest income amounting to RM0.08 million.

Please refer to **Section 11.4.2.4** of this Prospectus for the analysis of our Group's other income for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 .

11.4.1.5 Administrative and other operating expenses

Administrative and other operating expenses accounted for 14.97%, 14.25%, 11.08% of our Group's total revenue for the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 respectively. The percentages of administrative and other operating expenses over the Group's revenue recorded for the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 are on a decreasing trend. Our administrative expenses mainly consist of directors' remunerations, salaries, wages, allowances and depreciation, whereas the other operating expenses mainly consist of allowances for impairment losses on trade receivables and inventories written off. In addition, the administrative expenses include the selling and distribution expenses.

11. FINANCIAL INFORMATION (CONT'D)

Our administrative and other operating expenses has increased by RM0.54 million or 10.59% from RM5.10 million in FYE 31 December 2014 to RM5.64 million in FYE 31 December 2015. The increase was mainly attributable to the increase in other operating expenses as a result of higher allowances for impairment losses on trade receivables and inventories written off from RM0.12 million in FYE 31 December 2014 to RM0.54 million in FYE 31 December 2015 and the increase in professional fees and disbursement in relation our Listing from RM0.07 million in the FYE 31 December 2014 to RM0.26 million in the FYE 31 December 2015.

Our administrative and other operating expenses remained at approximately RM5.60 million for the FYE 31 December 2015 and FYE 31 December 2016. Notwithstanding this, there were increase in professional fees and disbursement in relation to our Listing from RM0.26 million in the FYE 31 December 2015 to RM0.81 million in the FYE 31 December 2016 and other administrative expenses from RM0.95 million in FYE 31 December 2015 to RM1.21 million in the FYE 31 December 2016. However, this was offset mainly by the decrease in staff salaries, wages and allowances from RM1.79 million in the FYE 31 December 2015 to RM1.35 million in the FYE 31 December 2016 as well as other operating expenses from RM0.62 million in the FYE 31 December 2015 to RM0.34 million in the FYE 31 December 2016.

Please refer to **Section 11.4.2.5** of this Prospectus for the analysis of our Group's administrative and other operating expenses for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 .

11.4.1.6 Finance cost

Finance cost constituted approximately 1.03%, 0.89% and 0.59% of our Group's total revenue for the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 respectively. The percentages of finance cost over the Group's revenue recorded for the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 are consistent *i.e.* approximately 1.0% of our Group's revenue. Our Group's finance cost mainly consists of interest expenses on bankers' acceptances, overdrafts, term loans and hire purchase financing.

The lower finance cost of RM0.30 million in FYE 31 December 2016 as compared to RM0.35 million in FYE 31 December 2015 was attributable to the settlement of a term loan of a fixed asset which was disposed during FYE 31 December 2016 and lower utilisation of overdraft facilities as the company has sufficient cash to perform its projects in FYE 31 December 2016 as compared to FYE 31 December 2015.

Please refer to **Section 11.4.2.6** of this Prospectus for the analysis of our Group's finance cost for the past three (3) FYE 31 December 2014 to FYE 31 December 2016

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11. FINANCIAL INFORMATION (CONT'D)**11.4.1.7 Taxation**

Our subsidiary company, Cabnet Systems has been able to enjoy full tax exemption on statutory income derived from its ELV systems and structured cabling works segments from 8 August 2007 until 7 August 2017 due to the pioneer status that was granted by MITI to Cabnet Systems. As such, from the FYE 31 December 2014 to FYE 31 December 2016, our Group's has enjoyed a lower effective tax rate ranging from 3.37% to 4.99%. The effective tax rate and statutory tax rate for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 are as follows:-

	Audited FYE 31 December		
	2014	2015	2016
Effective tax rate	4.37%	3.37%	4.99%
Statutory tax rate	25.0%	25.0%	24.0%

The movement of effective tax rate is in line with the movement of the PBT of ITWin as ITWin is not a tax exempted company.

Upon the expiry of the pioneer status, Cabnet Systems will cease to enjoy the full tax exemption on statutory income derived from its ELV systems and structured cabling works segments. Thereafter, the company will be subject to statutory tax rate (24.0% effective from year of assessment 2016).

11.4.2 Results of operations

The following is a segmental analysis of our results for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 based on the assumption that our current Group structure has been in existence throughout the financial years.

11.4.2.1 Segmental analysis of revenue**(i) Revenue by companies**

The table below set forth the breakdown of our Group's total revenue by companies.

	Audited FYE 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
Cabnet Systems	22,524	66.13	30,042	75.88	40,244	79.15
Cabnet Penang	2,055	6.03	692	1.75	113	0.22
Cabnet Technology	-	-	-	-	-	-
ITWin	12,288	36.07	10,841	27.38	12,447	24.48
Consolidation adjustment*	(2,802)	(8.23)	(1,984)	(5.01)	(1,960)	(3.85)
Total revenue	34,065	100.0	39,591	100.0	50,844	100.0

11. FINANCIAL INFORMATION (CONT'D)*Note:-*

* The consolidation adjustment represents the elimination of inter-company transactions within our Group

(ii) Revenue by business activities

	Audited					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
ELV systems	18,216	53.48	19,505	49.27	30,218	59.43
Structured cabling works	6,363	18.68	11,229	28.36	10,139	19.94
IT services	12,288	36.07	10,841	27.38	12,447	24.48
Consolidation adjustment*	(2,802)	(8.23)	(1,984)	(5.01)	(1,960)	(3.85)
Total revenue	34,065	100.0	39,591	100.0	50,844	100.0

Note:-

* The consolidation adjustment represents the elimination of inter-company transactions within our Group.

(iii) Revenue by geographical location

The table below set forth the breakdown of our Group's total revenue by geographical location:-

	Audited FYE 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	36,753		41,442		52,797	
Consolidation adjustment*	(2,802)		(1,984)		(1,960)	
Sub-total	33,951	99.66	39,458	99.66	50,837	99.99
Singapore ^	95	0.28	126	0.32	-	-
Indonesia	19	0.06	7	0.02	7	0.01
Total revenue	34,065	100.0	39,591	100.0	50,844	100.0

Notes:-

* The consolidation adjustment represents the elimination of inter-company transactions within our Group.

^ This is in reference to the projects with Apro Technology Pte Ltd, a Singapore-based company, for work done in Malaysia as disclosed under Section 5.1 of the Prospectus. The billing for the work done was issued to Apro Technology Pte Ltd.

11. FINANCIAL INFORMATION (CONT'D)**(iv) Commentaries on revenue****(a) FYE 31 December 2015 as compared to FYE 31 December 2014**

Our revenue increased by 16.20% from RM34.07 million in the FYE 31 December 2014 to RM39.59 million in the FYE 31 December 2015. The increase was mainly due to higher revenue from our ELV systems segment which increased by 7.08% from RM18.22 million in the FYE 31 December 2014 to RM19.51 million in the FYE 31 December 2015, and higher revenue from our structured cabling works segment which increased by 76.57% from RM6.36 million in the FYE 31 December 2014 to RM11.23 million in the FYE 31 December 2015. The increase was offset by lower revenue from our IT services business contributed by ITWin which decreased by 11.80% from RM12.29 million in the FYE 31 December 2014 to RM10.84 million in the FYE 31 December 2015.

The increase in revenue for the FYE 31 December 2015 amounting to RM5.52 million was mainly attributable to the increase in revenue recognition from the following ELV systems segment and structured cabling works segment, as set out below:-

Name of customers	Project type	Revenue recognition FYE 31 December		Increase / (Decrease)
		2014	2015	
		RM'000	RM'000	RM'000
ELV systems				
Malpakat Construction Sdn Bhd	Service apartments, club house, hotel with office and business space, car park	794	2,261	1,467
Sin Sin Construction Sdn Bhd	Service apartments, car park	1,042	2,020	978
Takenaka (M) Sdn Bhd	Shopping complex	-	2,800	2,800
	Total	1,836	7,081	
Structured cabling works				
Bond M&E Sdn Bhd	Service apartments, international school with boarding, support and outdoor sports facilities	113	905	792
Malpakat Construction Sdn Bhd	Service apartments, club house, hotel with office and business space, car park	13	1,068	1,055

11. FINANCIAL INFORMATION (CONT'D)

Name of customers	Project type	Revenue recognition FYE 31 December		Increase / (Decrease)
		2014	2015	
		RM'000	RM'000	RM'000
Infineon Technologies (Malaysia) Sdn Bhd	Factory buildings	644	2,063	1,419
Kimlun Sdn Bhd	Apartments, service apartments, facilities floors (common facilities area such as gymnasium, swimming pool and etc.), ancillary building, external works, car park	-	414	414
Sin Sin Construction Sdn Bhd	Service apartments, car park	-	1,042	1,042
Total		770	5,492	

The increase in the revenue of ELV systems and structured cabling works was offset by lower revenue from our IT services business as a result of the completion of the two (2) major projects in FYE 31 December 2014 as set out below:-

- the project for Pengerang Independent Terminal Sdn Bhd's data centre and office building in Pengerang, Johor, where the recorded revenue during the financial year was approximately RM0.92 million for our IT services; and
- the project for Biocon Sdn Bhd's data centre in Nusajaya, Johor, where revenue of RM1.46 million is recognised during the financial year for our IT services, of which RM0.80 million was for, amongst others, the supply and installation of server virtualisation including enterprise servers and storage for Biocon Sdn Bhd's data centre in Nusajaya, Johor while the remaining was due to multiple purchase orders to perform the network infrastructure and wireless works for the data center.

(b) FYE 31 December 2016 as compared to FYE 31 December 2015

Our revenue increased by 28.42% from RM39.59 million in the FYE 31 December 2015 to RM50.84 million in the FYE 31 December 2016. The increase was mainly due to higher revenue from our ELV systems segment which increased by 54.89% from RM19.51 million in the FYE 31 December 2015 to RM30.22 million in the FYE 31 December 2016, and higher revenue from our IT services business contributed by ITWin which increased by 14.85% from RM10.84 million in the FYE 31 December 2015 to RM12.45 million in the FYE 31 December 2016. The increase was offset by lower revenue from our structured cabling works segment which decreased by 9.71% from RM11.23 million in the FYE 31 December 2015 to RM10.14 million in the FYE 31 December 2016.

11. FINANCIAL INFORMATION (CONT'D)

The increase in revenue for the FYE 31 December 2016 amounting to RM11.25 million was mainly attributable to the increase in revenue recognition from the following ELV systems segment:-

Name of customers	Project type	Revenue recognition FYE 31 December		Increase / (Decrease)
		2015	2016	
		RM'000	RM'000	RM'000
ELV systems				
Kimlun Sdn Bhd	Apartments, service apartments, facilities floors (common facilities area such as gymnasium, swimming pool and etc.), ancillary building, external works, car park	836	3,252	2,416
Haute Property Sdn Bhd	Management office and control tower, guardhouse, clubhouse and site perimeter protection	-	3,397	3,397
Forest City Pacificview Sdn Bhd	Hotel block, facilities floors (common facilities area such as gymnasium, swimming pool and etc.), commercial complex, car park	-	4,413	4,413
Bond M&E Sdn Bhd	Service apartments, international school with boarding, support and outdoor sports facilities	762	2,162	1,400
Total		1,598	13,224	

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11. FINANCIAL INFORMATION (CONT'D)

Revenue of IT services is recognised upon the rendering of services which typically requires two (2) to four (4) months to complete. The increase in revenue for IT services business from RM10.84 million in the FYE 31 December 2015 to RM12.45 million in the FYE 31 December 2016 were mainly contributed from the following projects:-

- Extreme Edge Sdn Bhd, contributing a revenue of RM0.63 million for, amongst others, the supply and installation of server virtualisation including enterprise servers, switches and storage for Johor Corporation's office building in Ulu Tiram, Johor;
- J.S.T. Connectors (Malaysia) Sdn Bhd, contributing a revenue of RM1.04 million for, amongst others, the supply and installation of enterprise servers, transceivers and switches for J.S.T. Connectors (Malaysia) Sdn Bhd's factory located in Gelang Patah, Johor; and
- Medical-Latex (DUA) Sdn Bhd, contributing a revenue of RM0.42 million for, amongst others, services relating to IT Migration and server virtualisation for its factory buildings located in Senai, Johor.

The increase in the revenue of ELV systems and IT services business was offset mainly by lower revenue from the following structured cabling works:

Name of customers	Project type	Revenue recognition FYE 31 December		Increase / (Decrease)
		2015	2016	
		RM'000	RM'000	RM'000
Structured cabling works				
Malpakat Construction Sdn Bhd	Service apartments, club house, hotel with office and business space, car park	1,068	542	(526)
Sin Sin Construction Sdn Bhd	Service apartments, car park	1,042	235	(807)
Total		2,110	777	

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11. FINANCIAL INFORMATION (CONT'D)

11.4.2.2 Segmental analysis of cost of sales

(i) Cost of sales by companies

The table below sets forth the breakdown of our Group's cost of sales by companies:-

	Audited					
	FYE 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
Cost of goods sold						
- Cabnet Systems	11,477	47.41	13,558	48.44	19,823	51.28
- Cabnet Penang	841	3.47	131	0.47	(79)Δ	(0.20)Δ
- ITWin	9,512	39.30	8,395	29.99	9,674	25.02
Consolidation adjustment#	(2,799)	(11.56)	(1,984)	(7.09)	(1,960)	(5.07)
Subtotal – Cost of goods sold	19,031	78.62	20,100	71.81	27,458	71.03
Staff cost						
- Cabnet Systems	3,671	15.17	3,521	12.58	2,867	7.42
- Cabnet Penang	429	1.77	121	0.44	_@	_@
- ITWin*	-	-	-	-	-	-
Subtotal – Staff cost	4,100	16.94	3,642	13.02	2,867	7.42
Supplier charges^						
- Cabnet Systems	846	3.50	3,949	14.11	8,083	20.91
- Cabnet Penang	7	0.03	12	0.04	17	0.04
- ITWin^	-	-	-	-	-	-
Subtotal – Supplier charges	853	3.53	3,961	14.15	8,100	20.95
Overheads						
- Cabnet Systems	150	0.61	258	0.92	215	0.55
- Cabnet Penang	72	0.30	29	0.10	18	0.05
- ITWin*	-	-	-	-	-	-
Subtotal – Overheads	222	0.91	287	1.02	233	0.60
Total cost of sales	24,206	100.0	27,990	100.0	38,658	100.0

Notes:-

Δ The cost of goods sold for Cabnet Penang amounting to (RM79,000) for FYE 31 December 2016 was due to goods return on the purchases (for credit note received by Cabnet Penang on 15 July 2016 for the supplies of equipment, components and parts for structured cabling works due to different specifications required by customers) made before FYE 31 December 2016 of RM0.11 million. This was netted off with the purchases made by Cabnet Penang in FYE 31 December 2016 of RM0.03 million.

The consolidation adjustment represents the elimination of inter-company transactions within our Group.

* There were no staff cost / overheads incurred by ITWin as ITWin does not identify direct cost related to the IT services rendered by its staff. These costs had been classified under administrative and other operating expenses.

^ Supplier charges include subcontractor charges related to general installation works as explained below, as well as electrical works for ELV systems. ITWin does not incur supplier charges as ITWin does not engage sub-contractors to carry out any work.

@ There were no staff cost incurred by Cabnet Penang as Cabnet Penang has no more employee since March 2016 as the remaining two (2) employees in Cabnet Penang were transferred to Cabnet Systems.

11. FINANCIAL INFORMATION (CONT'D)**(ii) Cost of sales by composition**

The table below sets forth the breakdown of our Group's cost of sales by business activities:

	Audited					
	FYE 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
Cost of goods sold						
- ELV systems	9,211	38.05	9,261	33.09	14,120	36.53
- Structured cabling works	3,107	12.83	4,428	15.82	5,624	14.55
- IT services	9,512	39.30	8,395	29.99	9,674	25.02
Consolidation adjustment#	(2,799)	(11.56)	(1,984)	(7.09)	(1,960)	(5.07)
Subtotal – Cost of goods sold	19,031	78.62	20,100	71.81	27,458	71.03
Staff cost						
- ELV systems	3,100	12.81	2,305	8.24	2,149	5.56
- Structured cabling works	1,000	4.13	1,337	4.78	718	1.86
- IT services	-	-	-	-	-	-
Subtotal – Staff cost	4,100	16.94	3,642	13.02	2,867	7.42
Supplier charges*						
- ELV systems	606	2.51	2,857	10.21	7,576	19.60
- Structured cabling works	247	1.02	1,104	3.94	524	1.35
- IT services	-	-	-	-	-	-
Subtotal – Supplier charges	853	3.53	3,961	14.15	8,100	20.95
Overheads						
- ELV systems	152	0.62	178	0.63	170	0.44
- Structured cabling works	70	0.29	109	0.39	63	0.16
- IT services	-	-	-	-	-	-
Subtotal – Overheads	222	0.91	287	1.02	233	0.60
Total cost of sales	24,206	100.0	27,990	100.0	38,658	100.0

Notes:-

The consolidation adjustment represents the elimination of inter-company transactions within our Group.

* Supplier charges include subcontractor charges related to general installation works as explained below, as well as electrical works for ELV systems. ITWin does not incur supplier charges as ITWin does not engage sub-contractors to carry out any work.

11. FINANCIAL INFORMATION (CONT'D)

Our cost of sales commonly consists of the following:-

- Cost of goods sold (as detailed in **Section 6.5** of this Prospectus);
- Staff cost consist of our Group's permanent staff's salaries, allowance and bonus, EPF and SOCSO which were directly related to the contracts for structured cabling works and ELV systems and temporary general workers performing general installation works;
- Supplier charges (including subcontractor charges related to general installation works for ELV systems and structured cabling works segments, as well as electrical works for ELV systems); and
- Overheads.

General installation works performed by temporary general workers and sub-contractors include labour works for piping and trunking works such as laying of metal or plastic tubes used to protect and route cables in a building for ELV systems and structured cabling works segments. Prior to 1 January 2015, our Group had employed temporary general workers to undertake part of the general installation works. After 1 January 2015, our Group has been sub-contracting part of general installation works to third party suppliers instead of employing temporary general workers directly.

(iii) Commentaries on cost of sales**(a) FYE 31 December 2015 as compared to FYE 31 December 2014**

Our cost of sales increased by 15.61% from RM24.21 million in the FYE 31 December 2014 to RM27.99 million in the FYE 31 December 2015. The increase in cost of sales was mainly due to an increase in supplier charges by 365.88% from RM0.85 million in the FYE 31 December 2014 to RM3.96 million in the FYE 31 December 2015 and offset by the 11.22% lower staff cost from RM4.10 million in the FYE 31 December 2014 to RM3.64 million in 31 December 2015. The increase in the supplier charges was due to the increase in number of projects undertaken (i.e. from four (4) contracts amounting to approximately RM13.75 million in FYE 31 December 2014 to seven (7) contracts amounting to approximately RM27.14 million in FYE 31 December 2015), which required more general installation works as explained in **Section 8.10.1** of the Prospectus for ELV systems and structured cabling works segments, as well as electrical works for ELV systems. The lower staff cost was due to more general installation works outsourced to third party suppliers (i.e. suppliers that provide services to undertake general installation works and electrical works for ELV systems), which resulted in the lower over-time claims by our staff.

(b) FYE 31 December 2016 as compared to FYE 31 December 2015

Our cost of sales increased by 38.12% from RM27.99 million in the FYE 31 December 2015 to RM38.66 million in the FYE 31 December 2016. The increase in cost of sales was mainly due to an increase in the cost of the purchase of equipment, components and parts by 36.62% from RM20.10 million in the FYE 31 December 2015 to RM27.46 million in the FYE 31 December 2016. The increase in the purchase of equipment, components and parts was resulted mainly from the increase in our Group's revenue of the ELV systems segment and IT services segment as explained in **Section 11.4.2.1 (iv)(b)** of this Prospectus. This was mainly due to more purchases of equipment, components

11. FINANCIAL INFORMATION (CONT'D)

ELV systems segment and IT services segment of our Group in the FYE 31 December 2016.

In addition, the supplier charges increased by 104.55% from RM3.96 million in the FYE 31 December 2015 to RM8.10 million in the FYE 31 December 2016 mainly due to the following:

- fast track projects undertaken (as requested by the customers to complete the projects in four (4) months as compared to typical projects that require twelve months to complete), namely provision of ELV systems for Emerald Bay's residential properties (Phase 1 with the contract value of RM3.85 million involving a waterfront residential area comprising freehold landed properties as well condominiums) and Forest City's projects of RM4.62 million for the provision of ELV systems, structured cabling works and IT services in Forest City Hotel, which required more general installation works; and
- provision of more ELV systems for new projects secured, which required additional general installation works for ELV systems segment. In this regard, our Group's ELV systems segment has recorded higher revenue of RM30.22 million in FYE 31 December 2016 as compared to RM19.51 million in FYE 31 December 2015.

The lower staff cost was due to more general installation works outsourced to third party suppliers (i.e. suppliers that provide services to undertake general installation works and electrical works for ELV systems), which resulted in the lower over-time claims by our staff.

11.4.2.3 Segmental analysis of GP and GP margin**(i) GP and GP margin by companies**

The table below sets forth the breakdown of our Group's GP by companies:-

	Audited					
	FYE 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
Cabnet Systems	6,380	64.71	8,756	75.48	9,256	75.96
Cabnet Penang	706	7.16	399	3.44	157	1.29
Cabnet Technology	-	-	-	-	-	-
ITWin	2,776	28.16	2,446	21.08	2,773	22.75
	9,862	100.03	11,601	100.0	12,186	100.0
Consolidation adjustment*	(3)	(0.03)	-	-	-	-
Total GP	9,859	100.0	11,601	100.0	12,186	100.0

Note:-

- * The consolidation adjustment represents the elimination of inter-company transactions within our Group.

11. FINANCIAL INFORMATION (CONT'D)**(ii) GP by business activities**

The table below sets forth the breakdown of our Group's GP by business activities:-

	Audited					
	FYE 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
ELV systems	5,147	52.20	4,904	42.27	6,204	50.91
Structured cabling works	1,939	19.67	4,251	36.64	3,209	26.33
IT services	2,776	28.16	2,446	21.09	2,773	22.76
	9,862	100.03	11,601	100.0	12,186	100.0
Consolidation adjustment*	(3)	(0.03)	-	-	-	-
Total GP	9,859	100.0	11,601	100.0	12,186	100.0

Note:-

* The consolidation adjustment represents the elimination of inter-company transactions within our Group.

(iii) GP margin by business activities

The table below sets forth the breakdown of our Group's GP margin by business activities:-

	FYE 31 December		
	2014	2015	2016
	%	%	%
ELV systems	28.26	25.14	20.53
Structured cabling works	30.47	37.86	31.65
IT services	22.59	22.56	22.28
Overall ⁽¹⁾	28.94	29.30	23.97

Note:-

(1) After consolidation adjustment which eliminates the inter-company transactions within our Group.

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11. FINANCIAL INFORMATION (CONT'D)**(iv) Commentaries on GP and GP margin****(a) FYE 31 December 2015 as compared to FYE 31 December 2014**

The increase in GP by RM1.74 million or 17.65% from RM9.86 million in FYE 31 December 2014 to RM11.60 million in FYE 31 December 2015 is in line with the increase in revenue of our Group.

However, our Group's overall GP margin for the FYE 31 December 2015 has increased to 29.30% as compared to the Group's overall GP margin for the FYE 31 December 2014 of 28.94%, representing a slight increase of 0.36% in the Group's overall GP margin for the year. The marginal increase in the overall GP margin was mainly attributed to the increase in the GP margin for our structured cabling works. The GP margin for our structured cabling works increased from 30.47% in FYE 31 December 2014 to 37.86% in FYE 31 December 2015 mainly due to increase in the revenue of structured cabling works of 76.57% (i.e. from RM6.36 million in FYE 31 December 2014 to RM11.23 million in FYE 31 December 2015) is higher than the percentage of increase in cost of sales of structured cabling of 57.92% (i.e. from RM4.42 million in FYE 31 December 2014 to RM6.98 million in FYE 31 December 2015) as the Group was able to enjoy better pricing from higher quantity of purchases made. The GP margin for our ELV systems also decreased from 28.26% in the FYE 31 December 2014 to 25.15% in the FYE 31 December 2015 mainly due to the increase in supplier charges. The GP margin for our IT services also decreased from 22.59% in the FYE 31 December 2014 to 22.56% in the FYE 31 December 2015. The marginal decrease in the GP margin of IT services was mainly due to the decrease in the cost of goods sold for IT services and the decrease in revenue of IT services in the FYE 31 December 2015.

(b) FYE 31 December 2016 as compared to FYE 31 December 2015

The increase in GP by RM0.59 million from RM11.60 million in FYE 31 December 2015 to RM12.19 million in FYE 31 December 2016 was mainly due to the increase in revenue of our Group by RM11.25 million from RM39.59 million in the FYE 31 December 2015 to RM50.84 million in the FYE 31 December 2016, which was higher than the increase in the cost of sale. The cost of sales increased by RM10.67 million from RM27.99 million in the FYE 31 December 2015 to RM38.66 million in the FYE 31 December 2016. Please refer to **Section 11.4.2.1 (iv)(b)** for the reason of increase in revenue and **Section 11.4.2.2 (iii)(b)** for the increase in cost of sales.

Our Group's overall GP margin for the FYE 31 December 2016 has decreased to 23.97% as compared to the Group's overall GP margin for the FYE 31 December 2015 of 29.30%, representing a decrease of 5.33% in the Group's overall GP margin for the year. The decrease in our Group's overall GP margin was mainly attributed to the following:

- The decrease in GP margin for ELV systems from 25.14% in FYE 31 December 2015 to 20.53% in FYE 31 December 2016 was attributable to the higher percentage of increase in the cost of sales of ELV systems of 64.52% (i.e. from RM14.60 million in FYE 31 December 2015 to RM24.02 million in FYE 31 December 2016) compared to the percentage of increase in revenue of ELV systems of 54.89% (i.e. from RM19.51 million in FYE 31 December 2015 to RM30.22 million in FYE 31 December 2016) arising mainly from the Group's higher supplier charges

11. FINANCIAL INFORMATION (CONT'D)

(from RM2.86 million in FYE 31 December 2015 to RM7.58 million in FYE 31 December 2016) for general installation works and electrical works for ELV systems as explained in **Section 11.4.2.2 (iii)(b)** of this Prospectus.

- The GP margin for our structured cabling works decreased from 37.86% in the FYE 31 December 2015 to 31.65% in the FYE 31 December 2016 mainly due to decline in revenue amounting to RM1.09 million (from RM11.23 million in FYE 31 December 2015 to RM10.14 million in FYE 31 December 2016) while the cost of sales only decreased marginally by RM0.05 million (from RM6.98 million in FYE 31 December 2015 to RM6.93 million in FYE 31 December 2016) mainly due to the higher cost of cables purchased was not able to be passed on to our customers.

Following the decrease in GP margin as explained above, our Group's GP increased by 5.09% from RM11.60 million in FYE 31 December 2015 to RM12.19 million in the FYE 31 December 2016 as compared to the increase in our Group's GP of 17.65%, from RM9.86 million in FYE 31 December 2014 to RM11.60 million in the FYE 31 December 2015.

11.4.2.4 Other income

The following is an analysis of our Group's other incomes:-

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Commission received	33	39	33
Management fee received	49	-	-
Interest income	36	-(1)	7
Gain on disposal of assets			
- property, plant and equipment	20(2)	20(2)	-
- investment property	-	97(3)	-
Bad debt recovered	-	7	-
Bargain purchase arising from acquisition of a subsidiary	-	77(4)	-
Fixed deposit interest income	-	45	79
Rental income	-	8	13
Reversal of impairment loss on trade receivables	-	152(5)	360(5)
Gain on foreign exchange – realised	1	4	-
Others	31(6)	1	-
Total	170	450	492

11. FINANCIAL INFORMATION (CONT'D)*Notes:-*

- (1) *Negligible. Less than RM500.*
- (2) *Disposal of motor vehicles by Cabnet Systems.*
- (3) *Arising from the disposal of a piece of freehold land together with a unit of three (3) storey shop office erected thereon by ITWin to Greenchain Marketing Sdn Bhd as disclosed under Section 14.4 of this Prospectus.*
- (4) *Bargain purchase arose when the purchase consideration for the 49% equity interest in ITWin is lower than the fair value of the NA of ITWin at the point of acquisition. The purchase consideration for the acquisition of 49% equity interest in ITWin was RM1,280,000. At the date of acquisition on 18 August 2015, the NA of ITWin was RM2,768,770 and 49% thereof was RM1,356,697. After deducting purchase consideration of RM1,280,000, the difference of RM76,697 was the bargain purchase recognised as other income.*
- (5) *The reversal was relating to trade debts that were collected in FYE 31 December 2015 and FYE 31 December 2016. These debts were impaired in the previous financial years.*
- (6) *Income derived from the disposal of scrap materials, i.e. cables which are not usable.*

(i) Commentaries on other income**(a) FYE 31 December 2015 as compared to FYE 31 December 2014**

Our other income increased by 164.71% from RM0.17 million in the FYE 31 December 2014 to RM0.45 million in the FYE 31 December 2015 mainly due to the gain on disposal of investment property of RM0.10 million, reversal of impairment loss on trade receivables amounting to RM0.15 million and bargain purchase arising from the acquisition of 49% equity interest in ITWin of RM0.08 million in the FYE 31 December 2015.

(b) FYE 31 December 2016 as compared to FYE 31 December 2015

Our other income increased by 8.89% from RM0.45 million in the FYE 31 December 2015 to RM0.49 million in the FYE 31 December 2016 mainly due to reversal of impairment loss on trade receivables amounting to RM0.36 million as these trade debts were impaired in the previous financial years and had been collected in FYE 31 December 2016.

11. FINANCIAL INFORMATION (CONT'D)**11.4.2.5 Operating expenses**

Our operating expenses generally comprise the following:-

(i) Administrative and other operating expenses

The following table set forth the components of our Group's administrative and other operating expenses:-

	Audited					
	FYE 31 December					
	2014		2015		2016	
	RM'000	%	RM'000	%	RM'000	%
Depreciation	416	8.16	409	7.25	401	7.12
Directors' emoluments	1,070	20.97	689	12.21	715	12.70
Electricity and water	99	1.94	107	1.90	97	1.72
Entertainment	197	3.86	189	3.35	228	4.05
Petrol and diesel	252	4.94	229	4.06	179	3.18
Rental of premises	162	3.18	144	2.55	25	0.44
Salaries, wages and allowance	1,550	30.39	1,786	31.66	1,351	23.99
Telephone charges	91	1.78	99	1.75	109	1.94
Upkeep of motor vehicles	129	2.53	165	2.93	165	2.93
Professional fees and disbursement#	74	1.45	258	4.57	811	14.40
Other administrative expenses*	901	17.66	950	16.83	1,211	21.51
Sub-total administrative expenses	4,941	96.86	5,025	89.06	5,292	93.98
Other operating expenses^	160	3.14	617	10.94	339	6.02
Total administrative expenses and other operating expenses	5,101	100.0	5,642	100.0	5,631	100.0

Notes:-

- * Comprises mainly bank charges, donation, insurance, parking and tolls charges, printing and stationary, staff welfare, training fees and upkeep of office.
- # Comprises mainly expenses relating to our listing, such as advisory fees, fees for legal due diligence, market research, reporting accountants and etc.
- ^ Includes those expenses not directly related to the administrative, e.g. allowance for impairment loss on receivables, loss on disposal of PPE, loss on foreign exchange, etc.

11. FINANCIAL INFORMATION (CONT'D)**(ii) Commentaries on the operating expenses****(a) FYE 31 December 2015 as compared to FYE 31 December 2014**

Our administrative and other operating expenses increased by RM0.54 million or 10.59%, from RM5.10 million in the FYE 31 December 2014 to RM5.64 million in the FYE 31 December 2015. The increase was mainly attributable to the increase in allowance for impairment losses on receivables and inventories written off from RM0.12 million in FYE 31 December 2014 to RM0.54 million in FYE 31 December 2015 and the professional fees and disbursement in relation our Listing, amounting to RM0.26 million. The Directors' emoluments decreased by RM0.38 million or 35.51%, from RM1.07 million in the FYE 31 December 2014 to RM0.69 million in the FYE 31 December 2015. This decrease was mainly attributable to lower Directors' fee and bonus payout by ITWin for the FYE 31 December 2015 following the resignations of Ho Chee Hong and Chin Hoon Lim from the positions of Directors in ITWin during the FYE 31 December 2014.

(b) FYE 31 December 2016 as compared to FYE 31 December 2015

Our administrative and other operating expenses have decreased by 0.18%, from RM5.64 million in FYE 31 December 2015 to RM5.63 million in FYE 31 December 2016. The decrease was mainly due to lower salaries, wages and allowance (from RM1.79 million to RM1.35 million) as a result of reduced number of employees (from 78 to 73 employees) and lesser allowance for impairment losses on receivables (from RM0.46 million in FYE 31 December 2015 to RM0.02 million in FYE 31 December 2016), offset by the increase in professional fees and disbursement from RM0.26 million to RM0.81 million, primarily for our Listing.

The increase in other administrative expenses in FYE 31 December 2016 was mainly due to increase in rental of equipment from RM7,000 for the FYE 31 December 2015 to RM121,000 for the FYE 31 December 2016. The increase in rental of equipment was mainly due to the rental of trucks for transport and travelling which amounted to RM110,000 in FYE 31 December 2016 as compared to no rental expenses for trucks were incurred in FYE 31 December 2015. Moving forward, our Group does not anticipate the rental of trucks for transportation and travelling since our Group has purchased these vehicles. In addition, our Group also incurred rental expenses for skylifts for high level installations which amounted to RM4,000 and containers for storage of goods which amounted to RM7,000 in FYE 31 December 2016 as compared to only rental of containers which amounted to RM7,000 in FYE 31 December 2015. The rental of equipment such as skylifts and containers in FYE 31 December 2016, was necessary for the Aeon Mall project, located at Tebrau City, Johor.

In addition, staff welfare increased from RM34,000 in FYE 31 December 2015 to RM64,000 in FYE 31 December 2016 mainly due to increase in food and drinks provided for our Group's staff where overtime was required by our Group's staff to perform their respective tasks as a result from the fast track projects undertaken (for more details on the fast track projects, refer to **Section 11.4.2.2 (iii)(b)**).

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11. FINANCIAL INFORMATION (CONT'D)**11.4.2.6 Finance cost**

The following table set forth our Group's finance costs:-

Finance cost	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Interest expense on:-			
Bankers' acceptance	75	117	112
Trust receipt	39	-	-
Overdraft	61	93	70
Term loan	142	107	83
Hire purchase	35	36	35
Total	352	353	300

Our Group's finance cost consists predominantly of interest expense on, amongst others, as follows:-

- (1) Bankers' acceptance interest;
- (2) Trust receipt interest;
- (3) Overdraft interest;
- (4) Term loan interest; and
- (5) Hire purchase interest.

The finance cost was maintained at approximately RM0.35 million for the FYE 31 December 2014 and FYE 31 December 2015 respectively. Our finance cost decreased by 14.29% from RM0.35 million in the FYE 31 December 2015 to RM0.30 million in the FYE 31 December 2016 due to the settlement of a term loan of a fixed asset which was disposed during the financial year and lower utilisation of overdraft facilities as the company has sufficient cash to perform its projects in FYE 31 December 2016 as compared to FYE 31 December 2015.

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11. FINANCIAL INFORMATION (CONT'D)

11.4.2.7 Segmental analysis of profits

(i) Profits and effective tax rate

The following table sets forth the components of our Group's profit and effective tax rate:-

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
PBT	4,576	6,056	6,747
Taxation	(200)	(204)	(337)
PBT margin (%)	13.43	15.30	13.27
Effective tax rate (%)	4.37	3.37	4.99
PAT (excluding discontinued operations)	4,376	5,852	6,410
PAT margin	12.85	14.78	12.61

(ii) Commentaries on the PBT, PBT margin and PAT

Our year-on-year PBT increased from RM4.58 million in the FYE 31 December 2014 to RM6.75 million in the FYE 31 December 2016, which represented a CAGR of approximately 21.40%. From FYE 31 December 2014 to FYE 31 December 2016, the effective tax rate had remained low between 3.37% to 4.99%, as Cabnet Systems was able to enjoy full tax exemption on statutory income derived from its ELV systems and structured cabling works segments from 8 August 2007 until 7 August 2017 due to the pioneer status that was granted by MITI to Cabnet Systems. The analysis of PBT, PBT margin and PAT are as follows:-

(a) FYE 31 December 2015 as compared to FYE 31 December 2014

The increase in PBT from RM4.58 million in the FYE 31 December 2014 to RM6.06 million in the FYE 31 December 2015 was mainly due to the increase in GP from RM9.86 million in the FYE 31 December 2014 to RM11.60 million in the FYE 31 December 2015, offset by the higher administrative and other operating expenses from RM5.10 million in the FYE 31 December 2014 to RM5.64 million in the FYE 31 December 2015. The PBT margin had also increased from 13.43% in the FYE 31 December 2014 to 15.30% in the FYE 31 December 2015 mainly due to the increase in the revenue from structured cabling works of RM6.36 million in the FYE 31 December 2014 to RM11.23 million in the FYE 31 December 2015 as well as the increase in the GP margin of structured cabling works of 30.47% in the FYE 31 December 2014 to 37.86% in the FYE 31 December 2015.

11. FINANCIAL INFORMATION (CONT'D)

As a result from the increase in PBT in the FYE 31 December 2015, the PAT of the same period had also increased by RM1.47 million from RM4.38 million in the FYE 31 December 2014 to RM5.85 million in the FYE 31 December 2015. The PAT margin had also increased from 12.85% in the FYE 31 December 2014 to 14.78% in FYE 31 December 2015 due to higher PBT margin.

The effective tax rate decreased from 4.37% in the FYE 31 December 2014 to 3.37% in the FYE 31 December 2015 is in line with the decrease of PBT of ITWin.

(b) FYE 31 December 2016 as compared to FYE 31 December 2015

The increase in PBT from RM6.06 million in FYE 31 December 2015 to RM6.75 million in FYE 31 December 2016 was mainly due to the increase in GP from RM11.60 million in the FYE 31 December 2015 to RM12.19 million in the FYE 31 December 2016. Despite the increase in the PBT, the PBT margin had decreased from 15.30% in the FYE 31 December 2015 to 13.27% in the FYE 31 December 2016 mainly due to the decrease in the overall GP margin from 29.30% in the FYE 31 December 2015 to 23.97% in the FYE 31 December 2016. The reason for the drop in PBT margin of 2.03% compared to the drop in overall GP margin of 5.33% was mainly due to percentage of administrative and other operating expenses over total revenue had decreased from 14.25% in FYE 31 December 2015 to 11.08% in FYE 31 December 2016.

As a result from the increase in PBT in the FYE 31 December 2016, the PAT of the same period had also increased by RM0.56 million from RM5.85 million in the FYE 31 December 2015 to RM6.41 million in the FYE 31 December 2016. The PAT margin had also decreased from 14.78% in the FYE 31 December 2015 to 12.61% in the FYE 31 December 2016 mainly due to the lower PBT margin.

The effective tax rate increased from 3.37% in the FYE 31 December 2015 to 4.99% in the FYE 31 December 2016 was mainly due to the higher PBT of ITWin.

11.4.3 Significant factors affecting our financial performance

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

(i) Impact of government, economic, fiscal or monetary policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in **Section 4.1.1** of this Prospectus. Save as disclosed in **Section 4.1.1** of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that had materially impacted our historical profits for the past three (3) FYE 31 December 2014 to FYE 31 December 2016.

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11. FINANCIAL INFORMATION (CONT'D)**(ii) Impact of expiry of pioneer status**

Cabnet Systems, by virtue of its MSC status, was granted pioneer status by MITI under the Promotion of Investments Act, 1986 in 2007, and has since enjoyed full exemption from paying Malaysian income tax on income derived from MSC Malaysia qualifying activities. The pioneer status was renewed for a further period of five (5) years upon expiry of the first five (5) years in 2012 and is now valid until 7 August 2017. The expiry of pioneer status will directly affect our financial performance as Cabnet Systems will be subject to the statutory tax rate (the present tax rate is at 24%).

(iii) Impact of interest rates

	Audited		
	2014	FYE 31 December 2015	2016
Interest coverage ratio (times)*	14.00	18.16	23.49

Note:-

* *Interest coverage ratio measure the number of times a company can make its interest payments with its profit before interest and tax.*

Our interest coverage ratio of between 14.0 to 23.49 times for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 indicates that our Group had been able to generate sufficient profits before interest and tax to meet our interest serving obligations.

Our Group's financial results for the financial years under review were not materially affected by fluctuation in interest rates. To date, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

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11. FINANCIAL INFORMATION (CONT'D)**(iv) Impact on foreign exchange rates**

Our revenue is mainly denominated in RM although our Group had also derived revenue denominated in currencies other than RM for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 (as disclosed in **Section 11.4.2.1(iii)**). However, we are exposed to minimal foreign currency risk on transactions that are denominated in currencies other than RM.

As at 31 December 2016, we do not have any foreign currency payables. At the moment, our Group does not hedge our Group's foreign currency exposure and as at the LPD, we do not utilise any financial instruments for hedging purposes. We constantly monitor and review our Group's need to hedge. Should this exposure become substantial, we will consider hedging our position.

For the FYE 31 December 2014 to FYE 31 December 2016, the net loss on foreign exchange transactions were mainly due to the fluctuation in foreign currencies relative to RM in respect of our sales and purchases denominated in SGD.

	FYE 31 December		
	2014	2015	2016
Net loss on foreign exchange (RM'000)	(44)	(65)	(40)
As a percentage of PBT (%)	(0.96)	(1.07)	(0.59)

(v) Impact of credit risk of our customers

Our financial performance is dependent, to a certain extent, the creditworthiness of our customers. If circumstances arise that affect our customers' ability or willingness to pay us, we may experience payment delays or in more severe circumstances, we may not be able to collect payment from our customers. Accordingly, we would have to make allowance for doubtful debts, or incur debts write-offs, which may have an adverse impact on our profitability.

For the financial period under review, there were no other allowance for impairment losses on receivables and bad debt written-off, save for those disclosed in **Section 11.5.9**.

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11. FINANCIAL INFORMATION (CONT'D)**11.5 Liquidity and capital resources****11.5.1 Working capital**

Our business has been financed by a combination of internal and external source of funds. Our internal sources were from shareholders' equity and cash generated from our operations whereas our external sources were from the various credit facilities extended to us by financial institutions. The principal utilisation of these funds has been for our business operations and growth.

As at 31 December 2016 and before the Public Issue and utilisation of proceeds as disclosed in **Section 3.8**, our Group has cash and cash equivalents of approximately RM5.28 million, total borrowings of approximately RM5.30 million and debt to equity ratio of 0.19 times. As at the LPD, we have available banking facilities of RM11.05 million (excluding hire purchase financing), of which RM5.44 million has yet to be utilised.

Our Directors are of the opinion that after taking into consideration the cash and cash equivalents, the expected profits to be generated from our operations, amounts available under our existing banking facilities and new banking facilities that may be granted to our Group, as well as proceeds expected to be raised from the Public Issue, our Group will have adequate working capital to meet our present and foreseeable requirements for at least a period of twelve (12) months from the date of this Prospectus.

11.5.2 Cash flow

The following is a summary of our Group's statements of cash flows for the FYE 31 December 2014, FYE 31 December 2015 and FYE 31 December 2016 and should be read in conjunction with **Section 11.2.3** of this Prospectus

(i) FYE 31 December 2014

	FYE 31 December 2014 RM'000
Net cash from operating activities	3,005
Net cash for investing activities	(431)
Net cash for financing activities	(2,645)
Net decrease in cash and cash equivalents	(71)
Cash and cash equivalents at beginning of period	518
Cash and cash equivalents at end of period	447

Note:-

* *Components of cash and cash equivalents as at 31 December 2014:-*

	As at 31 December 2014 RM'000
Cash and bank balances	1,500
Fixed deposits with licensed banks	1,437
Bank overdrafts	(1,053)
	1,884
<i>Less: Fixed deposits pledged to licensed banks</i>	<i>(1,437)</i>
	447

11. FINANCIAL INFORMATION (CONT'D)

Net cash from operating activities

For the FYE 31 December 2014, we had generated an operating profit before working capital changes of approximately RM5.59 million. After adjusting for net outflow of approximately RM2.08 million from working capital changes, interest paid of approximately RM0.35 million, tax paid of RM0.20 million and offset by tax refund of RM0.04 million, we had generated net cash from operating activities of approximately RM3.00 million.

The net cash outflow of approximately RM2.08 million from working capital changes mainly derived from increase in the amount owing by customers on contract of approximately RM0.63 million, increase in inventories of approximately RM0.43 million, increase in trade and other receivables of approximately RM3.20 million and increase in trade and other payables of approximately RM1.30 million.

Net cash for investing activities

For the FYE 31 December 2014, our Group's net cash used in investing activities amounted to approximately RM0.43 million. This was mainly attributed to purchase of motor vehicle, tools and equipment of approximately RM0.17 million (RM0.05 million funded by hire purchase financing), purchase of investment property (progress payments for the three (3)-storey shop office as disclosed in **Section 14.4** of this Prospectus) of approximately RM0.23 million and disposal of discontinued operations, net of cash and cash equivalents of approximately RM0.15 million, as disclosed in **Sections 2.5.1** and **5.7** of this Prospectus.

Net cash for financing activities

For the FYE 31 December 2014, our Group's net cash used in financing activities amounted to approximately RM2.65 million. This was mainly due to payment of dividend of approximately RM3.65 million which was offset by net advances from Directors of approximately RM1.31 million and placement of pledged fixed deposits amounting to RM0.27 million.

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11. FINANCIAL INFORMATION (CONT'D)

(ii) FYE 31 December 2015

	FYE 31 December 2015 RM'000
Net cash from operating activities	2,550
Net cash from investing activities	406
Net cash for financing activities	(3,142)
Net decrease in cash and cash equivalents	(186)
Cash and cash equivalents at beginning of period	447
Cash and cash equivalents at end of period	261

Note:-

* Components of cash and cash equivalents as at 31 December 2015:-

	As at 31 December 2015 RM'000
Cash and bank balances	1,984
Fixed deposits with licensed banks	1,455
Bank overdrafts	(1,723)
	1,716
Less: Fixed deposits pledged to licensed banks	(1,455)
	261

Net cash from operating activities

For the FYE 31 December 2015, we had generated an operating profit before working capital changes of approximately RM7.10 million. After adjusting for net outflow of approximately RM4.00 million from working capital changes, interest paid of approximately RM0.35 million, tax paid of RM0.33 million and offset by tax refund of RM0.13 million, we had generated net cash from operating activities of approximately RM2.55 million.

The net cash outflow of approximately RM4.00 million from working capital changes mainly derived from increase in amount owing by customers on contract of approximately RM5.53 million, increase in inventories of approximately RM0.29 million, increase in trade and other payables of approximately RM0.68 million and decrease in trade and other receivables of approximately RM2.00 million. The increase in the amount owing by customers on contract* was due to the change in Cabnet Systems's billing method pursuant to the implementation of GST in April 2015. Prior to the implementation of GST, the invoices were issued simultaneously with the progress claims at each stage to its customers and debit notes (issued when certified claim is higher than invoice amount) or credit notes (issued when certified claim is lower than invoice amount) would be subsequently issued if there was any difference between invoices issued and certified claims. However, the billing method has been changed after the implementation of GST where the invoices are issued only when the consultants have certified the value of completed work. The time gap between the completion of work and consultant's certification, coupled with higher revenue recorded in the FYE 31 December 2015, had significantly contributed to higher amount owing by customers on contracts in the FYE 31 December 2015.

11. FINANCIAL INFORMATION (CONT'D)Note:-

- * *Our Group recognises the revenue of project by stage of completion. Upon the completion of works by stage, the revenue is recognised and the entries will be captured in revenue and amount owing by customer on contracts. Upon the issuance of invoices, the amount which was previously captured in amount owing by customers on contract will be reclassified to trade receivables.*

Net cash from investing activities

For the FYE 31 December 2015, our Group's generated net cash from investing activities amounted to approximately RM0.41 million. This was mainly attributed to net proceeds from disposal of investment property of approximately RM1.24 million (net of real property gain tax of RM0.04 million) which was offset by the consideration paid for acquisition of remaining equity interest of ITWin of approximately RM0.63 million and purchase of motor vehicles and equipment amounting to RM0.74 million (RM0.44 million funded by hire purchase financing).

Net cash for financing activities

For the FYE 31 December 2015, our Group's net cash used in financing activities amounted to approximately RM3.14 million. This was mainly due to dividend paid of RM1.00 million and repayment to Directors amounting to approximately RM1.88 million.

(iii) FYE 31 December 2016

	FYE 31 December 2016
	RM'000
Net cash from operating activities	1,262
Net cash for investing activities	(265)
Net cash from financing activities	4,023
Net increase in cash and cash equivalents	5,020
Cash and cash equivalents at beginning of period	261
Cash and cash equivalents at end of period*	5,281

Note:-

- * *Components of cash and cash equivalents as at 31 December 2016:-*

	As at 31 December 2016
	RM'000
Cash and bank balances	5,951
Fixed deposits with licensed banks	2,400
Bank overdrafts	(670)
	7,681
Less: Fixed deposits pledged to licensed banks	(1,367)
Less: Fixed deposits with maturity more than 3 months	(1,033)
	5,281

Net cash from operating activities

For the FYE 31 December 2016, we had generated an operating profit before working capital changes of approximately RM7.89 million. After adjusting for net outflow of approximately RM6.10 million from working capital changes, interest paid of approximately RM0.30 million and tax paid of RM0.23 million, we had generated net cash from operating activities of approximately RM1.26 million.

11. FINANCIAL INFORMATION (CONT'D)

The net cash outflow of approximately RM6.10 million from working capital changes mainly derived from increase in the amount owing by customers on contract of approximately RM3.07 million, increase in the amount owing to customers on contract of approximately RM0.30 million, increase in inventories of approximately RM1.94 million, increase in trade and other receivables of approximately RM1.20 million and decrease in trade and other payables of approximately RM0.19 million.

Net cash for investing activities

For the FYE 31 December 2016, our Group's net cash used in investing activities amounted to approximately RM0.27 million. This was mainly attributed to proceeds from disposal of property, plant and equipment of approximately RM0.14 million which was offset by purchase of property, plant and equipment amounting to approximately RM0.84 million. The purchase of property, plant and equipment was partially funded by hire purchase financing amounting to RM0.35 million.

Net cash from financing activities

For the FYE 31 December 2016, our Group's net cash generated from financing activities amounted to approximately RM4.02 million. This was mainly due to proceeds from issuance of shares amounting to approximately RM6.85 million which was offset by placement of fixed deposits with maturity of more than three (3) months amounting to RM1.03 million, payment of listing expenses amounting to RM0.62 million, repayment of bankers' acceptance of approximately RM0.81 million and repayment of hire purchase financing of approximately RM0.40 million.

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11. FINANCIAL INFORMATION (CONT'D)**11.5.3 Borrowings**

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

	Audited As at 31 December 2016 RM'000
(a) Short-term debt	
Secured and guaranteed	
Bank overdrafts ⁽¹⁾	670
Bankers' acceptance ⁽²⁾	2,251
Hire purchase payables ⁽³⁾	224
Term loans ⁽⁴⁾	14
Total short-term debt	3,159
(b) Long-term debt	
Secured and guaranteed	
Hire purchase payables ⁽³⁾	478
Term loans ⁽⁴⁾	1,667
	2,145
Total loans and borrowings	5,304
Gearing ratio	0.19

Notes:-

- (1) The facilities limit of the bank overdrafts are RM1,800,000.
- (2) The facilities limit of the bankers' acceptance are RM5,250,000.
- (3) Our Group has twelve (12) hire purchase financing which are as follow:-
- (a) A seven (7) years hire purchase to finance a motor vehicle of RM134,900 which is repayable by 59 monthly instalments of RM1,872 and one (1) final instalment of RM1,809 commencing from September 2012;
- (b) A five (5) years hire purchase to finance a motor vehicle of RM140,000 which is repayable by 59 monthly instalments of RM2,607 and one (1) final instalment of RM2,567 commencing from October 2012;
- (c) A five (5) years hire purchase to finance a motor vehicle of RM300,000 which is repayable by 60 monthly instalments of RM5,570 commencing from November 2012;
- (d) A five (5) years hire purchase to finance a motor vehicle of RM60,000 which is repayable by 60 monthly instalments of RM1,169 commencing from March 2013;
- (e) A three (3) years hire purchase to finance a motor vehicle of RM28,000 which is repayable by 35 monthly instalments of RM900 and one (1) final instalment of RM884 commencing from September 2014;
- (f) A five (5) years hire purchase to finance a motor vehicle of RM21,600 which is repayable by 59 monthly instalments of RM423 and one (1) final instalment of RM391 commencing from January 2015;
- (g) A five (5) years hire purchase to finance a motor vehicle of RM150,000 which is repayable by 59 monthly instalments of RM2,913 and one (1) final instalment of RM2,883 commencing from April 2015;
- (h) A five (5) years hire purchase to finance a motor vehicle of RM30,000 which is repayable by 60 monthly instalments of RM596 and one (1) final instalment of RM551 commencing from April 2015; and
- (i) A five (5) years hire purchase to finance a motor vehicle of RM262,000 which is repayable by 60 monthly instalments of RM4,891 and one (1) final instalment of RM4,871 commencing from November 2015.
- (j) A five (5) years hire purchase to finance a motor vehicle of RM90,000 which is repayable by 59 monthly instalments of RM1,702 and one (1) final instalment of RM1,687 commencing from July 2016.
- (k) A five (5) years hire purchase to finance a motor vehicle of RM180,000 which is repayable by 60 monthly instalments of RM3,501, commencing from July 2016.

11. FINANCIAL INFORMATION (CONT'D)

- (i) A five (5) years hire purchase to finance a motor vehicle of RM80,000 which is repayable by 59 monthly instalments of RM1,503 and one (1) final instalment of RM1,483 commencing from January 2017.
- (4) Our Group has a twenty (20) years term loan to refinance the land and office building in Puchong of RM1,800,000 which is repayable by 240 monthly instalments of RM11,485 commencing from December 2014.

The table below sets forth the outstanding principal amounts of our loans and borrowings, by fixed and floating interest rate terms, as at 31 December 2016:-

	As at 31 December 2016
	RM'000
Fixed rate	702
Floating rate	4,602
Total loans and borrowings	5,304

Further, our Group has not defaulted on payments on either interest and/or principal sums in respect of any borrowings throughout the past three (3) financial years and the subsequent financial period thereof up to the LPD. Our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans which could materially affect our financial position or business operations or the investment by holders of our securities.

As at 31 December 2016, our interest bearing borrowings amounted to approximately RM5.30 million, of which approximately RM1.68 million was for the term loans to refinance the land and office building in Puchong, which is repayable by 240 monthly instalments of RM11,485. The remaining of approximately RM3.62 million comprised the utilisation of trade facilities of approximately RM2.92 million for working capital purposes and hire purchase of approximately RM0.70 million to finance the purchase of motor vehicles.

For the FYE 31 December 2016, the effective interest rate for our term loan was 7.35% per annum (i.e. being the Base Lending Rate for the FYE 31 December 2016 of 6.85% plus 0.5% per annum) while the effective interest rates for the hire purchases range from 4.33% to 9.70% per annum. The effective interest rates for our overdrafts, bankers' acceptances and bankers' guarantees, range from 3.83% to 8.45% per annum.

As at LPD, our Group does not have any foreign currency borrowings. The outstanding bank borrowing as at the LPD amounted to approximately RM6.29 million. We do not encounter seasonality in our borrowings trend and there are no restriction on our committed borrowing facilities, i.e. term loans and hire purchase.

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11. FINANCIAL INFORMATION (CONT'D)

11.5.4 Treasury policies and objectives

Our Group has been funding our operations through shareholders' equity, cash generated from our operations and external sources of funds. Our external sources of funds consist of credit term granted by our suppliers and borrowings from financial institutions. Our funding policy is to obtain the most suitable of financing and 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 normal credit terms granted to our Group by our suppliers is 30 days to 90 days.

Our Group's borrowings from the financial institutions consists of term loans and hire purchase which are used for purchase of properties and motor vehicles whereas the bank overdrafts, trust receipts, bank guarantees and bankers' acceptances are used for working capital for our business operations. As at LPD, our Group has banking facilities (excluding hire purchase financing) amounting to RM5.44 million which has yet to be utilised.

Our short term borrowings are payable within one (1) year. The interest rates for these short term borrowings are based on prevailing cost of funds plus or minus a margin, as the case may be as agreed upon by our bankers when the respective loans are granted.

Our long term borrowings are payable after one (1) year. The interest rates for these long term borrowings are based on prevailing cost of funds plus or minus a margin, as the case may be as agreed upon by our bankers when the respective loans are granted.

The decision to either utilise banking facilities or internally generated funds for our operations depend on, inter-alia, our cash reserve, expected cash inflows or receipts from customers, future working capital requirements, future capital expenditure requirements and the prevailing interest rates of the banking facilities.

Our minimum cash reserve at any point in time is dependent on, inter-alia, the expected cash inflows or receipts from customers, liquidity of our short term placement of funds and our future working capital requirements.

11.5.5 Material capital commitment

As at the LPD, there are no material commitment for capital expenditures.

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11. FINANCIAL INFORMATION (CONT'D)**11.5.6 Material contingent liabilities**

As at the 31 December 2016, save as disclosed below, there are no pending material contingent liabilities that, upon becoming enforceable, may have a material impact on our financial performance and or position.

	As at 31 December 2016
	RM'000
Guarantees given to third parties in relation to contracts and trade performance	1,679

The guarantees are tender bonds (on submission of tender) and performance bond (upon award of contracts). To date, our Group has not experienced any enforcement of guarantees arising from non-performance of projects.

11.5.7 Material litigation, claims or arbitration

As at the LPD, neither our Company nor our subsidiary is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and there are no proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our financial or business position.

11.5.8 Key Financial Ratios

The following table set forth the key financial ratios based on our statements of financial position for the financial years indicated below:-

	Audited		
	As at 31 December		
	2014	2015	2016
Average trade receivables turnover period (days) ⁽¹⁾	133	121	91
Average trade payables turnover period (days) ⁽²⁾	77	86	68
Average inventory turnover period (days) ⁽³⁾	23	24	26
Current ratio (times) ⁽⁴⁾	1.56	1.90	3.14
Gearing ratio (times) ⁽⁵⁾	0.60	0.51	0.19

Notes:-

- (1)
$$\frac{(\text{Opening trade receivables} + \text{closing trade receivables} - \text{allowance for impairment}) / 2}{\text{Revenue}} \quad X \quad 365 \text{ days}$$
- (2)
$$\frac{(\text{Opening trade payables} + \text{closing trade payables}) / 2}{\text{Cost of sales}} \quad X \quad 365 \text{ days}$$
- (3)
$$\frac{(\text{Opening inventory} + \text{closing inventory}) / 2}{\text{Cost of sales}} \quad X \quad 365 \text{ days}$$
- (4) Current assets over current liabilities
- (5) Total borrowings over shareholders' equity

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11. FINANCIAL INFORMATION (CONT'D)**11.5.9 Trade receivables**

- (i) The table below set forth a summary of our Group's trade receivables for the financial years indicated:-

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Trade receivables ⁽¹⁾	13,836	12,509	12,843
Revenue	34,065	39,591	50,844
Average trade receivables turnover period (day)	133	121	91

Note:-

(1) Based on trade receivables balances as at the dates of the respective audited statements of financial position.

- (ii) As at 31 December 2016, our trade receivables ageing analysis is as follows:-

	Within credit period					Exceed credit period			Retention sum not due ⁽¹⁾ RM'000	Total RM'000	
	0 - 30 days		31 - 60 days		61 - 90 days		91 - 120 days				> 150 days
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
Trade receivable	6,077	3,141	1,599	113	853	607	-	-	12,390		
Retention sum	-	-	-	-	-	-	629	629	629		
Less: Allowance for impairment	-	-	-	-	(25)	(151)	-	-	(176)		
Net trade receivables	6,077	3,141	1,599	113	828	456	629	629	12,843		
% of total net trade receivables	47.32	24.46	12.45	0.88	6.45	3.55	4.89	4.89	100.0		
Subsequent collections up to the LPD	4,266	2,543	1,345	61	184	456	41 ⁽²⁾	41 ⁽²⁾	8,896		
Outstanding balance as at the LPD	1,811	598	254	52	644	-	588	588	3,947		

Notes:-

- (1) The retention sum comprises amounts from on-going projects and completed projects. Half of the retention sum for completed projects is contractually due upon issuance of certificate of completion and compliance whilst the remaining will become due upon expiration of defect liability period of up to two (2) years, depending on the terms of contracts.
- (2) Collections from completed projects following the issuance of certificate of completion and compliance. This amount had become due and collected after the FYE 31 December 2016.

11. FINANCIAL INFORMATION (CONT'D)

Our Group grants our customers credit terms of 90 days. As at 31 December 2016, 84.23% of our net trade receivables were within the normal credit period. We generally allow the credit terms to be extended for another 60 days after taking into consideration, *inter-alia*, the background, payment history and credit-worthiness of the customer and our relationship with them. We constantly remind our customers verbally to minimise occurrences for any extension of credit period on our trade receivables. Based on the above, the net trade receivables within 90 days were approximately RM10.82 million, of which approximately RM8.15 million were collected subsequently to the LPD, while the remaining balance of RM2.67 million are still outstanding due to slower collection from certain customers as longer time is taken by them to verify our invoices issued.

In addition, approximately RM1.40 million, representing 10.88% out of the total trade receivables, has been due for more than 90 days. This was mainly due to slower payment from contract customers under our ELV systems and structured cabling works segments. Such slower payment is due to final certification which must be issued by the consultants / quantity surveyor before payments for the projects can be approved and released by our clients. Generally, projects which are more sizeable and complex in nature have a longer verification process due to more rigid compliance procedures to adhere to, which resulted in additional parties involved in verifying our claims such as project management consultant. Out of the RM1.40 million trade receivables due for more than 90 days, a total of RM0.70 million, representing 50.0% of the trade receivables due for more than 90 days, has been collected as at LPD. The remaining balance of RM0.70 million are still outstanding mainly due to longer time taken by our customers to verify our invoices issued.

Our Group grants our customers credit terms of 90 days for the retention sum due.

The key determinant in the number of receivable turnover days is the time taken by our customers to verify our invoices issued to them and/or variation order, if any, issued by them for the works done. During the verification, disputes may arise. These disputes may arise from the scope of variation of work performed and pricing of equipment, components and parts purchased in performing the works. As such, the number of trade receivable turnover days will increase if longer time is taken by our customers to verify and agree on the invoices and/or variation order and will decrease if shorter time is taken by our customers to verify and agree on the invoices and/or variation order. This occurs for work done by the Group not subject to retention sum.

As for work done by the Group subject to retention sum, our Group will only issue invoices for work completed upon receipt of consultants' certification to avoid any possible dispute arising from such verification for work done by the Group considering implementation of GST in April 2015 (i.e. remittance of GST payments has to be done within one (1) month after the end of each month even though our Group has not received payment from our Customers) which will affect our Group's cashflow.

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11. FINANCIAL INFORMATION (CONT'D)

Our Group has since the FYE 31 December 2015 adopted a policy of making allowance for impairment losses on debts exceeding one (1) year. The allowance for impairment of approximately RM0.15 million as at 31 December 2016, relates to the provision of debts owing from customers of more than one (1) year, mainly due to disputes (i.e. incomplete supporting documents and dispute on the amount claimed) over our invoices to the customers. As at the LPD, we have subsequently collected approximately RM0.03 million which was previously impaired. In addition to the above, the trade receivables are also individually determined to be provided for as impairment when customers have defaulted in payments as well as our assessment of the likelihood that such debt may be unrecoverable.

No legal action had been taken against the customers to recover the amounts due for more than one (1) year because a large portion is due from long term customers who still maintain business relationship with our Group. However, various steps were taken by our Group to recover the amount due for more than one (1) year including follow-up calls by our Finance Department, direct negotiations with those customers whose debts are known to be recoverable and issuance of letter of reminder to these customers.

In addition to the abovementioned steps, for those customers whose debts are due for more than one (1) year and known to be unrecoverable, our Board has decided to adopt a policy commencing from 1 January 2017 to issue letters of demand to them and may choose to commence legal proceedings (after taking into consideration the cost-to-benefit, time and chances of recovery) to customers who no longer maintain business relationship with our Group.

11.5.10 Trade payables

- (i) The table below sets forth a summary of our Group's trade payables for the financial years indicated:-

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Trade payables ⁽¹⁾	6,000	7,172	7,192
Cost of sales	24,206	27,990	38,658
Average trade payables turnover period (days)	77	86 ⁽²⁾	68 ⁽³⁾

Note:-

- (1) Based on trade payables balances as at the dates of the respective audited statements of financial position.
- (2) The higher average trade payables turnover period for FYE 31 December 2015 of 86 days as compared to FYE 31 December 2014 of 77 days, was mainly attributable to purchases for the equipment, parts and components from Robert Bosch Sdn Bhd and Innovix Distribution Sdn Bhd (formerly known as Jardine OneSolutions (2001) Sdn Bhd), amounting to approximately RM0.64 million and RM0.5 million respectively in November and December 2015 to cater for projects performed for Holiday Villa Hotel and Karex Industries Sdn Bhd, which contributed to the higher trade payables at the cut off date of 31 December 2015. These trade payables are due and payable in the next financial year but have been captured as trade payables and the corresponding cost of sales in the FYE 31 December 2015.
- (3) The lower average trade payables turnover period for FYE 31 December 2016 of 68 days as compared to FYE 31 December 2015 of 86 days, was mainly attributable to better collection from customers resulting in our Group paying the suppliers earlier.

11. FINANCIAL INFORMATION (CONT'D)

(ii) As at 31 December 2016, our trade payables ageing analysis is as follows:-

	Within credit period			Exceed credit period			Total RM'000
	0-30 days	31-60 days	0 - 90 days	91-120 days	121-150 days	> 150 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade payables	2,047	1,671	1,254	1,414	252	554	7,192
% of total trade payables	28.46	23.24	17.44	19.66	3.50	7.70	100.0
Subsequent payments up to the LPD	1,777	1,530	1,211	1,369	244	543	6,674
Outstanding balance as at the LPD	270	141	43	45	8	11	518

Note:-

* Pending credit note to be issued by a supplier for goods returned due to unsuitable product specification.

The credit period extended by our suppliers ranges between 30 to 90 days. As at 31 December 2016, 69.14% of our trade payables were within the credit period. Trade payables past due amounting to RM2.22 million or 30.86% as at 31 December 2016 relating to the amount owing to our suppliers. As at the LPD, we have paid RM2.16 million out of the RM2.22 million trade payables past due as at 31 December 2016.

The key determinant in the number of payable turnover days is the time taken by our Group to verify invoices issued by suppliers. During the verification, disputes may arise. These disputes may arise from pricing, specifications and quality of equipment, components and parts purchased from the suppliers. As such, the number of trade payable turnover days will increase if longer time is taken by our Group to verify and agree on the invoices and will decrease if shorter time is taken by our Group to verify and agree on the invoices.

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11. FINANCIAL INFORMATION (CONT'D)**11.5.11 Inventory**

The table below sets forth a summary of our Group's trade payables for the financial years indicated:-

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Inventories*	1,753	1,857	3,545
Cost of sales	24,206	27,990	38,658
Average inventory turnover period (days)	23	24	26

Note:-

- * Based on inventory balances as at the dates of the respective audited statements of financial position. Our inventories comprise:-
- (i) equipment, components and parts of ELV systems and structured cabling (such as cables, pipes, trunking, CCTV) required for projects; and
 - (ii) equipment, components and parts of IT services (such as servers and switches) for sale to our Group's existing customers when required.

Our inventory turnover period is calculated based on the inventories contributed by our subsidiaries, namely Cabnet Systems and ITWin. For the FYE 31 December 2014 to FYE 31 December 2016, our average inventory turnover period was at approximately 24 days, which is at a reasonable level as it is our Group's practice to maintain no more than one (1) month stock level.

It is our Group's inventory policy to write-off those inventories of more than one (1) year.

11.5.12 Current ratio

	Audited		
	FYE 31 December		
	2014	2015	2016
	RM'000	RM'000	RM'000
Current assets	20,758	24,719	35,435
Current liabilities	13,282	12,988	11,291
Current ratio (times)	1.56	1.90	3.14

For the FYE 31 December 2015, our current ratio increased to 1.90 times from 1.56 times in FYE 31 December 2014 primarily due to the increase of amount owing by customers on contract from RM0.76 million for the FYE 31 December 2014 to RM6.29 million for the FYE 31 December 2015.

For the FYE 31 December 2016, our current ratio increased to 3.14 times from 1.90 times in FYE 31 December 2015 primarily due to the increase in cash and bank balances from RM1.98 million for the FYE 31 December 2015 to RM5.95 million for the FYE 31 December 2016 (due to the proceeds amounting to RM6.85 million pursuant to NetPosa Investment and offset by the working capital utilised for our Group's operations) and the increase of amount owing by customers on contract from RM6.29 million for the FYE 31 December 2015 to RM9.36 million for the FYE 31 December 2016.

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11. FINANCIAL INFORMATION (CONT'D)**11.6 Trend analysis**

As at the LPD, after making all reasonable enquiries and to the best of our Directors' knowledge and belief, save as disclosed in **Sections 11.4, 11.5 and 11.8** of this Prospectus, our operations have not been and are not expected to be affected by any of the following:-

- (i) known trends, uncertainties, demands, commitments or events that have had or that we reasonably expect to have, material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and in **Sections 4, 6.1, 6.2, 6.4 to 6.11, 6.12, 6.13 to 6.18** and, **7** of this Prospectus;
- (ii) material commitment for capital expenditure, indirect and contingent liabilities, save as disclosed in **Sections 11.5.5 and 11.5.6** of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations of our Group, save as disclosed in this section and in **Sections 4.1 to 4.2, 6.1, 6.2, 6.4 to 6.11, 6.12, 6.13 to 6.18** and, **7** of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group's revenue and/or profits save for those that have been disclosed in this section, future plans and business strategies as set out in **Sections 6.1, 6.2, 6.4 to 6.11, 6.12 and 6.13 to 6.18** of this Prospectus and industry overview as set out in **Section 7** of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in **Sections 4.1 to 4.2, 6.1, 6.2, 6.4 to 6.11, 6.12, 6.13 to 6.17** and **7** of this Prospectus; 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 Group's liquidity and capital resources, other than those discussed in this section and in **Section 4.1 to 4.2, 6.1, 6.2, 6.4 to 6.11, 6.12, 6.13 to 6.18** and **7** of this Prospectus.

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11. FINANCIAL INFORMATION (CONT'D)

11.7 Dividend policy

It is our Board's policy to recommend and distribute minimum dividends of 30% of our annual PAT attribution to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subjected to the approval of our shareholders at our annual general meeting.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors, such as having profits and excess funds not required to be retained to fund our working capital requirements. Our Board will also take into consideration, amongst others, the following factors when recommending dividends:-

- (i) the availability of adequate distributable reserves and cash flow;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
- (iv) any material impact of tax laws and other regulatory requirements; and
- (v) the prior approval from some bankers, if any.

You should note that this dividend policy merely describes our Group's present intention and should not constitute legally binding statements in respect of our Group's future dividends that are subject to modification and our Board's discretion.

11.8 Order book

As our Group is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured. Over the past three (3) years, we have been able to secure projects from building contractors, building owners and/or building operators.

Our sales cycle generally ranges from three (3) to 36 months depending on the size and complexity of the projects. However, our order book is subject to cancellation, deferral or rescheduling by our customers. Accordingly, our order book as at any particular date cannot be indicative of our revenue for any succeeding period.

As the revenue from ELV systems and structured cabling works is recognised based on the percentage-of-completion method, our order book excludes the value of completed works in respect of on-going projects which have been recognised in revenue.

As at LPD, the state of our order book is set out below:-

	RM'million
By existing or new contracts:-	
Contracts / orders brought forward from FYE 31 December 2016	26.31
Add: New contracts / order secured from 1 January 2017 up to the LPD	7.39
	33.70

11. FINANCIAL INFORMATION (CONT'D)

The order book is expected to be completed in the following financial years:-

	ELV systems	Structured cabling works
	RM million	RM million
Expected completion (in the FYE):		
FYE 31 December 2017	17.61	7.30
FYE 31 December 2018	5.81	0.28
FYE 31 December 2019	2.13	0.57
Total	25.55	8.15

Note:-

- * *The projects of our IT services segment typically take up two (2) to four (4) months to complete. Accordingly, the contracts of our IT services segment will be based on "as and when" basis with a shorter completion period.*

Our Group had not experienced any instances of cancellation, deferral or rescheduling of order book by our customers for the past three (3) FYE 31 December 2014 to FYE 31 December 2016 .

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12. ACCOUNTANTS' REPORT



Date: 17 APR 2017

The Board of Directors
Cabnet Holdings Berhad
No. 100, Jalan Ros Merah 2/17
Taman Johor Jaya
81100 Johor Bahru

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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Dear Sirs

REPORTING ACCOUNTANT'S OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANT'S REPORT OF CABNET HOLDINGS BERHAD ("CABNET" OR "THE COMPANY")

OPINION

We have audited the accompanying financial statements of the Company and its subsidiaries (collectively known as the "Group"). The financial statements comprise:-

- i) The combined statements of financial position as at 31 December 2014, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial year ended 31 December 2014;
- ii) The consolidated statements of financial position as at 31 December 2015 and 2016, consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 31 December 2015 and 2016;
- iii) A summary of significant accounting policies and other explanatory information, as set out on pages 5 to 82.

This historical financial information has been prepared for inclusion in the prospectus of Cabnet in connection with the listing of and quotation for the entire issued share capital of Cabnet on the ACE Market of Bursa Securities. This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Guidelines") and is given for the purpose of complying with Chapter 13.02 of the Guidelines and for no other purpose.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as of 31 December 2014, 2015 and 2016 and of their financial performance and their cash flows for each of the financial years ended 31 December 2014, 2015 and 2016 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

BASIS OF OPINION

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

12. ACCOUNTANTS' REPORT (CONT'D)



CABNET HOLDINGS BERHAD
ACCOUNTANTS' REPORT
(Incorporated in Malaysia)
Company No: 1121987-D

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards, 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 information of the Group that are free from material misstatement, whether due to fraud or error.

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

REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

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

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
ACCOUNTANTS' REPORT
(Incorporated in Malaysia)
Company No: 1121987-D

REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

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

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

12. ACCOUNTANTS' REPORT (CONT'D)



CABNET HOLDINGS BERHAD
ACCOUNTANTS' REPORT
(Incorporated in Malaysia)
Company No: 1121987-D

Other Matters

The significant events subsequent to the end of the financial year ended 31 December 2016 have been disclosed in Note 38 to this Report.

Restriction on Distribution and Use

We understand that this report will be used solely for the purpose of inclusion in the prospectus of Cabnet in connection with the listing of and quotation for the entire issued share capital of Cabnet on the ACE Market of Bursa Securities. As such, this report 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 report contrary to the aforesaid purpose.

A handwritten signature in black ink, appearing to read 'Crowe Horwath'.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Piong Yew Peng'.

Piong Yew Peng
Approval No: 3070/06/17 (J)
Chartered Accountant

17 APR 2017

Johor Bahru

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF FINANCIAL POSITION

	Note	31 December		
		Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	4,403	4,714	4,956
Investment property	6	1,147	-	550
Goodwill	7	99	99	99
Deferred tax assets	19	-	12	-
		5,649	4,825	5,605
CURRENT ASSETS				
Inventories	8	1,753	1,857	3,545
Amount owing by customers on contract	9	755	6,288	9,359
Trade receivables	10	13,836	12,509	12,843
Other receivables, deposits and prepayments	11	1,348	626	1,337
Tax recoverable		129	-	-
Fixed deposits with licensed banks	12	1,437	1,455	2,400
Cash and bank balances		1,500	1,984	5,951
		20,758	24,719	35,435
TOTAL ASSETS		26,407	29,544	41,040

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	31 December		
		Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
EQUITY AND LIABILITIES				
EQUITY				
Share capital	13	1,000	9,655	10,900
Reserves	14	7,911	4,680	16,693
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		8,911	14,335	27,593
NON-CONTROLLING INTEREST	15	1,274	-	-
TOTAL EQUITY		10,185	14,335	27,593
NON-CURRENT LIABILITIES				
Long-term borrowings	16	2,894	2,221	2,145
Deferred tax liabilities	19	46	-	11
		2,940	2,221	2,156
CURRENT LIABILITIES				
Amount owing to customers on contract	9	874	12	309
Trade payables	20	6,000	7,172	7,192
Other payables and accruals	21	1,148	685	476
Amount owing to directors	22	1,879	-	-
Short-term borrowings	23	2,195	3,327	2,489
Bank overdrafts	24	1,053	1,723	670
Tax payables		133	69	155
		13,282	12,988	11,291
TOTAL LIABILITIES		16,222	15,209	13,447
TOTAL EQUITY AND LIABILITIES		26,407	29,544	41,040
<i>Number of ordinary shares in issue ('000)</i>		96,550 #	96,550	109,000
<i>Net assets ("NA") (RM'000)</i>		8,911	14,335	27,593
<i>NA per ordinary share (RM)</i>		0.09	0.15	0.25

Note:

(#) – It is assumed to be the number of shares before subscription of new Cabnet shares by Netposa and public issue.

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December		
		Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
CONTINUING OPERATIONS				
Revenue	25	34,065	39,591	50,844
Cost of sales		(24,206)	(27,990)	(38,658)
Gross profit ("GP")		9,859	11,601	12,186
Other income	26	170	450	492
		10,029	12,051	12,678
Administrative expenses		(4,941)	(5,025)	(5,292)
Other operating expenses		(160)	(617)	(339)
Profit from operations		4,928	6,409	7,047
Finance costs		(352)	(353)	(300)
Profit before taxation ("PBT")	27	4,576	6,056	6,747
Taxation	28	(200)	(204)	(337)
Profit after taxation from continuing operations ("PAT")		4,376	5,852	6,410
DISCONTINUED OPERATIONS				
Profit after taxation from discontinued operations	29	142	-	-
Profit after taxation/Total comprehensive income		4,518	5,852	6,410
Profit after taxation/Total comprehensive income attributable to:-				
- Owners of the Company				
Continuing operations		3,975	5,769	6,410
Discontinued operations		100	-	-
		4,075	5,769	6,410
- Non-controlling interest		443	83	-
		4,518	5,852	6,410

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Note	31 December		
		Audited 2014	Audited 2015	Audited 2016
GP margin (%)		28.94	29.30	23.97
PBT margin (%)		13.43	15.30	13.27
PAT margin (%)		12.85	14.78	12.61
Effective tax rate (%)		4.37	3.37	4.99
Earning before interest, tax, depreciation and amortisation ("EBITDA") (RM'000)		5,308	6,773	7,362
Weighted average number of ordinary shares ('000)		96,550 #	96,550	105,888 ^
Basic and diluted earnings per share ("EPS") (sen)	30			
- continuing operations		4.12	5.98	6.05
- discontinued operations		0.10	-	-

Note:

(#) – It is assumed to be the number of shares before subscription of new Cabnet shares by Netposa and public issue.

(^) – This represents the weighted average number of ordinary shares after the subscription of new Cabnet shares by Netposa ("Share Subscription") which was completed on 1 April 2016 as computed below :-

$$\text{Opening number of Shares in issue as at 1 January 2016} + \left(\frac{\text{Number of Shares issued on 1 April 2016 pursuant to Share Subscription}}{12 \text{ months}} \times 9 \text{ months} \right)$$

$$= 96,550,000 \text{ Shares} + (12,450,000 \text{ Shares} / 12 \text{ months} \times 9 \text{ months})$$

$$= 105,887,500 \text{ Shares}$$

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF CHANGES IN EQUITY

	Note	NON-DISTRIBUTABLE		DISTRIBUTABLE		Attributable to Owners of the Company RM'000	Non-controlling interest RM'000	Total Equity RM'000
		Share Capital RM'000	Retained Profits RM'000	Share Capital RM'000	Retained Profits RM'000			
Balance at 1.1.2014		1,000	7,436			8,436	984	9,420
Profit after tax / Total comprehensive income for the financial year		-	4,075			4,075	443	4,518
Contributions by and distributions to owners of the Company:-								
- Dividends								
- by Company	33	-	(3,600)			(3,600)	-	(3,600)
- by a subsidiary to non-controlling interest		-	-			-	(49)	(49)
- Disposal of a subsidiary		-	-			-	(104)	(104)
Total transactions with owners		-	(3,600)			(3,600)	(153)	(3,753)
Issuance of ordinary shares		*	-			*	-	*
Balance at 31.12.2014		1,000	7,911			8,911	1,274	10,185

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	NON-DISTRIBUTABLE		DISTRIBUTABLE		Total Equity RM'000
	Share Capital RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling interest RM'000	
Balance at 1.1.2015	1,000	7,911	8,911	1,274	10,185
Adjustment pursuant to restructuring exercise	(1,000)	-	(1,000)	-	(1,000)
Contributions by and distributions to owners of the Company:-					
- Issuance of shares pursuant to acquisition of Cabnet Systems (M) Sdn. Bhd.	9,000	-	9,000	-	9,000
ITWin Technology Sdn. Bhd.	655	-	655	-	655
- Dividends	-	(1,000)	(1,000)	-	(1,000)
Merger deficit arising from the acquisition of Cabnet Systems (M) Sdn. Bhd.	9,655	(1,000)	8,655	-	8,655
Changes in ownership interest in a subsidiary	-	(8,000)	(8,000)	-	(8,000)
Total transactions with owners	9,655	(9,000)	655	(1,357)	(702)
Profit after taxation / Total comprehensive income for the financial year	-	5,769	5,769	83	5,852
Balance at 31.12.2015	9,655	4,680	14,335	-	14,335

33

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	NON-DISTRIBUTABLE			DISTRIBUTABLE		Attributable to Owners of the Company RM'000	Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Retained Profits RM'000			
Balance at 1.1.2016		9,655	-	4,680		14,335	14,335	
Profit after taxation / Total comprehensive income for the financial year		-	-	6,410		6,410	6,410	
Issuance of shares	13	1,245	5,603	-		6,848	6,848	
Balance at 31.12.2016		10,900	5,603	11,090		27,593	27,593	

Note:

(*) – Amount represents RM2

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF CASH FLOWS

Note	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation			
- Continuing operations	4,576	6,056	6,747
- Discontinued operations	180	-	-
	<u>4,756</u>	<u>6,056</u>	<u>6,747</u>
Adjustments for:-			
Bad debts written off	1	7	-
Bargain purchase arising from acquisition of a subsidiary	-	(77)	-
Depreciation of property, plant and equipment	403	400	401
Depreciation of investment property	14	9	-
Gain on disposal of investment property	-	(97)	-
(Gain)/Loss on disposal of property, plant and equipment	(20)	(20)	46
Listing expenses	-	-	563
Loss on foreign exchange - unrealised	8	25	-
Impairment losses on trade receivables	115	456	18
Investment in associate written off	*	-	-
Interest expenses	352	353	300
Interest income	(36)	(45)	(86)
Inventories written down	-	182	250
Property, plant and equipment written off	-	-	12
Reversal of impairment losses on trade receivables	-	(152)	(360)
	<u>5,593</u>	<u>7,097</u>	<u>7,891</u>
Operating profit before working capital changes			
Increase in inventories	(429)	(287)	(1,937)
Increase in amount owing by customers on contract	(630)	(5,532)	(3,072)
(Increase)/Decrease in trade and other receivables	(3,195)	2,000	(1,200)
Increase/(Decrease) in trade and other payables	1,304	684	(189)
Increase/(Decrease) in amount owing to customers on contract	874	(862)	296
	<u>3,517</u>	<u>3,100</u>	<u>1,789</u>
CASH FLOWS FROM OPERATIONS			
Interest paid	(352)	(353)	(300)
Tax refunded	42	133	-
Tax paid	(202)	(330)	(227)
	<u>3,005</u>	<u>2,550</u>	<u>1,262</u>
NET CASH FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD			

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF CASH FLOWS (CONT'D)

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
BALANCE BROUGHT FORWARD	3,005	2,550	1,262
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Interest received	36	45	86
Consideration paid for acquisition of remaining equity interest in a subsidiary	-	(625)	-
Proceeds from disposal of investment property	-	1,235	-
Proceeds from disposal of property, plant and equipment	33	47	140
Disposal of discontinued operations, net of cash and cash equivalents	29 (149)	-	-
Purchase of property, plant and equipment	31 (122)	(296)	(491)
Purchase of investment property	(229)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(431)	406	(265)
BALANCE CARRIED FORWARD	2,574	2,956	997

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
STATEMENTS OF CASH FLOWS (CONT'D)

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
BALANCE BROUGHT FORWARD	2,574	2,956	997
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES			
Dividends paid	(3,649)	(1,000)	-
Increase in prepayment related to listing expenses (Placement)/Withdrawal of	-	(262)	(616)
fixed deposits pledged to banks	(274)	(18)	88
Proceeds from issuance of shares	-	*	6,848
Drawdown of term loan	252	-	-
Repayment of term loans	(47)	(841)	(55)
Net drawdown/(repayment) of bankers' acceptance	5	1,107	(809)
Net repayment of hire purchase payables	(237)	(249)	(400)
Net advances/(repayment to) from directors	1,305	(1,879)	-
Placement of fixed deposits with maturity above 3 months	-	-	(1,033)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(2,645)	(3,142)	4,023
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(71)	(186)	5,020
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	518	447	261
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	32 447	261	5,281

Note:

(*) – Amount is less than RM500.

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS**
1. ABBREVIATIONS

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

Abbreviations

Cabinet or Company	Cabinet Holdings Berhad (1121987-D)
Cabinet Group or Group	Cabinet and its subsidiary companies
Cabinet Systems	Cabinet Systems (M) Sdn Bhd (355065-V)
Cabinet Penang	Cabinet Systems (Penang) Sdn Bhd (784875-H)
Cabinet Technology	Cabinet Technology Sdn Bhd (419166-U)
ITWin	ITWin Technology Sdn Bhd (458399-K)
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
Netposa	Netposa Technologies (Hong Kong) Limited (Registration no.: 2109017)
FPE	Financial Period Ended
FYE	Financial Year Ended
Shares	Ordinary shares in Cabinet
RM and sen	Ringgit Malaysia and sen, respectively
CA 2016	Companies Act 2016
CCM	Companies Commission of Malaysia

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
2. GENERAL INFORMATION
2.1 INCORPORATION AND PRINCIPAL ACTIVITIES

For the purpose of listing the Group on the ACE Market of Bursa Malaysia Securities Berhad, the Group undertook a restructuring exercise via the acquisition of subsidiaries as disclosed in Note 2.2 to the financial statements.

Details of the companies under the Group upon listing are as follows:-

Name of companies	Date of incorporation	Country of incorporation	Issued share capital RM	Principal activities
Cabnet	9 December 2014	Malaysia	10,900,000	Investment holding
Cabnet Systems	12 August 1995	Malaysia	1,000,000	Building management solutions which comprise structured cabling and extra low voltage ("ELV") systems
Cabnet Penang	16 August 2007	Malaysia	100,000	Building management solutions which comprise structured cabling and ELV systems
Cabnet Technology	31 January 1997	Malaysia	300,000	Dormant #
ITWin *	27 February 1998	Malaysia	300,000	Information technology services as a complementary offering to building management solutions

* ITWin is 51% owned by Cabnet Systems and 49% owned by Cabnet.

An application for the striking off of Cabnet Technology has been submitted to the CCM by Cabnet Technology on 1 February 2016, as it had remained dormant since 2004, and is currently pending the decision from CCM. CCM had issued second notice under Section 308 of the Companies Act, 1965 on 7 October 2016. The striking off process will be deemed completed upon issuance of the third notice under Section 549 of CA 2016 and a gazette by CCM. There is no definite time frame as it is dependent on the processing time by CCM.

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****2. GENERAL INFORMATION (CONT'D)****2.2 RESTRUCTURING EXERCISE**

For the purpose of listing the Group on the ACE Market of Bursa Malaysia Securities Berhad, the Group undertook a restructuring exercise via the acquisition of subsidiaries and it was completed on 2 September 2015.

The Company entered into two (2) Shares Sale and Purchase Agreements dated 18 August 2015 to acquire the equity interests in the following companies:-

- (i) Acquisition of the entire equity interest of Cabnet Systems for a purchase consideration of RM8,999,998 satisfied by the issuance of 89,999,980 new ordinary shares in the Company at an issue price of RM0.10 per Cabnet Share. The acquisition of Cabnet Systems is consolidated using merger method.
- (ii) Acquisition of 49% equity interest of ITWin for a purchase consideration of RM1,280,000 satisfied by the issuance of 6,550,000 new ordinary shares in the Company at an issue price of RM0.10 per Cabnet Share and RM625,000 in cash. Together with the 51% owned by Cabnet Systems, ITWin became a wholly owned subsidiary of the Group.

2.3 LISTING SCHEME

In conjunction with and as an integral part of the listing of and quotation for the entire issued share capital of Cabnet on the ACE Market of Bursa Securities ("the Listing Scheme"), Cabnet will implement the following:-

(i) Public Issue

The Public Issue of 21,000,000 new Shares, representing approximately 16.15% of the enlarged issued share capital of Cabnet at an issue price of RM0.56, to be allocated in the following manner:

- 7,000,000 new Shares available for application by the Malaysian public;
- 4,000,000 new Shares available for application by the eligible directors, key management personnel, employees and persons who have contributed to the success of the Group; and
- 10,000,000 new Shares available for application by way of private placement to selected investors.

(ii) Listing

The admission and the listing of and quotation for the entire enlarged issued share capital of RM22,660,000 comprising 130,000,000 Shares on the ACE Market of Bursa Securities will be sought.

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. GENERAL INFORMATION (CONT'D)

2.4 SHARE CAPITAL

The details of changes in the issued share capital of Cabnet since its incorporation are as follows:

<i>Date of allotment</i>	<i>Type of issue</i>	<i>No. of ordinary shares issued</i>	<i>Cumulative issued share capital RM</i>
9 December 2014	Subscribers shares	2	2
18 May 2015	Subdivision of shares	20	2
1 September 2015	Other than cash	89,999,980	9,000,000
2 September 2015	Other than cash	6,550,000	9,655,000
1 April 2016	Cash	12,450,000	10,900,000

3. DIVIDENDS

No dividend has been paid or declared by Cabnet since the date of its incorporation.

Details of dividends paid by the subsidiary companies during the financial years under review are as follows:

Companies	Related to	Paid on	Type of dividend	Dividend rate RM/Share	Net amount (RM'000)
Cabnet Systems	FYE 31 December 2014	5 May 2014	1st interim dividend	RM1.80	1,800
Cabnet Systems	FYE 31 December 2014	26 November 2014	2nd interim dividend	RM1.80	1,800
ITWin	FYE 31 December 2014	5 December 2014	1st interim dividend	RM0.33	100
Cabnet Systems	FYE 31 December 2015	30 June 2015	1st interim dividend	RM1.00	1,000
Cabnet Systems	FYE 31 December 2016	30 December 2016	1st interim dividend	RM1.00	1,000

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES****4.1 BASIS OF PREPARATION**

For the purposes of inclusion of financial statements in the Prospectus of Cabnet in connection with the listing and quotation for the entire issued share capital of Cabnet on the ACE market of Bursa Securities, the financial statements comprise:-

- (i) The combined statement of financial position as at 31 December 2014, combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the financial year ended 31 December 2014; and
- (ii) The consolidated statements of financial position as at 31 December 2015 and 2016, consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 31 December 2015 and 2016.

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA 2016 comes into operation except section 241 and Division 8 of Part III. Cabnet shall prepare its financial statements for the year ending 31 December 2017 in accordance with the requirements of CA 2016.

Pursuant to CA 2016:

- All shares issued before or upon the commencement of CA 2016 shall have no par or nominal value. Where a share is issued before the commencement of CA 2016, the amount paid on the share shall be the sum of all amounts paid to Cabnet at any time for the share, but not including any premium.
- Upon commencement of CA 2016, any amount standing to the credit of Cabnet's share premium account shall become part of Cabnet's share capital.
- However, Cabnet may, within 24 months upon the commencement of CA 2016, use the amount standing to the credit of its share premium account for specific purposes set out in the transitional provisions of CA 2016. Thereafter, any unutilised credit balance in the share premium account shall be transferred and credited to share capital of Cabnet.

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

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

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

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

The acquisition of Cabnet Systems and its subsidiaries from their shareholders in exchange for the shares issued by Cabnet were accounted for using the 'pooling-of-interest' method of consolidation. Any excess or deficiency of the nominal value of the shares acquired is taken to the shareholders' equity as a merger reserve or deficit. Whereas the acquisition of ITWin was accounted for using the acquisition method of consolidation.

The financial statements of the Group are prepared based on the separate financial statements of the entities within the Group for the relevant financial years as follows:

Company	Relevant financial periods	Accounting standards applied
Cabnet	FPE from 9 December 2014 (date of incorporation) to 31 December 2015	MFRS
	FYE 31 December 2016	MFRS
Cabnet Systems	FYE 31 December 2014	MFRS
	FYE 31 December 2015	MFRS
	FYE 31 December 2016	MFRS
Cabnet Penang	FYE 31 December 2014	MFRS
	FYE 31 December 2015	MFRS
	FYE 31 December 2016	MFRS
Cabnet Technology *	FYE 31 December 2014	MFRS
	FYE 31 December 2015	MFRS
ITWin	FYE 31 December 2014	MFRS
	FYE 31 December 2015	MFRS
	FYE 31 December 2016	MFRS

The separate audited statutory financial statements of Cabnet, Cabnet Systems, Cabnet Penang, Cabnet Technology and ITWin were no subject to any modified audit opinions.

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

* - The financial statements for Cabnet Technology for FYE 31 December 2016 is not required to be audited as Cabnet Technology has filed an application for striking off and the application has been submitted to CCM.

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 NEW MFRSS, AMENDMENT TO MFRSS AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE**

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 NEW MFRSS, AMENDMENT TO MFRSS AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE (CONT'D)**

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

MFRS 15: Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15 & Amendments to MFRS 15: Clarifications to MFRS 15

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Critical Accounting Estimates and Judgements**

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

(i) Depreciation of Property, Plant and Equipment

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

(ii) Income Taxes

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

(iii) Construction Contracts

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

(a) Contract Revenue

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Critical Accounting Estimates and Judgements (Cont'd)***(iii) Construction Contracts (Cont'd)**(b) Contract Costs*

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

(iv) Impairment of Non-Financial Assets

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

(v) Write down of Inventories

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

(vi) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Critical Accounting Estimates and Judgements (Cont'd)***(vii) Classification between Investment Properties and Owner-occupied Properties*

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(viii) Impairment of Trade and Other Receivables

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Basis of Consolidation**

The Group resulting from the restructuring exercise, as disclosed in Note 2.2 above, comprises entities under common control. Accordingly, the combined financial statements for the financial year ended 31 December 2014 and consolidated financial statements for the financial years ended 31 December 2015 and 2016 have been accounted for using principles of merger accounting.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intragroup transactions, balances, income and expenses are eliminated on combination. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Basis of Consolidation (Cont'd)****(i) Business Combinations (Cont'd)**

An acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties. Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from a bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited financial statements of the Group.

(ii) Non-Controlling Interests

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(b) Basis of Consolidation (Cont'd)
(iv) Loss of Control

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

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

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

(c) Functional and Foreign Currencies
(i) *Functional and Presentation Currency*

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

(ii) *Transactions and Balances*

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)***(i) Financial Assets*

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

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

- *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)***(i) Financial Assets*

- *Loans and Receivables Financial Assets*

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)***(i) Financial Assets*

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)***(ii) Financial Liabilities*

- *Financial Liabilities at Fair Value through Profit or Loss*

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

- *Other Financial Liabilities*

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial Instruments (Cont'd)***(iii) Equity Instruments*

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

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

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

(iv) Derecognition

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

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

(e) Investment in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(f) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any, and are not depreciated.

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

Buildings	2%
Motor vehicles	10% - 20%
Office equipment, furniture, fitting and renovation	10% - 15%
Information and communication equipment	20% - 40%
Tools and equipment	10%

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

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

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Investment Properties**

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful made lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

(h) Impairment**(i) *Impairment of Financial Assets***

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Impairment (Cont'd)***(ii) Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

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

(i) Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the correspondence obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of project materials and trading goods is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

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

(k) Income Taxes**(i) Current Tax**

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Income Taxes (Cont'd)***(ii) Deferred Tax*

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 taxes relate to the same taxable entity and the same taxation authority.

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

(iii) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

(l) Cash and Cash Equivalents

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

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

(n) Employee Benefits*(i) Short-term Benefits*

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

(ii) Defined Contribution Plans

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

(o) Related Parties

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(o) Related Parties (Cont'd)

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

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

(p) Contingent Liabilities

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

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

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(q) Fair Value Measurements**

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

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

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

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

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

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

(r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(s) Revenue and Other Income***(i) Construction contracts*

The Group applies construction contracts accounting in respect of its design, build and installation project in accordance with MFRS 111.

Contract revenue are recognised in the profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion is assessed by reference to the proportion of contract cost incurred for work performed to date against total estimated costs where the outcome of project can be estimated reliably.

(ii) Sales of Goods

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

(iii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****4. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(t) Discontinued Operations**

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

(u) Operating Segment

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

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Building in progress RM'000	Motor vehicles RM'000	Office equipment, furniture, fittings and renovation RM'000	Information and communication equipment RM'000	Tools and equipment RM'000	Total RM'000
Net Book Value								
At 1 January 2014	1,757	1,006	-	1,268	362	13	248	4,654
Additions	-	-	-	60	12	19	81	172
Disposal	-	-	-	(13)	-	-	-	(13)
Disposal of subsidiary	-	-	-	-	(7)	-	-	(7)
Depreciation charges	-	(46)	-	(205)	(68)	(17)	(67)	(403)
At 31 December 2014	1,757	960	-	1,110	299	15	262	4,403
At 1 January 2015	1,757	960	-	1,110	299	15	262	4,403
Additions	-	-	-	508	124	53	53	738
Disposal	-	-	-	(27)	-	-	-	(27)
Depreciation charges	-	(41)	-	(201)	(67)	(28)	(63)	(400)
At 31 December 2015	1,757	919	-	1,390	356	40	252	4,714
At 1 January 2016	1,757	919	-	1,390	356	40	252	4,714
Additions	-	-	168	560	34	30	49	841
Disposal	-	-	-	(186)	-	-	-	(186)
Depreciation charges	-	(22)	-	(242)	(61)	(23)	(53)	(401)
Written off	-	-	-	-	(12)	-	-	(12)
At 31 December 2016	1,757	897	168	1,522	317	47	248	4,956

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	Freehold land RM'000	Buildings RM'000	Building in progress RM'000	Motor vehicles RM'000	Office equipment, furniture, fittings and renovation RM'000	Information and communication equipment RM'000	Tools and equipment RM'000	Total RM'000
At 31 December 2014								
Cost	1,757	1,089	-	2,057	783	411	632	6,729
Accumulated depreciation	-	(129)	-	(947)	(484)	(396)	(370)	(2,326)
Net book value	1,757	960	-	1,110	299	15	262	4,403
At 31 December 2015								
Cost	1,757	1,089	-	2,299	907	464	685	7,201
Accumulated depreciation	-	(170)	-	(909)	(551)	(424)	(433)	(2,487)
Net book value	1,757	919	-	1,390	356	40	252	4,714
At 31 December 2016								
Cost	1,757	1,089	168	2,613	878	333	734	7,572
Accumulated depreciation	-	(192)	-	(1,091)	(561)	(286)	(486)	(2,616)
Net book value	1,757	897	168	1,522	317	47	248	4,956

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) Included in property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	31 December		
	Audited	Audited	Audited
	2014	2015	2016
	RM'000	RM'000	RM'000
Motor vehicles	934	1,217	1,172

- (b) Included in the net book value of property, plant and equipment at the reporting period are the following assets pledged to financial institutions as security for banking facilities granted to the Group as disclosed in Notes 18, 23 and 24:-

	31 December		
	Audited	Audited	Audited
	2014	2015	2016
	RM'000	RM'000	RM'000
Freehold land	1,757	1,757	1,757
Buildings	960	919	897
	2,717	2,676	2,654

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12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT PROPERTY

	At 1.1.2014 RM'000	Addition RM'000	Disposal RM'000	Depreciation charges RM'000	At 31.12.2014 RM'000
<i>Net book value</i>					
Freehold land	330	-	-	-	330
Building	602	229	-	(14)	817
	932	229	-	(14)	1,147

	At 1.1.2015 RM'000	Addition RM'000	Disposal RM'000	Depreciation charges RM'000	At 31.12.2015 RM'000
<i>Net book value</i>					
Freehold land	330	-	(330)	-	-
Building	817	2	(810)	(9)	-
	1,147	2	(1,140)	(9)	-

	At 1.1.2016 RM'000	Addition RM'000	Disposal RM'000	Depreciation charges RM'000	At 31.12.2016 RM'000
<i>Net book value</i>					
Apartment	-	550	-	-	550

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12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INVESTMENT PROPERTY (CONT'D)

	At cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
31 December 2014			
Freehold land	330	-	330
Building	831	(14)	817
	1,161	(14)	1,147
31 December 2015			
Freehold land	-	-	-
Building	-	-	-
	-	-	-
31 December 2016			
Apartment	550	-	550

Before the disposal in FYE 2015, the freehold land and building were pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 18, 23 and 24 to the financial statements.

During financial year 2016, the title of the apartment is in the process of being issued to the subsidiary by the relevant authority.

The estimated fair value of the Group's investment property as at the end of the reporting period approximates RM550,000.

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. GOODWILL

The goodwill arose from the acquisition by Cabinet Systems of the 51% equity interests in ITWin.

(a) The carrying amount of goodwill allocated to each cash-generating unit are as follow:-

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
ITWin	99	99	99

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin	Growth Rate	Discount Rate
2016			
ITWin	23%	0%	7.35%

- | | |
|-------------------------------|---|
| (i) Budgeted gross margin | Gross margin achieved in the previous financial year immediately before the budgeted period |
| (ii) Growth rate | Assume no growth in the future |
| (iii) Discount rate (pre-tax) | Reflects specific risk relating to the relevant operating segments |

(c) The director reasonably believe that there is no possible change in the above key assumption applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVENTORIES

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Project materials	1,474	1,490	2,147
Trading goods	279	367	1,398
	1,753	1,857	3,545
Recognised in profit or loss:-			
<u>Continuing operations</u>			
Inventories recognised as cost of sales	19,031	20,099	29,497
Amount written down:			
- Project materials	-	183	250
<u>Discontinued operations</u>			
Inventories recognised as cost of sales	978	-	-

9. AMOUNT OWING BY/(TO) CUSTOMERS ON CONTRACT

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Aggregate costs incurred to date	8,109	19,451	34,916
Attributable profit	1,643	7,410	15,345
	9,752	26,861	50,261
Progress billings	(9,871)	(20,585)	(41,211)
Amount due from/(to) customers	(119)	6,276	9,050
This represented by:-			
Amount due from customers for contract	755	6,288	9,359
Amount due to customers for contract	(874)	(12)	(309)
	(119)	6,276	9,050

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****10. TRADE RECEIVABLES**

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Third parties	13,132	13,027	13,019
Related party	918	-	-
	14,050	13,027	13,019
Impairment losses	(214)	(518)	(176)
	13,836	12,509	12,843
Impairment losses:-			
At 1 January	99	214	518
Additions	115	456	18
Reversal	-	(152)	(360)
At 31 December	214	518	176

The Group's normal trade credit terms is 90 days (2015: 90 days, 2014: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Included in the trade receivables are retention sums totaling RM629,000 (2015: RM1,672,000, 2014: RM1,452,000). The retention sums are unsecured, interest-free and are expected to be collected within periods ranging from 6 to 24 months.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Other receivables	1,161	36	716
GST receivables	-	84	10
Interest receivable	3	3	-
Deposits	107	160	249
Prepayments	77	343	362
	1,348	626	1,337

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. FIXED DEPOSITS WITH LICENSED BANKS

- (a) Included in fixed deposits with licensed banks are the following fixed deposits pledged to the banks as security for facilities granted to the Group:

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Fixed deposits pledged to licensed banks	1,437	1,455	1,367

- (b) The fixed deposits with licensed banks of the Group at the end of the reporting period bore interest rates ranging from 2.95% to 4.35% per annum. The fixed deposits maturity periods are from 30 to 365 days.

13. SHARE CAPITAL

This represents the share capital of the Group at the end of each reporting period.

	Number of shares		
	'000	'000	'000
At 1 January	1,000	1,000	96,550
Issuance of ordinary shares	*	-	12,450
Adjustment pursuant to restructuring exercise	-	(1,000)	-
Issuance of shares pursuant to acquisition of subsidiaries	-	96,550	-
At 31 December	1,000	96,550	109,000

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****13. SHARE CAPITAL (CONT'D)**

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
At 1 January	1,000	1,000	9,655
Issuance of ordinary shares	*	-	1,245
Adjustment pursuant to restructuring exercise	-	(1,000)	-
Issuance of shares pursuant to acquisition of subsidiaries	-	9,655	-
At 31 December	<u>1,000</u>	<u>9,655</u>	<u>10,900</u>

* - Represents RM2

For the purpose of this report, the total number of shares as at 31 December 2014 represent the aggregate number of issued shares of all entities within the Group. Pursuant to the Restructuring Exercise, the total number of shares as at 31 December 2015 represent the number of issued shares of the Company.

14. RESERVES

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Share premium	-	-	5,603
Retained profits	7,911	4,680	11,090
	<u>7,911</u>	<u>4,680</u>	<u>16,693</u>

The share premium reserve represents the premium paid on subscription of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any).

Pursuant to CA 2016, the Company may, within 24 months upon the commencement of CA 2016, use the amount standing to the credit of its share premium account for specific purposes set out in the transitional provisions of CA 2016. Thereafter, any unutilised credit balance in the share premium account shall be transferred and credited to share capital of Cabnet.

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****15. NON-CONTROLLING INTEREST**

The non-controlling interests at the end of the reporting period comprise the followings:-

	31 December					
	Audited 2014	Audited 2015	Audited 2016	Audited 2014	Audited 2015	Audited 2016
	Effective Equity Interest					
	%	%	%	RM'000	RM'000	RM'000
ITWin	49	-	-	1,274	-	-

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Revenue	12,288	-	-
Profit after tax / Total comprehensive income for the financial year	860	-	-
Profit after tax / Total comprehensive income attributable to non-controlling interests	443	-	-
Dividends paid to non-controlling interests	49	-	-
Net cash from operating activities	45	-	-
Net cash for investing activities	(385)	-	-
Net cash from financing activities	79	-	-

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12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. LONG-TERM BORROWINGS

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Hire purchase payables (Note 17)	341	495	478
Term loans (Note 18)	2,553	1,726	1,667
	<u>2,894</u>	<u>2,221</u>	<u>2,145</u>

17. HIRE PURCHASE PAYABLES

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Minimum hire purchase payments :-			
- not later than one year	243	289	255
- later than one year and not later than five years	361	534	521
	<u>604</u>	<u>823</u>	<u>776</u>
Less : Future finance charges	(45)	(71)	(74)
	<u>559</u>	<u>752</u>	<u>702</u>
Current : (Note 23)			
- not later than one year	218	257	224
Non-current : (Note 16)			
- later than one year and not later than two years	341	495	478
	<u>559</u>	<u>752</u>	<u>702</u>

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase.
- (b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.33% to 9.70%. The interest rates are fixed at the inception of the hire purchase arrangements.

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. TERM LOANS

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Current portion: (Note 23)			
- Not later than one year	24	10	14
Non-current portion: (Note 16)			
- Later than one year and not later than two years	25	11	15
- Later than two years and not later than five years	86	37	52
- Later than five years	2,442	1,678	1,600
	<u>2,553</u>	<u>1,726</u>	<u>1,667</u>
	<u>2,577</u>	<u>1,736</u>	<u>1,681</u>

The term loans were secured in the same manner as the short term borrowings as disclosed in Note 23 to the financial statements.

As at 31 December 2016, the repayment term of the term loan is as follows:-

Term loan 1 [at Base
Lending Rate
("BLR") + 0.5% per
annum]

Repayable in 240 monthly instalments of RM11,485, effective from December 2014.

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12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****19. DEFERRED TAX LIABILITIES/(ASSETS)**

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
At 1 January	86	46	(12)
Recognised in profit or loss (Note 28)	(39)	(58)	23
Disposal of subsidiary	(1)	-	-
At 31 December	46	(12)	11
Deferred tax liability :-			
- Accelerated capital allowances	90	145	141
Deferred tax assets :-			
- Impairment losses on trade receivables	(42)	(93)	(28)
- Inventories written down	-	(42)	(102)
- Unrealised loss on foreign exchange	(2)	(22)	-
	(44)	(157)	(130)
	46	(12)	11

20. TRADE PAYABLES

The normal trade credit terms granted to the Group is 90 days (2015: 90 days, 2014: 30 to 90 days).

Included in trade payables of the Group is an amount of RM Nil (2015: Nil, 2014: RM39,330) owing to a related party.

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12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****21. OTHER PAYABLES AND ACCRUALS**

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Other payables			
- Third parties	132	137	17
- Related party	10	-	-
	142	137	17
Accrued expenses	1,006	548	352
GST payable	-	-	107
	1,148	685	476

22. AMOUNT OWING TO DIRECTORS

The amounts are unsecured, interest free and with no fixed terms of repayment.

23. SHORT-TERM BORROWINGS

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Bankers' acceptance	1,953	3,060	2,251
Hire purchase payables (Note 17)	218	257	224
Term loans (Note 18)	24	10	14
	2,195	3,327	2,489

Bankers' acceptance is drawn for a period of up to 120 days which bear interest range from 3.83% to 5.66% per annum.

Bankers' acceptance and term loans are secured by:-

- (i) legal charges over the landed properties of the Group as disclosed in Note 5 and 6 to the financial statements;
- (ii) pledge of fixed deposits of the Group as disclosed in Note 12 to the financial statements; and
- (iii) jointly and severally guaranteed by certain directors of Group.

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****24. BANK OVERDRAFTS**

The bank overdrafts are secured in the same manner as the short term borrowings as disclosed in Note 23 to the financial statements.

The bank overdrafts of the Group at the end of the reporting period bore floating interest rates ranging from 6.85% to 8.45% per annum.

25. REVENUE

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Revenue arising from			
- Contract revenue	22,657	29,661	39,698
- Sales of goods	11,408	9,930	11,146
	34,065	39,591	50,844

26. OTHER INCOME

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Bad debts recovered	-	7	-
Bargain purchase arising from acquisition of a subsidiary	-	77	-
Commission received	33	39	33
Fixed deposit interest received	-	45	79
Interest income	36	*	7
Management fee received	49	-	-
Other income	31	1	-
Rental income	-	8	13
Reversal of impairment loss on trade receivables	-	152	360
Gain on disposal of property, plant and equipment	20	20	-
Gain on disposal of investment property	-	97	-
Gain on foreign exchange - realised	1	4	-
	170	450	492

Note :

(*) - Amount is less than RM500

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. PROFIT BEFORE TAXATION

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Profit before taxation is arrived at after charging/(crediting) :-			
Audit fee			
- current year	40	64	71
- over provision in prior year	(*)	-	(3)
Bad debt written off	1	7	-
Depreciation of investment property	14	9	-
Depreciation of property, plant and equipment	403	400	401
Directors' remuneration:-			
- EPF	107	84	86
- fees	72	-	-
- other emoluments	891	659	668
Impairment losses on trade receivables	115	456	18
Inventories written down	-	182	250
Investment in associate written off	*	-	-
Interest expenses	352	353	300
Listing expenses	-	-	563
Property, plant and equipment written off	-	-	12
Realised loss on foreign exchange (trade)	37	44	40
Rental of equipment	21	8	6
Rental of premises	185	199	182
Staff costs	5,655	5,214	4,396
Unrealised loss on foreign exchange (trade)	8	25	-
(Gain)/Loss on disposal of property, plant and equipment	(20)	(20)	46
Gain on disposal of investment property	-	(97)	-
Bargain purchase arising from acquisition of a subsidiary	-	(77)	-
Interest income	(36)	(45)	(86)
Rental income	-	(8)	(13)
Reversal of impairment loss on trade receivables	-	(152)	(360)
Realised gain on foreign exchange (trade)	(1)	(4)	-

Note :

(*) - Amount is less than RM500

Included in staff costs of the Group are EPF contributions of RM429,000 (2015: 428,000, 2014: RM356,000).

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. TAXATION

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Current tax expense:			
- for the financial year	266	227	318
- (over)/under provision in the previous financial year	(27)	35	(4)
	<u>239</u>	<u>262</u>	<u>314</u>
Deferred tax liability (Note 19)			
- for the financial year	(15)	(64)	25
- effect of proposed change in income tax rate from 25% to 24%	(1)	2	-
- (over)/under provision in the previous financial year	(23)	4	(2)
	<u>(39)</u>	<u>(58)</u>	<u>23</u>
Taxation	<u>200</u>	<u>204</u>	<u>337</u>

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12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****28. TAXATION (CONT'D)**

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

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Profit before taxation	4,576	6,056	6,747
Tax at the statutory rate	1,144	1,514	1,619
Tax effects of :-			
Reduction in tax rate on small scale company up to RM500,000 at 20%	(32)	(33)	-
Non-deductible expenses	109	184	288
Effect of change in corporate tax rate	(1)	2	-
Non-taxable income	-	(24)	-
Tax exempt income due to incentives for MSC status companies	(981)	(1,496)	(1,564)
Deferred tax assets not recognised during the financial year	11	18	-
(Over)/Under provision of income tax in the previous financial year	(27)	35	(4)
(Over)/Under provision of deferred tax in the previous financial year	(23)	4	(2)
Taxation for the year	200	204	337

Cabinet Systems is not subject to tax as it has been granted the MSC Malaysia status, which qualifies Cabinet Systems for the Pioneer Status incentive under the Promotion of Investments Act 1986. Cabinet Systems will enjoy full exemption from income tax on its statutory income from pioneer activities for a period of 5 years, from 8 August 2012 to 7 August 2017.

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****29. DISCONTINUED OPERATIONS**

During the financial year ended 31 December 2014, the Group through ITWin disposed off its 70% investment in ICT Automation (M) Sdn. Bhd. for a cash consideration of RM243,976. ICT Automation (M) Sdn. Bhd. is principally involved in the business of computer networking.

An analysis of the results of the discontinued operations is as follows:-

	<u>31 December</u> <u>2014</u> RM'000
Revenue	1,290
Cost of sales	(978)
Administrative expenses	(132)
Profit before tax	<u>180</u>
Income tax expense	(38)
Profit after tax from discontinued operations	<u><u>142</u></u>

(a) Included in profit before tax from the discontinued operations are the followings:-

	<u>31 December</u> <u>2014</u> RM'000
Profit before tax is arrived at after charging:-	
Depreciation of property, plant and equipment	1
Directors' remuneration	
- EPF	7
- other emoluments	75
Rental of premises	3
	<u><u>3</u></u>

(b) The cash flows attributable to the discontinued operations are the followings:-

	<u>31 December</u> <u>2014</u> RM'000
Net cash from operating activities	303
Net cash for investing activities	(2)
Net cash for financing activities	(3)
Net cash from discontinued operations	<u><u>298</u></u>

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****29. DISCONTINUED OPERATIONS (CONT'D)**

(c) The effect of the disposal of the discontinued operations on the financial position is as follows:-

	31.12.2014 RM'000	As at disposal date RM'000
Property, plant and equipment	5	6
Trade receivables	423	255
Other receivables, deposits and prepayments	69	39
Amount owing by directors	-	3
Cash and bank balances	142	393
Trade payables	(12)	(36)
Other payables and accruals	(219)	(300)
Amount owing to a director	(2)	(2)
Amount owing to related companies	-	(1)
Deferred tax liabilities	(1)	(1)
Tax payables	(27)	(8)
Net assets	<u>378</u>	<u>348</u>
Less: Non-controlling interest		<u>(104)</u>
		244
Gain on disposal of discontinued operations		<u>-</u>
Consideration received, satisfied in cash		244
Cash and cash equivalents disposed off		<u>(393)</u>
Net cash outflow on disposal of subsidiaries		<u>(149)</u>

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12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. EARNINGS PER SHARE

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Profit attributable to the owners of the Company			
- continuing operations	3,975	5,769	6,410
- discontinued operations	100	-	-
	<u>4,075</u>	<u>5,769</u>	<u>6,410</u>
Weighted average number of ordinary shares ('000)	96,550 #	96,550	105,888 ^
Basic and diluted earnings per share (sen)			
- continuing operations	4.12	5.98	6.05
- discontinued operations	0.10	-	-
	<u>4.22</u>	<u>5.98</u>	<u>6.05</u>

Note:

(#) – It is assumed to be the number of shares before subscription of new Cabnet shares by Netposa and public issue.

(^)- This represents the weighted average number of ordinary shares after the subscription of new Cabnet shares by Netposa which was completed on 1 April 2016 as computed below :-

$$\begin{aligned} & \text{Opening number of} \\ & \text{Shares in issue as} \\ & \text{at 1 January 2016} \quad + \quad \left(\frac{\text{Number of Shares issued on 1 April 2016}}{\text{12 months}} \text{ pursuant to Share Subscription} \right) \times 9 \text{ months} \quad) \\ & = 96,550,000 \text{ Shares} + (12,450,000 \text{ Shares} / 12 \text{ months} \times 9 \text{ months}) \\ & = 105,887,500 \text{ Shares} \end{aligned}$$

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Cost of property, plant and equipment purchased	172	738	841
Amount financed through hire purchase	(50)	(442)	(350)
Cash disbursed for purchase of property, plant and equipment	<u>122</u>	<u>296</u>	<u>491</u>

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****32. CASH AND CASH EQUIVALENTS**

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

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
	Cash and bank balances	1,500	1,984
Fixed deposits with licensed banks	1,437	1,455	2,400
Bank overdrafts	(1,053)	(1,723)	(670)
	1,884	1,716	7,681
Less: Fixed deposits pledged to licensed banks	(1,437)	(1,455)	(1,367)
Fixed deposits with maturity above 3 months	-	-	(1,033)
	447	261	5,281

33. DIVIDENDS

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
	Interim tax exempt dividend of RM1.80 per ordinary share in respect of the financial year ended 31 December 2014	1,800	-
Interim tax exempt dividend of RM1.80 per ordinary share in respect of the financial year 31 December 2014	1,800	-	-
Interim tax exempt dividend of RM1.00 per ordinary share paid by a subsidiary prior to the acquisition	-	1,000	-
	3,600	1,000	-

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****34. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)****(a) Identities of related parties**

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel, and other entities in which the directors have substantial financial interests.

(b) Significant Related Party Transactions and Balances

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

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
A company in which certain Directors have substantial financial interest			
Sales	(1,297)	(596)	-
Purchases/cost of services	39	666	-
Management fee received/receivables	(49)	-	-
Directors			
Rental expense on premises	53	58	58

(c) Compensation of Key Management Personnel

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Key management personnel compensation:			
- Short-term employee benefits	1,217	1,001	1,004
- Defined contribution plan	145	116	125
	1,362	1,117	1,129

12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****35. OPERATING SEGMENT**

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely building management solutions which comprise structured cabling, ELV systems and information technology services as a complementary offering to building management solutions.

MAJOR CUSTOMERS

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

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Customer A	4,622	3	14
Customer B	2,355	1,222	5,932

36. CONTINGENT LIABILITIES

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Bank guarantees given to third parties in relation to contracts and trade performance	1,233	1,641	1,679

37. CAPITAL COMMITMENT

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Approved and contracted for:- Purchase of building	-	-	138

38. SIGNIFICANT EVENT AFTER REPORTING PERIOD

Subsequent to the financial year ended 31 December 2016, the Company obtained approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currency giving rise to this risk is primarily Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign Currency Exposure

	SGD RM'000
31 December 2014	
<u>Financial Assets</u>	
Trade receivables	3
	<hr/>
<u>Financial Liabilities</u>	
Trade payables	105
	<hr/>

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

	SGD RM'000
31 December 2015	
<u>Financial Assets</u>	
Trade receivables	-
	<hr/>
<u>Financial Liabilities</u>	
Trade payables	99
	<hr/>
31 December 2016	
<u>Financial Assets</u>	
Trade receivables	-
	<hr/>
<u>Financial Liabilities</u>	
Trade payables	-
	<hr/>

Foreign Currency Risk Sensitivity Analysis

The strengthening/weakening of the RM against the Singapore Dollar at the end of the reporting period would have immaterial impact on profit after tax. This assumes all other variables remain constant.

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

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

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial liabilities. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed rate borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS7 since neither they carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest Rate Risk Sensitivity Analysis

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

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Effects On Profit After Tax			
Increase of 25 (2015: 25; 2014: 25) basis point	(7)	(8)	(6)
Decrease of 25 (2015: 25; 2014: 25) basis point	7	8	6

12. ACCOUNTANTS' REPORT (CONT'D)

**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****39. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)***(iii) Equity Price Risk*

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

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. This allowance represents specific expected loss that relates to individually significant exposures. Impairment is estimated by management based on customer creditworthiness, changes in customers' payment terms and prior experience.

Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2015: NIL, 2014: NIL) customers which constituted approximately 32% (2015: NIL, 2014: NIL) of its trade receivables at the end of the reporting period.

Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the financial statements of the Group after deducting any impairment losses (where applicable).

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Exposure to Credit Risk (Cont'd)

The exposure of credit risk for trade receivables (including amount owing by related companies) by geographical region is as follows:-

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Malaysia	13,833	12,509	12,843
Singapore	3	-	-
	<u>13,836</u>	<u>12,509</u>	<u>12,843</u>

Ageing Analysis

The ageing analysis of the Group's trade receivables (including amount owing by related companies) as at the end of the reporting period is as follows:-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
31 December 2014			
Not past due	8,627	-	8,627
Past due:-			
- less than 3 months	2,984	-	2,984
- 3 to 6 months	767	-	767
- more than 6 months	1,458	-	1,458
- more than 1 year	214	(214)	-
	<u>14,050</u>	<u>(214)</u>	<u>13,836</u>

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing Analysis (Cont'd)

The ageing analysis of the Group's trade receivables (including amount owing by related companies) as at the end of the reporting period is as follows (cont'd):-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
31 December 2015			
Not past due	9,140	-	9,140
Past due:-			
- less than 3 months	1,785	-	1,785
- 3 to 6 months	1,027	-	1,027
- more than 6 months	557	-	557
- more than 1 year	518	(518)	-
	<u>13,027</u>	<u>(518)</u>	<u>12,509</u>
	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
31 December 2016			
Not past due	11,446	-	11,446
Past due:-			
- less than 3 months	995	-	995
- 3 to 6 months	304	(24)	280
- more than 6 months	86	(1)	85
- more than 1 year	188	(151)	37
	<u>13,019</u>	<u>(176)</u>	<u>12,843</u>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Liquidity Risk

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

Maturity Analysis

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

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
31 December 2014						
Trade payables		6,000	6,000	6,000	-	-
Other payables and accruals		1,148	1,148	1,148	-	-
Amount owing to directors		1,879	1,879	1,879	-	-
Amount owing to customers on contracts		874	874	874	-	-
Bankers' acceptance	3.83% - 4.53%	1,953	1,953	1,953	-	-
Hire purchase payables	4.33% - 9.70%	559	604	243	361	-
Term loans	4.75% - 7.35%	2,577	4,061	193	771	3,097
Bank overdrafts	7.85% - 8.45%	1,053	1,053	1,053	-	-
		16,043	17,572	13,343	1,132	3,097

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
31 December 2015						
Trade payables		7,172	7,172	7,172	-	-
Other payables and accruals		685	685	685	-	-
Amount owing to customers on contracts		12	12	12	-	-
Bankers' acceptance	3.72% - 4.54%	3,060	3,060	3,060	-	-
Hire purchase payables	4.55% - 7.09%	752	823	289	534	-
Term loans	7.35%	1,736	2,596	138	551	1,907
Bank overdrafts	6.85% - 8.45%	1,723	1,723	1,723	-	-
		15,140	16,071	13,079	1,085	1,907

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12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
31 December 2016						
Trade payables		7,192	7,192	7,192	-	-
Other payables and accruals		369	369	369	-	-
Amount owing to customers on contracts		309	309	309	-	-
Bankers' acceptance	3.83% - 5.66%	2,251	2,251	2,251	-	-
Hire purchase payables	4.33% - 9.70%	702	776	255	521	-
Term loans	7.35%	1,681	2,469	138	551	1,780
Bank overdrafts	6.85% - 8.45%	670	670	670	-	-
		13,174	14,036	11,184	1,072	1,780

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12. ACCOUNTANTS' REPORT (CONT'D)**CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****39. FINANCIAL INSTRUMENTS (CONT'D)****(b) Capital Risk Management**

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

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Bankers' acceptance	1,953	3,060	2,251
Hire purchase payables	559	752	702
Term loans	2,577	1,736	1,681
Bank overdrafts	1,053	1,723	670
	6,142	7,271	5,304
Less: Fixed deposits with licensed banks	(1,437)	(1,455)	(2,400)
Less: Cash and bank balances	(1,500)	(1,984)	(5,951)
Net debt/(surplus)	3,205	3,832	(3,047)
Total equity	10,185	14,335	27,593
Debt-to-equity ratio	31%	27%	N/A

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12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	31 December		
	Audited 2014 RM'000	Audited 2015 RM'000	Audited 2016 RM'000
Financial Assets			
<u>Loans and receivables</u>			
<u>financial assets</u>			
Trade receivables	13,836	12,509	12,843
Other receivables and deposits	1,271	199	965
Fixed deposits with licensed banks	1,437	1,455	2,400
Cash and bank balances	1,500	1,984	5,951
	<u>18,044</u>	<u>16,147</u>	<u>22,159</u>
Financial liabilities			
<u>Other financial liabilities</u>			
Borrowings			
- Long-term	2,894	2,221	2,145
- Short-term	2,195	3,327	2,489
Trade payables	6,000	7,172	7,192
Other payables and accruals	1,148	685	369
Amount owing to directors	1,879	-	-
Bank overdrafts	1,053	1,723	670
	<u>15,169</u>	<u>15,128</u>	<u>12,865</u>

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12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
39. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
31 December 2014								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	579	-	579	559
31 December 2015								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	754	-	754	752
31 December 2016								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	745	-	745	702

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (Cont'd)

The fair values of hire purchase payables is determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	31 December		
	Audited 2014 %	Audited 2015 %	Audited 2016 %
Hire purchase payables	3.60 - 6.90	4.55 - 7.09	4.33 - 9.70

12. ACCOUNTANTS' REPORT (CONT'D)

CABNET HOLDINGS BERHAD

STATEMENT BY DIRECTORS

We, Tay Hong Sing and Tan Boon Siang, being two of the directors of Cabnet Holdings Berhad., state that, in the opinion of the directors, the financial information set out on pages 5 to 82 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as at 31 December 2014, 2015 and 2016 and of its financial performance, changes in equity and cash flows for the corresponding financial year ended on that date.

Signed in accordance with a resolution of the directors dated **17 APR 2017**

On behalf of the Board,



Tay Hong Sing



Tan Boon Siang

13. DIRECTORS' REPORT



Registered Office:
Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru

Date : 18 APR 2017

The Shareholders of Cabnet Holdings Berhad ("Cabnet" or the "Company")

Dear Sir/Madam,

On behalf of the Board of Directors of Cabnet (the "Board"), I wish to report that, after making due inquiries in relation to the Company and its subsidiary companies ("Group") during the period between 31 DEC 2016, being the date of which the latest audited financial statements of the Group have been made up, and the date hereof, being a date not earlier than 14 days before the date of issue of this Prospectus:-

- (i) In the opinion of the Board, the business of the Group has been satisfactorily maintained
- (ii) In the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Company or any of its subsidiaries;
- (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, no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or any of its subsidiaries;
- (v) There has been, since the last audited financial statements of the Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings; and
- (vi) There has been no material change in the published reserves or any unusual factors affecting the profit of the Group since the last audited financial statements of the Group.

Yours faithfully,
For and on behalf of the Board
CABNET HOLDINGS BERHAD

A handwritten signature in black ink, appearing to read 'TAY HONG SING', written over a horizontal line.

TAY HONG SING
Chief Executive Director/ Executive Director

14. STATUTORY AND OTHER GENERAL INFORMATION

14.1 Share capital

- (i) No securities will be allotted or issued or offered on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) As at the LPD, our Company has one (1) class of shares, namely ordinary shares, all of which rank *pari passu* with one another.
- (iii) As at the date of this Prospectus, 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.
- (iv) Save for the Issue Shares reserved for our eligible Directors, key management personnel and employees and persons who have contributed to the success of our Group as disclosed in **Section 3.4.1(iii)** of this Prospectus:-
 - (a) None of our Group's Director or employee has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares, stocks or debentures of our Company or our subsidiary companies; and
 - (b) There is currently no other scheme involving our Directors or employees in the capital of our Company or any of our subsidiary companies.
- (v) Neither our Company nor any of our subsidiary companies has any outstanding convertible debt security as at the LPD.
- (vi) Except as disclosed in this Prospectus, and save as provided under our Company's Constitution and the Act, there are no limitations on the right to own securities, including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14.2 Extracts of our Constitution

The following is extracted from our Company's Constitution and is qualified in its entirety by the remainder of the provisions of our Company's Constitution and by applicable law.

14.2.1 Classes of Shares

"3. Issue of Shares

- (1) *Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the directors who may allot, grant options over or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions, whether in regard to dividend, voting, return of capital or otherwise, and at such times as the Directors may determine but the Directors in making any such allotment or disposal or granting any such option of shares shall comply with the following conditions:-*
 - (a) *no shares shall be issued at a discount;*
 - (b) *in the case of shares offered to the public for subscription, the amount payable on application on each share shall not*

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

be less than five per cent (5%) of the issued price of the shares;

- (c) not to offer, issue, allot grant options over shares, grant any right or rights to subscribe for shares or any right to convert any securities 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 to any person, company or syndicate without the prior approval of the members of the Company in general meeting;*
- (d) Every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and no Director shall participate in such issue of shares or options unless the members in general meeting have approved of the specific allotment to be made to such Director."*

"4(1) Rights of Preference shareholders

Subject to the Act, any preference share may with the sanction of an ordinary resolution of shareholders in general meeting, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed provided that:-

- (a) The total issued price of the issued preference shares shall not exceed the total issued price of the issued ordinary shares at any time; and*
- (b) Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts, and attending general meetings of the Company but shall only have the right to vote at any meeting convened in each of the following circumstances:-*
 - (i) When the dividend or part of the dividend on the share is in arrears for more than six (6) months;*
 - (ii) On a proposal to reduce the Company's share capital;*
 - (iii) On a proposal for the disposal of the whole of the Company's property, business and undertaking;*
 - (iv) On a proposal that affect rights attached to the share;*
 - (v) On a proposal to wind up the Company; and*
 - (vi) During the winding up of the Company."*

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**"4(2) Repayment of Capital and Modification of preference rights**

Notwithstanding Article 8 hereof, the repayment of preference capital other than redeemable preference shares, or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, Provided Always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths (3/4) of the preference capital concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting."

"4(3) Return of capital

The preference shareholders shall be entitled to a return of capital in preference to ordinary shareholders when the Company is wound up."

"5. Rights of other class of shares

The rights attaching to shares of a class other than ordinary shares shall be expressed."

"6. Redeemable preference shares

The Company shall have power to issue preference shares carrying a right to redemption out of profits or out of new issue of shares or out of share capital or to issue further preference capital ranking equally with, or in priority to, preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner."

14.2.2 Variation of rights**"8. Modification of class rights**

Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, either with the consent in writing of the holders of three-fourths (3/4) of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate general meeting the provisions of These Articles relating to general meetings or to the proceedings thereat shall, mutatis mutandis, apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) in the nominal amount of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those persons who are present shall be a quorum) and that the holders of shares of the class shall, on a poll, have one (1) vote for every share of the class held by them respectively."

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**“9. Ranking of class rights**

The special rights conferred upon the holders of any shares or class of shares issued with preferred or other special rights shall not unless otherwise expressly provided by the terms of issue of such shares be deemed to be modified by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith. The Company shall have the power to issue further preference capital ranking equally with or in priority to preference shares already issued.”

14.2.3 Increase of capital**“61. Power to increase capital**

The Company in general meeting by ordinary resolution may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and (subject to any special rights for the time being attached to an existing class of shares) to carry such preferential, deferred or other rights (if any), or to be subject to such conditions or restrictions (if any) in regard to dividend, return of capital, voting or otherwise as the general meeting resolving upon such increase directs.”

“62. Offer of new shares to existing members

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

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**"63. Issue of Securities**

Subject to the Listing Requirements and notwithstanding the existence of a resolution pursuant to Section 76 of the Act, the Company must ensure that it shall not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the total number of issued shares of the Company, except where the shares or convertible securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. Provided that in working out the number of shares or convertible securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised. Provided further that except in the case of an issue of Securities on a pro rata basis to Members, no shares or convertible securities shall be issued to a Director, Major Shareholder or person connected with any Director or Major Shareholder unless the Company in general meeting has approved of the specific allotment to be made to such aforesaid person, such approval to be obtained in accordance with the Listing Requirements."

"64. How far new shares to rank with original shares

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

14.2.4 Alteration of capital**"65. Power to alter capital**

The Company may from time to time by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;*
- (b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Constitution by sub-division of its existing shares or any of them subject nevertheless to the provisions of Section 84 of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and*
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and reduce the amount of its share capital by the amount of the shares so cancelled."*

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**"66. Power to reduce capital**

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law."

"67. Share Buy Back

(1) *The Company shall have the power, subject to and in accordance with the Act, the rules, regulations and guidelines thereunder issued by the Stock Exchange and any other relevant authorities in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act and any rules, regulations and guidelines thereunder issued by the Stock Exchange and any other relevant authorities in respect thereof.*

(2) *The Company may, with the sanction of an ordinary resolution of the members in general meeting, purchase its own shares upon and subject to such terms and conditions as the Directors may, in their absolute discretion, deem fit provided that the purchase of such shares shall not exceed ten per cent (10%) of the issued share capital of the Company for the time being unless prior approval of the Stock Exchange has been obtained."*

14.2.5 Remuneration of Directors**"113. Directors' Remuneration**

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

- (a) *the fees payable to the Directors shall from time to time be determined by a resolution of the Company in general meeting, Provided Always that such fees shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;*
- (b) *save as provided in Article 113 (a) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. All remuneration, other than the fees provided for in Article 113 (a) hereof, payable to the non-executive Directors shall be determined by a resolution of the Company in general meeting;*
- (c) *fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;*
- (d) *salaries payable to executive Directors may not include a commission on or percentage of turnover; and*

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

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

"138. Remuneration of Managing Director

The remuneration of a Managing Director or Managing Directors (subject to the provisions of any contract between him and the Company) from time to time shall be fixed by the Directors and may be by way of salary or commission on dividends or participation in profits of the Company or of any other company in which the company is interested or by participation in any such profits or by any, of all of those modes or otherwise as may be expedient, but shall not include a commission on or percentage of turnover."

14.2.6 Transfer of securities

"41. Transfer of securities

The transfer of any listed security or class of listed security of the Company, which have been deposited with the Depository, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities."

"42. Form of instrument of transfer

Subject to these Articles, the Act, the Rules, the Central Depositories Act, the Listing Requirements and Rules of the Stock Exchange, any member may transfer all or any of his securities by instrument in writing in the form prescribed and approved by the Stock Exchange, the Act, and/or the Central Depositories Act as the case may be. Subject to the Central Depositories Act and the Rules, the instrument of transfer of any securities shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the securities until the name of the transferee is entered in the Register and/or the Record of Depositors as the case may be."

"43. No restriction on transfer

There shall be no restriction on the transfer of fully paid securities except where required by law."

"44(1) Refusal to register transfer

The Directors may in their absolute discretion decline to register any transfer of shares not fully paid up and may also decline to register the transfer of any share by a registered member on which the Company has a lien."

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

"44(2) Power of Depository to refuse to register transfer

The Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules."

"45. No transfer to minor, etc

No securities shall in any circumstances be transferred to any minor, bankrupt, person of unsound mind, any partnership, or unincorporated association or body."

"46. Fixing of books closing date

The Register may be closed at such time and for such period as the Directors may from time to time determine. Provided Always that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia if required under the Listing Requirements or by the Stock Exchange, and such notice shall be given to the Stock Exchange, such notice shall state the books closing date, which shall be at least twelve (12) clear market days after the date of notification to the Stock Exchange, and the address of the share registrar at which documents will be accepted for registration. In relation to such closure, the Company shall give notice, in accordance with the Rules to enable the Depository to issue the appropriate Record of Depositors as at a date not less than three (3) market days before the occurrence of the related event."

"47. Renunciation

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

"48. Branch Register

(1) *The Company may establish and cause to be kept in any other place outside Malaysia a Branch Register of its members in accordance with the provisions of Section 53 of the Act.*

(2) *Subject to the provisions of the Act and of these regulations, any such register ("Branch Register") shall be established and kept the same manner in which the principal register is required to be kept.*

(3) *For the purpose of any such Branch Register the Directors may empower any officer of the Company or other person or persons or committee ("the local authority") to keep the registers in such manner and subject to such provisions in the Act may from time to time prescribed or allow, and may delegate to any such local authority the duty of examining and passing or refusing transfers and transmission and giving certificates of securities.*

(4) *The local authority shall from time to time transmit to the registered office copies of every entry on any Branch Register as required by Section 53 of the Act. The transfers of securities on any Branch Register shall be distinguished from the shares registered in the principal register and no transaction with respect to any shares*

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

registered in a branch register shall be registered during the continuance of that registration.

- (5) *Where the company discontinue a branch register, all entries in that register shall be transferred to some other branch register kept by the company in the same place or to the principle register."*

"49. *Non-liability of company, its Directors and officers in respect of transfer*
Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of securities apparently made by sufficient parties, although the same may, by reasons of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the securities transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognized as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto."

14.2.7 Voting and borrowing powers of Directors

"118. *Directors' borrowing powers*

- (1) *Subject to the provisions in the Act and the Listing Requirements, the Directors may exercise all the powers of the Company to borrow or to raise money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries or its related or associated corporations.*
- (2) *The Directors may borrow or raise any such moneys as aforesaid, upon such terms and conditions in all respects as the Directors may think fit, upon or by the issue or sale of any bonds, perpetual or redeemable debentures, debenture stocks or securities. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stocks or securities to exchange the same for shares in the Company or any class authorised to be issued. The Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage or a charge upon all or any part of the undertaking or property of the Company, both present and future and upon any capital remaining unpaid upon the shares of the Company, whether called up or not or by any other security and the Directors may confer upon any mortgages or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or so raised and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management or the realisation thereof, or the making, receiving or enforcing of calls upon the members in respect*

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.

- (3) *Except as permitted by the Listing Requirements, 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."*

"134. Restriction on voting

A director shall not vote in respect of any contract or arrangement or proposed contract or arrangement in which he has in any way whether directly or indirectly, an interest. If he shall do so, his vote shall not be counted, nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

14.2.8 Limitation on the right to hold securities and/or exercise voting rights

"92. Votes of members of unsound mind

A member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person who properly has the management of his estate, and any such committee or other person may vote by proxy or attorney and any person entitled under the transmission Article to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that forty-eight (48) hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof."

"93. Member barred from voting while call unpaid

No member shall be entitled to be present or to vote on any question either personally or otherwise as a proxy, or attorney at any general meeting or upon a poll or be reckoned in the quorum in respect of any shares upon which calls are due and unpaid."

"94. Objection to qualification of voter

No objection shall be raised to the qualification of any voter except at the general meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive."

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.3 Promoters, Substantial Shareholders and Directors

- (i) The names, addresses and occupations of our Directors are set out in **Section 1** of this Prospectus.
- (ii) Save as disclosed in **Sections 8.2.4 and 8.8** of this Prospectus, no amount or benefits have been paid or intended to be paid or given to our Promoters, substantial shareholders and Directors within two (2) years preceding the date of this Prospectus.
- (iii) Save as disclosed in **Section 14.4** of this Prospectus, none of our Directors or substantial shareholders have any interest in any contracts or arrangements subsisting which is significant in relation to the business of our Group taken as a whole as at the date of this Prospectus.
- (iv) Save for our Promoters and substantial shareholders as disclosed in **Section 8.1** of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.
- (v) Save for the risk factors and financial information highlighted in **Section 4** and **Section 12, respectively**, of this Prospectus, none of our Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

14.4 Material contracts

Save as disclosed below, our Company and our subsidiaries have not entered into any material contract with parties outside of our Group which is not in the ordinary course of our Group's business during the two (2) years preceding the LPD:-

- (i) Share Subscription Agreement dated 14 March 2016 entered into between our Company and NetPosa for the subscription of 12,450,000 new Cabnet Shares by NetPosa for the subscription price of RM6,847,500.00;
- (ii) Collaboration Agreement entered into between our Company and NetPosa dated 15 March 2016, as supplemented, added and varied by supplemental agreement dated 28 October 2016, whereby our Company agreed to assist and support NetPosa in customising the NetPosa China's Products for purposes of the Malaysian market by translating the information, including technical terms, contained in the NetPosa China's Products from Mandarin to English, to promote, sell and supply the NetPosa China's Products in Malaysia together with the services and solutions provided by our Group, to provide to NetPosa with Malaysian market feedback and Malaysian market information relating to the NetPosa China's Products and to install the NetPosa China's Products for orders secured directly by NetPosa or NetPosa China and at the same time offer our Group's services and solutions to NetPosa's or NetPosa China's customers. This Collaboration Agreement was subsequently varied, supported and supplemented by our Company with NetPosa by way of a Supplemental Collaboration Agreement dated 28 October 2016;
- (iii) Share Sale Agreement dated 18 August 2015 entered into between Cabnet and the Vendors of Cabnet Systems for the acquisition of the entire issued capital of Cabnet Systems for a total purchase consideration of RM8,999,998, payable by the issuance of 89,999,980 new Cabnet Shares to the Vendors of Cabnet Systems;

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

- (iv) Share Sale Agreement dated 18 August 2015 entered into between Cabnet and the Vendors of ITWin for 147,000 ordinary shares of RM1.00 each in ITWin representing 49.0% of the issued share capital of ITWin for a total purchase consideration of RM1,280,000, satisfied via the issuance of 6,550,000 new Cabnet Shares and RM625,000 in cash to the Vendors of ITWin;
- (v) Sale and Purchase Agreement dated 5 May 2015 entered between ITWin and Greenchain Marketing Sdn Bhd whereby Greenchain Marketing Sdn Bhd agreed to purchase from ITWin, a piece of freehold land held under HS(D) 496993 PTD 172080 Mukim Pulai, District of Johor Bahru, Johor, together with a unit of three storey shop office erected thereon bearing postal address of No. 25, Jalan Sentral 2, Taman Nusa Sentral, 79100 Nusajaya, Johor, for a total cash consideration of RM1,275,000 upon the terms and subject to the conditions contained in this agreement;
- (vi) Sale and Purchase Agreement dated 27 December 2016 between Cabnet Systems and Malpakat Construction Sdn Bhd whereby Cabnet Systems agreed to purchase a unit of service apartment distinguished as Parcel No. A-PH-07, Pangsapuri Casa Subang, Jalan Subang 1, USJ 1, 47600 Selangor Darul Ehsan and held under Geran Mukim 663/M1-A/29/306 Lot 62945 together with accessory parcel A44, in the Pekan of Subang Jaya, District of Petaling and State of Selangor for an agreed purchase price of RM550,000.

As at the LPD, Cabnet Systems has not completed the acquisition of this property; and
- (vii) Underwriting Agreement dated 18 April 2017 between TA Securities and Cabnet for the underwriting of the 7,000,000 IPO Shares made available for application by the Malaysian Public at the underwriting commission rate of 2.50% of the total value of the underwritten Shares at the Issue Price.

14.5 Material litigation

As at the LPD, neither our Company nor our subsidiaries 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.

14.6 Repatriation of capital and remittance of profit

As our Group does not physically operate in other countries, there are no governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

14.7 Public take-overs

During the last financial year up to the date of this Prospectus, there were no:-

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by us in respect of other companies' shares.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.8 Letters of consent

The written consents of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Principal Bankers, Share Registrar, Company Secretaries and Issuing House 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 in this Prospectus of its name, Accountants' Report, and Reporting Accountants' letter on the compilation of pro forma consolidated statements of financial position as at 31 December 2016 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.

The written consent of the Independent Market Researcher for the inclusion of its name and the Independent Market Research 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.

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14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.9 Documents available for inspection

Copies of the following documents may be inspected at our registered office at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor during normal working hours for a period of twelve (12) months from the date of this Prospectus:-

- (i) Constitution of our Company;
- (ii) Reporting Accountants' letter on the compilation of pro forma consolidated statements of financial position as included in **Section 11.1** of this Prospectus;
- (iii) Accountants' Report referred to in **Section 12** of this Prospectus;
- (iv) Directors' Report referred to in **Section 13** of this Prospectus;
- (v) the letters of consent referred to in **Section 14.8** of this Prospectus;
- (vi) material contracts referred to in **Section 14.4** of this Prospectus;
- (vii) audited consolidated financial statements of our Company for the FPE 31 December 2015 (for the financial period from 9 December 2014, being the date of incorporation, to 31 December 2015) and FYE 31 December 2016;
- (viii) audited financial statements of our subsidiaries for the past three (3) FYE 31 December 2014 to FYE 31 December 2016; and
- (ix) IMR Report.

14.10 Responsibility statements

Our Directors and our Promoters 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 are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

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

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15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

15.1 Opening and closing of applications

Applications will be accepted from 10.00 a.m. on 28 April 2017 and will close at 5.00 p.m. on 8 May 2017 for such further period or periods as our Directors, Promoters and our Underwriter in their absolute discretion may decide. **Late applications will not be accepted.**

If the closing date of the application period is extended, the dates of the balloting, allotment and Listing would be extended accordingly. Any extension of the closing date for application will be advertised in a widely circulated English as well as Bahasa Malaysia newspaper in Malaysia.

Copies of the Application Forms together with this Prospectus may be obtained, subject to availability, from Issuing House, TA Securities Holdings Berhad and ADAs which are registered members of Bursa Securities.

15.2 Methods of application

Applications for the IPO Shares may be made using any of the following:-

- (i) Application Form; or
- (ii) Electronic Share Application; or
- (iii) Internet Share Application.

A summary of the method of applications are set out below:-

Class of Applicants	Application Method
(i) Malaysian Public	
<ul style="list-style-type: none"> • Individuals 	White Application Forms or Electronic Share Application or Internet Share Application
<ul style="list-style-type: none"> • Corporations or institutions 	White Application Forms only
(ii) Investors identified by way of private placements	Selected investors being allocated IPO Shares under this category will be contacted directly by the Placement Agent and are to follow the instructions as communicated by the Placement Agent
(iii) Eligible Directors, key management personnel and employees of Cabnet Group and persons who have contributed to the success of Cabnet Group	Pink Application Forms only

You can submit only one (1) application for the IPO Shares. For example, if you submit an application using an Application Form, you may not submit an application by way of Electronic Share Application or Internet Share Application and vice versa. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or by way of Internet Share Application.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

15.3 Procedures for application

Applications must be made in relation to and subject to the terms of this Prospectus and our Constitution. You agree to be bound by our Constitution.

FULL INSTRUCTIONS FOR THE APPLICATION OF THE IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

15.3.1 Application by the Malaysian Public

Applications for 7,000,000 Issue Shares made available for application by the Malaysian 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 Shares by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.56 per Issue Share.

15.3.2 Application by identified investors by way of private placement

Selected investors being allocated IPO Shares under this category will be contacted directly by the Placement Agent and are to follow the instructions as communicated by the Placement Agent. The amount payable in full on application is RM0.56 per Issue Share.

Investors under the private placement are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. If you have been successfully allocated Issue Shares under the placement, you may also, at the discretion of our Directors, be allocated Issue Shares under the Public Issue to the Malaysian Public.

15.3.3 Application by our eligible Directors, key management personnel and employees of our Group and persons who have contributed to the success of our Group

Applications for 4,000,000 Issue Shares made available for application by our eligible Directors, key management personnel and employees of our Group and persons who have contributed to the success of our Group must be made on the **Pink Application Form** provided only and **NOT** by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.56 per Issue Share.

Our eligible Directors, key management personnel and employees of our Group and persons who have contributed to the success of our Group are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. Our eligible Directors, key management personnel and employees of our Group and persons who have contributed to the success of our Group who have been successfully allocated Issue Shares may also, at the discretion of our Directors, be allocated Issue Shares under the Public Issue to the Malaysian Public.

You **must have a CDS account** before you can submit your application by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

Directors and employees of Issuing House and their immediate families are strictly prohibited from applying for the IPO Shares in this exercise.

15.4 Applications using Application Forms

15.4.1 Types of Application Forms

The following relevant Application Forms issued with the notes and instructions enclosed with this Prospectus are deemed to form an integral part hereof:-

- (i) **White** Application Forms for application by Malaysian Public; and
- (ii) **Pink** Application Forms for application by the eligible Directors, key management personnel and employees of our Group and persons who have contributed to the success of our Group.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability from the following parties:-

- (i) TA Securities;
- (ii) Participating organisations of Bursa Securities;
- (iii) Members of the Association of Banks in Malaysia;
- (iv) Members of the Malaysian Investment Banking Association; and
- (v) Issuing House.

The submission of an Application Form does not necessarily mean that your application will be successful.

You may submit only one (1) Application Form and your application must be for 100 IPO Shares or multiples thereof. **Multiple applications will not be accepted.** We wish to caution you that if you submit multiple applications in your own name or by using the name of others, with or without their consent, you will be committing 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.

Your application for the IPO Shares must be made on the respective Application Form accompanying this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and on this Prospectus. Our Directors may at their absolute discretion not accept 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.

If you are an individual other than a member of the armed forces or police, your name and national registration identity card ("**NRIC**") number must be exactly the same as stated in:-

- (i) (a) your NRIC; or
- (b) any valid temporary identity document as issued by the National Registration Department from time to time; or

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (c) Your "Resit Pengenalan Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; and
- (ii) the record of Bursa Depository.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly the same as that stated in your authority card and in the record of Bursa Depository. Your address must be the address of your respective camp, base or station.

If you are a corporation or institution, the name and the certificate of incorporation number must be exactly the same as that stated in the corporation's or institution's certificate of incorporation and in the record of Bursa Depository. The address must be the registered address.

We together with Issuing House will not issue any acknowledgement of the receipt of your Application Forms or application monies.

15.4.2 Terms and conditions for application using Application Forms

Your application by way of Application Form shall be made on, and subject to, the following terms and conditions:-

- (i) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address.
- (ii) If you are a corporation or institution incorporated in Malaysia, you must have a CDS account and be subject to the following:-
 - (a) If you have a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - (b) There is a majority of Malaysian citizens on the board of Directors or trustee.
- (iii) If you are a superannuation, co-operative, foundation, provident or pension fund, you must be established or operating in Malaysia and have a CDS account.
- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations or institutions referred to in **Sections 15.4.2(ii) and (iii)** above or the trustees thereof.
- (v) Application for the IPO Shares must be made on the respective 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 of the CMSA, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Our Directors may at their absolute discretion not accept 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.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (vi) Your completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:-
- (a) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur; or
 - (b) MONEY ORDER or POSTAL ORDER (for Applicants from Sabah and Sarawak only);
 - (c) GUARANTEED GIRO ORDER ("**GGO**") from Bank Simpanan Nasional Malaysia Berhad; or
 - (d) ATM STATEMENT obtained from the following financial institutions:-
 - Hong Leong Bank Berhad;
 - Malayan Banking Berhad; or
 - RHB Bank Berhad;

and must be made out in favour of "**TIH SHARE ISSUE ACCOUNT NO. 673**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

We will not accept applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker's drafts, cashier's orders, money orders, postal orders or GGO. Details of the remittances must be completed in the appropriate boxes provided in 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 Issuing House and/ or our Company. If you do not presently have a CDS account, you may open one by contacting any of the ADAs listed in **Section 16** of this Prospectus.
- (viii) Your name and address must be written on the reverse side of the banker's draft, cashier's order, money orders, postal orders or GGO.
- (ix) Our Directors reserve the right to require you, if your application is successful, to appear in person at the registered office of Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

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15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (x) Issuing House, on the authority of our Directors, reserves the right to reject your application if it does not conform to these instructions or if it is illegible or if it is accompanied by remittances improperly drawn.
- (xi) Issuing House, on the authority of our Directors, reserves the right not to accept your application or to accept it in whole or in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (xii) You shall ensure that your personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xiii) Your completed Application Form together with the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Tricor Investor & Issuing House Services Sdn Bhd (Company No. 11324-H)
 Unit 32-01, Level 32, Tower A
 Vertical Business Suite
 Avenue 3, Bangsar South
 No.8 Jalan Kerinchi, 59200 Kuala Lumpur.

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at our Customer Service Centre, Unit G-3, Ground Floor, Tower A, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on [date], or such other later date or dates as our Directors, Promoters and our Underwriter in their absolute discretion may decide.

- (xiv) **PLEASE DIRECT ALL YOUR ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO ISSUING HOUSE.**

15.5 Applications using Electronic Share Application**15.5.1 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 15.5.2** 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 the IPO Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set forth in **Section 15.5.3** below.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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:-

- (a) Your Personal Identification Number ("**PIN**");
- (b) **TIH Share Issue Account No. 673**;
- (c) Your CDS Account number;
- (d) Number of IPO Shares applied for and/ or the RM amount to be debited from the account; and
- (e) You are to confirm several mandatory statements.

15.5.2 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;
- 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.

15.5.3 Terms and conditions for 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 ("**Steps**"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in **Section 15.5.1** above. The Steps set out the actions that you must take at the ATM to complete an Electronic Share Application. You are advised to read and understand the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall refer to you, if you apply for the IPO Shares through an ATM of any of the Participating Financial Institutions.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

You must be an individual with a CDS account to make an Electronic Share Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted.

You must have an existing 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 IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record that you have completed a transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by us or Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of the offer for the application for our IPO Shares on 8 May 2017 at 5.00p.m. ("**Closing Date**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the IPO Shares to Issuing House as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date.

You will be allowed to make an Electronic Share Application for the IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one (1) application. If you have a bank account with a Participating Financial Institution and have been issued an ATM card, you will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only one (1) application.

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

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions as set out below:-

- (i) Your Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Constitution.
- (ii) You are required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
 - (a) You have attained 18 years of age as at the closing date of the share application;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have read the relevant Prospectus and understood and agreed with the terms and conditions of this application;
 - (d) This is the only application that you are submitting; and

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE

- (e) You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to Issuing House and other relevant authorities.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 133 of the Financial Services Act 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991, to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to Issuing House or any other relevant regulatory bodies.

- (iii) You confirm that you are not applying for the IPO Shares as a nominee of any other persons and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for the IPO Shares, whether at the ATMs of any Participating Financial Institutions, on the prescribed Application Forms or via Internet Share Application.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. We will reject 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 made.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or buttons on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Constitution.
- (vi) Issuing House on the authority of our Directors reserves the right to reject or accept any Electronic Share Application in whole or in part only on a non-discriminatory basis without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

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15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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

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15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (xi) By making and completing an Electronic Share Application, you agree that:-
- (a) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (b) we, the Participating Financial Institutions, Bursa Depository and Issuing House 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, failure of transmission or communication facilities, or to any cause beyond our/ their control;
 - (c) notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase the IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the IPO Shares;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/ or other documents required for the issue or transfer of the IPO Shares allotted or allocated to you; and
 - (e) 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 be bound by the decisions of the Courts of Malaysia.
- (xii) Our Directors reserve the right to require you, if your application is successful, to appear in person at the registered office of Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiii) Issuing House on the authority of our Directors reserves the right to reject your applications, if it does not conform to these instructions.

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15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.6 Applications using Internet Share Application**15.6.1 Steps for Internet Share Application**

The exact steps for Internet Share Application for the IPO Shares are set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the IPO Shares using Internet Share Application. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

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 the IPO Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (ii) Login to the Internet financial services facility by entering your user identification ("**User ID**") 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 the IPO 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 above-mentioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) By confirming such information, you will undertake that the mandatory statements as set out in **Section 15.6.2(iii)** are true and correct.
- (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 for the IPO.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the application of the IPO is being made.
- (xi) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and retention.

15.6.2 Terms and conditions for Internet Share Application

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

You are advised not to apply for the IPO Shares through any website other than the Internet financial services 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:-

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

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS BEFORE MAKING AN INTERNET SHARE APPLICATION.

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

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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:-
 - (a) 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 other joint account holder's name;
 - (b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your User ID and PIN/ password for the relevant Internet financial services facilities; and
 - (c) be a Malaysian citizen and have a Malaysian address.

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

- (ii) An Internet Share Application shall be made on and shall be subject to the terms 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 website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:-
 - (a) You have attained 18 years of age as at the date of the application for the IPO Shares;
 - (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 the IPO Shares;
 - (e) The Internet Share Application is the only application that you are submitting for the IPO Shares;

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (g) You give 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 Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/ or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (h) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (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 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 your Internet Share Application, including the number of IPO Shares applied for which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in **Section 15.6.2 (iii)** above.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (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 the IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any 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 IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of the Internet Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept our decision as final.

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

- (a) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (b) Your agreement to be bound by our Constitution.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for the IPO Shares will be rejected. Issuing House on the authority of our Directors reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (viii) Internet Share Applications will be closed at 5.00 p.m. on 8 May 2017 or such other date(s) as our Directors and our 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 Applications will not be accepted.

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15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ix) You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of Issuing House or the Internet Participating Financial Institutions and the Authorised Financial Institutions. If in any such event, we, Issuing House and/ or the Internet Participating Financial Institutions and/ or the Authorised Financial Institutions do not receive your Internet Share Application and/ or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall not claim whatsoever against us, Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (x) All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, Issuing House, the relevant Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.
- You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.
- (xi) By making and completing an Internet Share Application, you are deemed to have agreed that:-
- (a) In consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Internet Share Application facility established by the Internet Participating Financial Institution acting as agents for us, your Internet Share Application is irrevocable;
 - (b) You have irrevocably requested and authorised us to register the IPO Shares allotted or allocated to you for deposit into your CDS account;
 - (c) Neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in **Section 15.6.2(ix)** herein or to any cause beyond their control;

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (d) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by Issuing House, us and/ or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/ or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
- (e) The acceptance of your offer to subscribe for the IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
- (f) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
- (g) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, our Underwriter and Principal Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which you may have relied on in making the Internet Share Application;
- (h) Our acceptance of your Internet Share Application and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.

15.7 Over / Under-subscription

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. We will give due consideration to the desirability of distributing our Shares to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market for our Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, upon admission to the Official List. We expect to achieve this at the point of Listing. We may not be allowed to proceed with our Listing if the above requirement is not met pursuant to the IPO. In the event thereof, your monies paid in respect of your application will be returned without interest. Our Directors will determine how the applications will be selected.

In the event of an under-subscription of IPO Shares by our Group's eligible Directors, key management personnel and employees and persons who have contributed to our Group's success, such IPO Shares will be made available for application by way of private placement, failing which will be made available for application by the Malaysian Public.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

In the event of an under-subscription of the IPO Shares by the Malaysian Public, such IPO Shares not taken up will then be offered to the identified investors by way of private placement, if there is demand. Thereafter, any unsubscribed IPO Shares will be made available for subscription by our Underwriter.

15.8 Applications and acceptances

Issuing House on the authority of our Directors reserves the right not to accept your application, if it does not strictly comply with the instructions or to accept your application in part only without assigning any reason therefor.

The submission of an Application does not necessarily mean that the application will be successful.

Directors and employees of Issuing House and their immediate families are strictly prohibited from applying for the IPO Shares.

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

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

15.9 Unsuccessful/ Partially successful and rejected applications

If you are unsuccessful/ partially successful or rejected in your application, the full amount or the balance of your application monies, as the case may be, will be refunded without interest in the following manner:-

15.9.1 For applications by way of White Application Form

- (i) The application monies or the balance of it, as the case may be, will be refunded to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/ distribution if you have provided such bank account information to Bursa Depository or by ordinary post / post (for partial successful applications) within ten (10) Market Days from the date of the final ballot if you have not provided such bank account information to Bursa Depository.
- (ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to the address stated in the NRIC or any valid temporary identity document issued by the National Registration Department or "Resit Pengenalan Sementara (KPPK 09)" from time to time at your own risk.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected or unsuccessful or only partly successful will be refunded without interest by the Issuing House as per **Sections 15.9.1(i)** or **(ii)** above, as the case may be.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iv) Issuing House on the authority of our Directors, reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per **Section 15.9.1(ii)** above, as the case may be, within ten (10) Market days from the date of the final ballot.

15.9.2 For applications by way of Electronic Share Application

- (i) If your Electronic Share Application is unsuccessful or successful in part only, Issuing House shall inform the relevant Participating Financial Institution of the unsuccessful or partially successful applications within two (2) Market Days after the balloting date. Where your Electronic Share Application is unsuccessful or successful in part only, the relevant Participating Financial Institution 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 benefit arising therefrom) into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from Issuing House. You may check your account on the fifth (5th) Market Day from the balloting date.
- (ii) We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application which is subsequently rejected, your application monies without interest will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by crediting into your account with the Participating Financial Institution within ten (10) Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the 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 Institution will then credit the application monies (or any part thereof) without interest, into your account within two (2) Market Days after the receipt of confirmation from the Issuing House.

15.9.3 For applications by way of Internet Share Application

- (i) If your Internet Share Application is unsuccessful or successful in part only, Issuing House shall inform the relevant Internet Participating Financial Institution of the unsuccessful or partially successful Internet Share Application within two (2) Market Days after the balloting date. Where your Internet Share Application is unsuccessful or successful in part only, the relevant Internet Participating Financial Institution 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 revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution of the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from Issuing House. You may check your account on the fifth (5th) Market Day from the balloting date.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ii) We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application which is subsequently rejected, your application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by crediting into your account with the Internet Participating Financial Institution within ten (10) Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or 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 Institution will then credit the application monies (or any part thereof but without interest or any share or revenue or other benefit arising therefrom) into your account within two (2) Market Days after the receipt of confirmation from Issuing House.
- (iii) Except where Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult 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 the Internet Share Application in order to determine the status or exact number of IPO Shares allotted or allocated, if any, before trading of our Shares on the ACE Market of Bursa Securities.

15.10 CDS Accounts

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as "Prescribed Securities". Therefore, the IPO Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in our Shares will be by book entries through CDS accounts. We will not issue any share certificates to you.

15.10.1 Application by way of Applications Forms

Only if you have a CDS account can you make an application by way of an Application Form. If you apply using an Application Form, you should 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 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 the IPO Shares.

15.10.2 Application by way of Electronic Share Applications

Only if you have a CDS account can you make an application by way of an Electronic Share Application. If you apply using an Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.10.3 Application by way of Internet Share Applications

Only if you have a CDS account can you make an application by way of an Internet Share Application. In certain cases, you can only make an Internet Share Application if you have a CDS account opened with the Internet Participating Financial Institution. Subsequently, your CDS account number would automatically appear in the electronic online application form.

If you fail to comply with these specific instructions or there is inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, your application may be rejected. If you are successful in your application but fail to state your CDS account number, Issuing House on the authority of our Directors reserves the right to reject your application. Issuing House on the authority of our Directors also reserves the right to reject any incomplete and inaccurate application. We may also reject your application if your particulars provided in the Application Forms, 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.

15.11 Notice of allotment

If your application is successful or partially successful, we will credit our Shares allotted to you to your CDS account. We will despatch a notice of allotment to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application as we will not be issuing any share certificate to you.

You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of the Bursa Depository, failing which we shall send the notification letter on your allotment to your address last maintained with Bursa Depository.

You may also check the status of your application by calling your respective ADAs at the telephone number as stated in **Section 16** of this Prospectus or Issuing House at 03-2783 9299, between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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16. LIST OF ADAS

Name	Address and telephone number	Broker Code
<u>KUALA LUMPUR</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
AFFIN HWANG INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel No : 03-91308803	068-021
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26043333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	024-001
CIMB INVESTMENT BANK BERHAD	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No : 03-22618888	065-001
FA SECURITIES SDN BHD	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No : 03-22881676	021-002
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
HONG LEONG INVESTMENT BANK BERHAD	Level 18, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200	066-006

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/ 109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90562921	054-007
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	Level 10,11 & 12 Kenanga Tower 237 Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-21722888	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42978806	073-020
KENANGA INVESTMENT BANK BERHAD	1st Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20892888	073-021
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	073-029
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
M & A SECURITIES SDN BHD	22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No : 03-79839890	057-004

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
MALACCA SECURITIES SDN BHD	55-1, Jalan Metro Perdana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur Tel No : 03-62418595	012-009
MALACCA SECURITIES SDN BHD	No.76 Jalan Wangsa Maju Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak 53300 Kuala Lumpur Tel No : 03-41442565	012-012
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MAYBANK INVESTMENT BANK BERHAD	27 Floor, 31-33 Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur Tel No : 03-20591888	098-007
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 21, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 3A, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
RHB INVESTMENT BANK BERHAD	12 th , 20 th & 21st Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	087-018
RHB INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	087-028
RHB INVESTMENT BANK BERHAD	No.5 & 7 Jalan Pandan Indah 4/ 33 Pandan Indah	087-054

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
	55100 Kuala Lumpur Tel No : 03-42804798	
RHB INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	087-058
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62056000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-21471888	078-010
<u>SELANGOR DARUL EHSAN</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah, E9/ E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
AFFIN HWANG INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/ 1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
AFFIN HWANG INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	068-019
AFFIN HWANG INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/ 3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	068-020
AFFIN HWANG INVESTMENT BANK BERHAD	No. 79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi	068-023

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
	41200 Klang Selangor Darul Ehsan Tel No : 03-33221999	
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/ 60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-001
CIMB INVESTMENT BANK BERHAD	Ground Floor & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173388	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 25 & 26 Menara LGB No. 1 Jalan Wan Kadir 60000 Kuala Lumpur Selangor Darul Ehsan Tel No : 03-77236300	066-002
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002
JF APEX SECURITIES BERHAD	Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No : 03-58790163	079-004
JUPITER SECURITIES SDN BHD	No. 42-46, 3rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56324838	055-004
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78626200	073-005
KENANGA INVESTMENT BANK BERHAD	55C (2nd Floor) Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80241773	073-006

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/ 3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-016
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56212118	073-030
KENANGA INVESTMENT BANK BERHAD	35 (Ground & 1st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	073-035
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56361533	012-002
MALACCA SECURITIES SDN BHD	No. 58 & 60 Jalan SS2/67 47300 Subang Jaya Selangor Darul Ehsan Tel No : 03-78761533	012-003
MALACCA SECURITIES SDN BHD	No. 39-2 Jalan Temenggung 21/9 Seksyen 9 43200 Mahkota Cheras Selangor Darul Ehsan Tel No : 03-90115913	012-011
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millenium Square No. 68, Jalan Batai Laut 4, Taman Intan 41300 Kland Selangor Darul Ehsan Tel No : 03-30508888	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 : 03-77188888	098-004
PM SECURITIES SDN BHD	No. 157, Jalan Kenari 23/ A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/ 63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	087-045
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor First floor, 10 & 11 Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	087-047
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	087-048
RHB INVESTMENT BANK BERHAD	Unit 1B & 2B Jalan USJ 10/1J Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80221888	087-059
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001
SJ SECURITIES SDN BHD	No. 74-2, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221915	096-004

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77323862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/ 5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77295713	058-007
<u>MELAKA</u>		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
KENANGA INVESTMENT BANK BERHAD	71 & 73 (Ground A & B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A – 1 and 26 & 26 – 1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No : 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81, 81A & 81B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
PM SECURITIES SDN BHD	No.6-1 Jalan Lagenda 2 Taman 1 Lagenda 75400Melaka Tel No : 06-2866008	064-006

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2833622	087-002
RHB INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	087-026
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2862618	058-008
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2, Jalan PPM8 Malim Business Park 75250 Melaka Tel No : 06-3352511	078-014
<u>PERAK DARUL RIDZUAN</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
AFFIN HWANG INVESTMENT BANK BERHAD	2nd & 3rd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
CIMB INVESTMENT BANK BERHAD	Ground, 1st, 2nd and 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2088688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
KENANGA INVESTMENT BANK BERHAD	No. 63, Ground, 1 st , 2nd & 4th Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	073-022

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	073-031
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
MALACCA SECURITIES SDN BHD	1 st Floor Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2541533	012-013
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	087-014
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	087-016
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	087-023
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	087-044
RHB INVESTMENT BANK BERHAD	No. 1 & 3, First floor Jalan Wawasan Satu Taman WawasanJaya 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	087-052

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6216010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30303 Ipoh Perak Darul Ridzuan Tel No : 05-2411290	078-013
<u>PULAU PINANG</u> AFFIN HWANG INVESTMENT BANK BERHAD	Level 2, 3, 4, 5, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
AFFIN HWANG INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Berkath 21, Beach Street 10300 Pulau Pinang Tel No : 04-2611688	076-015
AMINVESTMENT BANK BERHAD	3rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-001
CIMB INVESTMENT BANK BERHAD	Level 2 Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900	065-001
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 & Level 3 No.56 Cantonment Road 10250 Penang Tel No : 04-2268288	054-002
JF APEX SECURITIES SDN BHD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No : 04-2289118	079-005

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
JUPITER SECURITIES SDN BHD	20-1, Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Pulau Pinang Tel No : 04-6412881	055-003
KENANGA INVESTMENT BANK BERHAD	7th, 8th & 16th Floor Menara Boustead 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	073-023
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No : 04-2817611	057-005
M & A SECURITIES SDN BHD	216, 216A, 218 & 218A Pengkalan Weld Lebuh Macallum 10300 Pulau Pinang Tel No : 04-2617611	057-008
MALACCA SECURITIES SDN BHD	No. 39-1 Jalan Lenggong Vantage Point 11600 Jelutong Pulau Pinang Tel No : 04-2821533	012-004
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel No : 04-3905669	012-006
MALACCA SECURITIES SDN BHD	No. 17, 1st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No : 04-6421533	012-007
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, 1st Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Pulau Pinang Tel No : 04-2196888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers, 2 Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
MERCURY SECURITIES SDN BHD	70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang Tel No : 04-6400822	093-006
PM SECURITIES SDN BHD	3rd Wisma Wang 251-A Jalan Burmah 10350 Penang Tel No : 04-2273000	064-004
RHB INVESTMENT BANK BERHAD	64 & 64-D Tingkat Bawah – Tingkat 3 & Tingkat 5 – Tingkat 8 Lebuh Bishop 10200 Penang Tel No : 04-2634222	087-033
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04-3900022	087-005
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	087-015
RHB INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	087-032
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	087-042
SJ SECURITIES SDN BHD	12th Floor, Office Tower Hotel Royal Penang No. 3 Jalan Larut 10050 Georgetown Pulau Pinang Tel No : 04-2289836	096-003
TA SECURITIES HOLDINGS BERHAD	3rd Floor, Bangunan Heng Guan No. 171, Jalan Burmah 10050 Pulau Pinang Tel No : 04-2272339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1st & 2nd Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
<u>PERLIS INDRA KAYANGAN</u>		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888	087-060
<u>KEDAH DARUL AMAN</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
ALLIANCE INVESTMENT BANK BERHAD	Lot T-30, 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004
MALACCA SECURITIES SDN BHD	No.9 Tingkat Satu Kompleks Perniagaan LITC Jalan Putra Mergong 05150 Alor Setar Kedah Darul Aman Tel No : 04-7300299	012-017
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	087-019
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 214-A & 214-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A Tingkat 1EMUM 55 No. 55, Jalan Gangsa Kawasan Perumahan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007
AFFIN HWANG INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
KENANGA INVESTMENT BANK BERHAD	1C & 1D, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7655998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7669555	098-005
PM SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor 18-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	087-024
RHB INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	087-037
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	087-046
<u>JOHOR DARUL TAKZIM</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	18th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-001
AMINVESTMENT BANK BERHAD	3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
CIMB INVESTMENT BANK BERHAD	No. 73, Ground Floor No. 73A & 79A, First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3405888	065-011
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
JUPITER SECURITIES BANK BERHAD	30-1, Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3538878	055-002
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4326963	073-017
KENANGA INVESTMENT BANK BERHAD	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 : 07-2237423	073-019
KENANGA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9531222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	073-025
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003
M & A SECURITIES SDN BHD	No. 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3551988	057-007
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3351533	012-005
MALACCA SECURITIES SDN BHD	31B Jalan Rahmat 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4381533	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 : 07-3316992	093-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	087-029
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/ 1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	087-030
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	087-035
RHB INVESTMENT BANK BERHAD	1st Floor, No. 2, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	087-039
RHB INVESTMENT BANK BERHAD	Ground & 1st & 2nd Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	087-043

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No : 07-9435278	058-009
TA SECURITIES HOLDINGS BERHAD	15 Jalan Molek 1/5A Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3647388	058-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6637398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/ 17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
<u>PAHANG DARUL MAKMUR</u>		
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1st Floor B400 Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007
JUPITER SECURITIES SDN BHD	2nd Floor, Lot No. 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-2234136	055-005
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	073-027

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-2220993	012-008
Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	087-022
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	087-041
<u>KELANTAN DARUL NAIM</u>		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bahru Kelantan Darul Naim Tel No : 09-7473906	078-015
<u>TERENGGANU DARUL IMAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul iman Tel No : 09-6317922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	087-027
RHB INVESTMENT BANK BERHAD	1st Floor 59Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 37-B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6224766	078-016
<u>SARAWAK</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No : 082-341999	068-005
AFFIN HWANG INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-001
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-001
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel No : 084-367700	065-001
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93400 Kuching Sarawak Tel No : 082-338000	073-003

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No : 084-313855	073-012
KENANGA INVESTMENT BANK BERHAD	Ground Floor of Survey Lot No. 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No : 086-337588	073-018
MERCURY SECURITIES SDN BHD	1st Floor 16, Jalan Getah 96100 Sarikei Sarawak Tel No : 084-659019	093-007
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No : 082-250888	087-008
RHB INVESTMENT BANK BERHAD	Lot 1268, 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	087-012
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No : 084-329100	087-013
RHB INVESTMENT BANK BERHAD	Ground and 1st Floor No. 221, Park City Commercial Centre Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibul Sarawak Tel No : 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236333	058-006

16. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1 st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 088-324128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & First Floor No.16 Lorong Intan 6 96000 Sibul Sarawak Tel No : 088-252737	078-018
<u>SABAH</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite 1-9-E1, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688	068-008
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-001
KENANGA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	073-032
RHB INVESTMENT BANK BERHAD	2nd Floor 81 & 83 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-269788	087-010
RHB INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	087-057
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamuning 88100 Kota Kinabalu Sabah Tel No : 088-234090	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 : 089-218681	078-012