

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF WEGMANS HOLDINGS BERHAD (“WEGMANS” OR THE “COMPANY”) DATED 13 FEBRUARY 2018 (“ELECTRONIC PROSPECTUS”)

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

Website

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

Availability and Location of Paper/ Printed Prospectus

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

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

Jurisdictional Disclaimer

The distribution of the Electronic Prospectus and the sale of the Initial Public Offering (“**IPO**”) shares are subject to Malaysian law. Bursa Securities, RHB Investment Bank and Wegmans take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the IPO shares outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any IPO shares, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from **10.00 a.m.** on **13 February 2018** to **5.00 p.m.** on **22 February 2018** or such later date or dates as the Board of Directors of Wegmans and the Underwriter may decide in their absolute discretion.

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

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

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

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

PROSPECTUS



WEGMANS HOLDINGS BERHAD

(Company No.: 1219319-D)

(Incorporated in Malaysia under the Companies Act 2016)

PRINCIPAL ADVISER, SPONSOR,
UNDERWRITER AND PLACEMENT AGENT



RHB INVESTMENT BANK BERHAD
(COMPANY NO.: 19663-P)

(A PARTICIPATING ORGANISATION OF
BURSA MALAYSIA SECURITIES BERHAD)

INITIAL PUBLIC OFFERING ("IPO") OF 150,000,000 ORDINARY SHARES IN WEGMANS HOLDINGS BERHAD ("WEGMANS") ("SHARE(S)") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED SHARE CAPITAL OF WEGMANS ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

- (A) A PUBLIC ISSUE OF 100,000,000 NEW SHARES ("ISSUE SHARE(S)") IN THE FOLLOWING MANNER:
- (I) 25,000,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - (II) 15,000,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS AND EMPLOYEES AS WELL AS PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF WEGMANS AND ITS SUBSIDIARY;
 - (III) 10,000,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL AND IDENTIFIED INVESTORS; AND
 - (IV) 50,000,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

AND

- (B) AN OFFER FOR SALE OF 50,000,000 EXISTING SHARES ("OFFER SHARE(S)"), MADE AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO INSTITUTIONAL AND IDENTIFIED INVESTORS

AT AN IPO PRICE OF RM0.29 PER ISSUE SHARE/ OFFER SHARE, PAYABLE IN FULL UPON APPLICATION.

INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

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



THIS PROSPECTUS IS DATED 13 FEBRUARY 2018



WEGMANS HOLDINGS BERHAD
(Company No.: 1219319-D)
(Incorporated in Malaysia under the Companies Act 2016)

PROSPECTUS



WEGMANS HOLDINGS BERHAD

(Company No.: 1219319-D)

(Incorporated in Malaysia under the Companies Act 2016)

www.wegmans.com.my

RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND SELLING SHAREHOLDERS 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, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

RHB INVESTMENT BANK BERHAD ("**RHB INVESTMENT BANK**"), AS OUR PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING ("**IPO**").

IMPORTANT NOTICE

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SECURITIES COMMISSION MALAYSIA ("**SC**"). THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US. THE SC ALSO TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND YOUR INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE ORDINARY SHARES IN OUR COMPANY ("**SHARE(S)**"). ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR IPO, OUR COMPANY OR OUR SHARES.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES OF MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

OTHER STATEMENTS

COMPANIES LISTED ON THE ACE MARKET OF BURSA SECURITIES MAY HAVE A LIMITED OPERATING HISTORY OR MAY NOT HAVE ANY PROFIT TRACK RECORD PRIOR TO THE LISTING. SUCH COMPANIES MAY BE OF HIGH INVESTMENT RISK. AS WITH ALL INVESTMENTS, PROSPECTIVE INVESTORS SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER GIVING DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONGST OTHERS, THIS PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. YOU ARE STRONGLY RECOMMENDED TO SEEK ADVICE FROM A SECURITIES PROFESSIONAL AND/OR ADVISER.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA") AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SC.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING OUR IPO FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THIS PROSPECTUS IS NOT INTENDED TO BE ISSUED, CIRCULATED OR DISTRIBUTED, AND OUR IPO WILL NOT BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. OUR IPO TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA. WE AND OUR PRINCIPAL ADVISER HAVE NOT AUTHORISED AND TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE USED FOR THE PURPOSE OF AND DOES NOT CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OR INVITATION TO SUBSCRIBE FOR OR PURCHASE, ANY SECURITIES UNDER OUR IPO IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH AN OFFER IS NOT AUTHORISED OR IS UNLAWFUL OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND THE SALE OF OUR IPO SHARES (AS DEFINED HEREIN) IN CERTAIN JURISDICTION MAY BE RESTRICTED BY LAW. PERSONS WHO MAY BE IN POSSESSION OF THIS PROSPECTUS ARE REQUIRED TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

WE WILL NOT MAKE OR BE BOUND TO MAKE ANY ENQUIRY BEFORE ANY ACCEPTANCE IN RESPECT OF OUR IPO AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA. WE WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION HAS BEEN MADE IN CONNECTION WITH IT. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER OUR IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OR JURISDICTIONS OF MALAYSIA.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR OUR SHARES WOULD BE IN COMPLIANCE WITH THE TERMS OF OUR IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECT TO. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THIS IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR OUR IPO IN MALAYSIA UNDER THE LAWS OF MALAYSIA. IT HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

OUR SHARES ARE ISSUED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. WE AND OUR PRINCIPAL ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION, WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

ELECTRONIC PROSPECTUS

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com. THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM AND THAT YOUR INTERNET SHARE APPLICATION (AS DEFINED HEREIN) IS SUBJECT TO THE RISKS OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS (AS DEFINED HEREIN). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR THE INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US OR THE ISSUING HOUSE, A PAPER/ PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/ PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/ PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER PRINTED COPY.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "**THIRD PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- I. WE AND OUR PRINCIPAL ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- II. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE AND OUR PRINCIPAL ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- III. ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE AND OUR PRINCIPAL ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:

- I. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OBTAINED FROM THE WEB SERVERS OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND SUBSEQUENTLY, COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES.
- II. WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULTS ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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INDICATIVE TIMETABLE

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

Events	Tentative dates
Issuance of this Prospectus/ opening of application for our IPO Shares	13 February 2018
Closing of the application for our IPO Shares	22 February 2018
Balloting of applications for our Issue Shares	26 February 2018
Allotment/ transfer of our IPO Shares to successful applicants	2 March 2018
Date of Listing	6 March 2018

Note:

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application period for our IPO will close at the date stated above or such later date as our Board, Promoters and Selling Shareholders together with our Underwriter in their absolute discretion may mutually decide.

In the event the closing date of application is extended, we will advertise a notice of the extension in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the applications for our Issue Shares, allotment/ transfer of our IPO Shares and Listing would be extended accordingly.

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DEFINITIONS

The following terms in this Prospectus bear the same meaning as set out below unless otherwise defined or the context otherwise requires:

“ACE Market”	: ACE Market of Bursa Securities
“Acquisition”	: Acquisition by Wegmans of the entire equity interest in Wegmans Furniture comprising 1,900,000 ordinary shares for a purchase consideration of RM23,999,999.88, which was fully satisfied by the issuance of 399,999,998 new Shares at an issue price of RM0.06 per Share. The Acquisition was completed on 22 November 2017
“Act”	: Companies Act 2016
“ADA(s)”	: Authorised Depository Agent(s)
“AGM”	: Annual general meeting
“Application(s)”	: Application(s) for our Issue Shares by way of Application Form or Electronic Share Application or Internet Share Application
“Application Form(s)”	: Collectively, White Application Form(s) and Pink Application Form(s)
“ATM(s)”	: Automated teller machine(s)
“Authorised Financial Institution(s)”	: Authorised financial institution(s) participating in the Internet Share Application in respect of the payments for our Issue Shares
“Block A”	: A single storey factory for furniture parts processing located on land known as PTD 6967, Mukim Parit Bakar, District of Muar, Johor held under Hakmilik Sementara (Mukim) 2571 (formerly known as Lot 6815, Mukim Parit Bakar, District of Muar, Johor, held under Pajakan Mukim 17)
“Block B”	: A 3-storey building for head/ management office and showroom which is connected to a single storey factory for spraying facilities located on land known as PTD 6967, Mukim Parit Bakar, District of Muar, Johor held under Hakmilik Sementara (Mukim) 2571 (formerly known as Lot 6816, Mukim Parit Bakar, District of Muar, Johor, held under Pajakan Mukim 18)
“Block C”	: A single storey factory for packing, storing and loading located on land known as PTD 6967, Mukim Parit Bakar, District of Muar, Johor held under Hakmilik Sementara (Mukim) 2571 (formerly known as Lot 6655, Mukim Parit Bakar, District of Muar, Johor, held under Pajakan Mukim 4)
“Board”	: Board of Directors of Wegmans
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
“CAGR”	: Compounded annual growth rate
“CDS”	: Central Depository System
“CDS Account(s)”	: Securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
“CMSA”	: Capital Markets and Services Act 2007

DEFINITIONS (Cont'd)

“Collin”	:	Law Kok Lim, our Executive Director, Promoter, Selling Shareholder and substantial shareholder
“Constitution”	:	Constitution of Wegmans
“Depositor”	:	A person having a securities account with Bursa Depository
“Director(s)”	:	Has the meaning given to it in Section 2(1) of the CMSA
“D&D”	:	Design and Development
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“Electronic Share Application”	:	Application for our Issue Shares through a Participating Financial Institution’s ATM
“EPS”	:	Earnings per share
“FPE”	:	Financial period for the 9 months ended 30 September
“FYE”	:	Financial year ended 31 December
“GP”	:	Gross profit
“GST”	:	Malaysian goods and services tax
“IFRS”	:	International Financial Reporting Standards
“IMR” or “SMITH ZANDER”	:	SMITH ZANDER INTERNATIONAL SDN BHD (Company No. 1058128-V), our Independent Market Researcher
“Internet Participating Financial Institution(s)”	:	Participating financial institution(s) for the Internet Share Application
“Internet Share Application”	:	Application for our Issue Shares through an Internet Participating Financial Institution
“IPO”	:	Initial public offering comprising the Public Issue and the Offer for Sale, collectively
“IPO Price”	:	Issue price/ offer price of RM0.29 per IPO Share
“IPO Share(s)”	:	Collectively, the Issue Share(s) and the Offer Share(s)
“Issue Share(s)”	:	100,000,000 new Wegmans Share(s) to be issued at our IPO Price pursuant to our Public Issue
“Issuing House” or “Share Registrar” or “Tricor”	:	Tricor Investor & Issuing House Services Sdn Bhd (Company No. 11324-H), our Issuing House and Share Registrar
“Keh”	:	Keh Wee Kiet, our Managing Director, Promoter, Selling Shareholder and substantial shareholder
“Listing”	:	Listing of and quotation for 500,000,000 Shares representing the entire enlarged share capital of our Company on the ACE Market of Bursa Securities
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities
“LPD”	:	22 January 2018, being the latest practicable date prior to the registration of this Prospectus
“Malaysian Public”	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated and organised under the laws of Malaysia
“Market Day(s)”	:	A day(s) on which Bursa Securities is open for trading of securities
“MFRS”	:	Malaysian Financial Reporting Standards

DEFINITIONS (Cont'd)

“MIDA”	:	Malaysian Investment Development Authority
“MITI”	:	Ministry of International Trade and Industry
“NA”	:	Net assets
“Offer for Sale”	:	Offer for sale of 50,000,000 Offer Shares by the Selling Shareholders to investors to be identified at a later stage at our IPO Price
“Offer Share(s)”	:	50,000,000 existing Wegmans Share(s) to be offered at our IPO Price by the Selling Shareholders pursuant to the Offer for Sale
“Official List”	:	A list specifying all securities listed on Bursa Securities
“Participating Financial Institution(s)”	:	Participating financial institution(s) for the Electronic Share Application
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Pink Application Form(s)”	:	Application form(s) for the Application of our Issue Shares allocated for eligible Directors and employees as well as persons who have contributed to the success of our Group as set out in Section 3.3.1(ii) of this Prospectus
“PPE”	:	Property, plant and equipment
“Principal Adviser” or “RHB Investment Bank” or “Sponsor” or “Underwriter” or “Placement Agent”	:	RHB Investment Bank Berhad (Company No. 19663-P), our Principal Adviser, Sponsor, Underwriter and Placement Agent
“Promoter(s)”	:	Collectively, Keh and Collin
“Prospectus”	:	This prospectus dated 13 February 2018 issued by our Company in respect of our IPO
“Prospectus Guidelines”	:	Prospectus Guidelines issued by the SC

DEFINITIONS (Cont'd)

- “Public Issue” : Public issue of 100,000,000 Issue Shares at our IPO Price, comprising the following:
- (a) 25,000,000 Issue Shares, representing 5.00% of our enlarged total number of Shares, made available for application by the Malaysian Public through a balloting process, of which at least 50.00% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and/or institutions;
 - (b) 15,000,000 Issue Shares, representing 3.00% of our enlarged total number of Shares, made available for application by our eligible Directors and employees as well as persons who have contributed to the success of our Group;
 - (c) 10,000,000 Issue Shares, representing 2.00% of our enlarged total number of Shares, made available for application by way of private placement to institutional and identified investors; and
 - (d) 50,000,000 Issue Shares, representing 10.00% of our enlarged total number of Shares, made available for application by way of private placement to identified Bumiputera investors approved by the MITI

- “QC” : Quality control
- “Record of Depositors” : A record of depositors established by Bursa Depository under the Rules of Bursa Depository
- “Rules of Bursa Depository” : Rules of Bursa Depository as issued pursuant to the SICDA
- “SC” : Securities Commission Malaysia
- “Selling Shareholder(s)” : Collectively, Keh and Collin undertaking the Offer for Sale as follows:

Name	No. of Offer Shares	% of our enlarged total number of Shares after our Public Issue (%)
Keh	25,000,000	5.00
Collin	25,000,000	5.00
Total	<u>50,000,000</u>	<u>10.00</u>

- “SICDA” : Securities Industry (Central Depositories) Act 1991
- “UK” : United Kingdom of Great Britain and Northern Ireland
- “Underwriting Agreement” : Underwriting agreement dated 25 January 2018 entered into between our Company and our Underwriter for the underwriting of 40,000,000 Issue Shares in relation to our Public Issue
- “US” : United States of America
- “WAFEX” : Weighted average foreign exchange rate of USD against RM for export sales. It represents the total export sales in RM after currency conversion at respective invoice dates and credited into the sales account for a financial year divided by the total export sales denominated in USD as per sales invoices for the same financial year

DEFINITIONS (Cont'd)

"Wegmans" or "Company"	:	Wegmans Holdings Berhad (Company No. 1219319-D)
"Wegmans Furniture"	:	Wegmans Furniture Industries Sdn Bhd (Company No. 500638-D), our wholly-owned subsidiary
"Wegmans Group" or "Group"	:	Wegmans and its subsidiary
"Wegmans Share(s)" or "Share(s)"	:	Ordinary share(s) in our Company
"White Application Form(s)"	:	Application form(s) for the application of our Issue Shares allocated to the Malaysian Public as set out in Section 3.3.1(i) of this Prospectus

CURRENCIES, UNITS AND OTHERS

"Ha"	:	Hectare
"RM" and "sen"	:	Ringgit Malaysia and sen
"sq. ft."	:	Square feet
"USD"	:	United States Dollar
"%"	:	Per centum

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GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used in this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

“bedroom furniture”	:	Furniture for the bedroom such as bed frames, nightstands, dressing tables and wardrobes
“CNC”	:	Computer Numeric Controlled
“CNC electrostatic disc spraying machine”	:	Computer Numeric Controlled electrostatic disc spraying machine is a high speed computer-numerically controlled machine, which is used to apply the required stain, sealer and lacquer on the furniture parts and the consistency of the paint can be achieved using electrostatic spraying disc head(s)
“CNC router”	:	Computer Numeric Controlled Router is a high speed computer-numerically controlled machine, which is built to perform specific manufacturing processes such as cutting and drilling with precision
“CNC tenoner”	:	Computer Numeric Controlled tenoner is a high speed computer-numerically controlled woodworking machines, which are used to produce tenons, projecting wooden parts that fit into mortises
“composite wood”	:	Non-solid wood materials such as MDF and particle board
“dining room furniture”	:	Furniture for the dining room such as dining tables and dining chairs
“finishing”	:	Final coating on a piece of furniture using stain, sealer and lacquer
“ISO”	:	International Organisation for Standardisation
“lacquer”	:	A hard glossy natural or synthetic coating often used as a finishing material
“laminated board”	:	Pieces of S4S Lumbers glued together to achieve the desired width and length of solid wood panels
“living room furniture”	:	Furniture for the living room such as sofas, coffee tables, lamp tables, console tables, sideboards and television cabinets
“lumber”	:	Timber sawed into boards, planks, or other structural materials of standard or specified length
“made-to-order”	:	A manufacturing process in which manufacturing starts only after a customer’s order is received and accepted
“MDF”	:	Medium density fibreboard, a type of composite wood material made of wood waste fibres glued together using resin, heat and pressure
“oak”	:	A type of hardwood obtained from trees or shrubs of the genus Quercus of the beech family. Oaks are deciduous trees that bear sping catkins and spikes on the same tree. The leaves have lobed, toothed or smooth margins. The fruit is acorn. The wood is durable, tough and attractively grained and especially valued in shipbuilding and construction for flooring, furniture, railroad ties, barrels, tool handles and veneer
“particle board”	:	A type of composite wood panel, manufactured from pressed sawmill shavings, resin and wax

GLOSSARY OF TECHNICAL TERMS (Cont'd)

- "rubberwood" : A type of solid wood obtained from rubber trees, which is most commonly found in tropical climates. Rubber trees are commonly grown on plantations in Malaysia and Thailand. It is valued for its dense grain, minimal shrinkage, attractive colour and acceptance of different finishes. It is also prized as an "environmentally friendly" wood, as it makes use of trees that have been cut down at the end of their latex-producing cycle
- "S4S Lumber" : Lumber that has been surfaced or planed on all 4 sides
- "sealer" : The purpose is to seal the pores of the wood to give a smooth, even surface for the topcoats of lacquer. It is also referred to as the application of undercoat
- "staining" : Staining is a process to change the colour of the wood and/or to get a uniform color, in particular if different types of wood are used. After the staining process, the wood will become darker in colour
- "tenoning and mortising" : A process to produce tenon, a projection at the end of a wooden part, that is to be inserted into a mortise, which is a cavity to receive a tenon, thereby joining two pieces of wood
- "veneer board" : A thin layer of wood veneer laminated on a composite wood panel
- "walnut" : A type of hardwood obtained from trees of the Juglans genus. The wood is popular in the creation of furniture for its strength, coloring and its ability to be shaped into elaborate curves

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PRESENTATION OF INFORMATION

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, body corporates and corporations.

References in this Prospectus to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force. References to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

References to "our Company" or "the Company" or "Wegmans" in this Prospectus mean Wegmans Holdings Berhad (Company No. 1219319-D). References to "our Group" or "the Group" or "Wegmans Group" mean our Company and our subsidiary and references to "we" or "us" or "our" or "ourselves" mean our Company, and where the context requires, our Group or our subsidiary. Unless the context otherwise requires, references to "management" mean our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our management.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. In particular, certain information in this Prospectus is extracted or derived from report(s) provided by SMITH ZANDER for inclusion in this Prospectus. We have appointed SMITH ZANDER to provide an independent market and industry review relating to an overview of the industry in which we operate in. In compiling their data for the review, SMITH ZANDER relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. You should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

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

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products;
- (ii) our business strategies;
- (iii) our management's plans and objectives for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the economic, political and investment environment in Malaysia; and
- (ii) the government policy, legislation and regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to the risk factors discussed in **Section 4** of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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1. CORPORATE DIRECTORY**DIRECTORS**

Name	Address	Nationality	Profession
Chan Wan Seong <i>(Independent Non-Executive Chairman)</i>	48, Jalan SS2/41 47300 Petaling Jaya, Selangor	Malaysian	Company Director
Keh Wee Kiet <i>(Managing Director)</i>	E-8, Jeram Masjid Jalan Bakri 84000 Muar, Johor	Malaysian	Company Director
Law Kok Lim <i>(Executive Director)</i>	55, Lorong Sekolah Jalan Abdul Rahman 84000 Muar, Johor	Malaysian	Company Director
Maziah binti Md Yamin <i>(Independent Non-Executive Director)</i>	4050, Jalan Pengkalan Samak Kampung Sempang 77300 Merlimau, Melaka	Malaysian	Company Director/ Advocate and Solicitor
Chan Foong Ping <i>(Independent Non-Executive Director)</i>	B-8-3A, The Park Residence 1 2A Jalan 1/112H Bangsar South 59200 Kuala Lumpur	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Chan Foong Ping	Chairperson	Independent Non-Executive Director
Chan Wan Seong	Member	Independent Non-Executive Chairman
Maziah binti Md Yamin	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Maziah binti Md Yamin	Chairperson	Independent Non-Executive Director
Chan Wan Seong	Member	Independent Non-Executive Chairman
Chan Foong Ping	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

NOMINATING COMMITTEE

Name	Designation	Directorship
Chan Wan Seong	Chairperson	Independent Non-Executive Chairman
Maziah binti Md Yamin	Member	Independent Non-Executive Director
Chan Foong Ping	Member	Independent Non-Executive Director

COMPANY SECRETARY : Pang Kah Man (MIA 18831)
No. 7 (1st Floor)
Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar, Johor

Tel : +606 954 1705
Fax : +606 954 1707

REGISTERED OFFICE : No. 7 (1st Floor)
Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar, Johor

Tel : +606 954 1705
Fax : +606 954 1707

HEAD/ MANAGEMENT OFFICE : Lot PTD 3504
Jalan Bakri, Batu 7 ½
84200 Muar, Johor
*(Now renamed as Lot PTD 6967
Jalan Kempas 3
Kawasan Perindustrian Bakri
84200 Muar, Johor)*

Tel : +606 986 7897
Fax : +606 986 5117
Website : www.wegmans.com.my
E-mail address : info@wegmans.com.my

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1. CORPORATE DIRECTORY (Cont'd)

- PRINCIPAL BANKERS** : AmBank Islamic Berhad
Level 31, Metropolis Tower
Jalan Dato' Abdullah Tahir
80300 Johor Bahru, Johor
- Tel : +607 333 2309
Fax : +607 334 3899
- : HSBC Bank Malaysia Berhad
15, Jalan Petrie
84000 Muar, Johor
- Tel : +606 956 5200
Fax : +606 953 4908
- : HSBC Amanah Malaysia Berhad
15, Jalan Petrie
84000 Muar, Johor
- Tel : +606 956 5200
Fax : +606 953 4908
- AUDITOR AND REPORTING ACCOUNTANT** : Crowe Horwath (AF 1018)
Muar Office
8, Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar, Johor
- Tel : +606 952 4328
Fax : +606 952 7328
- SOLICITORS** : Wong Beh & Toh
Peti #30, Level 19, West Block
Wisma Selangor Dredging
142-C Jalan Ampang
50450 Kuala Lumpur
- Tel : +603 2713 6050
Fax : +603 2713 6052
- PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : RHB Investment Bank Berhad
Level 9, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
- Tel : +603 9287 3888
Fax : +603 9287 4770
- SHARE REGISTRAR AND ISSUING HOUSE** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
- Tel : +603 2783 9299
Fax : +603 2783 9222

1. CORPORATE DIRECTORY (Cont'd)

INDEPENDENT MARKET RESEARCHER : SMITH ZANDER INTERNATIONAL SDN BHD
Suite 23-3, Level 23
Office Suite, Menara 1MK
1 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur

Tel : +603 6211 2121

LISTING SOUGHT : ACE Market of Bursa Securities

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2. SUMMARY

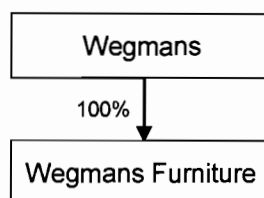
This summary highlights selected information from this Prospectus and may not contain all of the information about us which may be important to you. You should read and understand the whole Prospectus before deciding whether to invest in our Shares. You are advised to read the risk factors described in Section 4 of this Prospectus for an understanding of the risks associated with the investment in our Company.

2.1 OVERVIEW

Our Company was incorporated in Malaysia under the Act on 22 February 2017 as a private limited company under the name of Wegmans Holdings Sdn Bhd. Subsequently on 29 May 2017, our Company was converted into a public limited company and assumed our present name. We were incorporated as an investment holding company to facilitate our Listing.

We had undertaken the Acquisition prior to our Listing, details of which are as set out in **Section 5.4.1** of this Prospectus. Wegmans Furniture became our wholly-owned subsidiary pursuant to the Acquisition.

Our Group structure is set out below:



The details of our principal activities are as follows:

Companies	Principal activities
Wegmans	Investment holding
Wegmans Furniture	Design, manufacture and sale of home furniture products

We are a home furniture manufacturer, principally involved in design, manufacture and sale of home furniture products. Our customers are mainly wholesalers, retailers, chain stores and traders.

Most of our home furniture products are exported. We have been exporting our home furniture products consistently to 14 countries for FYEs 2012, 2013, 2014, 2015, 2016 and up to the LPD.

Further details of our history and business overview are set out in **Sections 5** and **6** of this Prospectus.

2.2 OUR COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

- (i) wide selection of designs for home furniture products made available through continuous product D&D activities;
- (ii) stringent QC; and
- (iii) established business relationships.

Please refer to **Section 6.18** of this Prospectus for further information on our competitive strengths.

2. SUMMARY (Cont'd)

2.3 FUTURE PLANS AND STRATEGIES

Our future plans and strategies are as set out below:

- (i) to increase our production capacity;
- (ii) to further expand and diversify our customer base; and
- (iii) to increase our product range and develop new product designs.

Please refer to **Section 6.19.1** of this Prospectus for further information on our future plans and strategies.

2.4 PRINCIPAL STATISTICS OF OUR IPO

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with the relevant text:

	No. of Shares	(RM)
i. Share capital		
Share capital as at the date of this Prospectus	400,000,000	24,000,002 ⁽¹⁾
Shares to be issued pursuant to the Public Issue	100,000,000	29,000,000
Enlarged share capital upon Listing	500,000,000	53,000,002 ⁽¹⁾
ii. IPO Price for each IPO Share		0.29
iii. Market capitalisation of our Company based on our IPO Price upon Listing		145,000,000
iv. Pro forma NA based on our pro forma financial information of our Group as at 30 September 2017		
Pro forma NA upon Listing (RM'000) ⁽²⁾		57,550
Pro forma NA per Share upon Listing (RM) ⁽³⁾		0.12

Notes:

- (1) Rounded to the nearest RM.
- (2) After taking into account our Public Issue of 100,000,000 new Shares at our IPO Price and after deducting estimated listing expenses of approximately RM3.50 million.
- (3) Based on our enlarged share capital of 500,000,000 Shares upon Listing.

We have only 1 class of shares, namely ordinary shares in our Company.

Our Issue Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank *pari passu* in all respects with our existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of our Offer Shares.

Further details of our IPO are set out in **Section 3** of this Prospectus.

2. SUMMARY (Cont'd)**2.5 UTILISATION OF PROCEEDS**

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale of RM14.50 million based on our IPO Price of RM0.29 per Offer Share will accrue entirely to the Selling Shareholders.

The gross proceeds from the Public Issue amounting to RM29.00 million based on our IPO Price of RM0.29 per Issue Share will accrue to us and are expected to be utilised in the manner as set out below:

Details of utilisation	(RM'000)	Gross proceeds (%)	Estimated timeframe for utilisation upon Listing
(i) Capital expenditure			
(a) Construction of new factories for manufacturing production and its accompanying new head/management office, new showroom and workers' hostel	11,000	37.93	Within 2 years
(b) Purchase of new machineries and equipment	11,000	37.93	Within 2.5 years
	22,000	75.86	
(ii) Working capital	3,500	12.07	Within 2.5 years
(iii) Estimated listing expenses	3,500	12.07	Within 3 months
	29,000	100.00	

Please refer to **Section 3.8** of this Prospectus for further details on the utilisation of proceeds from our Public Issue.

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2. SUMMARY (Cont'd)**2.6 COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

The following table sets out a summary of the audited combined statements of profit or loss and other comprehensive income of our Group for FYEs 2014, 2015 and 2016, and FPE 2017, prepared based on the assumption that our Group has been in existence throughout the relevant financial years. Additionally, the unaudited combined statements of profit or loss and other comprehensive income of our Group for FPE 2016 has been prepared for comparison purpose only. The audited combined statements of profit or loss and other comprehensive income should be read in conjunction with the management's discussion and analysis of the financial conditions, results of operations and prospects in **Section 11.4** of this Prospectus and the Accountant's Report in **Section 12** of this Prospectus.

	Audited			Unaudited	Audited
	FYE 2014 (RM'000)	FYE 2015 (RM'000)	FYE 2016 (RM'000)	FPE 2016 (RM'000)	FPE 2017 (RM'000)
Revenue	39,416	66,216	85,636	64,111	63,372
Cost of sales	(32,061)	(45,422)	(59,893)	(45,000)	(44,651)
GP	7,355	20,794	25,743	19,111	18,721
Other income	621	285	927	309	1,648
Selling and distribution expenses	(1,800)	(2,437)	(3,305)	(2,531)	(2,404)
Administrative expenses	(2,478)	(3,451)	(4,171)	(2,957)	(3,415)
Other expenses	(1)	(36)	(647)	-	(426)
Finance costs	(369)	(200)	(307)	(170)	(686)
PBT	3,328	14,955	18,240	13,762	13,438
Tax expense	(346)	(2,004)	(2,939)	(2,275)	(1,882)
PAT	2,982	12,951	15,301	11,487	11,556
Other comprehensive income	-	-	-	-	-
Total comprehensive income	2,982	12,951	15,301	11,487	11,556
PAT attributable to:					
- Owners of the Company	2,982	12,951	15,301	11,487	11,556
- Non-controlling interest	-	-	-	-	-
	2,982	12,951	15,301	11,487	11,556
Assumed no. of Shares in issue ('000) ⁽¹⁾	400,000	400,000	400,000	400,000	400,000
EBITDA	4,966	16,580	19,963	15,049	15,267
Depreciation and amortisation	1,286	1,426	1,423	1,117	1,161
GP margin (%) ⁽²⁾	18.66	31.40	30.06	29.81	29.54
PBT margin (%) ⁽³⁾	8.44	22.59	21.30	21.47	21.20
PAT margin (%) ⁽⁴⁾	7.57	19.56	17.87	17.92	18.24
Basic EPS (sen) ⁽⁵⁾	0.75	3.24	3.83	2.87	2.89
Diluted EPS (sen)	n.a.	n.a.	n.a.	n.a.	n.a.
Effective tax rate (%) ⁽⁶⁾	10.40	13.40	16.11	16.53	14.01

Notes:

n.a. Not applicable.

(1) Number of Shares in issue after Acquisition but before our Public Issue.

(2) GP margin is computed based on GP divided by revenue.

(3) PBT margin is computed based on PBT divided by revenue.

(4) PAT margin is computed based on PAT divided by revenue.

(5) Basic EPS is computed based on PAT divided by the assumed number of Shares in issue.

(6) Effective tax rate is computed based on income tax expense divided by PBT.

Please refer to **Sections 11** and **12** of this Prospectus for further financial information relating to our Group.

2. SUMMARY (Cont'd)**2.7 SUMMARY OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

We have prepared the pro forma consolidated statements of financial position of our Group as at 30 September 2017 below for illustrative purposes only after adjusting for subsequent events, to show the effects of our IPO on the assumption that the events had been effected on that date. The pro forma consolidated statements of financial position have been prepared on the basis set out in the notes thereon as set out in **Section 11.2** of this Prospectus based on the audited statements of financial position of Wegmans Group as at 30 September 2017 which are prepared in accordance with MFRS and IFRS.

The pro forma consolidated statements of financial position should be read in conjunction with the notes and the Reporting Accountant's letter thereon as set out in **Section 11.2** of this Prospectus.

	As at 30 September 2017 (RM'000)	Pro forma I After Acquisition of Wegmans Furniture (RM'000)	Pro forma II After pro forma I, our IPO and utilisation of proceeds ⁽¹⁾ (RM'000)
Assets			
Non-current assets			
Property, plant and equipment	-	40,619	62,619
Total non-current assets	-	40,619	62,619
Current assets			
Inventories	-	13,636	13,636
Trade and other receivables	-	8,615	8,615
Cash and bank balances	*	7,554	11,054
Total current assets	*	29,805	33,305
Total assets	*	70,424	95,924
Equity and liabilities			
Equity attributable to our Company			
Share capital	#	24,000	51,827
Merger deficit	-	(22,100)	(22,100)
Accumulated loss/ Retained profits	(9)	30,150	27,823
Total equity	(9)	32,050	57,550
Non-current liabilities			
Bank borrowings	-	13,640	13,640
Hire purchase payables	-	507	507
Deferred tax liabilities	-	1,070	1,070
Total non-current liabilities	-	15,217	15,217
Current liabilities			
Trade and other payables	9	14,095	14,095
Bank borrowings	-	8,825	8,825
Hire purchase payables	-	237	237
Total current liabilities	9	23,157	23,157
Total liabilities	9	38,374	38,374
Total equity and liabilities	*	70,424	95,924
No. of shares in issue ('000)	^	400,000	500,000
NA	(9)	32,050	57,550
NA per Share (RM)	Not applicable	0.08	0.12

2. SUMMARY (Cont'd)

Notes:

Represent RM2.00

^ Represent 2 ordinary shares

* Amount less than RM500

(1) The Offer for Sale will not have any effect on the NA and gearing of our Group.

(2) The estimated listing expenses totaling RM3.50 million to be borne by our Company comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. A total of RM1.17 million is assumed to be directly attributable to our IPO and as such will be set off against the share capital in equity and the remaining expenses of RM2.33 million are assumed to be attributable to our Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income.

Please refer to **Section 11.2** of this Prospectus for further information on the Reporting Accountant's report on the pro forma consolidated statements of financial position.

2.8 DIVIDEND POLICY

Our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

Further details of the dividend policy are set out in **Section 11.5** of this Prospectus.

2.9 RISK FACTORS

There are a number of risk factors, both specific to our Group and relating to the general business environment, which may impact the operating performance and financial performance of our Group, and affect our future financial performance. Prior to making an investment decision, you should carefully consider, along with the other matters set forth in this Prospectus, the risks and investment considerations below.

2.9.1 Risks in relation to the industry in which our Group operates

- (i) competition from local manufacturers and foreign manufacturers in countries with lower cost of production and labour cost; and
- (ii) political, economic, legal or social conditions of the countries where we transact business.

2.9.2 Risks in relation to our business and our operations

- (i) fluctuations in foreign exchange rates;
- (ii) dependence on foreign production workers;
- (iii) pending approval for amalgamation and conversion of Lots No. 2618, 2619, 2620 and 2621;
- (iv) prices of our raw materials may fluctuate significantly due to supply-demand conditions;
- (v) production or operational risks inherent in the furniture manufacturing industry;
- (vi) dependence on our key management personnel;

2. SUMMARY (Cont'd)

- (vii) absence of long-term contracts with our customers as we manufacture based on confirmed orders;
- (viii) product liability claims due to product defects; and
- (ix) credit risks as the collection from our credit sales is dependent on the creditworthiness of our customers.

2.9.3 Risks relating to our Shares

- (i) there has been no public market for our Shares;
- (ii) there may be potential delay or failure of our Listing;
- (iii) there is a risk of volatility of our Share price and trading;
- (iv) we are subject to control by our Promoters; and
- (v) we may require additional funding for future growth which may result in dilution of our shareholders' equity.

2.9.4 Other risk

- (i) Forward-looking statements are subject to uncertainties and contingencies.

Please refer to **Section 4** of this Prospectus for further details of our risk factors.

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3. DETAILS OF OUR IPO

3.1 OPENING AND CLOSING OF APPLICATIONS

Application for our IPO Shares will open at 10.00 a.m. on 13 February 2018 and will remain open until 5.00 p.m. on 22 February 2018, or such other date or dates as our Board, Promoters and Selling Shareholders together with our Underwriter in their absolute discretion may mutually decide.

3.2 INDICATIVE TIMETABLE

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

Events	Tentative dates
Issuance of this Prospectus/ opening of application for our IPO Shares	13 February 2018
Closing of the application for our IPO Shares	22 February 2018
Balloting of applications for our Issue Shares	26 February 2018
Allotment/ transfer of our IPO Shares to successful applicants	2 March 2018
Date of Listing	6 March 2018

Note:

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application period for our IPO will close at the date stated above or such later date as our Board, Promoters and Selling Shareholders together with our Underwriter in their absolute discretion may mutually decide.

In the event the closing date of application is extended, we will advertise a notice of the extension in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the applications for our Issue Shares, allotment/ transfer of our IPO Shares and Listing would be extended accordingly.

3.3 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

3.3.1 Public Issue

Our Company is offering 100,000,000 Issue Shares at an IPO Price of RM0.29 payable in full on application, representing 20.00% of our enlarged total number of Shares of our Company, to be allocated in the following manner:

(i) Malaysian Public

25,000,000 Issue Shares, representing 5.00% of our enlarged total number of Shares of our Company, are made available for application by the Malaysian Public through a balloting process, of which at least 50.00% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and/or institutions.

3. DETAILS OF OUR IPO (Cont'd)

If any Issue Shares allocated to the Malaysian Public under **Section 3.3.1(i)** of this Prospectus are undersubscribed, the balance portion will be allocated to our eligible Directors and employees as well as persons who have contributed to the success of our Group as described in **Section 3.3.1(ii)** of this Prospectus. In the event that there are Issue Shares not subscribed by the Malaysian Public and our eligible Directors and employees as well as persons who have contributed to the success of our Group, the remaining portion will be made available for application by way of private placement to institutional and identified investors under **Sections 3.3.1(iii)** and **(iv)**, and **Section 3.3.2** of this Prospectus. Thereafter, any remaining Issue Shares allocated to the Malaysian Public that are still not subscribed for will be subject to the terms and conditions of the Underwriting Agreement, subscribed by our Underwriter.

(ii) Eligible Directors and employees as well as persons who have contributed to the success of our Group

15,000,000 Issue Shares, representing 3.00% of our enlarged total number of Shares of our Company, are made available for application by our eligible Directors and employees as well as persons who have contributed to the success of our Group.

A summary of the allocation of 15,000,000 Issue Shares to our eligible Directors and employees as well as persons who have contributed to the success of our Group is set out below:

Eligibility	No. of persons	Aggregate number of Issue Shares allocated
Eligible Directors of our Company ⁽¹⁾	3	300,000
Eligible employees of our Group ⁽²⁾	70	9,615,000
Persons who have contributed to the success of our Group ⁽³⁾	46	5,085,000
Total	119	15,000,000

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3. DETAILS OF OUR IPO (Cont'd)

Notes:

- (1) *The criteria for allocation to our Directors are based on, amongst others, their respective roles and responsibilities in our Group.*

The number of Issue Shares to be allocated to our Directors is as follows:

Name	Designation	No. of Issue Shares to be allocated
Chan Wan Seong	Independent Non-Executive Chairman	100,000
Maziah binti Md Yamin	Independent Non-Executive Director	100,000
Chan Foong Ping	Independent Non-Executive Director	100,000
Total		300,000

- (2) *The criteria for allocation to our eligible employees are for confirmed staff based on, amongst others, their staff grade, performance and length of service.*
- (3) *Our Issue Shares to be allotted to the persons who have contributed to the success of our Group shall be based on their contribution to our Group as approved by our Board. The persons who have contributed to the success of our Group include, amongst others, business partners, suppliers and customers.*

Any Issue Shares which are not taken up by our eligible Directors and employees as well as persons who have contributed to the success of our Group under **Section 3.3.1(ii)** of this Prospectus will be allocated to the Malaysian Public under **Section 3.3.1(i)** of this Prospectus. In the event that there are Issue Shares not subscribed by the Malaysian Public and our eligible Directors and employees as well as persons who have contributed to the success of our Group, the remaining portion will be made available for application by way of private placement to institutional and identified investors under **Sections 3.3.1(iii)** and **(iv)**, and **Section 3.3.2** of this Prospectus. Thereafter, any remaining Issue Shares that are still not subscribed for will be subject to the terms and conditions of the Underwriting Agreement, subscribed by our Underwriter.

(iii) Private placement to institutional and identified investors

10,000,000 Issue Shares, representing 2.00% of our enlarged total number of Shares of our Company, are made available for application by way of private placement to institutional and identified investors.

In the event of under-subscription by institutional and identified investors under **Section 3.3.1(iii)** of this Prospectus and subject to an over-subscription by the Malaysian Public, the remaining portion will be clawed-back and be allocated to the Malaysian Public to increase the participation of retail investors under **Section 3.3.1(i)** of this Prospectus.

3. DETAILS OF OUR IPO (Cont'd)**(iv) Private placement to identified Bumiputera investors approved by the MITI**

50,000,000 Issue Shares, representing 10.00% of our enlarged total number of Shares of our Company, are made available for application by way of private placement to identified Bumiputera investors approved by the MITI.

In the event of under-subscription by the identified Bumiputera investors under **Section 3.3.1(iv)** of this Prospectus and subject to an over-subscription by the Malaysian Public or over-subscription by identified investors, the remaining portion will be clawed-back and be allocated to the Malaysian Public to increase the participation of retail investors under **Section 3.3.1(i)** of this Prospectus and/or placed to institutional and identified investors under **Section 3.3.1(iii)** of this Prospectus.

All the 40,000,000 Issue Shares available for application by the Malaysian Public and our eligible Directors and employees as well as persons who have contributed to the success of our Group under **Sections 3.3.1(i) and (ii)** of this Prospectus will be underwritten. Meanwhile all the 60,000,000 Issue Shares under **Sections 3.3.1(iii) and (iv)** of this Prospectus will be placed out to identified institutional and identified investors as well as identified Bumiputera investors by our Placement Agent, RHB Investment Bank.

Please refer to **Section 3.10** of this Prospectus for further details on the underwriting arrangement.

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

3.3.2 Offer for Sale

The Selling Shareholders are offering an aggregate of 50,000,000 Offer Shares at an IPO Price of RM0.29 per Offer Share, representing 10.00% of our enlarged total number of Shares of our Company, by way of private placement to institutional and identified investors, payable in full upon application.

The 50,000,000 Offer Shares reserved for placement to institutional and identified investors will be placed out by our Placement Agent, RHB Investment Bank.

In the event of under-subscription of our Offer Shares under **Section 3.3.2** of this Prospectus and an over-subscription by the Malaysian Public under **Section 3.3.1(i)** of this Prospectus, the remaining portion will be clawed back and be allocated to the Malaysian Public to increase the participation of retail investors.

3.3.3 Minimum requirements

The basis of allocating our IPO Shares shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities as well as to establish a liquid and adequate market for our Shares. Applicants will be selected on a fair and equitable manner to be determined by our Board.

3. DETAILS OF OUR IPO (Cont'd)

3.3.4 Classes of shares and ranking

As at the LPD, our Company has only 1 class of shares, namely ordinary shares in our Company.

Our Issue Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank *pari passu* in all respects with our existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of transfer of our Offer Shares.

Subject to any special rights attaching to any shares which we may issue in the future which in any event will be subject to shareholders' approval, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus, in accordance with our Constitution and the provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, by proxy or by attorney. On a show of hands, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have 1 vote. On a poll, each present shareholder either in person, by proxy, by attorney or other duly authorised representative shall have 1 vote for each Share held. A proxy may but need not be a member of our Company.

3.3.5 Minimum subscription

There is no minimum subscription in terms of the proceeds to be raised by our Company and the Selling Shareholders as the Public Issue will be underwritten whilst our Placement Agent will ensure the successful placement of all our Issue Shares and Offer Shares. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of shares to be acquired will be the number of shares required to be held by public shareholders for our Company to comply with the public spread requirements as per the Listing Requirements or as approved by Bursa Securities.

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3. DETAILS OF OUR IPO (Cont'd)**3.4 SELLING SHAREHOLDERS**

Our shareholders who are offering our Offer Shares and their respective relationships with our Group are as follows:

Name	Relationship with our Group	Address	Before our IPO		Shares offered pursuant to the Offer for Sale		After our IPO	
			No. of Shares	(%) ⁽¹⁾	No. of Shares	(%) ⁽²⁾	No. of Shares	(%) ⁽²⁾
Keh	Promoter, substantial shareholder and Managing Director	E-8, Jeram Masjid Jalan Bakri 84000 Muar, Johor	200,000,000	50.00	25,000,000	5.00	175,000,000	35.00
Collin	Promoter, substantial shareholder and Executive Director	55, Lorong Sekolah Jalan Abdul Rahman 84000 Muar, Johor	200,000,000	50.00	25,000,000	5.00	175,000,000	35.00

Notes:

(1) Based on the existing share capital of 400,000,000 Shares, i.e. before our Public Issue.

(2) Based on our enlarged share capital of 500,000,000 Shares, i.e. after our Public Issue.

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3. DETAILS OF OUR IPO (Cont'd)

3.5 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES**3.5.1 IPO Price**

Our IPO Price of RM0.29 per IPO Share was determined and agreed upon between our Directors, Promoters, Selling Shareholders and our Principal Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) our operating history and financial performance as described in **Sections 5** and **11** of this Prospectus respectively;
- (ii) our Group's net EPS of approximately 3.83 sen per Share for FYE 2016 based on our existing share capital of 400,000,000 Shares which translates to a net price-to-earnings multiple of approximately 7.57 times;
- (iii) our Group's net EPS of approximately 3.06 sen per Share for FYE 2016 based on our enlarged share capital of 500,000,000 Shares which translates to a net price-to-earnings multiple of approximately 9.48 times;
- (iv) our Group's annualised net EPS of approximately 3.08 sen per Share for FPE 2017 based on our enlarged share capital of 500,000,000 Shares which translates to a net price-to-earnings multiple of approximately 9.42 times;
- (v) the pro forma consolidated NA as at 30 September 2017 attributable to equity holders of our Company of approximately RM0.12 per Share based on our enlarged share capital pursuant to our Listing of 500,000,000 Shares;
- (vi) our dividend policy as disclosed in **Section 11.5** of this Prospectus;
- (vii) our competitive strengths, future plans and strategies as outlined in **Sections 6.18** and **6.19.1** of this Prospectus respectively;
- (viii) the outlook of the industry which we operate in, as described in **Section 7** of this Prospectus; and
- (ix) the prevailing market conditions which include, the current market trends and investors' sentiment.

Our Directors and RHB Investment Bank are of the opinion that our IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

Applicants should also note that the market price of our Shares upon Listing is subject to market forces and other uncertainties which may affect the price of our Shares. You are reminded to consider the risk factors as set out in **Section 4** of this Prospectus before deciding to invest in our Shares.

3.5.2 Expected market capitalisation

Based on our IPO Price of RM0.29 per IPO Share, the total market capitalisation of our Company upon Listing is estimated at RM145.00 million.

3. DETAILS OF OUR IPO (Cont'd)

3.6 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

- (i) to obtain listing of and quotation for our entire share capital of 500,000,000 Shares on the ACE Market of Bursa Securities;
- (ii) to enable us to access the equity capital market for cost effective capital raising and to provide us the financial flexibility to pursue growth opportunities;
- (iii) to raise funds for the purposes as set out in **Section 3.8** of this Prospectus;
- (iv) to enable our Group to gain recognition through our listing status and further enhance our corporate reputation and brand name which is aimed at expanding our customer base;
- (v) to establish liquidity for our Shares; and
- (vi) to provide an opportunity for the investing community including eligible Directors and employees as well as persons who have contributed to the success of our Group to become our shareholders and participate in the future growth of our Group.

3.7 DILUTION

Dilution is computed as the difference between our IPO Price paid by the investors for our IPO Shares and the pro forma consolidated NA per Share of our Group immediately after our IPO.

Our audited NA as at 30 September 2017 was approximately RM32.05 million or RM0.08 per Share. After giving effect to the issue of 100,000,000 new Shares under our Public Issue, and after further adjustment for the estimated listing expenses, our pro forma consolidated NA per Share as at 30 September 2017 (based on an enlarged share capital of 500,000,000 Shares) would have been RM0.12 per Share. This represents an immediate increase in our pro forma consolidated NA per Share of RM0.04 to our existing shareholders and an immediate dilution in our pro forma consolidated NA per Share of RM0.17, representing approximately 58.62% dilution to our new investors. Further details on our NA per Share are set out in **Section 11.2** of this Prospectus.

The following table illustrates such dilution on a per Share basis:

	<u>(RM)</u>
IPO Price	0.29
Pro forma consolidated NA per Share as at 30 September 2017, after the Acquisition	0.08
Pro forma consolidated NA per Share as at 30 September 2017, after giving effect to the Acquisition, our IPO and utilisation of proceeds	0.12
Increase in the pro forma consolidated NA per Share to existing shareholders	0.04
Dilution in the pro forma consolidated NA per Share to new public investors	0.17
Dilution in the pro forma consolidated NA per Share to new public investors as a percentage to our IPO Price	58.62%

3. DETAILS OF OUR IPO (Cont'd)

Save as disclosed below, there has been no direct acquisitions and/or subscription of any Shares in our Company by our Directors, key management, substantial shareholders or persons connected with them, or in which they have the right to acquire, during the past 3 years prior to the date of this Prospectus:

	No. of Shares	Total consideration (RM)	Average cost per Share (RM)
<u>Substantial shareholders</u>			
Keh	200,000,000 ⁽¹⁾	12,000,001 ⁽²⁾	0.06
Collin	200,000,000 ⁽¹⁾	12,000,001 ⁽²⁾	0.06

Notes:

(1) Issued pursuant to the Acquisition at an issue price of RM0.06 per Share and the transfer of 1 subscriber's Share each to Keh and Collin at RM1.00 per Share.

(2) Rounded to the nearest RM.

3.8 UTILISATION OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. Based on our IPO Price of RM0.29 per Offer Share, the gross proceeds from the Offer for Sale of RM14.50 million will accrue entirely to the Selling Shareholders.

The gross proceeds from our Public Issue amounting to RM29.00 million based on our IPO Price of RM0.29 per Issue Share will accrue to us and are expected to be utilised in the manner as set out below:

Details of utilisation	(RM'000)	Gross proceeds (%)	Estimated timeframe for utilisation upon Listing
(i) Capital expenditure			
(a) Construction of new factories for manufacturing production and its accompanying new head/management office, new showroom and workers' hostel	11,000	37.93	Within 2 years
(b) Purchase of new machineries and equipment	11,000	37.93	Within 2.5 years
	22,000	75.86	
(ii) Working capital	3,500	12.07	Within 2.5 years
(iii) Estimated listing expenses	3,500	12.07	Within 3 months
Total	29,000	100.00	

3. DETAILS OF OUR IPO (Cont'd)

Further details of the utilisation of proceeds are set out in the ensuing paragraphs:

(i) Capital expenditure

The estimated capital expenditure requirements associated with our business expansion plans for the next 2 to 2.5 years is approximately RM25.00 million, which we intend to finance in the following manner:

- (a) RM22.00 million from our IPO proceeds; and
- (b) the remaining balance of RM3.00 million from our internally-generated funds and/or bank borrowings.

Pending the receipt of our IPO proceeds, we may have to finance our capital expenditure requirements via our internally-generated funds and/or bank borrowings.

Further details on our future plans and strategies are set out in **Section 6.19.1** of this Prospectus.

(a) Construction of new factories for manufacturing production and its accompanying new head/ management office, new showroom and workers' hostel

In 2016, we purchased 4 parcels of contiguous vacant land, measuring a total land area of approximately 905,397 sq. ft. identified as Lots No. 2618, 2619, 2620 and 2621 in Mukim Parit Jawa, Muar, Johor. The land will be developed in 3 phases as follows:

<u>Phase 1:</u>	<u>Estimated built-up area</u>
Head/ management office and showroom	36,198 sq. ft.
Workers' hostel	140,272 sq. ft.
1 factory for manufacturing production	144,494 sq. ft.
<u>Phase 2:</u>	
2 factories for manufacturing production	211,079 sq. ft.
<u>Phase 3:</u>	
1 factory for manufacturing production	151,512 sq. ft.

We intend to utilise RM11.00 million of our IPO proceeds to fund the construction costs for the development of Phase 1. In view of our production capacity running close to full utilisation, we intend to construct a new production line for the manufacturing of home furniture products. The existing manufacturing production will remain in operation while the existing head/ management office and the showroom will be converted into documents storage room, production office, and the existing D&D office will be expanded.

As at the LPD, we have yet to commence construction as the approvals from the relevant authorities have yet to be obtained. The construction is expected to be completed within 1 year from the commencement date, i.e. by fourth quarter of calendar year 2019. It is expected that our new factories for manufacturing production and its accompanying new head/ management office, new showroom and workers' hostel will be fully operational by second quarter of calendar year 2020. Please refer to **Section 6.15.1** of this Prospectus for further details of the approvals required.

3. DETAILS OF OUR IPO (Cont'd)

Phase 2 and Phase 3 will be developed in the future for business expansion. Any costs to be incurred for the development of Phase 2 and Phase 3 will be financed through internally generated funds, bank borrowings and/or fund raising exercises, the quantum of which has not been ascertained at this point in time.

(b) Purchase of new machineries and equipment

Our Group intends to allocate RM11.00 million from our IPO proceeds to acquire new machineries and equipment for our new production line which will be located in our new plant. The breakdown of the utilisation is set out below:

Details	Units	Estimated costs (RM'000)
1 production line comprising machineries and equipment which include, amongst others:		
- CNC routers;	3	1,110
- CNC tenoners;	4	2,250
- planers;	14	620
- shapers;	5	630
- sanders;	13	1,490
- drilling machines;	13	270
- oscillating mortise machines;	2	100
- assembly machines; and	4	30
- spraying facility	1	2,000
	<u>59</u>	<u>8,500</u>
Ancillary facilities such as:		
- compressor air pipe systems;	6	660
- cyclone dust ducting line system; and	1	840
- electric power system	1	1,000
	<u>8</u>	<u>2,500</u>
Total	<u>67</u>	<u>11,000</u>

For illustration purposes only, assuming the maximum annual capacity of our existing production line, upon full commissioning and commencement of operations of our new production line, our maximum production capacity is estimated to double our annual production capacity from approximately 0.48 million units of chairs and 0.19 million units of tables per annum to 0.96 million units of chairs and 0.38 million units of tables per annum.

In the event that the actual capital expenditure is higher than estimated, the deficit will be funded out of working capital. However, if the actual capital expenditure is lower than estimated, the excess will be utilised for general working capital requirements of our Group.

3. DETAILS OF OUR IPO (Cont'd)

(ii) Working capital

We expect our working capital requirements to increase in tandem with the growth of our business. Following the completion of the construction of a new production line for the manufacturing of home furniture products, our Group expects to secure more sales orders and we will purchase more raw materials for our manufacturing activities. Operating expenses are also expected to increase due to the increase in our scale of operations and business growth. Therefore, we expect to utilise approximately RM3.50 million from our IPO proceeds as additional working capital to support our Group's future operations which is in line with the expected commencement of the operations of our new plant. The allocation for working capital will be used for day-to-day operations of the new production line, which include, amongst others, purchase of raw materials and other supplies, and defrayment of selling and distribution expenses for promotional, trade exhibitions and events, advertising and marketing activities.

(iii) Estimated listing expenses

The estimated listing expenses for our IPO to be borne by our Group are as follows:

<u>Details</u>	<u>(RM'000)</u>
Estimated professional advisory fees	2,100
Underwriting commission, brokerage fees and placement fees	710
Other fees and expenses such as printing, advertising, travel and roadshow expenses incurred in connection with our IPO	330
Estimated regulatory fees	80
Miscellaneous expenses and contingencies	280
Total estimated listing expenses	<u>3,500</u>

In the event that the actual expenses are higher than estimated, the deficit will be funded out of working capital. However, if the actual expenses are lower than estimated, the excess will be utilised for general working capital requirements of our Group.

We intend to place the proceeds raised from the Public Issue (including accrued interest, if any) or the balance thereof as deposits with licensed financial institutions or short-term money market instruments prior to the eventual utilisation of our IPO proceeds for the above intended purposes.

We have illustrated the financial impact of the utilisation of proceeds from the Public Issue on our pro forma consolidated statements of financial position in **Section 11.2** of this Prospectus.

3. DETAILS OF OUR IPO (Cont'd)

3.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE**(i) Brokerage fee**

We will pay brokerage fee in respect of the sale of our Issue Shares under the Public Issue, at the rate of 1.00% of our IPO Price in respect of all successful applications which bear the stamp of the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House. The brokerage fee is subject to GST.

(ii) Underwriting commission

Our Underwriter has agreed to underwrite 40,000,000 Issue Shares as set out in **Sections 3.3.1(i) and (ii)** of this Prospectus ("**Underwritten Shares**"). We will pay our Underwriter an underwriting commission at the rate of 2.00% of the value of the Underwritten Shares based on our IPO Price. There will be no managing underwriter fees payable to RHB Investment Bank. The underwriting commission is subject to GST.

(iii) Placement fee

Our Placement Agent has agreed to place our IPO Shares to institutional and identified investors comprising 10,000,000 Issue Shares as set out in **Section 3.3.1(iii)** of this Prospectus, 50,000,000 Issue Shares as set out in **Section 3.3.1(iv)** of this Prospectus and 50,000,000 Offer Shares as set out in **Section 3.3.2** of this Prospectus. We will pay our Placement Agent a placement fee at the rate of 2.00% of the total value of our Issue Shares at our IPO Price to be placed out by our Placement Agent for the institutional and identified investors and Bumiputera investors approved by the MITI and a placement fee at the rate of 0.50% of the total value of our Issue Shares at our IPO Price to be placed out to placees identified by our Company. The placement fee to be incurred on the placement of the 50,000,000 Offer Shares will be fully borne by the Selling Shareholders. The placement fee is subject to GST.

3.10 UNDERWRITING ARRANGEMENT

We have entered into the Underwriting Agreement with our Underwriter to underwrite (i) 25,000,000 Issue Shares available for application by the Malaysian Public through a balloting process; and (ii) 15,000,000 Issue Shares reserved for application by our eligible Directors and employees as well as persons who have contributed to the success of our Group ("**Underwritten Shares**"), subject to the clawback and reallocation as set out therein. Details of the underwriting commission are set out in **Section 3.9(ii)** of this Prospectus.

3. DETAILS OF OUR IPO (Cont'd)

The salient terms of the Underwriting Agreement are as follows:

- (i) The obligation of our Underwriter to underwrite the Underwritten Shares is conditional on the following:
 - (a) our Underwriter receiving certificate in the form or substantially in the form contained in Schedule 2 (Certificate by Company) of the Underwriting Agreement, one dated the date of registration of the Prospectus and the other dated the closing date, both of which are to be signed by the Director of the Company (on behalf of the Board) stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence to the representations, warranties and undertakings as set out in the Underwriting Agreement and being provided with the reports or confirmation and being satisfied at the date of registration of the Prospectus and closing date respectively that:
 - there is no occurrence of any material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole subsequent to the date of the Underwriting Agreement; or
 - there is no occurrence of any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings set out in the Underwriting Agreement untrue or inaccurate or result in a breach of the Underwriting Agreement by our Company;
 - (b) the Underwriting Agreement being duly signed by all parties and stamped within the statutory time frame;
 - (c) the issue of the Prospectus not later than 1 month from the date of the Underwriting Agreement or such later date as our Underwriter and our Company may from time to time agree in writing;
 - (d) the registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the IPO with the SC and its lodgement with the Registrar of Companies of Malaysia ("ROC") by the issuance of the Prospectus;
 - (e) all necessary approvals (including the approvals by Bursa Securities, SC(Equity Compliance Unit) as well as the directors and members of our Company) remaining in full force and effect and that all conditions to the approvals (except for any which can only be complied with after the IPO has been completed) have been complied with;
 - (f) the approval of Bursa Securities for the admission of our Company to the Official List and our Listing being obtained on terms acceptable to our Underwriter and the approvals of Bursa Securities remaining in full force and effect and that all conditions (except for any which can only be complied with after our IPO has been completed) have been complied with;
 - (g) our Underwriter being satisfied that our Company will, following completion of our IPO, be admitted to the Official List and its enlarged issued share capital listed and quoted on the ACE Market no later than 3 months from the date of the Underwriting Agreement unless mutually agreed to in writing by the parties;
 - (h) the execution of the placement mandate and it has not been terminated or rescinded pursuant to the provisions thereof;

3. DETAILS OF OUR IPO (Cont'd)

- (i) our Underwriter receiving a copy duly certified by a director or secretary of our Company to be a true and accurate copy and in full force and effect, of a resolution of our Directors:
- approving the Prospectus (including a confirmation that our Directors, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus), the Underwriting Agreement and the transactions contemplated by it;
 - authorising the issuance of the Prospectus; and
 - authorising a person to sign and deliver the Underwriting Agreement on behalf of our Company;
- (j) our IPO not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with our IPO and/or our Listing have been obtained and are in force up to the closing date;
- (k) our Underwriter being satisfied that our Company has complied with and that our IPO is in compliance with the policies, guidelines and requirements of Bursa Securities and all revisions, amendments and/or supplements to it;
- (l) there being no occurrence of any event which occurs after the date of the Underwriting Agreement and on or prior to the closing date, which if it had occurred before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings set out in the Underwriting Agreement untrue or inaccurate;
- (m) there not having occurred on or prior to the closing date any breach of and/or failure to perform any of the undertakings by our Company contained in the Underwriting Agreement;
- (n) there not being any investigation, directions or actions by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of our Underwriter;
- (o) there having been, as at closing date, no registration or lodgement of any amendment, supplement, or replacement to the Prospectus with the SC or the ROC without the prior written approval of our Underwriter; and
- (p) our Underwriter being satisfied with the arrangements of our Company to pay the expenses as set out in the Underwriting Agreement.

Our Underwriter may, without prejudice to its power, rights and remedies under the Underwriting Agreement, at law or in equity, waive all or any of the conditions except for those required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with the Underwriting Agreement. Any condition so waived shall be deemed to have been satisfied in relation to it. For the avoidance of doubt, any such waiver by our Underwriter shall be without prejudice to its right to elect to treat any further or other breach, failure or event as releasing and discharging our Underwriter from its obligations under the Underwriting Agreement and shall be without prejudice to the right of our Underwriter to terminate the Underwriting Agreement by written notice given to our Company and in such event the provisions on termination as set out below shall apply.

3. DETAILS OF OUR IPO (Cont'd)

- (ii) Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may withdraw its obligations upon the occurrence of any of the following:
- (a) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement or which is contained in any certificate, statement or notice under or in connection with the Underwriting Agreement; or
 - (b) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement; or
 - (c) there is withholding of information from our Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of the IPO, or the distribution or sale of our Shares issued or offered under our IPO; or
 - (d) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Group; or
 - (e) the closing date of the application of our IPO Shares does not occur within 3 months from the date of the Underwriting Agreement, subject to the extension of closing date which is approved by our Underwriter; or
 - (f) the occurrence of any *force majeure* event including, but not limited to the following:
 - any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing which would prejudice our IPO; or
 - any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on our Group; or
 - any event or series of events beyond the reasonable control of our Underwriter including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to our IPO or pursuant to the underwriting of our Underwritten Shares; or
 - any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise; or

3. DETAILS OF OUR IPO (Cont'd)

- any material adverse change in financial conditions as stated in the first *force majeure* event mentioned above to include stock market conditions and interest rates. For this purpose, a material adverse change in the stock market condition shall mean the Kuala Lumpur Composite Index of Bursa Securities has dropped 10% between its index level on the date of the Underwriting Agreement and the closing date (both dates inclusive); or
 - any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business and/or financial position of our Group; or
- (g) in the event that our Listing is withdrawn or not procured or procured but subject to conditions not acceptable to our Underwriter;

which, in the reasonable opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of our Group, the success of our IPO, or our Listing or market conditions generally or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

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4. RISK FACTORS

BEFORE INVESTING IN OUR SHARES, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE AND THE PROSPECTS OF OUR GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS.

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

4.1 Risks in relation to the industry in which our Group operates

4.1.1 Competition from local manufacturers and foreign manufacturers in countries with lower cost of production and labour cost

Our Group faces competition from local manufacturers and foreign manufacturers in countries with lower cost of production and labour cost such as Indonesia, Vietnam, Thailand and China. Competition from these countries may result in lower profit margins and smaller market share for our Group.

We believe that our Group would be able to stay competitive based on, amongst others, our track record, our designs and manufacturing capabilities as supported by our experienced key management personnel, and our ability to comply with the requirements of our customers. The requirements of our customers include, amongst others, performance of external testing by accredited inspection and testing bodies such as Bureau Veritas CPS Sdn Bhd and Société Générale de Surveillance SA (SGS). In addition, some of our major customers perform on-site inspection on our manufacturing process to ensure that our QC standards continue to meet their requirements.

We are also committed to the continuous improvement of the quality of our products. As part of our future plans, we plan to increase our production capacity and product range, and develop new product designs, which we believe will contribute towards our long-term growth and sustainability within the home furniture industry.

Notwithstanding this, there can be no assurance that we will be able to remain competitive in the future and our financial performance will not be adversely affected by market competition.

4.1.2 Political, economic, legal or social conditions of the countries where we transact business

Notwithstanding that we operate principally in Malaysia, we derive a significant portion of our revenue from our export markets including, amongst others, Japan, US, Australia and UK. For FYEs 2014, 2015, 2016 and FPE 2017, our export sales accounted for 93.16%, 97.25%, 98.42% and 99.03% of our total revenue respectively.

As we continue to expand our business, it is reasonable to expect that our financial condition and results of operations would be affected by political, economic, legal or social conditions of the countries where we transact business, making us increasingly susceptible to the risks including, amongst others, changes in political leadership, economic conditions, interest rates, business and credit conditions and government policies such as currency exchange rules and introduction of new regulations. Our Group may also be affected by entry of new players, constraints in skilled labour supply and increase in production costs.

4. RISK FACTORS (Cont'd)

Whilst our Group may take measures to mitigate the aforementioned risks by keeping abreast with economic and regulatory changes in the relevant countries, there is no assurance that any adverse changes in political, economic and regulatory conditions of the countries in which we transact business will not materially affect our financial performance. Nevertheless, it is important to note that our Group's revenue is not solely derived from any one particular country, thus reducing the susceptibility of our Group's financial performance to any political, economic and regulatory changes in a particular country. Moreover, there has not been any political, economic and regulatory conditions which had a material adverse impact on our business operations and financial performance for FYEs 2014, 2015, 2016 and FPE 2017.

4.2 Risks in relation to our business and our operations**4.2.1 Fluctuations in foreign exchange rates**

Our revenue and purchases are denominated in USD and RM and our Group is exposed to foreign exchange fluctuations of USD against RM. Any significant change in the foreign exchange rates may affect our Group's financial results. For FYE 2016, approximately 98.42% and 9.53% of our revenue and purchases respectively were denominated in USD, while approximately 1.58% and 90.47% of our revenue and purchases respectively were denominated in RM.

For illustration purposes, our revenue for FYE 2016 would have decreased by RM4.21 million or 4.92% from RM85.64 million to RM81.43 million, should the foreign exchange rate of USD against RM decrease by 5%. A decrease in the foreign exchange rate of USD against RM by 10% would have resulted in a decrease in our revenue for FYE 2016 by RM8.42 million or 9.84% from RM85.64 million to RM77.22 million. On the other hand, an increase of 5% or 10% in the foreign exchange rate of USD against RM would have the exact reverse impact on our revenue.

Our GP for FYE 2016 would have decreased by RM4.02 million or 15.63% from RM25.74 million to RM21.72 million, should the foreign exchange rate of USD against RM decrease by 5%. A decrease in the foreign exchange rate of USD against RM by 10% would have resulted in a decrease in our GP for FYE 2016 by RM8.04 million or 31.24% from RM25.74 million to RM17.70 million. On the other hand, an increase of 5% or 10% in the foreign exchange rate of USD against RM would have the exact reverse impact on our GP.

We maintain foreign currency accounts arising from our sales to settle our purchases in foreign currency. Additionally, we also enter into foreign currency forward exchange contracts with banking institutions to sell the USD received from our customers at agreed exchange rates for fixed periods of time to reduce the exposure of our receivables. Our Group mitigates the foreign exchange risk through a natural hedge via operating foreign currency accounts using payment received from our export sales to pay imported purchases.

Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance.

4.2.2 Dependence on foreign production workers

The furniture industry is labour intensive. As the standard of living in Malaysia improves over time, we have found it increasingly difficult to hire local production workers for our manufacturing operations and this difficulty may increase in the future. As at the LPD, we have a total workforce of 583 employees, of which 84.22% are foreign workers. Presently, our foreign workers are mainly from Bangladesh, Myanmar, Nepal, Vietnam and Pakistan. We procure work permits for all our foreign workers, which are renewed on a yearly basis.

4. RISK FACTORS (Cont'd)

Any change in foreign worker policy in Malaysia or in the countries, in which we employ our foreign workers from, may result in difficulties for our Group to maintain a sufficient foreign labour workforce. In addition, cost of hiring labour may increase in the future and we may not be able to pass on such increase in cost with corresponding increases in the prices of our products. Furthermore, our Group's future expansion plan requires a significant increase in labour to meet increased manufacturing activities. There may also be disruption in the supply of foreign workers to Malaysia, which may delay our Group to hire new foreign workers in time after the expiry of the contracts of the existing foreign workers. As a result, our business operations and financial performance may be materially and adversely affected.

Notwithstanding the above, as at the LPD, we have not experienced any shortage of foreign workers which has resulted in major disruption to our production.

4.2.3 Pending approval for amalgamation and conversion of Lots No. 2618, 2619, 2620 and 2621

In 2016, we purchased 4 parcels of contiguous vacant land, identified as Lots No. 2618, 2619, 2620 and 2621 in Mukim Parit Jawa, Muar, Johor which are intended to house our new production lines, new head/ management office, new showroom and workers' hostel ("**Phase 1**"). Prior to the construction of Phase 1, the approvals for the land amalgamation and conversion, as well as all relevant approvals for their construction must first be obtained. An application in relation to the amalgamation of Lots No. 2618, 2619, 2620 and 2621 and conversion of the land use from agricultural to industrial has been submitted concurrently to Land Office Muar, and is expected to be obtained by fourth quarter of calendar year 2018. Besides, the applications for planning permission and building plan have been submitted concurrently to the One-Stop-Centre of Majlis Perbandaran Muar for its approvals. It is estimated that the approvals for planning permission and building plan will be obtained by fourth quarter of calendar year 2018, after having obtained the approval for the land amalgamation and conversion as mentioned above. The construction is expected to commence after obtaining all relevant approvals for the construction and is expected to be completed within 1 year from the date of commencement i.e. by fourth quarter of calendar year 2019. After all construction work on site has been completed, it will require 4 to 5 months for the issuance of certificate of completion and compliance i.e. by second quarter of calendar year 2020.

We may face delays in obtaining the above approvals or even fail to obtain such approvals, in which event, we would be unable to commence construction of Phase 1 and grow our business in the manner and timing that we have planned as disclosed in **Section 6.19.1** of this Prospectus. We will have to source for alternative sites to locate our new production lines or even sub-contract more of our manufacturing processes such as wood preparation works which involve cutting and planning, shaping, sanding and molding of furniture parts to our sub-contractors in order to meet increasing sales and delivery deadlines. If we are unable to do so, we would be unable to accept more sales orders as our current production level is close to its maximum capacity, hence limiting our revenue growth and reducing our GP margin due to heavier reliance on sub-contractors.

4. RISK FACTORS (Cont'd)**4.2.4 Prices of our raw materials may fluctuate significantly due to supply-demand conditions**

Our main raw materials used for our products are rubberwood and other wood-based materials such as veneer board and laminated boards, which made up approximately 51.45% and 53.28% of our total purchases in RM for FYE 2016 and FPE 2017 respectively. The prices of our main raw materials may fluctuate significantly due to supply-demand conditions.

For FYE 2016, approximately 9.53% of our purchases are denominated in USD, any fluctuation in foreign exchange rate of USD against RM may impact the prices of imported raw materials. However, our Group had not experienced any major fluctuations in prices of imported raw materials which had materially and adversely affected our financial performance for FYEs 2014, 2015, 2016 and FPE 2017 as our Group's purchases are largely in RM.

It is our practice to find multiple sources of supply to obtain competitive prices. Some of our purchases of raw materials are made upon receipt of confirmed orders from our customers to minimise the impact of any adverse price fluctuations in our main raw materials. Our suppliers regularly keep us abreast of the supply condition and price trend of our main raw materials to ensure that we are aware and are prepared for increase in prices of raw materials.

If there are significant increases in the costs of our main raw materials and our Group is unable to pass on such incremental costs to customers, our Group's financial performance may be adversely affected.

Further, the main type of solid wood used by us is rubberwood, which is a sustainable material. Notwithstanding it is a sustainable material, there is no assurance that the supply of rubberwood will not be disrupted in the future and hence, our business operations and financial performance may be affected.

4.2.5 Production or operational risks inherent in the furniture manufacturing industry

Our Group is subject to certain risks inherent in the furniture manufacturing industry which include, amongst others, fire hazards and disruption to electricity supply.

As the majority of our Group's products is wood-based, there exists a potentially high risk of fire hazard. Our production facility is located at one main site, which also houses other flammable materials such as paint, industrial glue and solvent, as well as equipment such as power tools and other electrical machinery. Our warehouse and showroom are also located within the same compound and are susceptible to the risk of fire. Consequently, we are subject to a high risk of fire.

Save for the fire incident that occurred in March 2017 which resulted in damage to certain parts of the property, plant and equipment and loss of inventory work-in-progress amounting to approximately RM0.75 million, we have not experienced any other fires in our current production facilities for FYEs 2014, 2015, 2016 and FPE 2017. The fire incident was caused by short circuit of an electrostatic spraying machine in the factory. Based on our management's estimation, the fire incident had affected 1 of the spraying lines for 9 working days. Since such fire incident, we have implemented more stringent inspections on our machineries and improved our fire fighting systems as a preventive measure.

4. RISK FACTORS (Cont'd)

We equip and maintain our factories with sprinkler systems and fire fighting equipment. Our fire protection system maintenance contractor trains our employees on the use of these equipment as well as basic fire-fighting techniques and jointly conducts fire drills with our Group. In addition, annual inspections are conducted by the Fire Department. Although our Group has purchased fire insurance to cover most of our physical assets (save for land) and fire consequential loss to cover loss of gross profits, a massive fire may severely disrupt our business operations and possibly lose the purchase orders or our customers. Nevertheless, our Group has obtained adequate insurance coverage against any potential damages on property, plant and equipment, inventory, and any consequential business loss.

As we rely on electricity to operate our machineries, in the event of any major or sustained disruptions in the supply of electricity, our operations may be adversely affected as the operation of our production facility is susceptible to prolonged equipment downtime. Should such events materialise, our business and results of operations may be materially and adversely affected. As part of our Group's plan to mitigate disruption in electricity supply, our Group can make arrangements with suppliers of generator sets to supply heavy duty generator sets on short notice.

Although our Group has taken all reasonable steps to mitigate the risks of fire hazards and disruption in electricity supply as described above, there can be no assurance that in the event of a fire and disruption in electricity supply, our Group's business will not be materially and adversely affected.

4.2.6 Dependence on our key management personnel

Our Group's continued success will depend on, amongst other, the ability, capability and continued efforts of our key management personnel comprising our Managing Director, Keh and Executive Director, Collin, and other key management personnel. Any loss of our key management personnel without suitable and timely replacement may adversely affect our business operations.

In recognising the importance of our key management personnel, we have put in place human resource strategies, which include competitive remuneration packages and opportunities for career development such as ongoing training programmes to enhance their knowledge and capabilities. In addition, we have included the pink form allocation for our key management personnel pursuant to our Listing with the objective of providing added motivation and incentive for them to remain with us through equity participation. As part of our management succession plan, efforts have been made to promote and groom lower and middle management staff to gradually assume the responsibilities undertaken by the senior management team to ensure continuity in our management team. However, we cannot provide any assurance that these measures will be successful in attracting and retaining our key management personnel or ensuring a smooth transition should changes occur.

4. RISK FACTORS (Cont'd)**4.2.7 Absence of long-term contracts with our customers as we manufacture based on confirmed orders**

We have not entered into any long-term contracts with our customers as we manufacture based on confirmed orders. In addition, we also do not have long-term contracts with our suppliers. We place great emphasis in developing long-term business relationships with our customers and suppliers as we believe this will ensure our business continuity and growth. We have established business relationships with our major customers (i.e. those individually contributing 10% or more of our Group's revenue for FYEs 2014, 2015 and 2016) and major suppliers (i.e. those individually contributing 10% or more of our Group's purchases for FYEs 2014, 2015 and 2016) for more than 5 years. Notwithstanding the absence of long-term contracts, we believe that our commitment in providing our customers with quality products and our business relationship with our customers would provide us with a platform for further business growth through continuous business dealings. Aside, the absence of long-term contracts with our suppliers would enable us to maintain flexibility in sourcing quality suppliers at competitive prices. However, no assurance can be given that the foregoing efforts would continue to generate business opportunities for our Group in the future.

4.2.8 Product liability claims due to product defects

The nature of our Group's business exposes us to the risk of product liability claims that is inherent in the manufacturing of our products. We may be subject to product liability claims which may arise in the event the use of our products results in personal injury or property damage due to causes such as product defects and inadequacy in warnings and instructions on the usage of our product. A substantial claim or a substantial number of claims relating to our products could have a material and adverse impact on our business, operating results and financial position.

We acquire product liability insurance policies on a case-by-case basis upon request of certain customers. If our products prove to be defective and consequently our customers suffer loss or damages, we may be liable to product liability claims under Malaysian law or the laws of other jurisdictions which we may be subject to. As a result, we may have to incur significant legal costs and divert our administrative resources regardless of the outcome of the claims. Any successful product liability claim against our Group will adversely affect our Group's business and reputation. Even if our Group is able to successfully defend such claim, there can be no assurance that customers will not lose confidence in our products. For the financial years under review, we have only been subjected to 1 product liability claim arising from personal injuries, for the sum of approximately Great British Pound 3,133 only, which was fully covered by product liability insurance.

Nonetheless, our management is of the view that our products undergo stringent production and QC processes, thus mitigating such risk.

4.2.9 Credit risks as the collection from our credit sales is dependent on the creditworthiness of our customers

The collection from our credit sales is dependent on 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 recover debt from our customers. Accordingly, we would have to make allowance for doubtful debts, or write-off bad debts, which may have an adverse impact on our profitability.

4. RISK FACTORS (Cont'd)

For FYE 2016 and FPE 2017, approximately 19.77% and 22.91% of our sales are transacted on credit terms. For the remaining approximately 80.23% and 77.09% of our sales, we require customers either to make prepayment upon order, ranging from 10% to 30% of the order value, or to provide a letter of credit to us as payment commitment. We require our customers to make the remaining payment prior to us releasing the original shipping document. For FYEs 2014, 2015, 2016 and FPE 2017, there was no allowance for doubtful debts and bad debt written-off which had material adverse impact on our profitability.

4.3 Risks relating to our Shares**4.3.1 There has been no public market for our Shares**

There has been no public market for our Shares. There can be no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares.

Our Shares could trade at prices that may be lower than our IPO Price depending on many factors, including prevailing economic and financial conditions in Malaysia, our operating results and the markets for similar securities. In addition, the market for securities in emerging markets has been subject to disruptions that have caused intense volatility in the prices of securities similar to our Shares. There can be no assurance that the market for our Shares, if any, will not be subject to similar disruptions. Any disruption in such markets may have a material and adverse effect on the holders of our Shares.

4.3.2 There may be potential delay or failure of our Listing

The occurrence of any one or more of the following events, which may not be exhaustive, may cause a delay in our Listing or our Listing to be aborted:

- (i) the identified investors fail to subscribe to their portion of IPO Shares which they have undertaken to subscribe for;
- (ii) our Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder; or
- (iii) we are unable to meet the public spread requirements as determined by Bursa Securities i.e. at least 25.00% of our enlarged share capital must be held by a minimum of 200 public shareholders holding not less than 100 Shares each at the point of Listing.

In the event of a failure of our Listing, all monies paid in respect of any Application accepted from you will be returned in full without interest within 14 days, failing which, the provisions of sub-section 243(2) and 243(6) of the CMSA shall apply accordingly. Nevertheless, our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

4.3.3 There is a risk of volatility of our Share price and trading

The market price of our Shares may fluctuate as a result of variations in the liquidity of the market for our Shares, differences between our actual financial operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than our IPO Price.

4. RISK FACTORS (Cont'd)

Over the past few years, the Malaysian, regional and global equity markets have experienced significant price and volume volatility that have affected the share price of many companies. Share prices of many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. There can be no assurance that the price and trading of our Shares will not be subject to such fluctuations in the future.

4.3.4 We are subject to control by our Promoters

Pursuant to our Listing, an aggregate of 350,000,000 Shares representing 70.00% of our enlarged total number of shares will be held by our Promoters. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Company as well as influence the outcome of certain matters requiring the voting of our shareholders, unless our Promoters are required to abstain from voting by law and/or by the relevant guidelines or regulations.

Nevertheless, for good corporate governance, we have appointed 3 independent Directors and established an Audit Committee to ensure all future transactions involving related parties, if any, are entered into on normal commercial terms that are not more favourable to the related parties than those generally available to third parties and not to the detriment of our minority shareholders.

4.3.5 We may require additional funding for future growth which may result in dilution of our shareholders' equity

We may require additional funding for future growth. This may result in dilution of our shareholders' equity, or restrictions imposed by additional debt funding such as, amongst others, maintenance of a certain level of current ratio, gearing ratio and/or dividend payouts.

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our client base and the need to maintain and expand our operations. Thus, we may need additional capital expenditure for mergers and acquisition or investments. An issue of Shares or other securities to raise funds will dilute shareholders' equity interest and may, in a case of a rights issue, require additional investment by shareholders.

4.4 Other risk**4.4.1 Forward-looking statements are subject to uncertainties and contingencies**

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results. Other statements, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, which are forward looking in nature, are subject to uncertainties and contingencies. Although we believe that the expectations reflected in such forward looking statements are reasonable at this time, there can be no assurance that such expectations will subsequently materialise. Their inclusion in this Prospectus should not be regarded as a representation or warranty by our Company, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent, or any other advisers that the plans and objectives of our Group will be achieved.

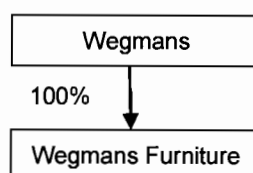
5. INFORMATION ON OUR GROUP

5.1 OUR HISTORY

Our Company was incorporated in Malaysia under the Act on 22 February 2017 as a private limited company under the name of Wegmans Holdings Sdn Bhd. Subsequently, on 29 May 2017, our Company was converted into a public limited company and assumed our present name. We were incorporated as an investment holding company to facilitate our Listing.

We had undertaken the Acquisition prior to our Listing, details of which are as set out in **Section 5.4** of this Prospectus. Wegmans Furniture became our wholly-owned subsidiary pursuant to the Acquisition.

Our Group structure is set out below:



The details of our principal activities are as follows:

Company	Principal activities
Wegmans	Investment holding
Wegmans Furniture	Design, manufacture and sale of home furniture products

Our history can be traced back to 1994, when Wegmans Trading was incorporated as a partnership by Keh, Collin and Oon Leng Hin. The principal activity of Wegmans Trading was to produce and supply furniture parts for wooden dining chairs and sofas to local furniture manufacturers. Keh and Oon Leng Hin were involved in the business operations while Collin was a silent partner at that point in time. The business operations were carried out in a factory with a built-up area of approximately 2,000 sq. ft. on a rented land located at Jeram Masjid, Muar, Johor. 2 years later, Oon Leng Hin decided to pursue other interests and ceased to be a partner, whereas Keh continued to run the business operations. He even expanded the production floor space from approximately 2,000 sq. ft. to approximately 6,000 sq. ft. in 1997.

With an aim of becoming a furniture manufacturer and exporter, Keh and Collin established Wegmans Furniture as a private limited company to take-over the business and assets of Wegmans Trading in 1999. The business operations of Wegmans Furniture were run by Keh, and Collin was a passive shareholder at that point in time.

In 2000, we expanded the product offering of Wegmans Furniture from furniture parts to include home furniture products. We started to manufacture and sell dining tables and dining chairs.

In line with our aim to be a furniture manufacturer and exporter, we expanded our production floor space from approximately 6,000 sq. ft. to approximately 14,000 sq. ft. in 2001. In the same year, we witnessed our foray into the overseas market where we began exporting our products to customers in South Korea and Australia, sourced through third party agents. Since 2002, we also began participating in the Malaysian Furniture Export Exhibition. In the following year, we started exporting our products to an additional 13 countries, namely Belgium, Denmark, Finland, Germany, Greece, Netherlands, New Zealand, Saudi Arabia, Spain, Singapore, Sweden, United Arab Emirates, and US.

5. INFORMATION ON OUR GROUP (Cont'd)

In 2003, we widened the product range of Wegmans Furniture to include living room furniture products, such as coffee tables, console tables, sideboards and television cabinets. We also acquired 2 parcels of adjoining land measuring a total of approximately 174,183 sq. ft. with plans to construct new factories to house a complete production line inclusive of spraying facilities, together with a new head/ management office and showroom.

In the meantime, to cater for the increase in sales orders received from our customers, Wegmans Furniture expanded the production floor space from approximately 14,000 sq. ft. to approximately 18,000 sq. ft. in 2004 pending completion of our own factories. The expansion of the production floor space from 2,000 sq. ft. to 18,000 sq. ft. between 1997 and 2004 was done by renting additional land contiguous to the existing location and extending its existing factory building on such land.

In 2005, we began carrying out our own spraying works in Block B, with a built-up area of approximately 49,400 sq. ft., upon its completion. In the same year, Collin joined Wegmans Furniture as an executive Director to set up Wegmans Furniture's own sales and marketing department to secure customers directly. With Collin overseeing the marketing, finance and administration departments, Keh could then focus on the production and procurement departments of Wegmans Furniture. We further diversified our home furniture product range and began to manufacture and sell bedroom furniture.

In 2006, we relocated our furniture parts processing facilities from our existing premises to Block A, with a built-up area of approximately 55,952 sq. ft., upon its completion and thereafter ended our tenancies of the rented land. In the same year, we acquired another parcel of adjoining land measuring approximately 75,380 sq. ft. for expansion.

In 2007, following the increase of our home furniture product offerings, we increased our showroom's floor space from 3,808 sq. ft. to 7,616 sq. ft.

In 2009, we participated in 4 international trade exhibitions and events in the year, namely Export Furniture Fair in Malaysia, Internationale Möbelmesse in Cologne, Germany, Furniture China in Shanghai, China and China International Furniture Fair in Guangzhou, China. Following thereon, we saw our products being sold to another 9 countries, bringing our total export markets to 44 countries.

In 2010, we completed the construction of a factory with a built-up area of approximately 42,846 sq. ft. on the parcel of land acquired in 2006. This factory, known as Block C, is located next to Block B. We relocated our packing, storing and loading area from Block B to Block C, to allow expansion of our spraying lines in Block B.

We have continuously worked on improving our QC and manufacturing processes in view of the importance of product quality and the feedback gathered from our customers. Subsequently, in 2012, we obtained ISO 9001:2008 certification for the establishment and application of quality management system under the scope of 'manufacturing of home and office furniture'.

In 2013, we began to offer home furniture designs with sleek, functional and uncluttered wooden frames and upholstered with fabric of bright colours and stylish patterns. These products are not only well received by our existing customers, they also helped us to win new customers. Prior to that, our home furniture designs had thicker wooden frames, upholstered with limited choice of fabric.

In 2015, we purchased a parcel of land measuring approximately 254,436 sq. ft. identified as Lot No. 2814 in Mukim Parit Jawa, Muar, Johor to build our own factory for raw material storage and wood preparation, which is currently housed in a rented factory. As at the LPD, the construction of the said factory is in progress and is expected to be completed by second quarter of calendar year 2018.

5. INFORMATION ON OUR GROUP (Cont'd)

As our production capacity is running close to full utilisation in 2016 and as part of our Group's long-term plans to increase our manufacturing capacity, we have also purchased another 4 parcels of contiguous land, measuring a total of approximately 905,397 sq. ft. identified as Lots No. 2618, 2619, 2620 and 2621 in Mukim Parit Jawa, Muar, Johor which is intended to house our new factory for manufacturing production, new head/ management office, new showroom and workers' hostel. We shall commence construction after obtaining approvals from the relevant authorities and the construction is expected to be completed within 1 year from the commencement date i.e. by fourth quarter of calendar year 2019. After all construction work on site has been completed, it will require 4 to 5 months for the issuance of certificate of completion and compliance i.e. by second quarter of calendar year 2020.

We have been exporting our home furniture products consistently to 14 countries for FYEs 2012, 2013, 2014, 2015, 2016 and up to the LPD.

The history and key milestones of our Group are summarised below:

Year	Events
1994	<ul style="list-style-type: none"> Wegmans Trading was established as a partnership by Keh, Collin and Oon Leng Hin. Wegmans Trading was operating in a factory with a built-up area of approximately 2,000 sq. ft. The principal activity of Wegmans Trading was to produce and supply furniture parts for wooden dining chairs and sofas to local furniture manufacturers.
1997	We expanded our production floor space from approximately 2,000 sq. ft. to approximately 6,000 sq. ft.
1999	Keh and Collin established Wegmans Furniture to take-over the business and assets of Wegmans Trading.
2000	We expanded the product offering of Wegmans Furniture from furniture parts to include home furniture products. We started to manufacture and sell dining sets.
2001	<ul style="list-style-type: none"> We expanded our production floor space from approximately 6,000 sq. ft. to approximately 14,000 sq. ft. We began exporting our products to overseas markets, namely South Korea and Australia.
2002	We began participating in the Malaysian Furniture Export Exhibition.
2003	<ul style="list-style-type: none"> We widened our product range to include living room furniture products. We acquired 2 parcels of adjoining land (now referred to as Block A and Block B) to construct new factories together with a new head/ management office and showroom.
2004	We expanded our production floor space from approximately 14,000 sq. ft. to approximately 18,000 sq. ft.
2005	<ul style="list-style-type: none"> We began carrying out our own spraying works in Block B. Collin joined Wegmans Furniture as an executive Director to set up Wegmans Furniture's own sales and marketing team. We further diversified our home furniture product range to include bedroom furniture.
2006	<ul style="list-style-type: none"> We relocated our furniture parts processing facilities from our factory on the rented land to Block A. We purchased a parcel of land (now referred to as Block C) adjoining to Block B, for business expansion.
2007	Following the increase of our home furniture product offerings, we increased our showroom's floor space from 3,808 sq. ft. to 7,616 sq. ft.

5. INFORMATION ON OUR GROUP (Cont'd)

Year	Events
2009	We participated in 4 trade exhibitions and events and increased our total export markets to 44 countries.
2010	The construction of Block C was completed. We relocated our packing, storing and loading area from Block B to Block C, to allow expansion of our spraying lines in Block B.
2012	We obtained ISO 9001:2008 certification for the establishment and application of quality management system.
2015	We purchased a parcel of freehold land in Mukim Parit Jawa, Muar, Johor to build our own factory for raw material storage and wood preparation.
2016	We purchased another 4 parcels of contiguous freehold land in Mukim Parit Jawa, Muar, Johor which is intended to house new production lines, new head/ management office, new showroom and workers' hostel.
2017	We exported our home furniture products consistently to 14 countries.

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5. INFORMATION ON OUR GROUP (Cont'd)

Awards, recognitions and certifications

In recognition of our corporate and industry achievements, we have been awarded with numerous awards and accolades over the years.

Year	Key awards and recognitions	Awarding body
2006	Wegmans Furniture was awarded the 3 rd prize for "Best Product Design (Dining Category) 2006"	Export Furniture Exhibition Malaysia
2007	Wegmans Furniture was awarded the 2 nd prize for "Best Product Design (Dining Category) 2007"	Export Furniture Exhibition Malaysia
2008	<ul style="list-style-type: none"> Wegmans Furniture was awarded the 1st prize for "Best Product Design (Dining Category) 2008" Wegmans Furniture was awarded the 2nd prize for "Best Product Design (Bedroom Category) 2008" 	<ul style="list-style-type: none"> Export Furniture Exhibition Malaysia Export Furniture Exhibition Malaysia
2009	<ul style="list-style-type: none"> Wegmans Furniture was awarded the 2nd prize for "Best Booth Design 2009" Wegmans Furniture was awarded the 2nd prize for "Best Product Design (Dining Category) 2009" Wegmans Furniture was awarded the "Product Excellence Award 2009" Our Executive Director, Collin was awarded the "Outstanding Young Leader Award 2009" 	<ul style="list-style-type: none"> Export Furniture Exhibition Malaysia Export Furniture Exhibition Malaysia Malaysian Leadership Furniture Malaysian Leadership Furniture
2010	<ul style="list-style-type: none"> Wegmans Furniture was awarded the 1st prize for "Best Booth Design 2010" Wegmans Furniture was awarded the 2nd prize for "Best Product Design (Bedroom Category) 2010" 	<ul style="list-style-type: none"> Export Furniture Exhibition Malaysia Export Furniture Exhibition Malaysia
2011	<ul style="list-style-type: none"> Wegmans Furniture was awarded the 1st prize for "Best Product Design (Living Room Category) 2011" Wegmans Furniture was awarded the 2nd prize for "Best Product Design (Bedroom Category) 2011" Wegmans Furniture was awarded the 1st prize for "Best Exhibit Award (Dining Category)" 	<ul style="list-style-type: none"> Export Furniture Exhibition Malaysia Export Furniture Exhibition Malaysia International Furniture Fair Singapore
2016	Wegmans Furniture was awarded the 1 st position in the Excellent Edge Eagle category in the Golden Eagle Award	Nanyang Daily

5. INFORMATION ON OUR GROUP (Cont'd)

The following table sets out the major certifications obtained by our Group:

Certification	Issuing authority/ Audit company	Period of validity	Criteria of assessment
ISO 9001:2008	AJA Registrars Ltd	15 November 2012 until 15 September 2018	Assessed in accordance with continued conformity and effectiveness of our quality management system
Sedex Members Ethical Trade Audit (SMETA)	ITS Testing Services (M) Sdn Bhd	8 May 2017 until 7 May 2018	Assessed in accordance with labour standards, health and safety, environment and business ethics
Business Social Compliance Initiative (BSCI)	ITS Testing Services (M) Sdn Bhd	24 May 2017 until 24 May 2019	Assessed in accordance with social management system, labour standards, health and safety, environment and ethical business behaviour

5.2 OUR SHARE CAPITAL

Our share capital as at the LPD is approximately RM24,000,002 comprising 400,000,000 Shares.

Upon completion of our Listing, our share capital will increase to approximately RM53,000,002 comprising 500,000,000 Shares.

As at the LPD, neither our Company nor our subsidiary company has any outstanding warrants, options, convertible securities or uncalled capital.

Details of the changes to our share capital since incorporation up to the LPD are as shown below:

Date of allotment	No. of Shares	Nature of transaction	Consideration	Cumulative share capital (RM)
22 February 2017	2	Incorporation	Cash	2
22 November 2017	399,999,998	Allotment of shares	Issued as consideration for the Acquisition	24,000,002 ⁽¹⁾

Note:

(1) Rounded to the nearest RM.

5. INFORMATION ON OUR GROUP (Cont'd)

5.3 OUR SUBSIDIARY

Save as disclosed below, as at the LPD, we do not have any other subsidiary or associate company.

Name	Date and country of incorporation	Share capital (RM)	Effective equity interest (%)	Business activities
Wegmans Furniture	7 December 1999 Malaysia	1,900,000	100.00	Design, manufacture and sale of home furniture products

The details of our subsidiary as at the LPD are as detailed below:

5.3.1 Information on Wegmans Furniture

(i) History and business

Wegmans Furniture was incorporated in Malaysia on 7 December 1999 under the Companies Act 1965 and registered under the Act as a private limited company under its present name. The principal activities of Wegmans Furniture are design, manufacture and sale of home furniture products.

(ii) Share capital

The share capital of Wegmans Furniture as at the LPD is as follows:

	No. of shares	Amount (RM)
Share capital	1,900,000	1,900,000

There is no change to the share capital of Wegmans Furniture for the past 3 years up to the LPD.

(iii) Shareholder and Directors

As at the LPD, Wegmans Furniture is our wholly-owned subsidiary and its Directors are Keh and Collin.

(iv) Subsidiary and associate company

As at the LPD, Wegmans Furniture does not have any subsidiary or associate company.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4 LISTING SCHEME**5.4.1 Acquisition**

We acquired the entire equity interest in Wegmans Furniture comprising 1,900,000 ordinary shares for a purchase consideration of RM23,999,999.88, which was fully satisfied by the issuance of 399,999,998 new Wegmans Shares at an issue price of RM0.06 per Share.

The purchase consideration was arrived at after taking into consideration the audited NA of Wegmans Furniture as at 31 March 2017.

The Acquisition was completed on 22 November 2017, resulting in our total number of Shares increasing from 2 Shares to 400,000,000 Shares.

5.4.2 Public Issue

We will undertake a public issue of 100,000,000 new Shares, representing 20.00% of our enlarged total number of Shares, at our IPO Price, to be allocated in the following manner:

- (i) 25,000,000 Issue Shares, representing 5.00% of our enlarged total number of Shares of our Company, are made available for application by the Malaysian Public through a balloting process;
- (ii) 15,000,000 Issue Shares, representing 3.00% of our enlarged total number of Shares of our Company, are made available for application by our eligible Directors and employees as well as persons who have contributed to the success of our Group;
- (iii) 10,000,000 Issue Shares, representing 2.00% of our enlarged total number of Shares of our Company, are made available for application by way of private placement to institutional and identified investors; and
- (iv) 50,000,000 Issue Shares, representing 10.00% of our enlarged total number of Shares of our Company, are made available for application by way of private placement to identified Bumiputera investors approved by the MITI.

Upon completion of our Public Issue, our share capital will increase from approximately RM24,000,002 comprising 400,000,000 Shares to approximately RM53,000,002 comprising 500,000,000 Shares.

5.4.3 Offer for Sale

The Selling Shareholders are offering an aggregate of 50,000,000 Offer Shares at our IPO Price of RM0.29 per Offer Share, representing 10.00% of our enlarged total number of Shares of our Company, by way of private placement to institutional and identified investors at an IPO Price of RM0.29 per Offer Share payable in full upon application.

The 50,000,000 Offer Shares reserved for placement to institutional and identified investors will be placed out by our Placement Agent, RHB Investment Bank.

5.4.4 Listing

Upon completion of our Public Issue and Offer for Sale, our Company shall be admitted to the Official List and our entire enlarged share capital of approximately RM53,000,002 comprising 500,000,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

6. BUSINESS OVERVIEW

6.1 GENERAL OVERVIEW

We are a home furniture manufacturer, principally involved in the design, manufacture and sale of home furniture products, which are targeted for the medium-income level consumers. Our customers are mainly wholesalers, retailers, chain stores and traders. Generally, we sell our products both directly to our customers and/or through our agents.

We produce mainly wood-based furniture using a variety of solid wood as well as composite wood materials. The main type of solid wood used by us is rubberwood, which is a sustainable material. The main types of composite wood used by us are veneer board, laminated board and MDF. Most of our home furniture products are exported. Approximately 98.42% and 99.03% of our revenue was derived from exports in FYE 2016 and FPE 2017 respectively. We have been exporting our home furniture products consistently to 14 countries for FYEs 2012, 2013, 2014, 2015, 2016 and up to the LPD.

6.2 PRODUCTS

Our home furniture products offerings are categorised into dining room, living room and bedroom categories. The types of home furniture products manufactured and sold by us are, amongst others, as follows:

Dining room furniture

- Chair
- Table



Living room furniture

- Table
- Sofa/ cabinet/ sideboard



Bedroom furniture

- Bed set
- Wardrobe
- Dressing set



6. BUSINESS OVERVIEW (Cont'd)

In terms of revenue contribution, dining room furniture, living room furniture and bedroom furniture contributed approximately 93.94%, 3.15% and 2.14% respectively, to our revenue for FYE 2016, and 93.13%, 4.17% and 1.67% respectively to our revenue for FPE 2017, whilst other furniture parts accounted for the remaining sales. A brief description of our home furniture products is provided below:

(i) Dining room furniture

We manufacture a broad collection of upholstered fabric and non-upholstered dining chairs. We produce dining tables to complement our dining chairs.

(ii) Living room furniture

We manufacture a range of furniture items for our living room category such as sofas, coffee tables, lamp tables, console tables, sideboards and television cabinets.

(iii) Bedroom furniture

We manufacture a range of furniture items for our bedroom furniture such as bed frames, nightstands, dressing tables and wardrobes.

(iv) Others

Others include the sales of furniture parts such as table tops and stool pads upon request from our customers, and sales of certain raw materials, and income derived from sawdust and scrap disposal.

Our home furniture products are manufactured based on in-house specifications and customised specifications. We manufacture according to customers' purchase orders and we do not enter into any long-term agreement with customers.

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6. BUSINESS OVERVIEW (Cont'd)**6.3 PRINCIPAL MARKETS**

Approximately 98.42% and 99.03% of our Group's revenue for FYE 2016 and FPE 2017 respectively, were attributed to export sales, and the segmental analysis of revenue by countries are as follows:

	FYE 2016 % of total revenue	FPE 2017 % of total revenue
<u>Overseas</u>		
Japan	22.54	21.38
US	17.97	18.96
Australia	15.13	15.69
UK	11.63	12.37
Singapore	2.82	3.36
Saudi Arabia	2.27	1.33
United Arab Emirates	1.44	1.07
China	1.81	1.26
Thailand	2.04	2.59
Poland	1.66	1.75
New Zealand	1.51	1.32
Canada	1.51	1.02
Spain	1.42	1.15
Greece	1.06	0.59
Sweden	2.80	1.97
Korea	0.99	1.00
Algeria	0.93	0.18
Others: Taiwan, Turkey, Columbia, Estonia, Mexico, Norway, Hong Kong, India, Tunisia, the Philippines, Chile, France, Germany, Albania, Argentina, Mauritius, Kenya, Cyprus, Latvia, Denmark, Netherlands, Oman, Bahrain, Kuwait, Egypt, South Africa, Vietnam, Ireland, Italy, Lebanon and Pakistan	8.89	12.04
	98.42	99.03
Local (Malaysia)	1.58	0.97
	100.00	100.00

6.4 SEASONALITY

Generally, there are no significant seasonality patterns in our sales during the past financial years due to the diversity of our customer base. However, our revenue for the 1st quarter (January to March) is slightly lower than the rest of the quarters (April to December). This is mainly due to the local festive season, namely Chinese New Year, which affects our delivery/production schedule.

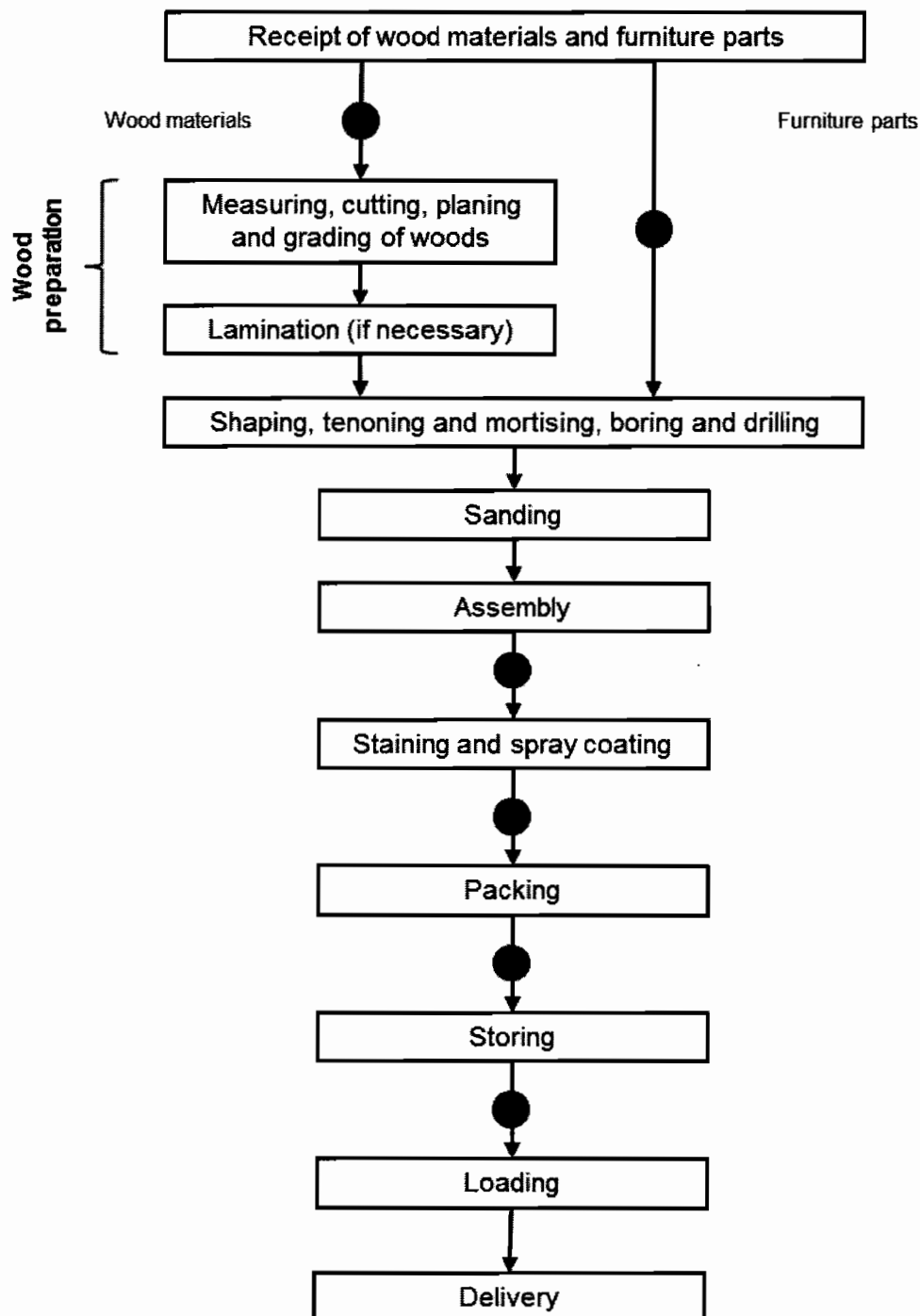
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6. BUSINESS OVERVIEW (Cont'd)

6.5 PRODUCTION PROCESS

Currently, our Group's manufacturing processes are carried out at our own factory premises located at Mukim Parit Bakar, Muar, Johor, and a tenanted factory located at Mukim Sungai Raya, Muar, Johor.

A summary of the principal steps involved in the production process of our home furniture products is as follows:



● QC inspection

6. BUSINESS OVERVIEW (Cont'd)

Inspection of wood materials and parts

When we receive the supply of wood materials from our suppliers, we conduct a visual and measurement inspection of the wood including the moisture content, thickness, colour and surface defects. We also source certain semi-finished furniture parts, such as table legs, chair legs, cushion and bendwood, from third party manufacturers as we do not have adequate production capacity to cater for our production needs and certain furniture parts require specific specialised machineries. If any defect is found during inspection, we will return defective wood materials and furniture parts to our suppliers for replacement and/or rework.

Measuring, cutting, planing and grading

Subsequent to the quality checks, the lumbers undergo cutting and then planing processes. In planing process, we use semi-automated 2-sided and 6-sided planers to remove rough fibres and to achieve an even thickness across the planks. They are then graded based on their appearance such as colour, grains, knots and marks on the surfaces and are bundled accordingly. Once graded, they are moved to the respective stores and ready for production.

Lamination

Lamination is a process of gluing pieces of S4S Lumbers to achieve the desired width and length of solid wood panels/ pieces. We use semi-automated glue spreading machine to apply glue, followed by using high frequency lamination machine to grip and dry the laminated wood panels.

Shaping, tenoning and mortising, boring and drilling processes

S4S Lumbers or laminated wood panels are then sent to shaping, tenoning and mortising, and/or boring and drilling processes. Shaping involves the use of the copy shaping machines or CNC routers to process the S4S Lumbers or laminated wood panels according to the designs and specifications. Other furniture parts such as table legs, chair legs and back rests are also sent for shaping. CNC tenoners are used to produce tenons, projections at the end of wooden parts that are to be inserted into mortises, which are cavities to receive tenons. Drilling/ mortising machines are used for the drilling of holes to facilitate the insertion of screws and the boring of holes for the back rest of chairs, panels, bed posts, table legs and chairs to enable the assembly of the various furniture parts.

Sanding

Sanding process involves the use of various sanding machines such as 3-head wide belt sanders and air sanders to smoothen the rough wooden surfaces. The furniture parts may then be touched up with wood filler to fill any dents and gaps, if required.

Assembly of furniture components

After sanding, the wooden parts are then assembled into furniture components. Subsequently, our in-house QC team conducts quality inspection to check for defects. Any defect found is returned to the respective production sections for rework.

6. BUSINESS OVERVIEW (Cont'd)

Staining and spraying

The sanded furniture components and/or parts are sent for staining and spraying. Certain furniture components and/or parts are sent for staining process which involves the application of dyes or pigments to achieve the desired base colour. This is followed by the spraying process which involves the application of sealer (i.e. undercoat) and lacquer (i.e. topcoat) on our products. In the spraying process, small-sized furniture components such as table legs, back rest of chairs and chair legs are placed onto an overhead conveyor with CNC electrostatic disc spraying machine for painting, and then carried through the oven. The furniture components are completely dried by the time they reach the end of the overhead conveyor. Larger furniture components such as cabinets, table tops and frames, are placed on cart conveyor systems and are manually sprayed using spray guns and then carried through the oven to accelerate the drying process. Once dried, the sprayed furniture components and/or parts are subject to QC check.

Packing and delivery

For fully-assembled furniture products, the furniture components and/or parts are assembled into completed furniture products before packing. For ready-to-assemble furniture products, the furniture components and/or parts are flat-packed along with necessary hardware and assembly instructions. Prior to packing and storing into our warehouse, our QC team inspects our home furniture products.

Following the loading of finished goods into the containers, the finished goods will be delivered to either Pasir Gudang port or Tanjung Pelepas port in Johor, Malaysia for shipment to overseas customers. The customers will then collect the products from the designated ports upon arrival.

Our QC team performs final inspection prior to loading the finished goods into containers.

6.6 RAW MATERIALS

Our major raw materials used in the production of our home furniture products and the principal sources of these raw materials are set out below:

- (i) wood materials:
 - (a) rubberwood which is mainly sourced locally;
 - (b) walnut/ oak wood which are mainly sourced from US; and
 - (c) other wood materials such as laminated board, veneer board, MDF, and particle board, which are sourced locally;
- (ii) furniture parts and components include semi-finished furniture parts, such as table legs, chair legs, cushions and bendwood, which are sourced from local third party manufacturers; and
- (iii) other materials such as fabric, coating materials, hardware and packing materials which are mainly sourced locally.

6. BUSINESS OVERVIEW (Cont'd)

The table below sets out the breakdown of our raw materials/ purchases:

	% of total purchases			
	FYE 2014 (%)	FYE 2015 (%)	FYE 2016 (%)	FPE 2017 (%)
Wood materials	49.92	51.34	51.45	53.28
Furniture parts and components	19.71	21.74	24.54	23.62
Other materials	30.37	26.92	24.01	23.10
Total	100.00	100.00	100.00	100.00

Supply and volatility in prices of raw materials

Our main raw materials used for our products are rubberwood and other wood-based materials such as veneer board and laminated boards, which made up approximately 51.45% and 53.28% of our total purchases in RM for FYE 2016 and FPE 2017 respectively. The prices of our main raw materials may fluctuate significantly due to supply-demand conditions.

It is our practice to find multiple sources of supply to obtain competitive prices. Some of our purchases of raw materials are made upon receipt of confirmed orders from our customers to minimise the impact of any adverse price fluctuations in our main raw materials. Our suppliers regularly keep us abreast of the supply condition and price trend of our main raw materials to ensure that we are aware and are prepared for increase in prices of raw materials.

Further, the main type of solid wood used by us is rubberwood, which is a sustainable material. Notwithstanding it is a sustainable material, there is no assurance that the supply of rubberwood will not be disrupted in the future and hence, our business operations may be affected.

6.7 TECHNOLOGY USED

The manufacturing of wood-based furniture is labour intensive and does not require the use of high technology. Labour is required for, amongst others, materials handling, assembly, packing and QC inspection. However, our manufacturing process involves the use of automated and/or semi-automated machineries and equipment, which include the following:

- various machines that cut, drill or create indentations, grooves and holes. The most sophisticated being the CNC-based machines, controlled by microprocessors and operated through computer programming, which cut and drill with precision;
- semi-automatic finger joint system, which allows for automated joining of two or more pieces of S4S Lumbers to achieve the desired length of wood panels/ pieces. The use of this machine results in better material usage efficiency due to the optimisation of use of short or odd sizes balance wood pieces; and
- CNC electrostatic disc spraying machine is used to apply the required stain, sealer and lacquer. Furniture components and/or parts are hung on the hanger line overhead conveyors which are delivered into a spray chamber. Finishing materials, such as lacquer, are atomised and electrostatically charged through high-speed spinning discs and are sprayed onto the furniture components and/or parts. This process ensures consistency in the finishing and savings in finishing materials.

6. BUSINESS OVERVIEW (Cont'd)

6.8 QUALITY CONTROL

We believe that our ability to consistently produce high quality home furniture products is one of the major factors of our success. As such, we place emphasis on the quality of our home furniture products, achieved through the adoption of stringent QC procedures throughout our manufacturing process. Upon request from customers, we send our final home furniture products for external testing by accredited inspection and testing bodies such as Bureau Veritas CPS Sdn Bhd and Société Générale de Surveillance SA (SGS). In addition, some of our major customers perform on-site inspection on our manufacturing process to ensure that our QC standards continue to meet their requirements. Wegmans Furniture obtained ISO 9001:2008 certification in November 2012 which is valid to September 2018 for the establishment and application of quality management system under the scope of 'manufacturing of home and office furniture'.

As at the LPD, we have a team of 16 QC staff to ensure that our QC procedures are adhered to for all our home furniture products throughout our production process.

Our main QC procedures throughout our production process include the following:

(i) Wood materials and furniture parts inspection

We conduct visual and measurement inspection on our purchases, such as wood materials, furniture parts, coating materials and packing materials. The checks are conducted by our QC team to ensure that these materials meet the specifications required in terms of quality and quantity upon receiving from our suppliers. For example, for wood materials, the areas of particular concern are moisture content, thickness, colour and surface defects.

(ii) Inspection during production process

Our QC team will undertake an inspection at our production line to ensure consistent product quality and finishing. All defective furniture components and/or parts found will be returned to the respective sections of the production line for rework.

QC checks are conducted to detect defects such as rough surfaces, dents, structure and functionality before sending the assembled furniture components and/or parts for staining and spraying.

Further QC inspections on defects in paint work and finishing are made prior to packing.

During packing of our finished home furniture products, our QC team will perform QC checks on defects, labelling and completeness of packaging.

(iii) Final inspection

Our QC team will perform final inspection on our packed home furniture products on sampling basis. After the QC inspection, the respective batch of home furniture products will be loaded into containers for shipment.

6. BUSINESS OVERVIEW (Cont'd)

6.9 DESIGN AND DEVELOPMENT

To differentiate ourselves and maintain our competitiveness, we emphasise on D&D to improve the quality and design of our home furniture products and develop new products in tandem with current market trends. As at the LPD, our Group has a D&D team headed by our Executive Director, Collin, and consists of 12 D&D staff.

The product D&D process is continuously assessed through the collaboration of the D&D team with the sales and marketing team. This enables product designs to be in line with the demand for those products. The D&D team introduces 50 to 120 new furniture designs annually for FYEs 2014, 2015 and 2016. A new furniture design comprises variations in furniture shape, style and structure.

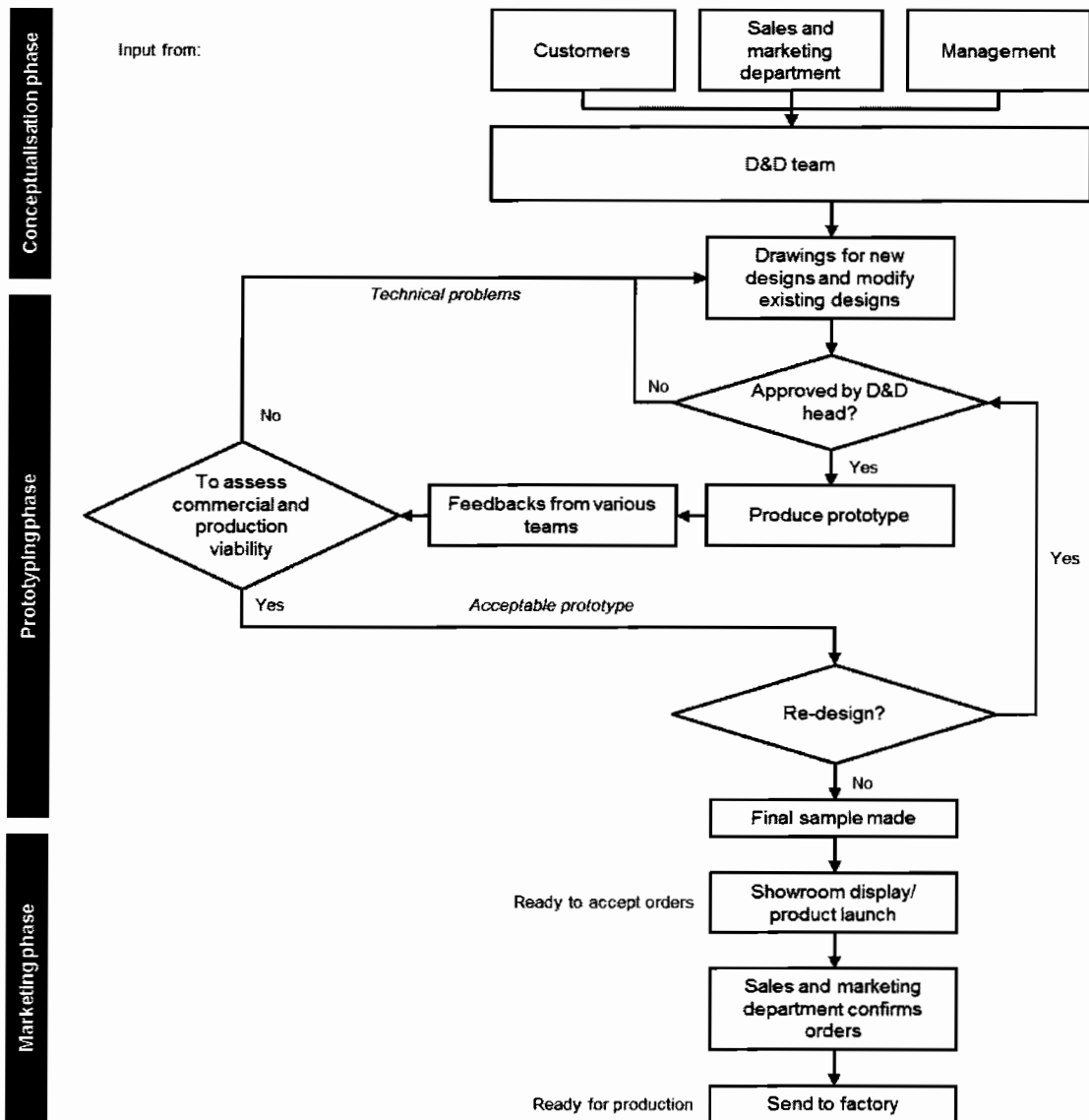
We recognise the importance of D&D in ensuring we remain competitive to sustain the continuous growth of our business. Through D&D activities, we aim to achieve the following:

- (i) to regularly introduce new designs that are in line with latest market trends;
- (ii) to create new designs or modify existing prototypes to reduce manufacturing costs and improve technical features; and
- (iii) to continuously monitor and analyse the latest design trends in the furniture market.

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6. BUSINESS OVERVIEW (Cont'd)

D&D process



Conceptualisation phase

Ideas for new designs come from our customers, sales and marketing department, D&D team and our management. The conceptualisation phase will be initiated by our D&D team who work closely with our sales and marketing department and production department to create new designs or modify existing ones. This phase involves collating all historical sales information to identify designs with commercial appeal as well as conducting market research and participating in furniture trade exhibitions and events to determine current trends and customer preferences. The D&D team considers the availability and prices of suitable raw materials, other production factors and related logistic issues. The analysis from the historical sales information and market research such as market trends, customers' lifestyle requirements from various countries will be used to generate new design ideas. Thereafter, the design drawings will be produced.

6. BUSINESS OVERVIEW (Cont'd)

Prototyping phase

The acceptability of a new design or model is largely dependent on several factors such as look and feel, cost effectiveness, practicality, functionality and safety. Our relevant departments will look into the raw material sourcing, production capacity and product costing. Sample pieces are then made by us. This sample will be subject to review by our production department for the production viability and our sales and marketing team for commercial viability of our new design.

The acceptable prototype may be re-designed and/or modified, if necessary, based on feedbacks solicited from the various teams. Thereafter, the re-designed and/or modified designs will be re-tested before a final sample is being made and ready to be launched in furniture trade exhibitions and events.

Marketing phase

New designs are launched during the furniture trade exhibitions and events and are displayed at our showroom for customers to visit. Upon request, samples will be shipped to our customers for their marketing activities. Customers will then confirm their orders with our sales and marketing department. Following this, the orders will flow into the production department.

Our production team will commence production based on its production plan after taking into consideration the sales orders received, the required designs and materials, production lead time required and current production capacity.

Alternatively, where our customers provide the product designs and specifications, our production team will produce our home furniture products in accordance with the required specifications based on the design drawings provided.

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6. BUSINESS OVERVIEW (Cont'd)

6.10 MAJOR LICENCES, PERMITS AND APPROVALS

As at the LPD, details of our major licences, permits and approvals for our operations are as follows:

Company	Description of licences/ permits/ approvals	Approving authority	Permit/ Licence/ Registration no.	Date of grant or renewal/ Expiry date	Salient conditions	Status of compliance
Wegmans Furniture	Manufacturing Licence for Block A	MITI	A017602	Issue date: 6 May 2010 Expiry date: Not applicable	<ul style="list-style-type: none"> (i) The site at Lot 6815, Jalan Bakri, Batu 7 ½, 84200 Muar, Johor ⁽¹⁾ is subject to the approval of relevant state government and the department of environment. (ii) The company shall notify the MITI in the event of any sale of shares in the company. (iii) The company is not allowed to use logs in its production without the prior permission of the relevant state forest department. (iv) The company shall train Malaysian citizens to ensure that the transfer of technology and expertise is transmitted at all levels of employment. (v) The company shall implement projects which are approved in accordance with the laws and regulations enforced in Malaysia. 	Complied
Wegmans Furniture	Manufacturing Licence for Block B	MITI	A016059	Issue date: 6 April 2007 Expiry date: Not applicable	<ul style="list-style-type: none"> (i) The site at Lot 6816, Jalan Bakri, Batu 7 ½, 84200 Muar, Johor ⁽¹⁾ is subject to the approval of relevant state government and the department of environment. (ii) The company shall notify the MITI in the event of any sale of shares in the company. (iii) The company is not allowed to use logs in its production without the prior permission of the relevant state forest department. (iv) The company shall train Malaysian citizens to ensure that the transfer of technology and expertise are transmitted to all levels of employment. (v) The company shall implement projects which are approved in accordance with the laws and regulations enforced in Malaysia. 	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Description of licences/ permits/ approvals	Approving authority	Permit/ Licence/ Registration no.	Date of grant or renewal/ Expiry date	Salient conditions	Status of compliance
Wegmans Furniture	Manufacturing Licence for Block C	MITI	A017819	Issue date: 6 October 2010 Expiry date: Not applicable	(i) The site at Lot 6655, Jalan Bakri, Batu 7 ½, 84200 Muar, Johor ⁽¹⁾ is subject to the approval of relevant state government and the department of environment. (ii) The company shall notify the MITI in the event of sale of shares in the company. (iii) The company is not allowed to use logs in its production without the prior permission of the relevant state forest department. (iv) The company shall train Malaysian citizens to ensure that the transfer of technology and expertise is transmitted at all levels of employment. (v) The company shall implement its projects which are approved in accordance with the laws and regulations enforced in Malaysia.	Complied
Wegmans Furniture	Special Business License for Block A (Licence for furniture factory)	Muar Municipal Council	L00375	Issue date: 1 January 2018 Expiry date: 31 December 2018	None	-
Wegmans Furniture	Special Business License for Block B (Licence for store, furniture management service office/ and advertisement)	Muar Municipal Council	L00392	Issue date: 1 January 2018 Expiry date: 31 December 2018	None	-
Wegmans Furniture	Special Business License for Block C (Licence for furniture factory)	Muar Municipal Council	L00384	Issue date: 1 January 2018 Expiry date: 31 December 2018	None	-

6. BUSINESS OVERVIEW (Cont'd)

Company	Description of licences/ permits/ approvals	Approving authority	Permit/ Licence/ Registration no.	Date of grant or renewal/ Expiry date	Salient conditions	Status of compliance
Wegmans Furniture	Special Business Licence for Block C (Licence for furniture factory and store)	Muar Municipal Council	L00388	Issue date: 1 January 2018 Expiry date: 31 December 2018	None	-
Wegmans Furniture	Special Business Licence for rented factory (Licence for furniture factory and store)	Muar Municipal Council	L07704	Issue date: 1 January 2018 Expiry date: 31 December 2018	None	-
Wegmans Furniture	Certificate of Registration as exporter and supplier of wood products (Type J)	Malaysian Timber Industry Board	4061	Issue date: 7 February 2013 Renewal date: 15 March 2017 Expiry date: 31 March 2018	None	-
Wegmans Furniture	Licence to site, erect, establish, operate or maintain a woodworking/ furniture/ wood moulding factory	Johor Forestry Department	2/2017	Issue date: 11 December 2017 Renewal date: 8 January 2018 Expiry date: 31 December 2018	(i) The company shall not: (a) transfer the ownership of the licence; (b) rent, lease, lend, control or sell the whole factory or any part of it or any equipment or any part of it; or (c) make any changes in the shareholding of the factory or any part of it without the written approval of the relevant state government. (ii) The woodworking/ furniture/ wood moulding factory must consist of the machinery listed in Appendix B of the licence and no machine may be added to the list or removed from the factory without the written permission of the State Forestry Director.	Noted

6. BUSINESS OVERVIEW (Cont'd)

Company	Description of licences/ permits/ approvals	Approving authority	Permit/ Licence/ Registration no.	Date of grant or renewal/ Expiry date	Salient conditions	Status of compliance
Wegmans Furniture	License to site, erect, establish, operate or maintain a woodworking/ furniture/ wood moulding factory (Cont'd)	Johor Forestry Department	2/2017	Issue date: 11 December 2017 Renewal date: 8 January 2018 Expiry date: 31 December 2018	(iii) The woodworking/ furniture/ wood moulding factory must be built in accordance with the building plan, site, order and building which has been approved by the State Forestry Director, and no changes or additions may be carried out without the written permission of the State Forestry Director. (iv) The woodworking/ furniture/ wood moulding factory must be used to process finished wood products or partially finished wood products from wood, cane, bamboo and other forest produce. No logs of any kind, including logs which have been cut into two or four, can be brought into and/or processed in the factory. (v) Large wood materials are not allowed to be sold directly or indirectly to the export or local market. (vi) The company must keep a record which shows the wood, cane, bamboo and other forest produce that have been brought into the factory to be processed, and the finished wood products or partially finished wood products produced by the factory on a daily basis. (vii) The woodworking/ furniture/ wood moulding factory must be kept clean at all times and all discharges, emissions, waste, noise pollution and air pollution must comply with the standards as stipulated under the Environmental Quality Act 1974.	Noted


Note:

- (1) The 3 plots of land on which Block A, Block B and Block C have been amalgamated and a new title known as PTD 6967, Mukim Parit Bakar, District of Muar, Johor held under Hakmilik Sementara (Mukim) 2571 has been issued.

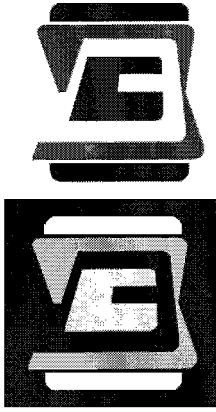
6. BUSINESS OVERVIEW (Cont'd)

6.11 INTELLECTUAL PROPERTY

We have registered the following trademark with the Intellectual Property Corporation of Malaysia:

Trademark logo	Registered owner/ registrant	Class no.	Description of class heading of trademark	Application no.	Validity period
	Wegmans Furniture	Class 20	Audio racks (furniture) for use with audio equipment; bathroom furniture; bedroom furniture; boards in the nature of furniture; cabinets in the nature of furniture; computer furniture; cupboards being furniture; display furniture; doors for furniture; beds; chair (seats); cupboards; cushions; deck chairs; desk (furniture); dressing tables; filing cabinets; furniture; mattresses; mirrors (looking glass); office furniture; rack (furniture); shelves for filing cabinets (furniture) sofas; all included in Class 20	09008566	26 May 2009 to 26 May 2019

As at the LPD, save for the registration application submitted to the Registrar of Trade Marks to safeguard the interest of the trade mark logo below, no other intellectual and industrial property has been registered by our Group:

Trademark logo	Registered owner/ registrant	Class no.	Description of class heading of trademark	Application no.	Validity period
	Wegmans	20	Furniture, picture frames, goods (not included in other classes) all included in Class 20 (Furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics)	2017057905	18 April 2017 to 18 April 2027

6.12 DEPENDENCE ON CONTRACTS/ ARRANGEMENTS/ PATENTS/ LICENCES

As at the LPD, save for the major licenses, permits and approvals as set out in **Section 6.10** of this Prospectus, our Group is not highly dependent on any other contracts/ arrangements/ patents/ licences.

6. BUSINESS OVERVIEW (Cont'd)**6.13 MAJOR CUSTOMERS**

Our major customers (i.e. those individually contributing 10% or more of our Group's revenue) for each of the past 3 FYEs 2014, 2015 and 2016 as well as FPE 2017 are as follows:

Name of customer	Country of export	Years of relationship	Business segment	As a % of total revenue							
				FYE 2014		FYE 2015		FYE 2016		FPE 2017	
				(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Nitori Co Ltd	Japan	7	Retailer of home furnishing products	4,377	11.10	12,614	19.05	15,373	17.95	11,239	17.73
Super A-Mart Pty Ltd	Australia	16	A chain of furniture, bedding, and outdoor retail stores	2,672	6.78	3,231	4.88	7,964	9.30	6,477	10.22
Home Retail Group (Hong Kong) Limited	UK	7	A chain of home and general merchandise retail stores	6,694	16.98	10,898	16.46	5,842	6.82	3,577	5.64

With our diversified customer base originating from many different countries and our top customers each currently accounting for less than 20%, we believe we are not overly dependent on any single customer. In addition, we do not have any long-term agreements or arrangements with any of our major customers and our home furniture products are manufactured based on a 'made-to-order' basis.

We have good business relationships with our major customers and have not encountered any major problems in our past dealings with them.

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6. BUSINESS OVERVIEW (Cont'd)**6.14 MAJOR SUPPLIERS**

Our major suppliers (i.e. those individually contributing 10% or more of our Group's purchases) for each of the past 3 FYEs 2014, 2015 and 2016 as well as FPE 2017 are as follows:

Name of supplier	Country of origin	Years of relationship	Raw materials	As a % of total purchases							
				FYE 2014		FYE 2015		FYE 2016		FPE 2017	
				(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Chinfon Furniture Marketing Sdn Bhd ⁽¹⁾	Malaysia	7	Rubberwood and laminated board	2,149	10.27	2,986	10.01	-	-	-	-
Chinfon Timber ⁽¹⁾	Malaysia	4	Rubberwood and laminated board	-	-	234	0.78	4,154	10.44	2,247	7.03
Plymax Veneer Sdn Bhd	Malaysia	17	Veneer board and MDF	1,980	9.46	3,252	10.90	3,915	9.84	3,329	10.42

Note:

(1) Chinfon Timber is owned by a sole proprietor who is also a director and shareholder of Chinfon Furniture Marketing Sdn Bhd with approximately 17.78% equity interest (based on the Companies Commission of Malaysia search dated 17 January 2018).

Our main raw materials include rubberwood and other wood materials such as laminated board, veneer board, MDF and particle board. We do not have any long-term agreements or arrangements with any of our major suppliers. Over the years, we have built good business relationships with our suppliers. We believe we are not overly dependent on any single supplier. As at the LPD, our Group has not encountered any significant production disruption due to shortage of supply of major raw materials.

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6. BUSINESS OVERVIEW (Cont'd)

6.15 LOCATION OF OPERATIONS, PLANT AND EQUIPMENT, AND PRODUCTION CAPACITY

6.15.1 Locations of operations

As at the LPD, the details of the properties owned by our Group are as follows:

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Land use	Description and existing use	Date of issuance of Certificate of Fitness for Occupation/ Certificate of Completion and Compliance	Approximate age of building	Total land area (sq. ft.)	Built up area (sq. ft.)	Carrying value as at 30 September 2017 (RM'000)	Major encumbrances
Wegmans Furniture	Lot 2814 Mukim Parit Jawa District of Muar Johor Held under Geran 96064	Located at Jalan Ayer Manis, Mukim Parit Jawa, Daerah Muar, Johor	Freehold	No specific land use (zoned for industrial use)	Construction work in progress to build 2 blocks of single storey factories with a double storey production office in each block for raw material storage and wood preparation	-	Not applicable	254,436	Not applicable	6,394	Charge created by Wegmans Furniture in favour of HSBC Amanah Malaysia Berhad registered on 23 November 2015 via presentation no. 89442/2015 and HSBC Bank Malaysia Berhad registered on 4 December 2016 via presentation no. 85422/2016

6. BUSINESS OVERVIEW (Cont'd)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Land use	Description and existing use	Date of issuance of Certificate of Fitness for Occupation/ Certificate of Completion and Compliance	Approximate age of building	Total land area (sq. ft.)	Built up area (sq. ft.)	Carrying value as at 30 September 2017 (RM'000)	Major encumbrances
Wegmans Furniture	PTD 6967, Mukim Parit Bakar, District of Muar, Johor held under Hakmilik Sementara (Mukim) 2571 ⁽¹⁾	Lot PTD 3504, Jalan Bakri, Batu 7 1/2, 84200 Muar, Johor	99 years lease expiring on 12 April 2099 (unexpired lease term: 82 years)	Industrial	Block A – A single storey factory for furniture parts processing	6 December 2006 ⁽²⁾	11 years	Total Land area of PTD 6967: 249,563	55,952	2,896	Charges created by Wegmans Furniture in favour of HSBC Bank Malaysia Berhad registered on 27 November 2008, 20 October 2014 and 3 October 2017 via presentation nos. 6646/2008 and 5349/2014 and 3884/2017.
					Block B – A 3-storey building head/management office and showroom which is connected to a single storey factory for spraying facilities	12 June 2006 ⁽²⁾	11 years		49,400	3,026	
					Block C – A single storey factory for packing, storing and loading	1 December 2010 ⁽²⁾	7 years		42,846	2,571	

6. BUSINESS OVERVIEW (Cont'd)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Land use	Description and existing use	Date of issuance of Certificate of Fitness for Occupation/ Certificate of Completion and Compliance	Approximate age of building	Total land area (sq. ft.)	Built up area (sq. ft.)	Carrying value as at 30 September 2017 (RM'000)	Major encumbrances
Wegmans Furniture	Lot 2618 Mukim Parit Jawa District of Muar	Located at Jalan Ayer Manis, Mukim Parit Jawa, Daerah Muar, Johor	Freehold	Agricultural (zoned for industrial use) ⁽³⁾	4 parcels of contiguous vacant land intended to be used for new production lines, new head/ management office, new showroom and workers' hostel. As at the LPD, the construction has yet to commence.	-	Not applicable	243,559	Not applicable	4,109	Charge created by Wegmans Furniture in favour of Ambank Islamic Berhad registered on 17 October 2016 via presentation no. 4313/2016
	Johor Held under Geran Mukim 2416										
Wegmans Furniture	Lot 2619 Mukim Parit Jawa District of Muar	Located at Jalan Ayer Manis, Mukim Parit Jawa, Daerah Muar, Johor	Freehold	Agricultural (zoned for industrial use) ⁽³⁾	4 parcels of contiguous vacant land intended to be used for new production lines, new head/ management office, new showroom and workers' hostel. As at the LPD, the construction has yet to commence.	-	Not applicable	229,701	Not applicable	3,888	Charge created by Wegmans Furniture in favour of Ambank Islamic Berhad registered on 17 October 2016 via presentation no. 4313/2016
	Johor Held under Geran Mukim 2417										
Wegmans Furniture	Lot 2620 Mukim Parit Jawa District of Muar	Located at Jalan Ayer Manis, Mukim Parit Jawa, Daerah Muar, Johor	Freehold	Agricultural (zoned for industrial use) ⁽³⁾	4 parcels of contiguous vacant land intended to be used for new production lines, new head/ management office, new showroom and workers' hostel. As at the LPD, the construction has yet to commence.	-	Not applicable	226,139	Not applicable	3,831	Charge created by Wegmans Furniture in favour of Ambank Islamic Berhad registered on 17 October 2016 via presentation no. 4313/2016
	Johor Held under Geran Mukim 2418										
Wegmans Furniture	Lot 2621 Mukim Parit Jawa District of Muar	Located at Jalan Ayer Manis, Mukim Parit Jawa, Daerah Muar, Johor	Freehold	Agricultural (zoned for industrial use) ⁽³⁾	4 parcels of contiguous vacant land intended to be used for new production lines, new head/ management office, new showroom and workers' hostel. As at the LPD, the construction has yet to commence.	-	Not applicable	205,998	Not applicable	3,508	Charge created by Wegmans Furniture in favour of Ambank Islamic Berhad registered on 17 October 2016 via presentation no. 4313/2016
	Johor Held under Geran Mukim 2419										

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) Block A, Block B and Block C are erected on 3 plots of land which are located contiguously. The 3 plots of land on which Block A, Block B and Block C have been amalgamated and a new title known as PTD 6967, Mukim Parit Bakar, District of Muar, Johor held under Hakmilik Sementara (Mukim) 2571 has been issued. The land titles for the 3 plots of land detailed below have been replaced with the new title:
 - (a) Block A - Lot 6815 Mukim Parit Bakar District of Muar Johor held under Pajakan Mukim 17;
 - (b) Block B - Lot 6816 Mukim Parit Bakar District of Muar Johor held under Pajakan Mukim 18; and
 - (c) Block C - Lot 6655 Mukim Parit Bakar District of Muar Johor held under Pajakan Mukim 4.
- (2) There are connecting structures between Block A with Block B, and Block B with Block C ("**Connections**"). An independent engineering firm has confirmed, vide its letter dated 25 April 2017, that the issuance of certificate of completion and compliance is not required on the Connections.
- (3) Jurukur Tanahmas Sdn Bhd had, on 13 November 2016, submitted an application to Land Office Muar in relation to the amalgamation of Lots No. 2618, 2619, 2620 and 2621 and conversion of the land use from agricultural to industrial concurrently ("**Application**"). The approval for the Application is expected to be obtained by fourth quarter of calendar year 2018.

Zahiruddin Town Planning Services and CSM Consultant had, on 27 August 2017, submitted applications for planning permission and building plan approvals concurrently to the One-Stop-Centre of Majlis Perbandaran Muar. It is estimated that the approvals for planning permission and building plan will be obtained by fourth quarter of calendar year 2018, after having obtained the approval for the land amalgamation and conversion as mentioned above.

The construction is expected to commence after obtaining the abovementioned approvals and is expected to be completed within 1 year from the date of commencement i.e. by fourth quarter of calendar year 2019. After all construction work on site has been completed, it will require 4 to 5 months for the issuance of certificate of completion and compliance i.e. by second quarter of calendar year 2020.

6. BUSINESS OVERVIEW (Cont'd)

As at the LPD, the details of properties rented by our Group are as follows:

Tenant	Registered owner	Address	Tenure/ Date of expiry of lease	Description and existing use	Rental floor area ⁽¹⁾ (sq. ft.)	Monthly rental
Wegmans Furniture	Poh Huat Furniture Industries (M) Sdn Bhd	PLO 40, Jorak Industrial Area Mukim Sungai Raya 84300 Bukit Pasir Muar, Johor	Tenancy commenced on 1 April 2017 and will expire on 31 March 2018 ⁽²⁾	Rental of factory for wood preparation and raw material storage	36,000	RM18,000
Wegmans Furniture	Gwee Hiang Piew	No. 6, Jalan Perwira Taman Perwira Bukit Bakri 84200 Muar, Johor	Tenancy commenced on 1 March 2016 and will expire on 28 February 2018 ⁽²⁾	Rental of hostel for local employees	992	RM450

Note:

- (1) Based on the respective registered owners' estimated total rental floor area.
- (2) Our Group intends to further extend our tenancies for another 1 year and is in the midst of finalising the agreements with the landlords.

As at the LPD, our Group is not in breach of any law, rules and building regulations in relation to the use of the properties. Our Directors wish to highlight that with respect to the properties owned and rented by our Group, there are no environmental issues that may materially affect our Group's business operations and utilisation of the above properties.

Save as disclosed in **Section 3.8** of this Prospectus, as at the LPD, our Group does not have any material plans to construct, expand, or improve our facilities.

6. BUSINESS OVERVIEW (Cont'd)**6.15.2 Major plant and equipment**

As at the LPD, the details of the major plant and equipment owned by our Group are as follows:

Plant and equipment	Carrying value as at 30 September 2017 (RM'000)	(units)
Ultraviolet roller coaster system	459	1
Planer sander	277	2
Ultraviolet coating machine	381	1
Automatic finger joint fabrication equipment	181	1
Automatic finger joint system	586	1
Optimising cutting machine	358	1
High frequency edge glue machine	211	1
6 spindle moulder	402	2
4 spindle moulder	333	2
Curved sanding machine	174	4

6.15.3 Production capacity

The estimated annual production output and the utilisation capacity of our Group's manufacturing facilities for the past 3 FYEs 2014, 2015 and 2016 as well as FPE 2017 are as follows:

Products	Annual production (units)	Estimated annual production capacity (units)	Capacity utilisation (%)
FYE 2014			
Chairs	316,488	475,658	66.54
Tables	95,802	160,237	59.79
FYE 2015			
Chairs	390,654	475,658	82.13
Tables	138,083	⁽¹⁾ 192,284	71.81
FYE 2016			
Chairs	439,374	475,658	92.37
Tables	168,791	192,284	87.78
FPE 2017			
Chairs	327,428	356,743	91.78
Tables	127,454	144,213	88.38

Note:

(1) Our Group has upgraded the pallet conveyor facility in May 2015 and the annual production capacity for tables has increased as a result of the facility upgrade.

Presently, our production (for chairs) is running on 2 shifts per day of 8 hours for 6 working days per week whilst, our production (for tables) is running on 1 shift per day of 8 hours for 6 working days.

Save as disclosed in **Section 6.17** of this Prospectus, we have not experienced any major constraints in our production or operating activities.

6. BUSINESS OVERVIEW (Cont'd)

6.16 SALES AND MARKETING

As at the LPD, our Group's sales and marketing department consists of 9 sales and marketing staff and is headed by our marketing manager, Keh Hwee Eng. Our sales and marketing staff are responsible for liaising with customers, providing them with information on our home furniture products, taking sales orders and addressing their sales needs. They also directly gather feedbacks from customers on our home furniture products to better understand market trends and consumer preferences. Information gathered by our sales and marketing team allows us to be responsive towards market changes and the evolving needs of consumers.

As part of our sales and marketing efforts, we carry out, amongst others, the following activities:

(i) Keeping abreast of market developments and opportunities

Our sales and marketing team is kept abreast of the current market trends through its participation in furniture trade exhibitions and events. Such furniture trade exhibitions and events allow us to showcase our new home furniture models to potential customers, which consist of wholesalers, retailers, chain stores and traders. The participation also allows us to increase the exposure and awareness of our home furniture products in the international platform. We participate in international furniture trade exhibitions and events such as the Malaysian International Furniture Fair, China International Furniture Expo (Shanghai), China International Furniture Fair (Guangzhou) and Internationale Möbelmesse (Cologne, Germany). Such furniture trade exhibitions and events provide us with a platform to meet potential customers and to collate relevant market information and trends.

(ii) Product design support services

Our sales and marketing team works closely with our customers to obtain their requirements, feedbacks and recommendations on our home furniture products. They in turn work closely with our D&D team to look into areas such as product designs, product specifications and quality improvement in order to ensure that our home furniture products are in line with market trends and customers' demands.

6.17 INTERRUPTION IN BUSINESS OPERATIONS

There was a fire accident that occurred in March 2017 which resulted in damage to certain parts of the property, plant and equipment and loss of inventory work-in-progress amounting to approximately RM0.75 million. Based on our management's estimation, this incident affected one of the spraying lines for approximately 9 working days. We have since implemented more stringent inspections on our machineries and fire fighting systems as a preventive measure.

Notwithstanding the loss from the above fire incident, our Group did not experience any business interruption that has significantly affected our business operations during the 12-month period prior to the date of this Prospectus.

6. BUSINESS OVERVIEW (Cont'd)

6.18 COMPETITIVE STRENGTHS**(i) Wide selection of designs for home furniture products made available through continuous product D&D activities**

Currently, we have the capability to produce furniture products such as living room furniture, dining room furniture and bedroom furniture. The wide selection of designs for our home furniture products are made possible through our continuous product D&D efforts led by our Executive Director, Collin and our D&D manager, Sim Hwee Boon. They provide our D&D team with the design direction, through hands-on management and extensive design experience. The ability to produce furniture products from our own design enables us to take control of the type of materials and colour used, and manage our production costs.

(ii) Stringent QC

The furniture industry in Malaysia is highly fragmented with a few thousand furniture manufacturers operating in Malaysia. Hence, it is not possible for a single company to dominate the industry. Most furniture manufacturers possess similar manufacturing facilities due to the homogeneous nature of the production process of manufacturing of furniture. In this industry, profitability is mainly driven by quality, cost efficiency, reliability and optimum use of resources. We place strong emphasis to produce high quality home furniture products that meet the demands and expectations of our customers. We apply stringent QC in our production process and our quality management system is in line with ISO 9001:2008. With stringent QC at relevant stages of our production process, we are able to ensure product quality and minimise wastage and defects. Upon request from customers, we send our final home furniture products for external testing by accredited inspection and testing bodies and some of our Group's major customers perform on-site inspection on our manufacturing process.

(iii) Established business relationships

We believe that established business relationships play a vital role in our growth. This is reflected in the business relationship we have built with our customers and suppliers.

Over the years, we have nurtured long-term business relationship with our major customers (i.e. those individually contributing 10% or more of our Group's revenue for the past 3 FYEs) who have been with us for more than 5 years. Owing to our product quality, we have established a track record which provides us with an edge in retaining our present pool of customers as well as attracting new customers. We also observe developments in the latest consumer tastes and trends in home furniture through regular contacts with our customers.

In addition, we have established long-term business relationships with our major suppliers (i.e. those individually contributing 10% or more of our Group's purchases for the past 3 FYEs) who have dealt with us for more than 5 years. Owing to good relationships with our major suppliers, we are confident of continued support and timely supply of materials from them. In addition, we also enjoy competitive prices and good credit terms from our major suppliers. These long-term business relationships enable us to maintain our overall competitive edge in the home furniture industry.

6. BUSINESS OVERVIEW (Cont'd)

6.19 FUTURE PLANS AND PROSPECTS**6.19.1 Future plans and strategies**

We intend to focus on the following business strategies for the future growth and expansion of our business:

(i) To increase our production capacity

Our Group intends to expand and increase our production capacity by constructing new factory premises on our 4 parcels of acquired land identified as Lots 2618, 2619, 2620 and 2621 in Mukim Parit Jawa, Muar, Johor, measuring a total of approximately 905,397 sq. ft. The land will be developed in 3 phases as detailed in **Section 3.8(i)** of this Prospectus.

We intend to utilise approximately RM22.00 million from our IPO proceeds for the development of Phase 1, of which approximately RM11.00 million will be utilised for the construction of a new factory for manufacturing production and its accompanying new head/ management office, new showroom and workers' hostel, and approximately RM11.00 million for the purchase of machineries and equipment for the new factory for manufacturing production.

As at the LPD, we have yet to commence construction as the approvals from the relevant authorities have yet to be obtained. The construction is expected to be completed within 1 year from the commencement date, i.e. by fourth quarter of calendar year 2019. It is expected that our new factories for manufacturing production and its accompanying new head/ management office, new showroom and workers' hostel will be fully operational by second quarter of calendar year 2020.

Upon completion of the development of Phase 1, this will enable our Group to increase our production capacity to cater to the rising sales order for our home furniture products. For FYE 2016, our maximum production capacity is approximately 0.48 million units of chairs and 0.19 million units of tables per annum with our capacity utilisation of approximately 92.37% and 87.78% respectively. The completion of the new plant will double our annual production capacity to approximately 0.96 million units of chairs and 0.38 million units of tables.

(ii) To further expand and diversify our customer base

Approximately 98.42% and 99.03% of our revenue were derived from exports in FYE 2016 and FPE 2017 respectively. We have been exporting our home furniture products consistently to 14 countries for FYEs 2012, 2013, 2014, 2015, 2016 and up to the LPD.

We will continue to grow our business by focusing on the export markets. We envisage that there is potential to further broaden our customer base in the export markets in view of our successful export track record to-date, as we are able to leverage on these as references for any new potential customers. To achieve this, we plan to increase our marketing efforts by participating in international furniture trade exhibitions and events mainly held in European countries such as Internationale Möbelmesse, Cologne, Germany and Salone del Mobile, Milano, Italy and we will source suitable sales agents to market our home furniture products by first quarter of calendar year 2019.

6. BUSINESS OVERVIEW (Cont'd)

We believe that by expanding our presence to new customers, we can increase our revenue sources. The export market would continue to provide our Group with growth prospects as the global furniture market is large and remains a growth market. According to SMITH ZANDER's report, global furniture consumption grew by a CAGR of 1.30% from 2012 to 2016, from an estimated USD376.00 billion (RM1.16 trillion) to USD396.00 billion (RM1.64 trillion). With the opportunities available in the global furniture market, we will remain committed in growing our export sales to ensure the long-term sustainability of our Group.

(iii) To increase our product range and develop new product designs

Moving forward, our Group aims to remain focused on manufacturing and sale of dining room furniture. Nonetheless, to remain competitive in the home furniture industry, we also plan to increase our product range for living room and bedroom furniture and to develop new product designs across all categories.

We will continue to diversify our home furniture product range through on-going product D&D efforts in order to cater to the demand of our existing customers and to capture a larger share of the home furniture market. In addition, we will conduct research to understand the needs and expectations of our major export markets to produce innovative concept design. We target to release more than 50 new product designs every year.

6.19.2 Prospects

As stated in the executive summary of the IMR report enclosed in **Section 7** of this Prospectus, the furniture industry in Malaysia produced RM14.58 billion worth of furniture in 2016, in which approximately 67.50% were exported globally. In 2016, the value of furniture exports represented 1.25% of total exports from Malaysia. Over the past 5 years, Malaysia's furniture export industry grew from RM8.24 billion in 2012 to RM9.84 billion in 2016, registering a CAGR of 4.54% during the period.

According to SMITH ZANDER's report, the prospects of our Group will be supported by the growing demand for imported home furniture globally as well as in Japan, US, Australia and UK, driven by growing population, improvement in the housing sales, increasing household expenditure and lower domestic production of home furniture, contributing to the following projected growth:

- (i) the global home furniture import value to increase from an estimated USD143.85 billion (RM596.36 billion) in 2017 to USD152.85 billion (RM633.67 billion) in 2019, at a CAGR of 3.08%;
- (ii) Japan home furniture import value to increase from an estimated USD5.25 billion (RM21.76 billion) in 2017 to USD5.35 billion (RM22.18 billion) in 2019, at a CAGR of 0.95%;
- (iii) US home furniture import value to increase from an estimated USD48.66 billion (RM201.73 billion) in 2017 to USD56.54 billion (RM234.40 billion) in 2019, at a CAGR of 7.79%;
- (iv) Australia home furniture import value to increase from an estimated USD2.70 billion (RM11.19 billion) in 2017 to USD2.75 billion (RM11.40 billion) in 2019, at a CAGR of 0.92%; and

6. BUSINESS OVERVIEW (Cont'd)

- (v) UK home furniture import value to increase from an estimated USD7.70 billion (RM31.92 billion) in 2017 to USD7.94 billion (RM32.92 billion) in 2019, at a CAGR of 1.55%.

Premised on our future plans and strategies as highlighted above, our competitive strengths as highlighted in **Section 6.18** of this Prospectus, and the prospects and outlook of the furniture industry as set out in **Section 7** of this Prospectus, our Board is of the view that our Group will enjoy positive growth and favourable prospects in the long-term.

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7. INDUSTRY OVERVIEW

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SMITH ZANDER

The Board of Directors

WEGMANS HOLDINGS BERHAD
Lot PTD 3504
Jalan Bakri, Batu 7½
84200 Muar
Johor

Dear Sirs/Madam,

Industry Overview of the Furniture Industry in Malaysia and the Home Furniture Markets in Japan, United States, Australia and United Kingdom

This Industry Overview of the furniture industry in Malaysia and the home furniture markets in Japan, United States, Australia and United Kingdom has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus in conjunction with the listing of Wegmans Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

For and on behalf of SMITH ZANDER:



DENNIS TAN
MANAGING PARTNER

7. INDUSTRY OVERVIEW (Cont'd)

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1 INTRODUCTION

Objective of the Study

This Industry Overview has been prepared in conjunction with the listing of Wegmans Holdings Berhad ("Wegmans") on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this Industry Overview is to provide an independent view of the industry and market(s) in which Wegmans operates in and to offer a clear understanding of the industry and market dynamics.

Rationale and Scope of Work

Wegmans is principally involved in the design, manufacture and sale of home furniture products.

The scope of work for this Industry Overview will thus address the following three areas:

- (i) The furniture industry in Malaysia, which is the industry in which Wegmans operates in;
- (ii) The global home furniture market, as Wegmans exported 98.42% of its products globally in the financial year end ("FYE") 31 December 2016; and
- (iii) The home furniture markets in Japan, United States ("US"), Australia and United Kingdom ("UK"), as these are the top four countries where Wegmans exports its products to. The revenue contribution from these four countries was 67.27% of Wegmans' total revenue for FYE 31 December 2016.

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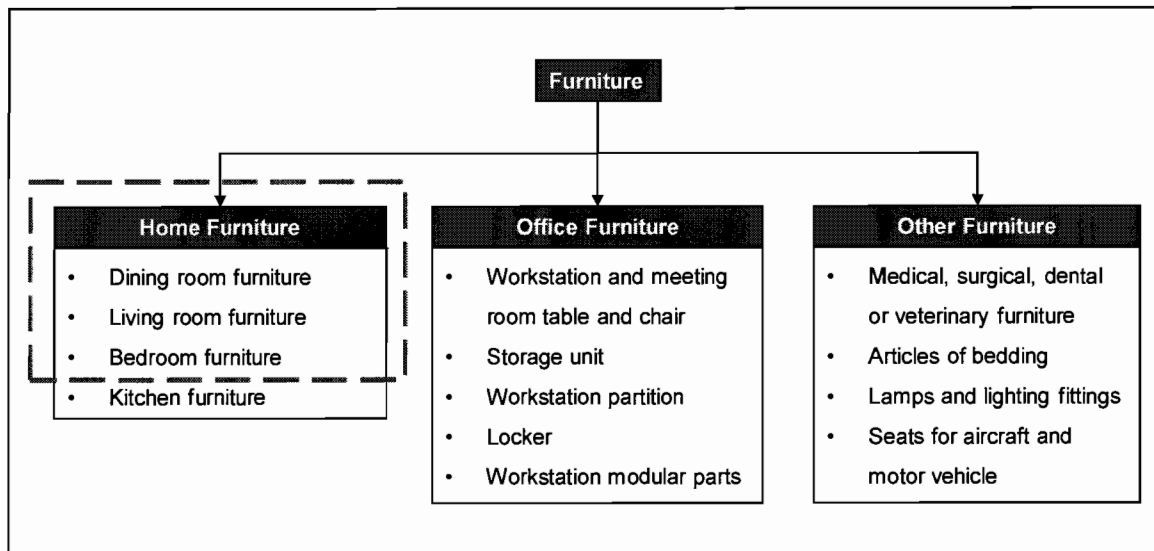
7. INDUSTRY OVERVIEW (Cont'd)

2 INTRODUCTION TO THE FURNITURE INDUSTRY

The furniture industry has a wide range of products; it covers all movable objects that provide storage, or hold objects on horizontal surfaces above the ground such as tables and shelves, or objects which help support the human body such as beds and seats.

The furniture industry can broadly be divided into three (3) categories, namely home furniture, office furniture and other furniture, as follows:

Segmentation of the furniture industry



Notes:

- [] Denotes the segment in which Wegmans is involved in.
- This list is not exhaustive.

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

The table below is a non-exhaustive list of examples of furniture by its respective segments:

Segmentation	Examples
Home furniture	<ul style="list-style-type: none"> • Dining room furniture <ul style="list-style-type: none"> - seats <ul style="list-style-type: none"> o chairs o swivel seats o benches - dining tables - shelves/ sideboards • Living room furniture <ul style="list-style-type: none"> - seats <ul style="list-style-type: none"> o sofa o convertible sofa/ sofa-beds o stools - coffee tables - television cabinets - shelves/ sideboards • Bedroom furniture <ul style="list-style-type: none"> - bed frames - wardrobes

7. INDUSTRY OVERVIEW (Cont'd)

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Segmentation	Examples
	<ul style="list-style-type: none"> - nightstands - dressing sets - bedside tables - headboards - shelves • Kitchen furniture <ul style="list-style-type: none"> - seats <ul style="list-style-type: none"> o chairs o stools o step stools - fitted cabinets and kitchen units - kitchen islands - kitchen trolleys - shelves/ sideboards • Furniture used in other parts of a home including indoor and outdoor areas
Office furniture	<ul style="list-style-type: none"> • Desks/ tables and chairs for workstations and meeting rooms • Filing cabinets • Partitions for workstations • Drawer units • Lockers • Modular parts which can be added on to existing workstations
Other furniture	<ul style="list-style-type: none"> • Medical, surgical, dental or veterinary furniture • Articles of bedding and similar furnishing <ul style="list-style-type: none"> - pillows, - mattresses, and - quilts • Lamps and lighting fittings • Seats for aircraft and motor vehicles

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

The above segmentation shows the general types of furniture available in the market and it does not represent where the furniture is used, as it is not possible to track where each of the furniture is specifically used. For example, it is common to find some home furniture used in commercial areas such as hotels, offices, restaurants, shopping malls and/or airports. It is also common to find office furniture used at home.

In sections of this report where home furniture data is not available, data for total furniture, which comprises home and office furniture, will be used.

The segment of "Other furniture" is not covered in this report.

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3 THE FURNITURE INDUSTRY IN MALAYSIA

Overview

The furniture industry in Malaysia has developed from a largely cottage-based production in the 1980s into a multi-billion ringgit industry with over 2,400 manufacturers¹ in the country.

The furniture industry in Malaysia has traditionally been dominated by manufacturers who focus largely on undertaking contract manufacturing activities. Product designs are developed by the customers and the customers may also specify the requirements for the materials to be used in the manufacturing process. These industry players typically focus on mass production and may often be inflexible to small scale customisation requests.

The industry has however developed to one where many furniture industry players are now able to take on product design and development, from prototype creation, detailed product design, development of product concepts and sourcing of materials to manufacturing of the furniture.

Furniture manufacturers who develop and design their own products must keep abreast with international trends and technologies, and actively create new designs and explore the creative usage of different composite materials while maintaining the quality of their furniture.

These design and development capabilities add further value to the products and enable the domestic furniture manufacturers to differentiate themselves and increase their competitiveness in the international markets.

Furniture fairs and exhibitions are key sales and marketing activities for many furniture industry players as they can market their products to their target group of international retailers and traders, and these events also enable the industry players to keep themselves updated with the latest trends in the industry.

Amongst others, the Malaysian International Furniture Fair and Export Furniture Exhibition are the two popular events attended by many Malaysian furniture exporters and international furniture industry players.

The furniture industry in Malaysia produced RM14.58 billion worth of furniture in 2016, in which approximately 67.50% were exported globally. In 2016, the value of furniture exports represented 1.25% of total exports from Malaysia.

The next section will illustrate the performance of the furniture export industry in Malaysia in greater detail.

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¹ Source: Furniture Industry Technology Centre

7. INDUSTRY OVERVIEW (Cont'd)

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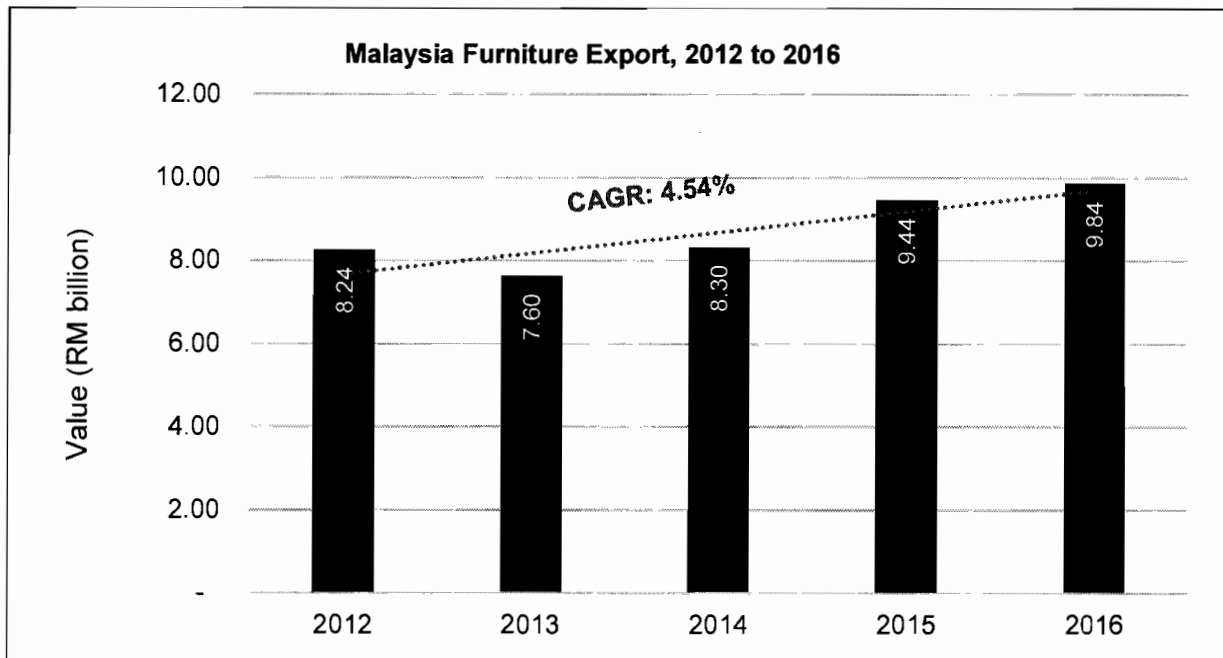
Industry Performance, Size and Growth

As Wegmans is involved in the manufacturing of home furniture and 98.42% of its products were exported globally in the FYE 31 December 2016, this section will cover the following:

1. Performance of Malaysia's furniture export industry
2. Malaysia's position in the global furniture export industry
3. Top 10 export destinations for Malaysian furniture
4. Performance of Malaysia's home furniture export industry

Performance of Malaysia's furniture export industry

Over the last five years, Malaysia's furniture export industry grew from RM8.24 billion in 2012 to RM9.84 billion in 2016, registering a Compound Annual Growth Rate ("CAGR") of 4.54% during the period.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

A drop in the value of furniture exports was observed in 2013, when furniture exports declined from RM8.24 billion in 2012 to RM7.60 billion, which was attributed by uncertainty in the global economic environment² which dampened consumption activity; and particularly affected by the slower economic growth in the US.

² Examples of events are:

- In US, the increase in payroll tax and the automatic government spending cuts in the US dampened consumption activity and resulted in a further decline in government spending.
- In Europe, uncertainties emanating from the crisis in Cyprus reignited sovereign debt concerns and exacerbated the existing weakness in private-sector sentiments.
- In China, ongoing efforts to re-balance growth to a more sustainable and consumption-driven path also led to more moderate growth.
- In Asia, the prolonged weakness in the external environment, coupled with country-specific factors, affected the strength of domestic economic activity.

Source: Bank Negara Malaysia Annual Report 2013

7. INDUSTRY OVERVIEW (Cont'd)

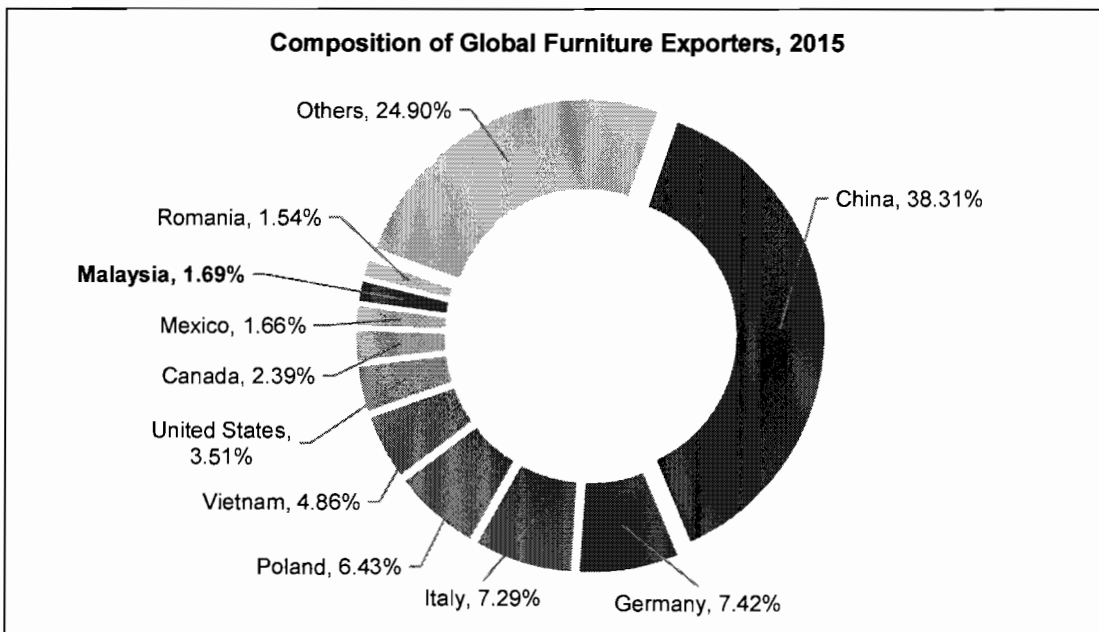
This is because the US dominates the largest share of furniture exports from Malaysia. In 2013, the US registered lower GDP growth of 2.20% as compared to 2.80% in 2012.

Nevertheless, Malaysia's furniture exports recovered in 2014 when it increased to RM8.30 billion, a 9.21% growth from 2013, and continued to grow in 2015 and 2016.

Malaysia's position in the global furniture export industry

Malaysia was one of the top 10 furniture exporters in the world between 2012 and 2015.

In 2015, Malaysia was the ninth largest furniture exporting country globally, accounting for 1.69% of global furniture exports in 2015 of USD137.49 billion (RM537.21 billion³).



Source: Extracted from the Independent Market Research Report by SMITH ZANDER
 Latest available figures for global exports are for 2015 (as at 15 January 2018)

China dominated global furniture exports with a share of 38.31%, followed by Germany (7.42%), Italy (7.29%), Poland (6.43%), Vietnam (4.86%), US (3.51%), Canada (2.39%) and Mexico (1.66%) in 2015. Romania came after Malaysia, accounting for 1.54% of global furniture exports in 2015.

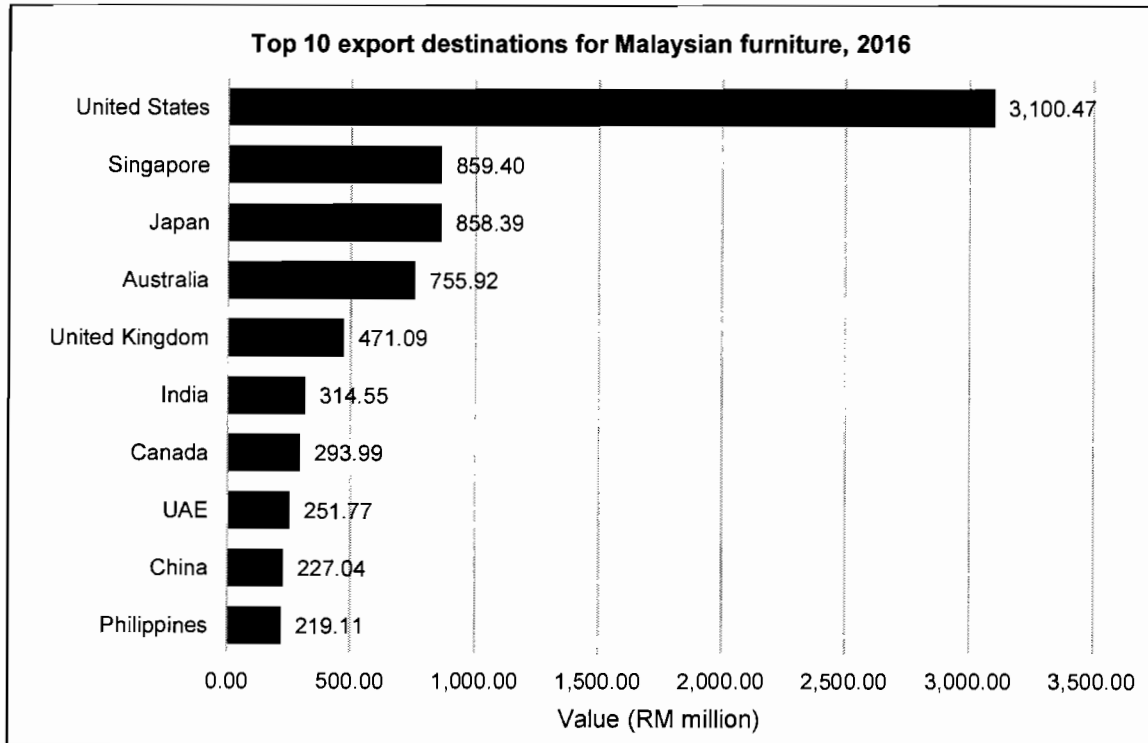
Top 10 export destinations for Malaysian furniture

In 2016, the top 10 countries where Malaysia exported its furniture to were the US, Singapore, Japan, Australia, United Kingdom, India, Canada, United Arab Emirates ("UAE"), China and the Philippines.

The value of furniture exported by Malaysia to these 10 countries was RM7.35 billion, representing 74.68% of the total export furniture value in 2016.

³ Exchange rate from USD to RM in 2015 was converted based on average annual exchange rates in 2015 extracted from published information from Bank Negara Malaysia at USD1=RM3.9073

7. INDUSTRY OVERVIEW (Cont'd)

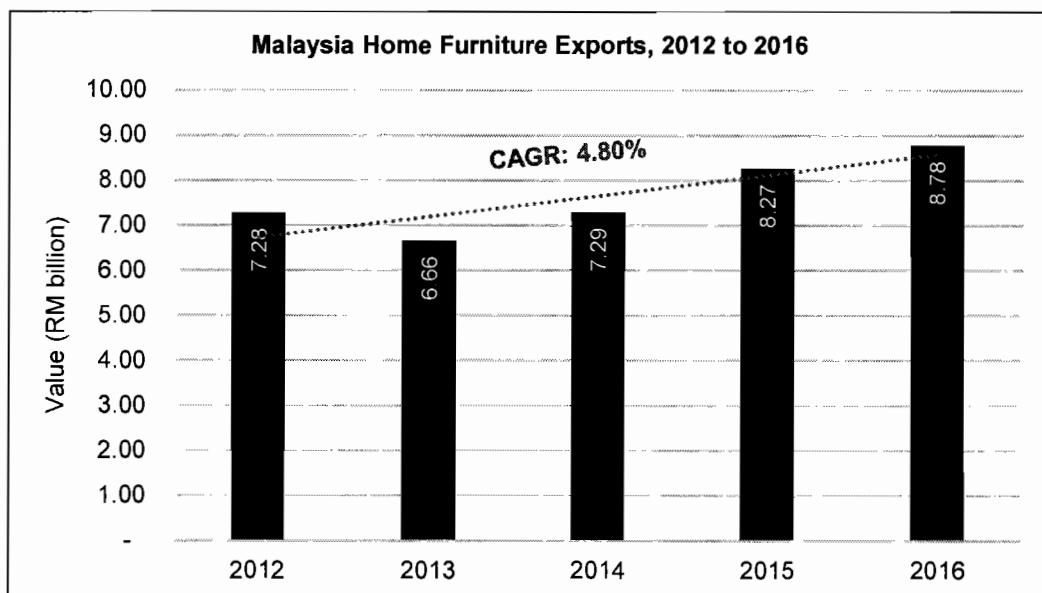


Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Performance of Malaysia's home furniture export industry

In 2016, home furniture exports dominated furniture exports from Malaysia with a share of 89.22%, based on the value of furniture exports.

Home furniture exports from Malaysia grew from RM7.28 billion in 2012 to RM8.78 billion in 2016, at a CAGR of 4.80%. Similar to the performance of the furniture industry overall, home furniture exports experienced a drop in 2013 due to uncertainty in the global economic environment, particularly in the US.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

7. INDUSTRY OVERVIEW (Cont'd)

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Competitive Overview

The competitive landscape of the furniture industry in Malaysia comprises local furniture manufacturers. The furniture industry in Malaysia is estimated to have over 2,400 industry players in the country.

Key Industry Players

The following sets out the latest available revenues of public companies listed on the Main Market of Bursa Malaysia Securities Berhad which derived their revenue from manufacturing and selling of home furniture, amongst other business activities.

The segmental revenue for furniture is extracted from the respective companies' latest available annual reports. Group revenue may include revenue from other business activities.

Company Name	Furniture Products Offered	Latest Available Financial Year	Segmental Revenue for Furniture (RM million)	Group Revenue (RM million)	Gross Profit Margin ^(a) (%)	PBT Margin ^(b) (%)	PAT Margin ^(c) (%)	Gearing Ratio ^(d) (times)	Current Ratio ^(e) (times)	Return on Asset ^(f) (%)	Return on Equity ^(g) (%)
Latitude Tree Holdings Berhad	Home furniture: Living room, dining room, and bedroom furniture	30 June 2017	780.88	786.02	16.79	11.24	8.79	0.17	2.60	8.97	12.32
Lii Hen Industries Berhad	Home furniture: Living room, dining and bedroom furniture	31 December 2016	623.46	623.46	23.35	15.01	11.73	0.14	2.44	18.84	27.69
Poh Huat Resources Holdings Berhad	Home furniture: Living room and bedroom furniture; Office furniture	31 October 2016	535.22 ^(h)	535.22	19.99	10.95	8.74	0.12	1.73	12.49	19.23
Jaycorp Berhad	Home furniture: Living room, dining room and bedroom furniture	31 July 2017	244.78	313.17	20.83	10.52	8.58	0.09	2.51	11.71	15.56
SYF Resources Berhad	Home furniture: Dining room and bedroom furniture	31 July 2017	208.55	453.16	15.29	8.54	7.70	0.30	1.81	5.71	10.88
Homeritz Corporation Berhad	Home furniture: Living room, dining room and bedroom furniture	31 August 2017	168.96	168.96	49.08	23.15	18.28	- ⁽ⁱ⁾	6.44	20.47	23.32

7. INDUSTRY OVERVIEW (Cont'd)

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Company Name	Furniture Products Offered	Latest Available Financial Year	Segmental Revenue for Furniture (RM million)	Group Revenue (RM million)	Gross Profit Margin ^(a) (%)	PBT Margin ^(b) (%)	PAT Margin ^(c) (%)	Gearing Ratio ^(d) (times)	Current Ratio ^(e) (times)	Return on Asset ^(f) (%)	Return on Equity ^(g) (%)
SWS Capital Berhad	Home furniture: Living room and dining room furniture	31 August 2017	144.86	144.86	14.77	7.91	6.26	0.55	1.32	4.84	9.01
SHH Resources Holdings Berhad	Home furniture: Dining room and bedroom furniture	30 June 2017	113.42	113.42	17.47	6.09	4.39	0.08	3.71	4.59	5.68
Eurospan Holdings Berhad	Home furniture: Dining room furniture	31 May 2017	53.99	53.99	18.26	1.93	1.78	0.05	2.92	1.58	1.99
Sern Kou Resources Berhad	Home furniture: Living room, dining room and bedroom furniture	30 June 2017	42.50	130.34	9.19	1.37	0.75	0.61	1.43	0.75	1.46
DPS Resources Berhad	Home furniture: Dining room furniture	31 March 2017	35.86	40.76	7.31	0.17	0.07	- ^(h)	2.77	0.02	0.03
Sand Nisko Capital Berhad	Home furniture: Living room, dining room and bedroom furniture	31 December 2016	36.35	45.68	8.79	0.95	1.27	- ^(h)	1.22	1.30	1.87
TAFI Industries Berhad	Home furniture: Living room, bedroom, and bathroom furniture; Office furniture	31 December 2016	26.11	26.11	44.41	-24.72	-24.03	0.08	3.39	-9.99	-12.02
				Average	20.43	5.62	4.18	0.22	2.64	6.25	9.00

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Notes:

This list is not exhaustive

- (a) Computed based on gross profit over revenue, and multiplied by 100
(b) Computed based on PBT over revenue, and multiplied by 100
(c) Computed based on PAT over revenue, and multiplied by 100
(d) Computed based on total borrowings over total equity
(e) Computed based on total current asset over total current liabilities
(f) Computed based on PAT over total assets, and multiplied by 100
(g) Computed based on PAT over total equity, and multiplied by 100
(h) Segmental revenue includes the sale of office furniture. Segmental revenue for the sale of home furniture only is not publicly available
(i) Negligible as the number is smaller than 0.01

7. INDUSTRY OVERVIEW (Cont'd)

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The following sets out the latest available revenues of private companies that are involved in the manufacturing and selling of home furniture, amongst other business activities, with revenue above RM50.0 million.

Company	Type of Furniture	Latest Available Financial Year	Revenue (RM million)	Gross Profit Margin ^(a) (%)	PBT Margin ^(b) (%)	PAT Margin ^(c) (%)	Gearing Ratio ^(d) (times)	Current Ratio ^(e) (times)	Return on Asset ^(f) (%)	Return on Equity ^(g) (%)
LY Furniture Sdn Bhd	Home furniture: Bedroom furniture	31 December 2016	287.38	26.05	19.60	15.19	0.03	2.63	19.10	25.18
White Feathers Industries (M) Sdn Bhd	Home furniture: Living room furniture	31 December 2016	269.68	44.97	21.74	21.40	nil	6.68	17.78	20.43
Green River Wood & Lumber MFG Sdn Bhd	Home furniture: Dining room furniture	31 December 2016	133.18	17.21	12.16	9.18	- ^(h)	2.70	10.06	11.80
Techcentral Sdn Bhd	Home furniture: Bedroom furniture	31 December 2016	96.22	19.86	10.10	8.50	0.37	1.80	13.63	26.05
AX Furniture Sdn Bhd	Home furniture: Bedroom furniture	30 April 2016	94.60	12.46	4.66	4.39	1.38	1.11	8.49	27.45
ChuanHeng Furniture Products Sdn Bhd	Home furniture: Bedroom furniture	31 December 2015	90.07	24.01	14.87	11.83	0.07	2.20	18.89	28.46
Wegmans Furniture Industries Sdn Bhd	Home furniture: Living room, dining room and bedroom furniture	31 December 2016	85.64	30.01	21.30	17.87	0.67	1.15	24.51	62.47
LB Furniture Sdn Bhd	Home furniture: Living room and bedroom furniture	31 March 2016	81.05	28.92	21.57	16.52	0.03	5.02	18.21	21.93
Value Plus Industries Sdn Bhd	Home furniture: Living room, dining room and bedroom furniture	31 December 2016	53.55	2.62	0.74	1.10	1.32	0.71	1.85	6.57
Aik Chee Furniture Sdn Bhd	Home furniture: Dining room furniture	31 December 2014	55.77	15.81	9.20	8.19	0.30	1.01	13.06	40.05
			Average	22.19	13.59	11.42	0.52	2.50	14.56	27.04

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Notes:

- Revenues may include revenue from other business activities as segmental revenue is not publicly available.
 - Latest available revenue available at Companies Commission of Malaysia (as at 15 January 2018)
 - This list is not exhaustive
- (a) Computed based on gross profit over revenue, and multiplied by 100

7. INDUSTRY OVERVIEW (Cont'd)

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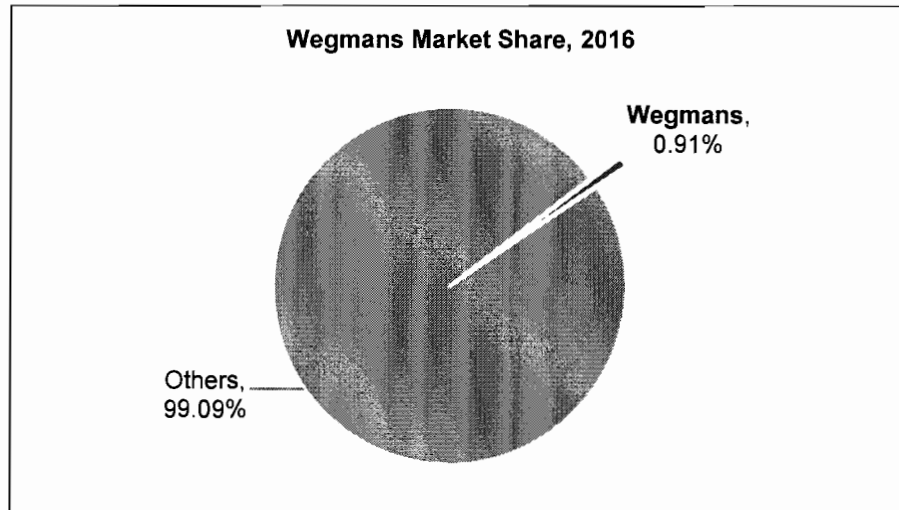
- (b) Computed based on PBT over revenue, and multiplied by 100
- (c) Computed based on PAT over revenue, and multiplied by 100
- (d) Computed based on total borrowings over total equity
- (e) Computed based on total current asset over total current liabilities
- (f) Computed based on PAT over total assets, and multiplied by 100
- (g) Computed based on PAT over total equity, and multiplied by 100
- (h) Negligible as the number is smaller than 0.01

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7. INDUSTRY OVERVIEW (Cont'd)

Market Share

Wegmans garnered an export market share of 0.91% in 2016, based on its export revenue of RM84.28 million (i.e. 98.42% of its Group revenue of RM85.63 million) for the FYE 31 December 2016, computed against home furniture exports from Malaysia of RM8.78 billion in 2016.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Key Demand Conditions: Industry Drivers

Government initiatives and incentives, particularly on furniture manufacturing, encourage exports of home furniture

The Government plays an important role in nurturing the furniture industry by providing a pro-business environment that makes doing business easier and faster.

<p>Third Industrial Master Plan 2006-2020 ("IMP3")</p>	<ul style="list-style-type: none"> • In 2006, the Ministry of International Trade and Industry ("MITI") launched the IMP3. • The IMP3 is expected to drive industrialisation to a higher level of global competitiveness, through the transformation and innovation of the manufacturing and services sectors. • Under IMP3, various initiatives were set out to help manufacturing and service industry players to be more involved in high value-added activities. • For the furniture manufacturing industry, initiatives are focused on helping manufacturers to move into designing, branding and patenting, in order to remain regionally and globally competitive.
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7. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

<p>Tax incentives</p>	<ul style="list-style-type: none"> • Following the announcement of new tax incentives in Budget 2015, MITI has rolled out tax incentive policies with the aim of attracting quality investments. • One of the incentives is the provision of capital allowance to increase automation in labour intensive industries. • High labour intensive industries such as the furniture manufacturing industry is entitled to a 200% capital allowance on the first RM4.0 million expenditure incurred for undertaking automation, applicable from assessment for the year 2015 up to the year 2017. • Under this new one-off incentive, furniture manufacturing industry players are encouraged to adopt automation in the shortest possible timeframe, with the aim to accelerate the shift in manufacturing and services sectors, from labour intensive to high value-added, knowledge-intensive plus innovation-based industries.
<p>Roadmap for the Development of Wooden Furniture Industry in Johor</p>	<ul style="list-style-type: none"> • This roadmap was developed by the Malaysia Timber Industry Board in collaboration with the Johor State Government and Muar Furniture Association. • Various measures are set out to address the following: <ul style="list-style-type: none"> - labour shortage - sustainability raw materials supply - the reposition of the wooden furniture industry by resolving the issue of factories operating without licences and by improving the image of the industry - encourage entrepreneurship - the branding and promotion of the furniture industry in Johor

Source: Extracted from the Independent Market Research Report by SMITH ZANDER

The furniture industry in Malaysia is driven by export demand

The export demand for Malaysian furniture changes in accordance to the economic environment of the world, and particularly dependent on the US economy. This is because the US dominates the furniture export industry in Malaysia.

Economic conditions could affect consumer activity which determines the demand for furniture.

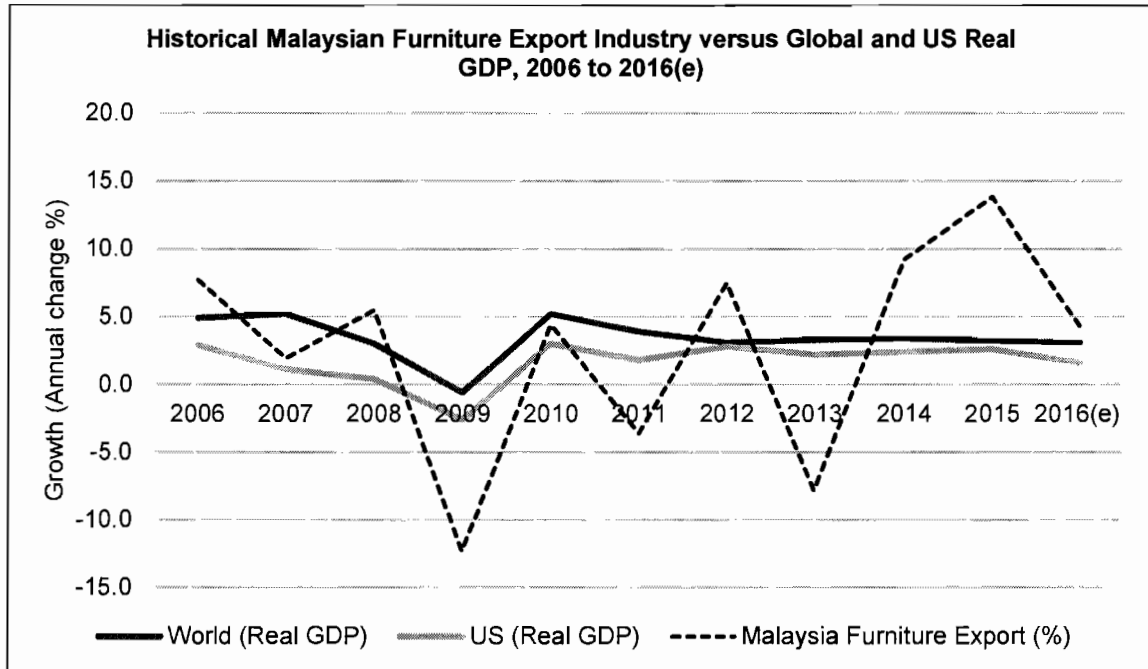
A conducive economic environment could lead to strengthening of consumer spending power, causing potential increase in property transactions and home renovation or refurbishment activities which will lead to higher demand for home furniture.

The graph below shows that the growth and decline patterns of furniture exports from Malaysia has a positive correlation to US GDP, i.e. when the US registers higher growth in GDP, the furniture export industry in Malaysia follows in tandem, and vice versa.

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7. INDUSTRY OVERVIEW (Cont'd)

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Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Please refer to **Chapter 4 – The Global, Japan, US, Australia and UK Home Furniture Market (Key Demand Drivers)** of this Industry Overview for further details of market drivers.

Supply Conditions and Dependencies

Supply of raw materials of home furniture manufacturing

The raw materials used in home furniture manufacturing are primarily wood, and also includes metal, plastic, aluminum, glass, fabric and leather. Rubberwood is one of the main types of wood used for home furniture manufacturing in Malaysia.

Home furniture manufacturing industry players source these raw materials from local suppliers as well as foreign distributors or manufacturers. While a majority of the raw materials required are generally readily available, there are occasions where there is shortage of local timber supply.

Timber in Malaysia has been largely sourced from natural forest and state land forest, alienated land and rubber replanting programs. As there is limited opening of state land forests and alienated land for timber harvesting, shortages in local supply may sometimes occur. To mitigate this, home furniture manufacturing industry players may source for timber products from overseas suppliers.

The Government has announced a ban on export of rubberwood from 1 July 2017 onwards. This is to address the shortage of rubberwood which is identified as one of the factor affecting the local furniture industry. This initiative is expected to improve the local supply of rubberwood for the local furniture industry.

7. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

Supply of labour for the manufacturing of home furniture

The furniture manufacturing industry in Malaysia is a high labour intensive industry⁴.

While some equipment are used in the manufacturing process, human labour is required to transfer the materials from one equipment to another, to paint, cut and shape the components and parts, and to assemble the different components and parts to form the final product.

The supply of human labour required in the manufacturing of home furniture is generally available through foreign labour as, similar to other labour intensive industries in Malaysia, the furniture manufacturing industry relies on foreign workers as there is limited supply of local workers.

Nonetheless, the Government encourages higher adoption of automation in the manufacturing process to reduce the reliance on labour and to improve manufacturing processes.

Product/Service Substitution

There are no direct substitutes for home furniture.

Reliance and Vulnerability to Imports

The home furniture manufacturing industry in Malaysia is mainly for exports and therefore, is not vulnerable to foreign imports.

Relevant Laws and Regulations

The relevant laws and regulations pertaining to the furniture industry in Malaysia include, but are not limited to, the following:

Wood-Based Industries (State Legislatures Competency) Act 1984

The Wood-Based Industries (State Legislatures Competency) Act 1984 come into force upon the adoption of National Forestry Act 1984. The National Forestry Act 1984 is an Act to provide for the administration, management and conservation of forest and forestry development within the states of Malaysia and related purposes.

Under the Wood-Based Industries (State Legislatures Competency) Act 1984, the State Government is authorised to pass laws with respect to the establishment and operation of wood-based industries. In Johor, according to the Johor Wood-Based Industries Enactment 1986, no person shall site, construct, erect, establish, operate or maintain a wood-based industry, except under and in accordance with a licence issued to him by the State Authority and signed by the State Director of Forestry.

⁴ Source: MITI Report 2015

7. INDUSTRY OVERVIEW (Cont'd)

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Malaysian Timber Certification Scheme

The Malaysian Timber Certification Council was established in 1998 to develop and operate the Malaysian Timber Certification Scheme ("MTCS").

Under MTCS, the Malaysian Timber Certification Council provides independent assessment of forest management practices and audit of timber product manufacturers or exporters to ascertain that the timber products manufactured or exported from Malaysia are sourced from sustainable sources.

MTCS is recognised by national procurement policies in Denmark, the United Kingdom, Germany, Finland, Belgium, Switzerland, France, the Netherlands and New Zealand.

As demand for sustainable timber grows in the international markets, this voluntary certification could help the timber and timber-related companies (including the furniture industry players) in Malaysia to create a competitive market position for their products in the international markets.

Industrial Co-ordination Act 1975

The Industrial Co-ordination Act 1975 is an Act introduced with the objective of maintaining the coordination, orderly development and growth in Malaysia's manufacturing sector.

The Act requires manufacturing companies with shareholders' funds of RM2.50 million and above or engaging 75 or more full-time employees in Malaysia to apply for a manufacturing license for approval by Ministry of International Trade and Industry ("MITI").

Applications for the manufacturing license are to be submitted to the Malaysian Industrial Development Authority ("MIDA"), in which it will subsequently be approved and issued by MITI. The licenses are non-transferable unless with prior approval obtained from MITI.

Employment Act 1955

The Employment Act 1955 stipulates the rights and welfare benefits that employees are entitled to, and which all employers are required to comply.

The Employment Act also states that an employer is required to obtain a license to import legal foreign workers under the contract of services, and ensure their welfare and rights are fulfilled in terms of their wages, hours of work, rest days, and sick and annual leaves.

The Ministry of Human Resource is responsible in monitoring and ensuring that companies are in compliance with the Employment Act 1965 and protects the welfare of employees.

Occupational Safety and Health Act 1994

All employers possess a general duty of care to the employees. In accordance with the Occupational Safety and Health Act 1994, employers need to ensure that the work site facilities and systems are practicable, safe and without risks or hazard to the employees' health and safety.

It is also the obligation of the employer to provide employees with the training, knowledge, information and supervision, in providing a safe working environment without risks to their health, safety and welfare. The Department of Occupational Safety and Health ("DOSH") is authorised to ensure that companies have taken proper steps to ensure a safe working environment for their employees.

4 THE GLOBAL, JAPAN, US, AUSTRALIA AND UK HOME FURNITURE MARKET

Home furniture continue to be in demand globally as overall growth in population creates demand for housing, which subsequently creates demand for home furniture.

The world population in 2016 was approximately 7.40 billion, having grown by 39.62% from 5.30 billion in 1990. The world population is projected to increase to 8.50 billion by 2030⁵, an approximately 14.86% increase from the current population.

Furniture has always served beyond its stated functionality. It is used to express individuality and culture, while also reflecting the lifestyle and status of an individual. This has resulted in a wide variety of furniture available in the market to cater for different individual lifestyle, colour and design preferences.

As printed and digital materials on home furnishing, interior design and decoration ideas are increasingly accessible to consumers globally, consumers' choice of furniture is also influenced by popular trends and designs. Consequently, this leads to furniture manufacturers producing furniture to meet the demand for these trends and designs.

Technology improvement has facilitated the change in the design of furniture over the years. Furniture can be designed with improved ergonomics and functionality to suit the current lifestyle of users.

For example, there are chairs that are designed to move with the body and allow users to naturally shift their position when seated for long periods. These chairs are suitable for a rapidly growing population of people who spend long hours sitting with their electronic devices.

While leather upholstered furniture remains desirable, many furniture manufacturers have started to introduce fabric upholstered collections in order to satisfy increasing demand. This is due to the large variety of colour and pattern options available, greater ease of cleaning and relatively lower prices of fabric upholstered furniture compared to leather upholstered furniture.

Some furniture manufacturers have also introduced furniture with water resistant and self-cleaning textiles, as well as materials that block out ultraviolet rays and resist wear-and-tear.

In many large cities globally, living spaces have declined as properties are built in smaller sizes as a result of increasing cost of land arising from overall scarcity of prime land. Therefore, there is a growing demand for small and multi-functional furniture to fit into smaller-sized homes. This trend is particularly prominent in Japan and other major crowded cities in developed countries such as New York, London and Hong Kong.

As consumers become increasingly environmentally conscious, the materials used in the manufacturing of furniture will influence their choice of furniture. This creates demand for furniture made from sustainable sources. Although this type of furniture is typically more expensive, there is growing demand particularly from higher income earners as they seek furniture that complements their lifestyles.

The following section will illustrate the market performance and outlook of global home furniture in greater detail.

⁵ Source: Population Reference Bureau

7. INDUSTRY OVERVIEW (Cont'd)

Market Performance, Size and Growth

In the FYE 31 December 2016, Wegmans exported 98.42% of its products globally, and the top four countries where Wegmans exports its furniture to are Japan, US, Australia and UK. The revenue contribution from these four countries was 67.27% of Wegmans' total revenue for FYE 31 December 2016.

As such, this section will cover total furniture consumption and the performance of home furniture imports in the following markets:

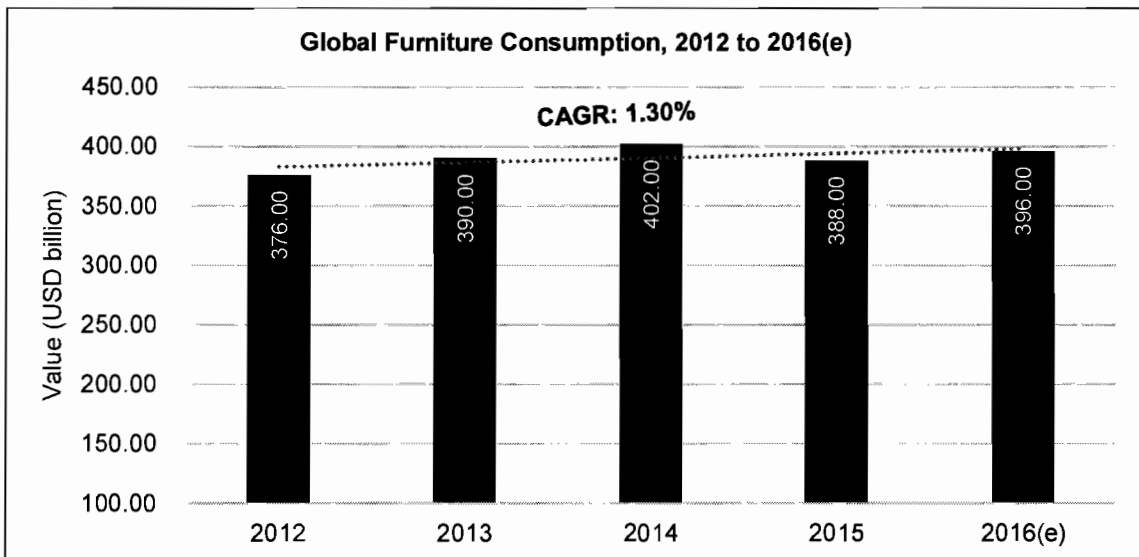
1. Global,
2. Japan,
3. US,
4. Australia, and
5. UK.

Global

Global furniture consumption

Global furniture consumption grew by a CAGR of 1.30% from 2012 to 2016, from an estimated USD376.00 billion (RM1.16 trillion⁶) to USD396.00 billion (RM1.64 trillion⁷).

Following a decline in global consumption from 2014 to 2015, mainly contributed by lower consumption of furniture in the European Union, Norway and Iceland, furniture consumption recovered in 2016 despite the global economy recording the lowest growth rate since the global financial crisis (2008/2009).



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

⁶ Exchange rate from USD to RM in 2012 was converted based on average annual exchange rates in 2012 extracted from published information from Bank Negara Malaysia at USD1=RM3.0898

⁷ Exchange rate from USD to RM in 2016 was converted based on average annual exchange rates in 2016 extracted from published information from Bank Negara Malaysia at USD1=RM4.1457

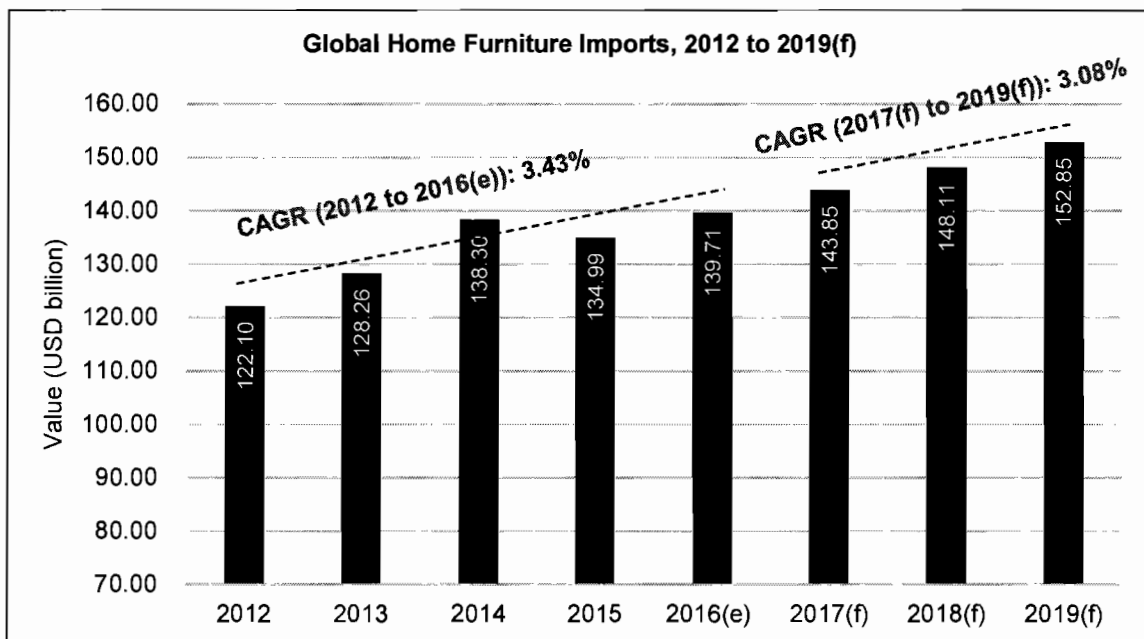
7. INDUSTRY OVERVIEW (Cont'd)

Global home furniture imports

In terms of import value, the global home furniture market grew from USD122.10 billion (RM377.26 billion) in 2012 to USD139.71 billion (RM579.20 billion) in 2016, registering a CAGR of 3.43% during the period.

The global home furniture import market registered a new high in 2016. This shows that global home furniture imports is growing steadily and at a higher rate despite lower growth of global furniture consumption between 2012 to 2016, indicating that furniture imports is a major driving factor behind the global furniture market.

SMITH ZANDER forecasts the global home furniture import value to increase from an estimated USD143.85 billion (RM596.36 billion⁸) in 2017 to USD152.85 billion (RM633.67 billion⁹) in 2019, at a CAGR of 3.08% during the period.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

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⁸ Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2016 extracted from published information from Bank Negara Malaysia at USD1=RM4.1457

⁹ Exchange rate from USD to RM in 2018 was converted based on average annual exchange rates in 2016 extracted from published information from Bank Negara Malaysia at USD1=RM4.1457

7. INDUSTRY OVERVIEW (Cont'd)

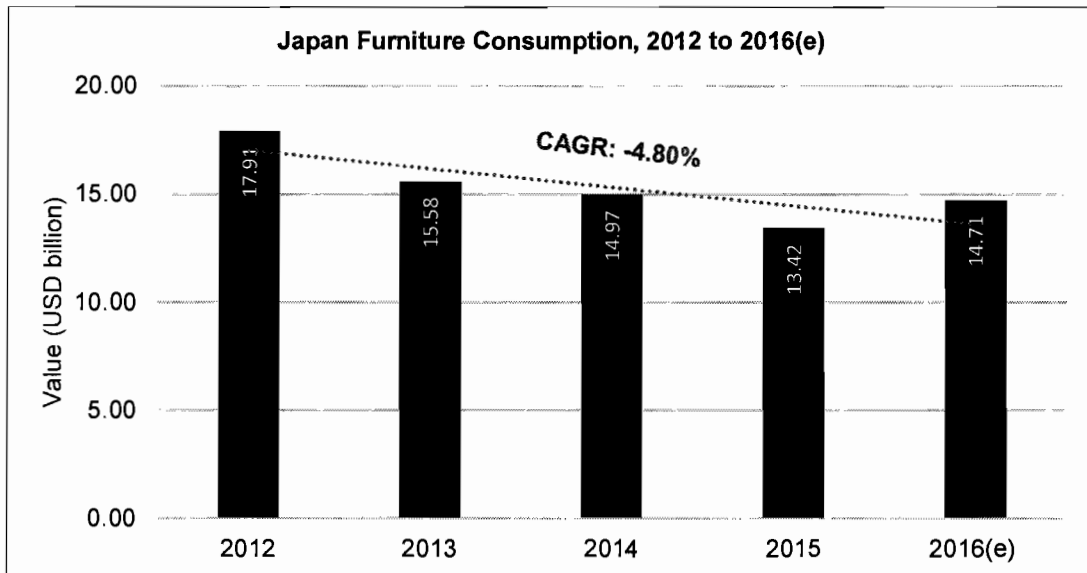
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Japan

Japan furniture consumption

Furniture consumption in Japan declined by a CAGR of -4.80% from 2012 to 2016, from an estimated USD17.91 billion (RM55.34 billion) to USD14.71 billion (RM60.98 billion).

Following a consecutive three-year decline in consumption of furniture in Japan from 2012 to 2015, the consumption of furniture in Japan recovered in 2016, registering a growth of 9.61% from 2015.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

The decline in furniture consumption in Japan is a result of a combination of the slowdown in the housing construction sector and a decline in household disposable income.

In 2014, Japan's total construction of new homes registered the lowest growth rate between the 2012 and 2016 period, at -8.96% from 980,025 units in 2013 to 892,261 units in 2014. The total construction of new homes improved in 2015 and 2016 at 1.90% and 6.40% year-on-year respectively.

A similar trend was also observed in household disposable income in Japan. Household disposal income in Japan demonstrated slower growth rates from 1.20% in 2012 to 0.20% in 2013. In 2014, it recorded a decline of -1.20% following a hike in consumption tax from 5.00% to 8.00%. In 2015, household disposable income in Japan improved, recording a growth of 1.10% from 2014, which had a positive impact on furniture consumption in 2016.

Japan home furniture imports

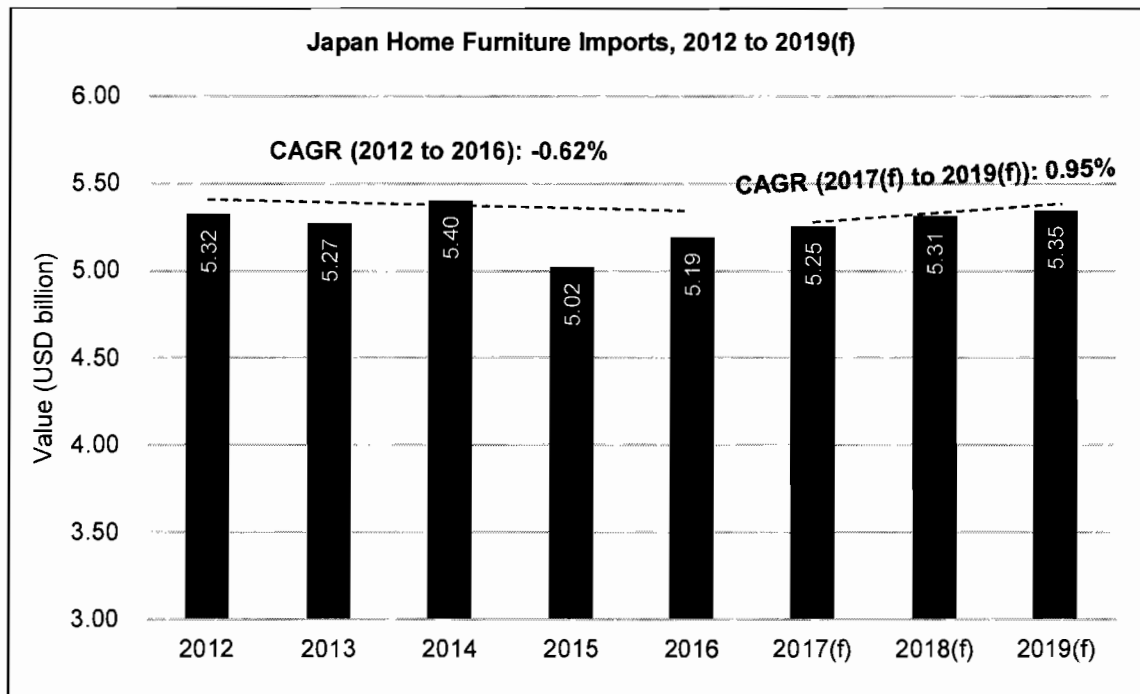
Despite lower consumption growth of furniture in Japan between 2012 to 2016 (CAGR: -4.80%), Japan's home furniture imports recorded a relatively better CAGR of -0.62% for the same period.

The higher demand for imported home furniture in Japan is contributed by the lower domestic production of furniture. As the cost of operating a business in Japan is relatively high, local manufacturers face challenges in reducing cost of production to remain competitive against imports. This has caused the domestic furniture players to source their furniture from other countries by appointing contract manufacturers outside Japan or moving their manufacturing plants outside Japan.

7. INDUSTRY OVERVIEW (Cont'd)

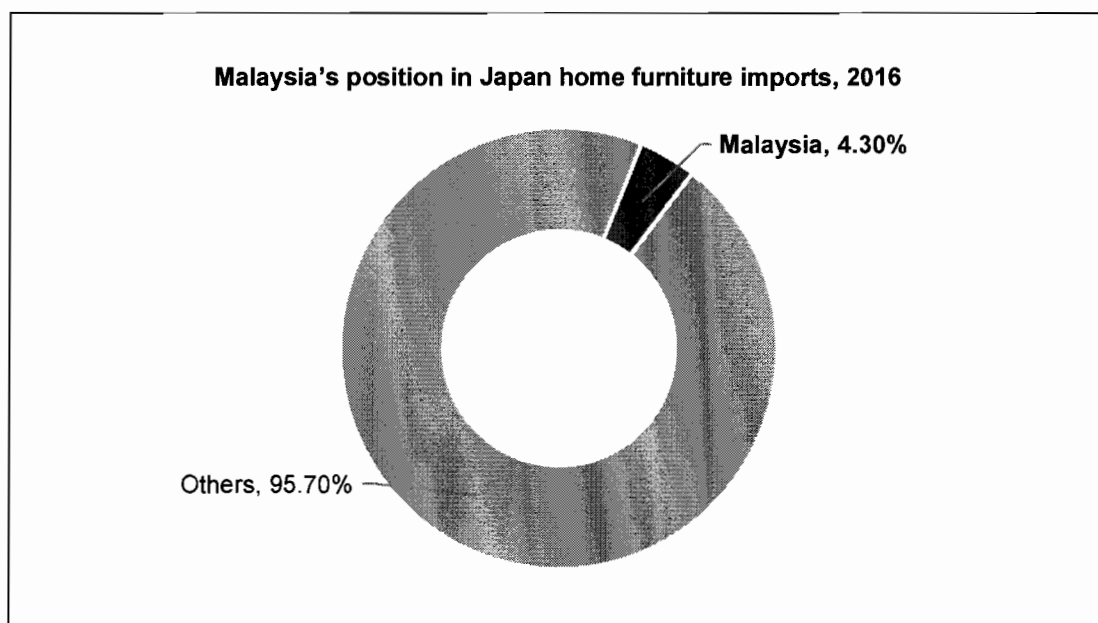
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SMITH ZANDER forecasts the Japan home furniture import value to increase from an estimated USD5.25 billion (RM21.76 billion) in 2017 to USD5.35 billion (RM22.18 billion) in 2019, at a CAGR of 0.95% during the period.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

In 2016, Malaysia exported USD223.02 million (RM924.57 million) worth of home furniture to Japan, which accounted for 4.30% of total home furniture imported by Japan.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

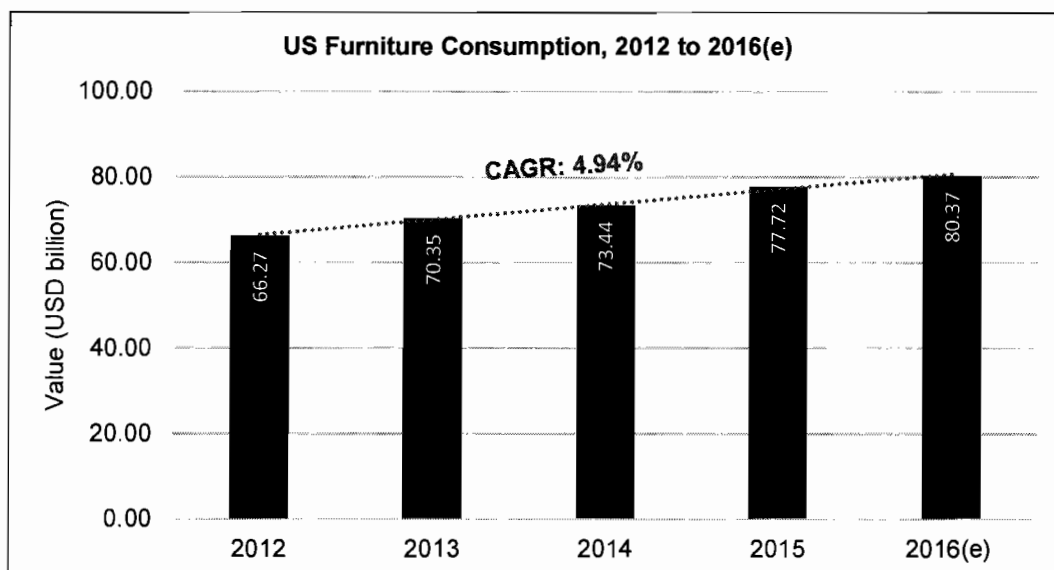
7. INDUSTRY OVERVIEW (Cont'd)

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US

US furniture consumption

Furniture consumption in the US registered a CAGR of 4.94% from 2012 to 2016, from USD66.27 billion (RM204.76 billion) to USD80.37 billion (RM333.19 billion).



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

The growth in consumption of furniture in the US was contributed by the growth in furniture spending led by the increase in housing sales.

Between 2012 to 2016, total houses sold in the US grew at a CAGR of 11.00%.

The improvement in housing sales has led to the increase in spending on furniture as home occupants purchase furniture to furnish their homes. Between 2012 to 2015, the average annual expenditure per capita on household furnishing and equipment recorded a CAGR of 4.79%, from USD1,580.00 (RM4,881.88) in 2012 to USD1,818.00 (RM7,103.47) in 2015.

US home furniture imports

Home furniture imports in the US grew from USD33.94 billion (RM104.87 billion) in 2012 to an estimated USD44.76 billion (RM185.56 billion) in 2016, registering a CAGR of 7.16% during the period.

During the same period, the demand for imported home furniture in the US recorded higher growth than total furniture consumption in the US (CAGR: 4.94%). This shows that the home furniture market in the US is strongly influenced by imports.

The US furniture market is generally supplied by domestic furniture industry players under their own brands. Historically, many of these industry players carried out manufacturing in the country, but are now sourcing their furniture or parts of furniture from outside the US.

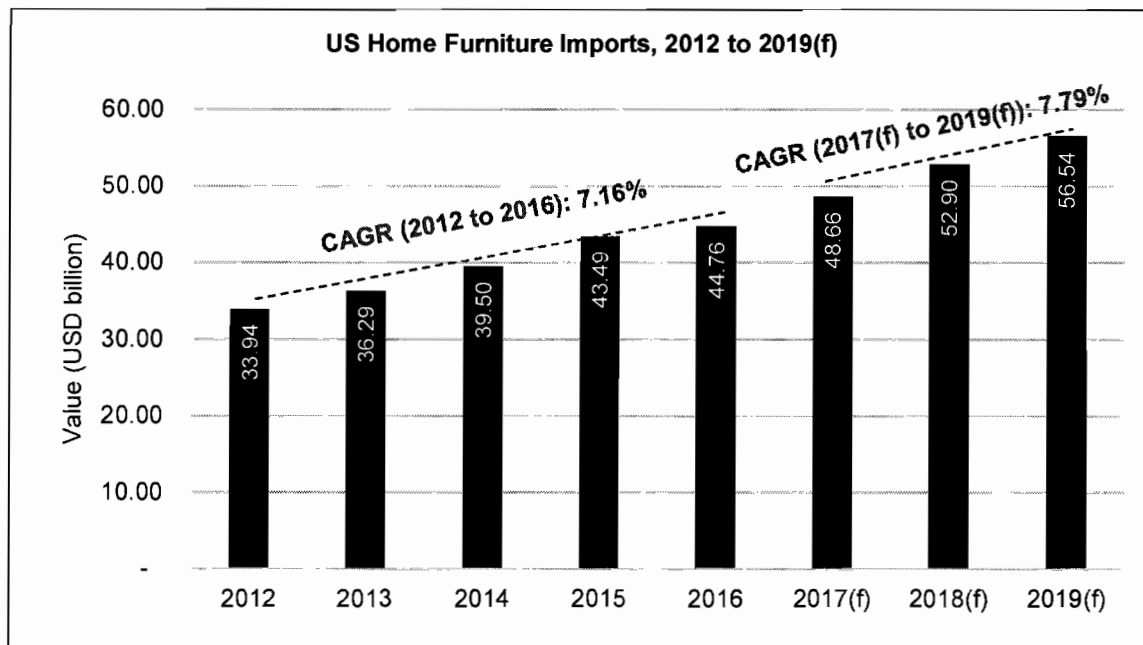
This is due to the increasing manufacturing cost in the US, causing furniture industry players in the US to move their manufacturing outside the country. This has led to a reliance in furniture imports.

7. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

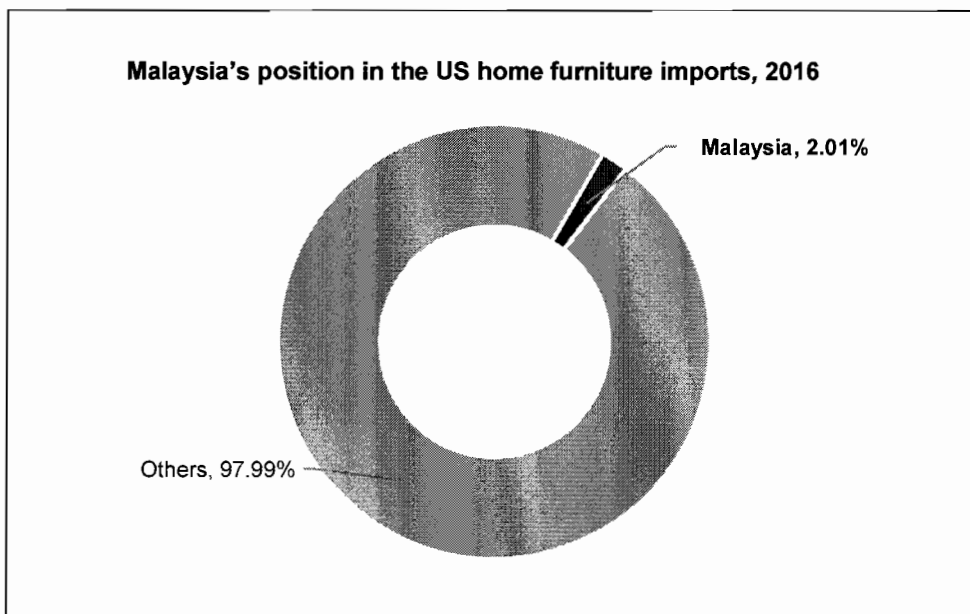
Furniture industry players in the US now focus more on assembling furniture domestically, building their brands, managing distribution channels and developing designs for their furniture.

SMITH ZANDER forecasts the US home furniture import value to increase from an estimated USD48.66 billion (RM201.73 billion) in 2017 to USD56.54 billion (RM234.40 billion) in 2019, at a CAGR of 7.79% during the period.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

In 2016, Malaysia recorded USD900.57 million (RM3.73 billion) of home furniture exports to the US, which accounted for 2.01% of total home furniture imported by the US.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

7. INDUSTRY OVERVIEW (Cont'd)

SMITH ZANDER

Australia

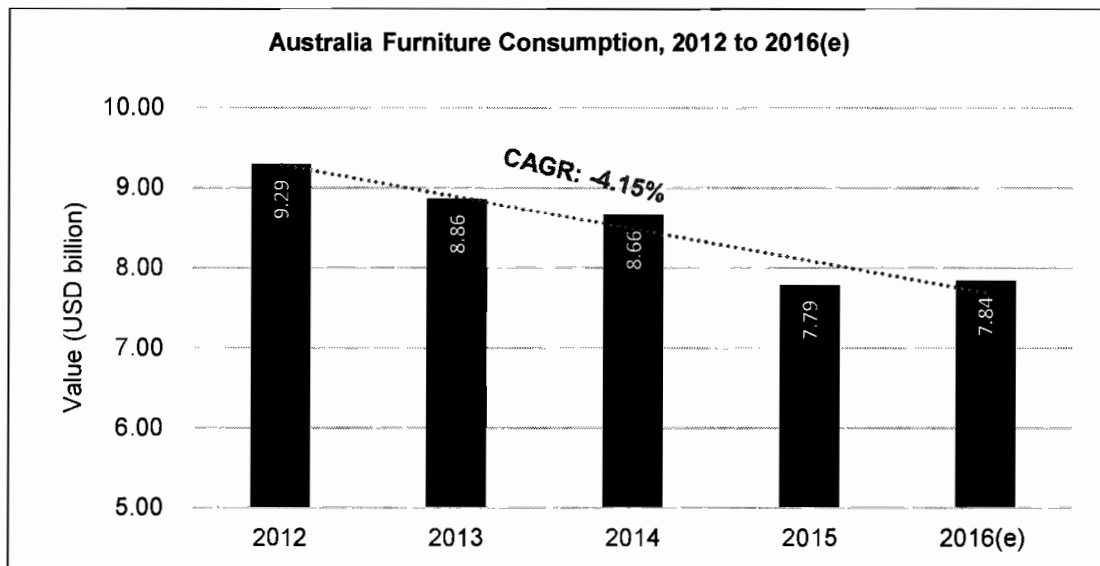
Australia furniture consumption

Furniture consumption in Australia declined by a CAGR of -4.15% from 2012 to 2016, from an estimated USD9.29 billion (RM28.70 billion) to USD7.84 billion (RM32.50 billion).

The decline in furniture consumption in Australia is closely related to the economic conditions in Australia. During the 2012 to 2015 period, the annual GDP growth in Australia recorded slower growth, from 3.50% in 2012 to 2.37% in 2015.

The slower economic condition of a country affects the disposable income of the population and consumer spending power, causing a potential slowdown in business activities, property investment and renovation or refurbishment activities which will lead to lower demand for furniture.

Following a consecutive three-year decline in consumption of furniture in Australia from 2012 to 2015, the consumption of furniture in Australia recovered in 2016, registering a growth of 0.64% in 2016. This improvement in furniture consumption is a result of an improved annual GDP growth of 2.40% in 2016.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

Australia home furniture imports

Despite the decline in overall furniture consumption in Australia, the demand for imported home furniture is growing.

The Australia home furniture import market grew from USD2.51 billion (RM7.76 billion) in 2012 to USD2.66 billion (RM11.03 billion) in 2016, registering a CAGR of 1.46% during the period.

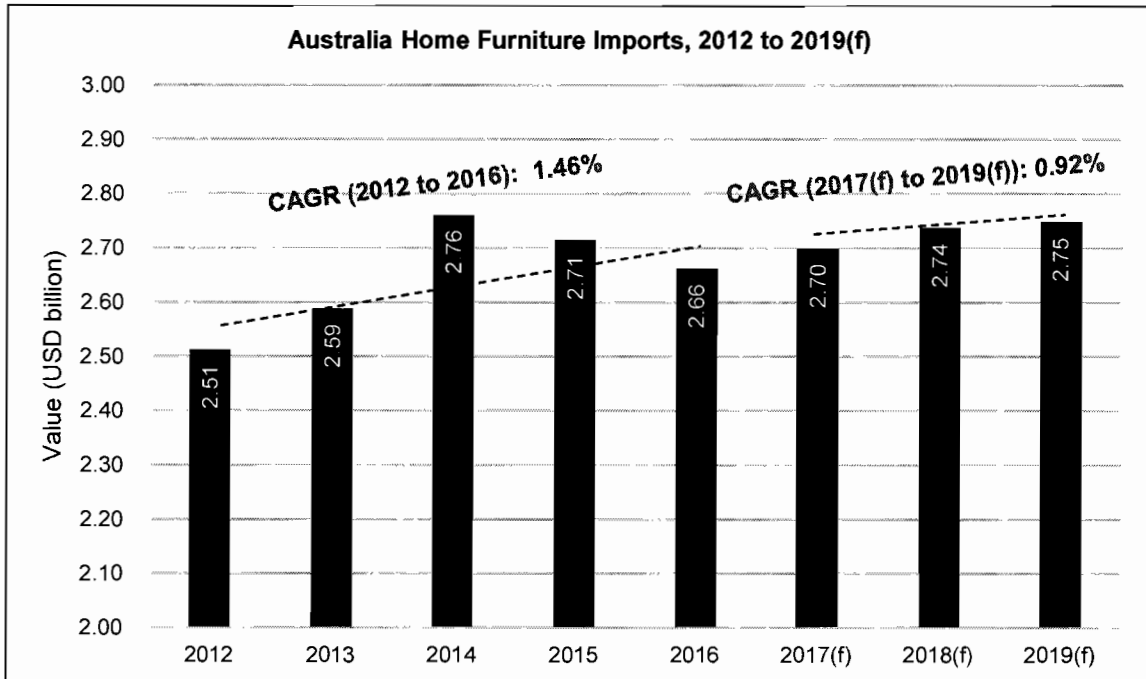
This demonstrates that the factors causing the decline in total furniture consumption over the last five years have not affected the imports of home furniture, and the demand for imported home furniture remains resilient and growing.

The higher demand for imported home furniture in Australia is contributed by the lower domestic production of furniture. Just like many other developed countries, the high cost of labour and manufacturing in Australia has caused locally manufactured furniture to be less competitive against imports.

7. INDUSTRY OVERVIEW (Cont'd)

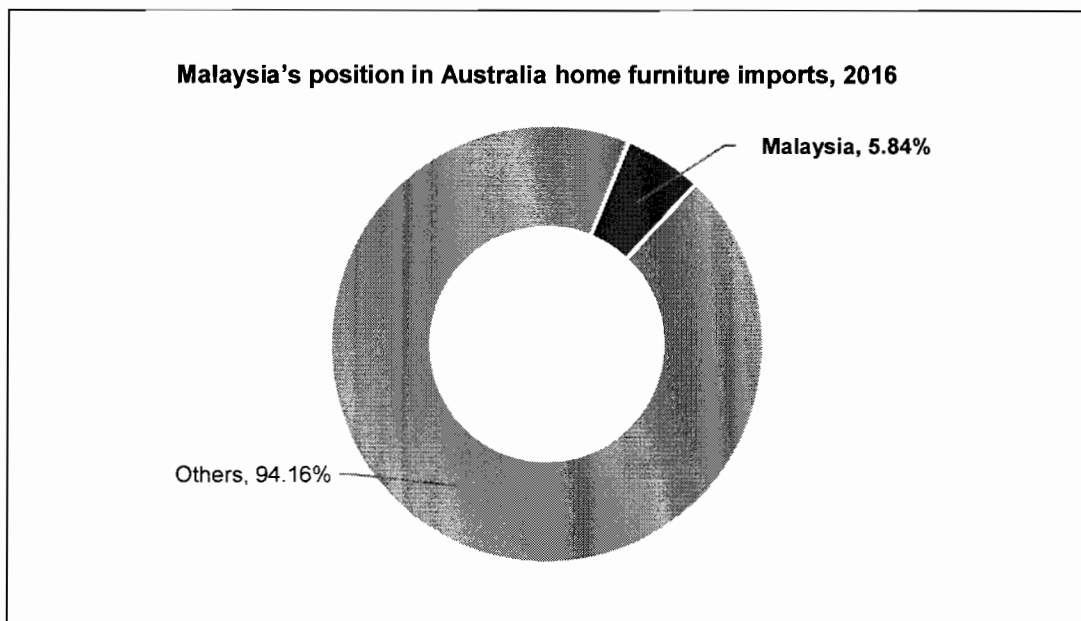
SMITH ZANDER

SMITH ZANDER forecasts the Australia home furniture import value to increase from an estimated USD2.70 billion (RM11.19 billion) in 2017 to USD2.75 billion (RM11.40 billion) in 2019, at a CAGR of 0.92% during the period.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

In 2016, Malaysia exported USD155.33 million (RM643.95 million) worth of home furniture to Australia, which accounted for 5.84% of total home furniture imported by Australia.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

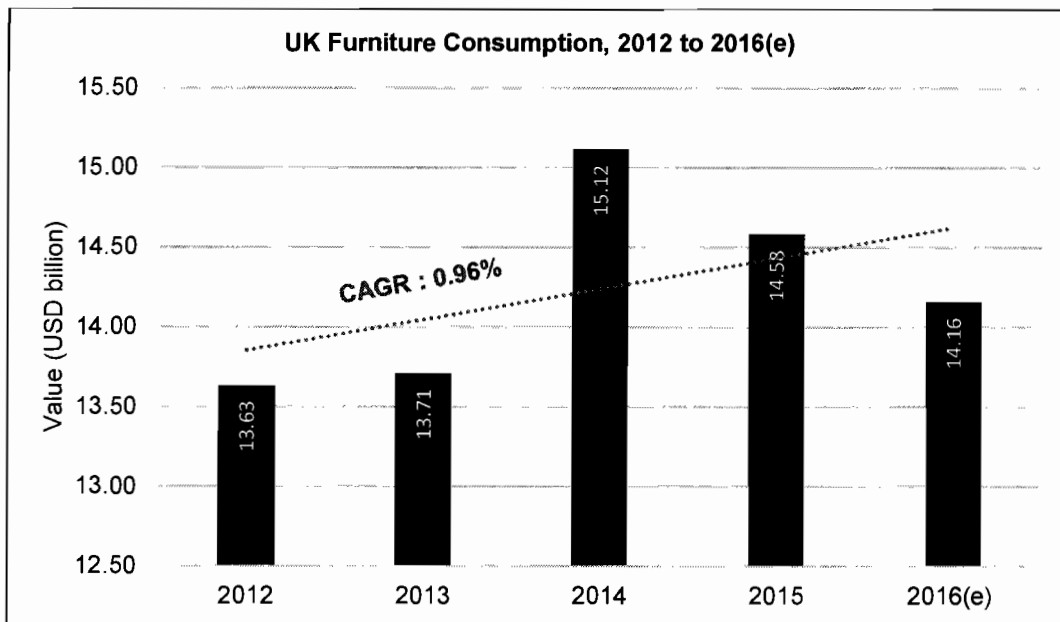
7. INDUSTRY OVERVIEW (Cont'd)

UK

UK furniture consumption

Furniture consumption in the UK grew by a CAGR of 0.96% from 2012 to 2016, from USD13.63 billion (RM42.11 billion) to USD14.16 billion (RM58.70 million).

In 2014, UK furniture consumption spiked up by 10.28%, mainly contributed by stronger growth in the property market. In 2014, total housing sales recorded a 24.10% annual growth rate as compared to a 6.24% growth in 2013. This resulted in a surge in demand for home furniture. However, furniture consumption saw a decline after 2014 as the demand in housing property moderated.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

UK Home Furniture Imports

In terms of import value, the UK home furniture market grew from USD6.52 billion (RM20.15 billion) in 2012 to USD7.56 billion (RM31.34 billion) in 2016, registering a CAGR of 3.77% during the period.

The growth in imported home furniture in the UK is stronger than the growth in total furniture consumption.

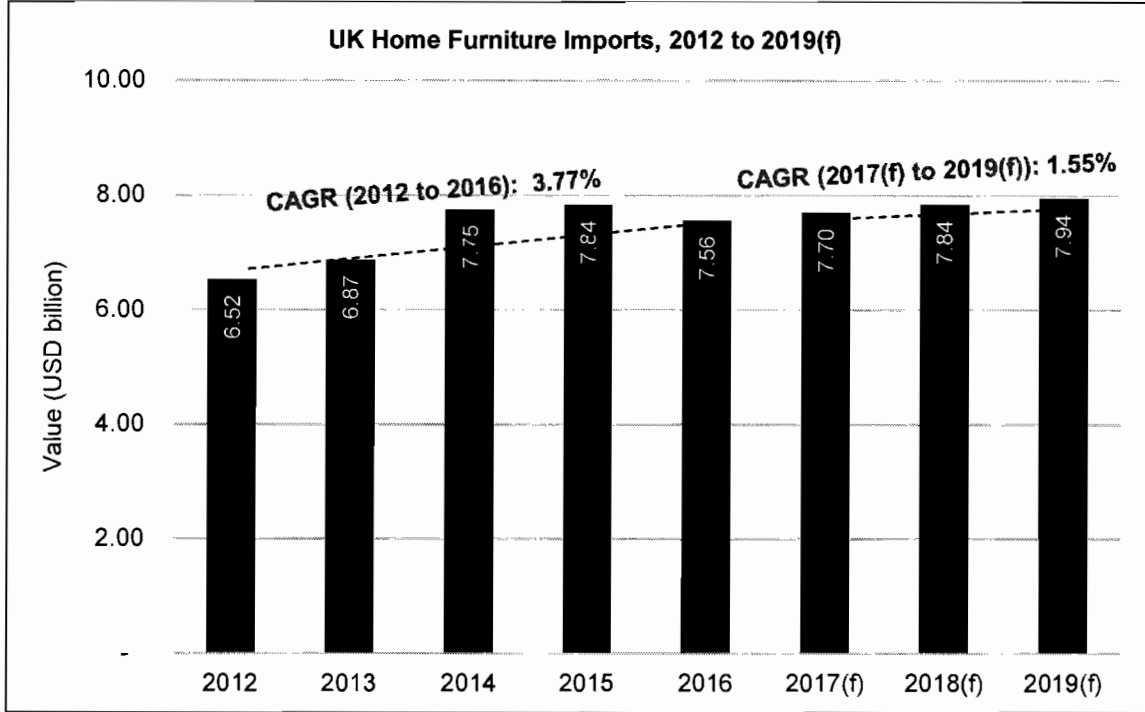
This demonstrates that the factors causing the decline in total furniture consumption over the last five years have not affected the imports of home furniture, and the demand for imported home furniture remains resilient and growing.

The higher demand for imported home furniture in UK is contributed by the lower domestic production of furniture. Just like many other developed countries, the high cost of labour and manufacturing in UK has caused locally manufactured furniture to be less competitive against imports.

7. INDUSTRY OVERVIEW (Cont'd)

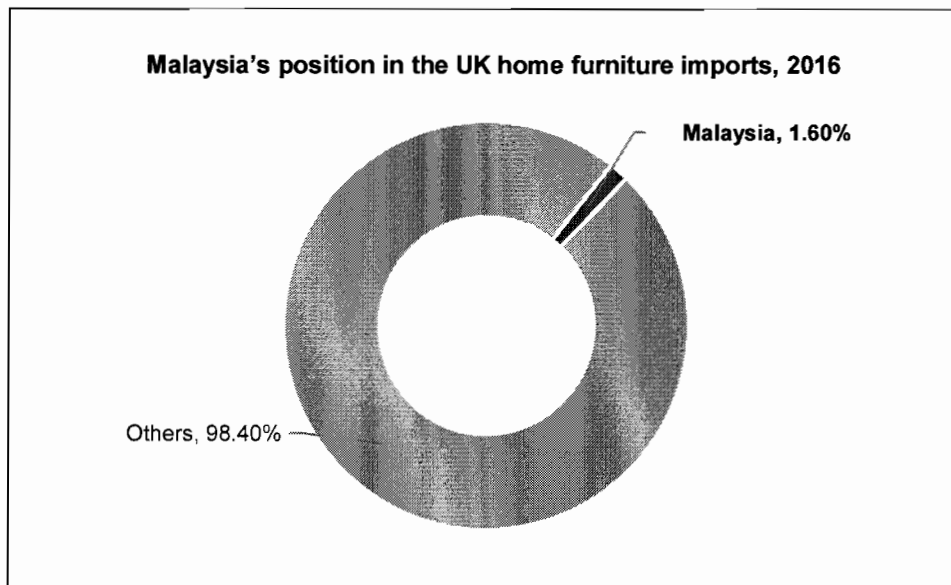
SMITH ZANDER

SMITH ZANDER forecasts the UK home furniture import value to increase from an estimated USD7.70 billion (RM31.92 billion) in 2017 to USD7.94 billion (RM32.92 billion) in 2019, at a CAGR of 1.55% during the period.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

In 2016, Malaysia registered USD121.16 million (RM502.29 million) of home furniture exports to the UK, which accounted for 1.60% of total home furniture imported by the UK.



Source: Extracted from the Independent Market Research Report by SMITH ZANDER

5 PROSPECTS AND OUTLOOK FOR WEGMANS

The furniture industry in Malaysia produced RM14.58 billion worth of furniture in 2016, in which approximately 67.50% were exported globally. In 2016, the value of furniture exports represented 1.25% of total exports from Malaysia.

In 2015, Malaysia was the ninth largest furniture exporting country globally, accounting for 1.69% of global furniture exports of USD137.49 billion (RM537.21 billion).

Over the last five years, Malaysia's furniture exports grew from RM8.24 billion in 2012 to RM9.84 billion in 2016, registering a CAGR of 4.54% during the period.

Home furniture exports from Malaysia grew from RM7.28 billion in 2012 to RM8.78 billion in 2016, at a CAGR of 4.80%.

In the FYE 31 December 2016, Wegmans exported 98.42% of its products globally, and the top four countries where Wegmans exports its furniture to are Japan, US, Australia and UK. These markets recorded growing demand for imported home furniture between 2012 to 2016:

- The global home furniture import value grew from USD122.10 billion (RM377.26 billion) in 2012 to USD139.71 billion (RM579.20 billion) in 2016, registering a CAGR of 3.43%,
- Despite lower consumption growth of furniture in Japan between 2012 to 2016 (CAGR: -4.80%), Japan's home furniture imports recorded a relatively better CAGR of -0.62%,
- US home furniture imports value grew from USD33.94 billion (RM104.87 billion) in 2012 to USD44.76 billion (RM185.56 billion) in 2016, registering a CAGR of 7.16%,
- Australia home furniture import value grew from USD2.51 billion (RM7.76 billion) in 2012 to USD2.66 billion (RM11.03 billion) in 2016, registering a CAGR of 1.46%, and
- UK home furniture import value grew from USD6.52 billion (RM20.15 billion) in 2012 to USD7.56 billion (RM31.34 billion) in 2016, registering a CAGR of 3.77%.

SMITH ZANDER believes that the prospect for Wegmans will be supported by the growing demand for imported home furniture globally as well as in Japan, US, Australia and UK, driven by growing population, improvement in the housing sales, increasing household expenditure and lower domestic production of home furniture, contributing to the following projected growth:

- The global home furniture import value to increase from an estimated USD143.85 billion (RM596.36 billion) in 2017 to USD152.85 billion (RM633.67 billion) in 2019, at a CAGR of 3.08%,
- Japan home furniture import value to increase from an estimated USD5.25 billion (RM21.76 billion) in 2017 to USD5.35 billion (RM22.18 billion) in 2019, at a CAGR of 0.95%,
- US home furniture import value to increase from an estimated USD48.66 billion (RM201.73 billion) in 2017 to USD56.54 billion (RM234.40 billion) in 2019, at a CAGR of 7.79%,
- Australia home furniture import value to increase from an estimated USD2.70 billion (RM11.19 billion) in 2017 to USD2.75 billion (RM11.40 billion) in 2019, at a CAGR of 0.92%, and
- UK home furniture import value to increase from an estimated USD7.70 billion (RM31.92 billion) in 2017 to USD7.94 billion (RM32.92 billion) in 2019, at a CAGR of 1.55%.

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

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Shareholdings

The direct and indirect interests of our Promoters and substantial shareholders in our Company before and after our IPO are set out below:

Promoters and substantial shareholders	Nationality	Before IPO				After IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(%) ⁽¹⁾	No. of Shares	(%)	No. of Shares	(%) ⁽²⁾	No. of Shares	(%)
Keh	Malaysian	200,000,000	50.00	-	-	175,000,000	35.00	-	-
Collin	Malaysian	200,000,000	50.00	-	-	175,000,000	35.00	-	-

Notes:

(1) Based on our existing share capital of 400,000,000 Shares, i.e. before our Public Issue.

(2) Based on our enlarged share capital of 500,000,000 Shares, i.e. after our Public Issue.

Save as disclosed above, our Promoters and substantial shareholders are not aware of any person who, directly or indirectly, jointly or severally, exercises control over our Company.

8.1.2 Profiles of Promoters

Keh and Collin are our Promoters and substantial shareholders.

Keh Wee Kiet, a Malaysian aged 48, is our Managing Director. He was appointed to our Board on 29 May 2017. He is responsible for our Company's strategic planning as well as overseeing the manufacturing operations for Wegmans Furniture. Keh completed the Senior Middle Three Unified Examination Certificate from Chung Hwa High School Muar, Johor in 1988.

After leaving high school, he began his career with Tokyo Byokane Pte Ltd, a screw manufacturer based in Singapore, as a trainee operator in January 1989. He was subsequently promoted as a skilled operator in June 1990 and left the company in December 1992. He took a break prior to joining Sern Kou Furniture Industries Sdn Bhd as a moulding operator in May 1993. He left the company in April 1994 to set up a partnership, namely Wegmans Trading in Muar, as a sub-contractor to manufacture and supply furniture parts for wooden dining chairs and sofas to local furniture manufacturers.

In 1999, the business operations of Wegmans Trading were transferred to Wegmans Furniture and he was appointed as the Managing Director of Wegmans Furniture. He is one of the founders of Wegmans Furniture and since then, he has been the driving force of our Group and has been instrumental in the growth and development of our Group. He has had more than 24 years of hands-on experience in the furniture industry particularly in the home furniture segment and has accumulated various technical know-how and expertise in manufacturing operations and sales of home furniture products.

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

As the Managing Director, he provides our Group with corporate vision and business strategies and is primarily responsible for the overall business, strategic planning and the entire operations of our Group. Under his vision and leadership, Wegmans Group has grown from a sub-contractor of furniture parts to home furniture manufacturer. Currently, Keh is a committee member of the Muar Furniture Association.

Collin Law Kok Lim, a Malaysian aged 48, is our Executive Director. He was appointed to our Board on 29 May 2017. He is currently responsible for overseeing our business development and D&D departments. He graduated from the State University of New York at Buffalo, USA with a Bachelor of Science in Electrical Engineering in 1993.

He began his career with SGS-Thomson Microelectronics Sdn Bhd in March 1993 as a senior automation engineer where he was responsible for, amongst others, designing hardware and software solutions for use in automation activities. He left the company in June 1997 and joined AEM-Tech Industries Sdn Bhd as a technical manager where he was involved in the development of software and electrical system for plating machines. In January 1998, he left the company and joined Chartered Semiconductor Manufacturing Ltd in Singapore, as a computer-integrated manufacturing manager. During his tenure with the company, he was responsible for, amongst others, the procurement, implementation, enhancement and maintenance of the computer integrated manufacturing systems, and strategic planning with regards to new software upgrades and releases.

Collin left the company in February 2005 and returned to his hometown at Muar, Johor and teamed up with Keh to run the furniture manufacturing business of Wegmans Furniture. He joined as the Executive Director of Wegmans Furniture to set up the sales and marketing department to secure customers directly and reduce our reliance on third party agents. In the same year, he was also instrumental in setting up our D&D team. He keeps abreast with the latest market developments globally by participating in international furniture trade exhibitions and events.

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.1.3 Changes in shareholdings**

The table below sets forth our Promoters' and substantial shareholders' direct and indirect interests in our Company since our incorporation up to the LPD:

Name	Date of acquisition/ (disposal)	Direct		Indirect	
		No. of Shares acquired/ (disposed)	Cumulative no. of Shares	No. of Shares acquired/ (disposed)	Cumulative no. of Shares
Substantial shareholders					
Abdul Hadi bin Nordin	22 February 2017	1 ⁽¹⁾	1	-	-
	(22 November 2017) ⁽³⁾	(1)	-	-	-
Majelis bin Majid	22 February 2017	1 ⁽¹⁾	1	-	-
	(22 November 2017) ⁽³⁾	(1)	-	-	-
Promoters and substantial shareholders					
Keh	22 November 2017 ⁽³⁾	1	1	-	-
	22 November 2017	199,999,999 ⁽²⁾	200,000,000	-	-
Collin	22 November 2017 ⁽³⁾	1	1	-	-
	22 November 2017	199,999,999 ⁽²⁾	200,000,000	-	-

Notes:

- (1) 2 subscribers' Shares held by 2 individual shareholders.
- (2) Shares issued as consideration for the Acquisition.
- (3) Being the date of the instrument of transfer of securities.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.2 DIRECTORS****8.2.1 Shareholdings**

The following table sets forth the direct and indirect shareholdings of each of our Directors before and after our IPO, assuming our Directors will subscribe for their respective pink form allocations as set out in **Section 3.3.1(ii)** of this Prospectus:

Director	Designation	Nationality	Before IPO		After IPO	
			Direct	Indirect	Direct	Indirect
			No. of Shares (%) ⁽¹⁾	No. of Shares (%)	No. of Shares (%) ⁽²⁾	No. of Shares (%)
Chan Wan Seong	Independent Non-Executive Chairman	Malaysian	-	-	100,000	-
Keh	Managing Director	Malaysian	200,000,000	-	175,000,000	-
Collin	Executive Director	Malaysian	200,000,000	-	175,000,000	-
Maziah binti Md Yamin	Independent Non-Executive Director	Malaysian	-	-	100,000	-
Chan Foong Ping	Independent Non-Executive Director	Malaysian	-	-	100,000	-

Notes:

(1) Based on our existing share capital of 400,000,000 Shares, i.e. before our Public Issue.

(2) Based on our enlarged share capital of 500,000,000 Shares, i.e. after our Public Issue.

Notwithstanding the pink form allocations reserved for our Directors, our Directors may subscribe for our Issue Shares under our Public Issue.

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

8.2.2 Profiles of Directors

Save for the profile of Keh and Collin which are set out in **Section 8.1.2** of this Prospectus, the profiles of our other Directors are as follows:

Chan Wan Seong, a Malaysian aged 64, is our Independent Non-Executive Chairman. He was appointed to our Board on 29 May 2017. He is also the chairperson of our Nominating Committee and a member of our Audit Committee and Remuneration Committee. Chan Wan Seong graduated from Universiti Malaya in 1977 with a Degree in Bachelor of Economics (Hons), majoring in Business Administration.

He began his career in Malaysian International Merchant Bankers Berhad in March 1977 as a corporate finance officer and left the bank in 1981. In 1981, he joined the then Sungei Way Leasing Sdn Bhd as a leasing manager and left the company in 1982. In 1982, he joined the then Credit Leasing Corporation Sdn Bhd as a senior manager and was promoted to be a general manager before leaving this company in 1985. In 1985, he joined the Malaysian Head Office of Chung Khiaw Bank Limited (which was then a member of the United Overseas Bank Ltd, Singapore) as the head of its corporate banking unit.

In January 1989, he left Chung Khiaw Bank Limited and resumed his career in merchant banking by joining the then Arab-Malaysian Merchant Bank Berhad ("AMMB") (currently known as AmInvestment Bank Berhad). In his 27-year career with the investment banking arm of the AmBank Group, he held various senior positions, amongst others, senior director of corporate and institutional banking and executive vice-president of wholesale banking. He has gained exposure in the areas of marketing, credit evaluation, loan structuring, credit risk management, debt and equity capital markets, mergers and acquisitions. He served as the executive vice-president of wholesale banking before retiring from the AmBank Group in March 2016.

He has been an Independent and Non-Executive Director of Atrium REIT Managers Sdn Bhd (the manager of Atrium Real Estate Investment Trust, which is an entity listed on Bursa Securities) since October 2016.

Maziah binti Md Yamin, a Malaysian aged 48, is our Independent Non-Executive Director. She was appointed to our Board on 29 May 2017. She is also the chairperson of our Remuneration Committee and a member of our Audit Committee and Nominating Committee. She attained her Bachelor of Laws from International Islamic University of Malaysia in 1993. She was admitted to the Malaysian Bar as an Advocate and Solicitor in 1994.

In February 1995, she commenced legal practice with Messrs Zuki Gandhi & Amin in Kuantan, Pahang as a litigation lawyer in the areas of banking and commercial law. She left Messrs Zuki Gandhi & Amin in February 1996 and joined Messrs Lin & Associates in Kuantan, Pahang in March 1996, where she led the litigation department, during which she gained much litigation experience in banking and commercial law.

In May 1999, she left Messrs Lin & Associates and joined Messrs Chee Siah Le Kee & Partners in Melaka as a litigation lawyer. She was later promoted as a partner of the firm in July 2003. During this time, she was principally involved in civil and commercial litigation, insolvency and receiverships as well as family law. She left Messrs Chee Siah Le Kee & Partners in August 2014 to establish her legal firm, namely Messrs Maziah & Partners in September 2014.

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

In June 2015, with the joining of an additional partner, the firm has changed its name to Messrs Maziah & Noorin. She left Messrs Maziah & Noorin on 1 November 2017 and is practising at her own legal firm, namely Messrs Maziah Md Yamin & Co. with effect from 6 November 2017. In addition, she has been appointed by the Advocates & Solicitors Disciplinary Board ("**Disciplinary Board**") as a member of the Disciplinary Committee Panel to hear disciplinary complaints against lawyers since February 2012. The Disciplinary Board was officially established in 1992 under Section 93 of the Legal Profession Act, 1976 and has jurisdiction over all lawyers, pupils and registered foreign lawyers for misconduct.

Chan Foong Ping, a Malaysian aged 47, is our Independent Non-Executive Director. She was appointed to our Board on 29 May 2017. She is also the chairperson of our Audit Committee and a member of our Nominating Committee and Remuneration Committee. She obtained her Bachelor of Accountancy from Universiti Pertanian Malaysia (currently known as Universiti Putra Malaysia) ("**UPM**") in 1995. She is a Chartered Accountant and member of Malaysian Institute of Accountants since 1998.

After graduation from UPM, she joined Kassim Chan & Co in August 1995 as an audit assistant. In August 1998, she left the firm as senior associate and joined Sepang Education Center Sdn Bhd as an accounting manager. In February 2000, she left Sepang Education Center Sdn Bhd and joined Phillips Seafood (East Malaysia) Sdn Bhd ("**Phillips Malaysia**") in August 2000 as financial controller who was responsible to set up a new manufacturing plant with pioneer tax incentives for the operations in Malaysia. In June 2005, she was promoted to be a regional financial controller. Subsequently in September 2006, she was promoted to be the executive director of Phillips Foods International (Hongkong) Limited ("**Phillips HK**"). Both Phillips Malaysia and Phillips HK are subsidiaries of Phillips Foods, Inc (USA). As an executive director of Phillips HK, she was responsible for overseeing the regional financial reporting system of its 14 seafood processing plants covering 10 different countries. She was responsible for setting up and overseeing shared service centres located in Indonesia and India for the financial reporting of Phillips HK operations. She left Phillips HK in September 2011.

Subsequently in October 2011, she joined RedHot Media International Limited (currently known as Resource Holding Management Limited), a public company then listed on the AIM Market of the London Stock Exchange, as its group finance director. After leaving Resource Holding Management Limited in April 2014, she was appointed in September 2014 as independent consultant to Swiss Biological Medicine Group Ltd ("**SBMG**"), a subsidiary of Huapont Life Sciences Co Ltd which is listed on the Shenzhen Stock Exchange in the People's Republic of China, where her services are to advise on matters relating to corporate strategies, business development, corporate finance, compliance and finance on a contract basis. As at the LPD, she is still rendering her services as independent consultant to SBMG.

She serves as Independent Non-Executive Director and chairperson of the audit committee of Seremban Engineering Berhad since April 2016, and as Independent Non-Executive Director and member of the audit committee of Success Transformer Corporation Berhad since September 2016, both of which are currently listed on the Main Market of Bursa Securities.

8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.2.3 Principal business performed outside our Group**

The following table sets out the principal directorships of our Directors as at the LPD and that which were held within the past 5 years up to the LPD, and the principal business activities performed by our Directors outside of our Group as at the LPD:

Director	Companies/ firms	Principal activities	Date of appointment of directorship	Date of resignation	Involvement in activities performed by Group other than director	Involvement in business outside our Group other than director
Chan Wan Seong	<u>Present directorship:</u> Atrium REIT Managers Sdn Bhd	Providing management and administrative services to real estate investment trusts	26 October 2016	-	Independent Director	Non-Executive
	<u>Past directorship:</u> BUBC Sdn Bhd	Operating badminton club in Malaysia, encompasses all the activities and sport programmes relating to badminton, participation in all the local and international events and tournaments	1 December 2016	18 December 2017	Non-Executive Director	
Keh	<u>Present directorship/ shareholding:</u> EPRO Automation Engineering Sdn Bhd	Dealing, trading and servicing of control panel system and related machinery parts (The company is in the process of members' voluntary winding up which commenced on 26 January 2017)	3 August 2014	-	Non-Executive Director Shareholder (Direct: 50.00%)	

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

Director	Companies/ firms	Principal activities	Date of appointment of directorship	Date of resignation	Involvement in business activities performed outside our Group other than director
Keh (Cont'd)	<u>Past directorship/ shareholding:</u> Wilson Screw Industries Sdn Bhd	Manufacturing and trading of screws, nuts and spare parts	25 November 2000	19 December 2016	Non-Executive Director Shareholder (Direct: 60.00%) (ceased to be a shareholder on 24 January 2017)
	Top River International Sdn Bhd	Dormant since the date of incorporation	27 February 2012	24 September 2013	Non-Executive Director Shareholder (Direct: 30.00%) (ceased to be a shareholder on 27 April 2017)
Collin	<u>Present shareholding:</u> Liantat Enterprise Sdn Bhd	Investment holding to manage assets	-	-	Shareholder (Direct: 12.50%)
	<u>Past directorship/ shareholding/ ownership:</u> LYW Furniture Industry Sdn Bhd	Dormant since the date of incorporation	24 September 2014	14 April 2017	Non-Executive Director Shareholder (Direct: 25.00%) (ceased to be a shareholder on 10 April 2017)
	J & V Hardware Trading	Retail of hardware, trading in industrial hardware	26 March 2008	19 October 2015	Sole proprietor (ceased to be a sole proprietor on 19 October 2015)
	Casemax Furniture Industries Sdn Bhd	Manufacturing of cabinets (Dormant since FYE 2011) (The company was dissolved on 27 March 2013)	4 April 2007	27 March 2013	Non-Executive Director Shareholder (Direct: 77.55%) (ceased to be a shareholder on 27 March 2013)

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

Director	Companies/ firms	Principal activities	Date of appointment of directorship	Date of resignation	Involvement in business activities performed outside our Group other than director
Maziah binti Md Yamin	<u>Present directorship:</u> Ibnu Sina Women and Maternity Hospital Sdn Bhd	Clinic, health centre, health consultant, investment and general trading (The striking off process commenced on 7 May 2012)	1 March 2005	-	Non-Executive Director
	<u>Past shareholding:</u> Mesti Perkasa Sdn Bhd	Investment holding of debt instrument and unquoted shares and provisions of management services including accounting and administrative services	-	-	Shareholder (Direct: 4.95%) (ceased to be a shareholder on 31 May 2017)
Chan Foong Ping	<u>Present directorship/ shareholding:</u> Success Transformer Corporation Berhad	Investment holding and provision of management services for its subsidiaries involved in designing, manufacturing and distributing of light and transformer, steel and process equipment	23 September 2016	-	Independent and Non-Executive Director
	Seremban Engineering Berhad	Fabrication of process equipment and metal structures and the provision of maintenance repair and shutdown work	22 April 2016	-	Independent and Non-Executive Director
	Paracelsus Biomedicine GmbH at Labuan offshore	To develop biological medicine health care services and product distribution	13 September 2016	-	Executive Director

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

Director	Companies/ firms	Principal activities	Date of appointment of directorship	Date of resignation	Involvement in business activities performed outside our Group other than director
Chan Foong Ping (Cont'd)	<u>Past directorship/ shareholding:</u> Herzklang Sdn Bhd	Dormant since the date of incorporation	-	-	Shareholder (Direct: 50.00%) (ceased to be a shareholder on 28 June 2017)
	Bionano Diagnostic System Sdn Bhd	Research and development in all kinds of biotechnological and biochemical processes, and to trade and transfer technology in the field of biotechnology and nanotechnology	27 January 2015	17 May 2017	Executive Director and shareholder (Direct: 0.001%) (ceased to be a shareholder on 17 May 2017)
		(The company was dissolved on 17 May 2017)			
	RH Millennium Sdn Bhd	Dormant since the date of incorporation	12 June 2012	9 May 2014	Non-Executive Director
		(The company was dissolved on 9 May 2014)			
	Asian Pacific RIM Seafood Holdings Sdn Bhd	Investment holding company, whilst its subsidiaries are involved in processing and export pasteurised crab meat	21 June 2004	30 January 2014	Executive Director

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

8.2.4 Directors' remuneration, fees and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered in all capacities to our Group for FYEs 2016 and 2017 are as follows:

Directors	Remuneration band (RM)	
	FYE 2016	Proposed for FYE 2017
Chan Wan Seong	– ⁽¹⁾	0 – 50,000
Keh	300,001 – 350,000	350,001 – 400,000
Collin	300,001 – 350,000	350,001 – 400,000
Maziah binti Md Yamin	– ⁽¹⁾	0 – 50,000
Chan Foong Ping	– ⁽¹⁾	0 – 50,000

Note:

(1) Appointed subsequent to FYE 2016.

The remuneration of our Directors which includes salaries, bonuses, fees and allowances as well as other benefits, is approved by our Board, following recommendations made by our Remuneration Committee for FYE 2017 and subject to our Constitution. Any change in Directors' fees as set out in our Constitution must be approved by shareholders of our Company pursuant to an ordinary resolution passed at a general meeting where appropriate notice of any proposed increase should be given. Please refer to **Section 8.3.3** of this Prospectus for further details.

8.3 BOARD PRACTICE

8.3.1 Directorship

In accordance with our Constitution, the Directors shall have the power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with our Constitution which is 11 directors. At the 1st AGM of our Company, all our Directors shall retire from office, and at the AGM in every subsequent year, 1/3 of our Directors shall retire at each AGM of shareholders but shall be eligible for re-election. Our Directors must submit themselves for re-election at least once in every 3 years.

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

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period that each of our Directors has served in office are as follows:

<u>Name</u>	<u>Date of appointment as Director</u>	<u>Date of expiration of the current term of office ^{(1) and (2)}</u>	<u>Approximate no. of years in office</u>
Chan Wan Seong	29 May 2017	At the 1 st AGM of our Company	Less than a year
Keh	29 May 2017	At the 1 st AGM of our Company	Less than a year
Collin	29 May 2017	At the 1 st AGM of our Company	Less than a year
Maziah binti Md Yamin	29 May 2017	At the 1 st AGM of our Company	Less than a year
Chan Foong Ping	29 May 2017	At the 1 st AGM of our Company	Less than a year

Notes:

- (1) *In accordance with Clause 90 of our Constitution, at the 1st AGM of our Company, all the Directors shall retire from office, and at the AGM in every subsequent year, 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election PROVIDED ALWAYS that all the Directors shall retire from office at least once every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he/ she retires. An election of Directors shall take place each year.*
- (2) *In accordance with Clause 91 of our Constitution, the Directors to retire in each year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.*

8.3.2 Audit Committee

The composition of our Audit Committee is set out below:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Chan Foong Ping	Chairperson	Independent Non-Executive Director
Chan Wan Seong	Member	Independent Non-Executive Chairman
Maziah binti Md Yamin	Member	Independent Non-Executive Director

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

The terms of reference of our Audit Committee, amongst others, include the following:

(i) Financial reporting

Review the annual and quarterly financial results of our Company focusing on, amongst others, financial disclosures, changes in accounting policies and practices, significant adjustments arising from the audit, any litigation that could materially affect the results, the going concern assumptions, the key audit matters and compliance with Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other than Private Entities and Listing Requirements.

(ii) Internal audit

In respect of the internal audit function:

- (a) to review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether it has the necessary authority to carry out its works or the performance and competency of the internal auditors if the internal audit function is outsourced;
- (b) to review internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit;
- (c) to review internal audit reports, recommendations and management's responses and assess on the actual and potential impact of any failure or weakness of the internal controls in place. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors are discussed together with our management team in a separate forum;
- (d) review implementation of the recommendations made by the internal auditors through follow-up internal audit reports to the Audit Committee;
- (e) to review the whistle-blowing policy and amendments, if any for adoption by our Board; and
- (f) to request and review any special audit which the Audit Committee deems necessary.

(iii) Risk management

- (a) to access the resources and knowledge of our management and employees involved in the risk management process.
- (b) to review and monitor principal risks which may affect our Group directly or indirectly, and if deemed necessary, recommend additional course(s) of action to mitigate such risks;
- (c) to monitor and communicate the risk assessment results to our Board;

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

- (d) to ensure that the risk management policies and procedures of the operating units are aligned to the business strategies and the risk return direction of our Board; and
 - (e) to assess the actual and potential impact of any failure or weakness of our internal controls in place.
- (iv) External audit
- With regards to external auditors:
- (a) to review the quarterly and year-end annual financial statements before submission to our Board and announcements to Bursa Securities, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - significant and unusual events;
 - the going concern assumption;
 - key audit matters; and
 - compliance with Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Listing Requirements and other legal requirements;
 - (b) to convene meeting at least twice a year on any issues from the audit, with the external auditors separately without the presence of our management;
 - (c) to review, consider and recommend the appointment, resignation or termination of external auditors and their audit fee to our Board;
 - (d) to review the evaluate factors relating to the independence of the external auditors and work closely with the external auditors in establishing procedures in assessing their suitability and independence, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with our Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants;
 - (e) to review and discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit and upon completion of the audit assessment, to present the audit findings and recommendations of the external auditors to our Board for discussion;
 - (f) to review with the external auditors the audit plan, their evaluation of the systems of internal accounting controls, their audit report and the assistance given by our Company's officers to the external auditors.

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

- (v) Other responsibilities
- (a) to instruct the external and internal auditors that the Audit Committee expects to be advised if there are any areas that require their special attention including major findings of internal investigations and management's response;
 - (b) to report its activities to our Board in such manner and at such times as it deems appropriate and report to Bursa Securities where the Audit Committee is of the view that a matter reported by it to our Board has not been satisfactorily resolved resulting in breach of the Listing Requirements;
 - (c) to review any related party transactions that may arise within our Company in complying with the Listing Requirements including transactions, procedures or courses of conduct that may raise questions on our management's integrity;
 - (d) to review any allocation of share options or share issues pursuant to employees' share issuance schemes granted to eligible Directors and employees in our Group;
 - (e) to review our Company's procedures for detecting fraud and whistle-blowing policy and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters; and
 - (f) to consider and examine any other matters as the Audit Committee considers appropriate or as instructed by our Board.

8.3.3 Remuneration Committee

The composition of our Remuneration Committee is set out below:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Maziah binti Md Yamin	Chairperson	Independent Non-Executive Director
Chan Wan Seong	Member	Independent Non-Executive Chairman
Chan Foong Ping	Member	Independent Non-Executive Director

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

The terms of reference of our Remuneration Committee, amongst others, include the following:

- (i) to establish, review and recommend the remuneration structure including, where appropriate, bonuses and increments and policy for Executive Directors; the terms of employment or contract of employment/ service and any compensation payable on the termination of the service contract by our Company and to review for changes to the policy, as necessary;
- (ii) to review and recommend to our Board any employees' share issuance scheme; and
- (iii) to consider other matters as referred to the Remuneration Committee by our Board.

8.3.4 Nominating Committee

The composition of our Nominating Committee is set out below:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Chan Wan Seong	Chairperson	Independent Non-Executive Chairman
Chan Foong Ping	Member	Independent Non-Executive Director
Maziah binti Md Yamin	Member	Independent Non-Executive Director

The terms of reference of our Nominating Committee, amongst others, include the following:

- (i) to consider, evaluate and recommend to our Board, candidates for directorships and Board Committee members. In making a recommendation to our Board on the candidate for directorship, the Committee shall have regard to:
 - (a) size, composition, mix of skills, competencies, expertise, experience, potential conflict of interests, level of commitment and performance which may contribute to our existing Board and Company;
 - (b) the appropriate number of Independent Directors to fairly reflect the interests of minority shareholders and that Independent Directors should make up at least 1/3 of the membership of our Board; and
 - (c) the best practices of the Malaysian Code on Corporate Governance 2017 which stipulates that Non-Executive Directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgment on issues considered by our Board;
- (ii) to review annually and recommend to our Board with regard to the structure, size, balance, composition of our Board and board diversity (including gender, ethnicity and age diversity) and Committees including the required mix of skills and experience, core competencies which non-executive Directors should bring to our Board and other qualities to function effectively and efficiently;

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

- (iii) to evaluate on an annual basis, the effectiveness of our Board as a whole, the Board Committees and each Director's ability to contribute to the effectiveness of our Board and the relevant Board Committees;
- (iv) to recommend to our Board whether Directors who are retiring by rotation should be put forward for re-election/ reappointment at annual general meetings;
- (v) to review the term of office and performance of all the Board Committees, particularly the Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference;
- (vi) to assess the independence of the Independent Directors annually, and when any new interest or relationship develops and confirm the conduct of this assessment in the annual report of our Company and in any notice convening a general meeting seeking approval for the appointment or re-appointment of Independent Directors;
- (vii) to review the fulfilment of directors' training and disclose details in the annual report as appropriate;
- (viii) to review with the Managing Director and the Executive Directors, their goals and objectives and to assess their performance against these objectives as well as their contribution to the corporate strategy; and
- (ix) to consider other matters as referred to the Nominating Committee by our Board.

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8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**8.4 KEY MANAGEMENT****8.4.1 Shareholdings**

The following table sets forth the direct and indirect shareholdings of each of our key management before and after our IPO, assuming each of our key management will subscribe for their respective pink form allocations:

Name	Designation	Nationality	Before IPO		After IPO	
			Direct	Indirect	Direct	Indirect
			No. of Shares (%) ⁽¹⁾	No. of Shares (%) ⁽²⁾	No. of Shares (%) ⁽²⁾	No. of Shares (%)
Keh	Managing Director	Malaysian	200,000,000	-	175,000,000	-
Collin	Executive Director	Malaysian	200,000,000	-	175,000,000	-
Law Eng Hwa	Director of human resource and administration	Malaysian	-	-	880,000	-
Koh Ru Ching	Financial controller	Malaysian	-	-	800,000	-
Keh Hwee Eng	Marketing manager	Malaysian	-	-	600,000	-
Sia Hwa Ann @ Wee Hwa Ann	General manager of operations	Malaysian	-	-	800,000	-
Sim Hwee Boon	D&D manager	Malaysian	-	-	600,000	-

Notes:

(1) Based on our existing share capital of 400,000,000 Shares, i.e. before our Public Issue.

(2) Based on our enlarged share capital of 500,000,000 Shares, i.e. after our Public issue.

Notwithstanding the pink form allocations reserved for our key management, our key management may subscribe for our Issue Shares under our Public Issue.

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

8.4.2 Key management profiles

Save for the profiles of Keh and Collin which are set out in **Section 8.1.2** of this Prospectus, the profiles of the other key management of our Group are as follows:

Law Eng Hwa, a Malaysian aged 55, is currently the director of human resource and administration. She is responsible for developing and implementing human resources strategies, managing human resources operation, facilities management and welfare management. She graduated from National Taiwan University in 1986 with a degree of Bachelor of Science in Engineering. She also holds a degree of Master in Business Administration, which she obtained from Heriot-Watt University, UK in 1999.

She began her career with Lian Li Trading Sdn Bhd in May 1987 as a clerk. She then left in March 1989 and joined Mei Shun Fang Manufacturing Sdn Bhd in April of the same year as a marketing supervisor. She left in March 1990 to join Li Sheng Garments Manufacturing Sdn Bhd as a merchandiser. She left in May 1991 to join Vertex International Trading Pte Ltd as a senior merchandiser. She joined Parade Packaging Sdn Bhd ("**Parade Packaging**") in November 1992 as a production coordinator. Subsequently in 1998, she was promoted to be the factory manager of Parade Jasa Sdn Bhd ("**Parade Jasa**"). In 1999, she was appointed as the personal assistant to the Group Executive Director of Parade Manufacturing Sdn Bhd ("**Parade Manufacturing**"). Parade Packaging, Parade Jasa and Parade Manufacturing are part of the same group of companies ("**Parade Group**"), which are principally involved in manufacturing and sale of thermo-formed products and plastic articles. Her last position with Parade Group was a factory manager cum personal assistant to the Group Executive Director, where she was responsible for managing the factory's operations as well as undertaking assignments relating to internal control systems, cost efficiency and effectiveness improvement. In March 2000, she left Parade Group and joined Afasia Group Limited ("**Afasia**"), as a regional general manager for its Mauritius and Madagascar operations where she was responsible for the textile manufacturing operations in the aforementioned countries. In November 2005, she was transferred to Afasia's base in Hong Kong as its chief operating officer where she was responsible for charting the company's corporate strategies and the management of its global operations. She left Afasia in January 2014 and took a break from work before joining Wegmans Furniture in July 2016.

Koh Ru Ching, a Malaysian aged 39, is our financial controller. She holds a degree of Bachelor of Commerce majoring in Accounting from the University of Tasmania, Australia in 2001. She has been a member of Certified Practising Accountants, Australia and a member of Malaysian Institute of Accountants since 2004. Presently, she is responsible for our Company's accounting and finance matters.

Koh Ru Ching began her career with SC Lim, Ng & Co, a local audit firm as an audit assistant in March 2001. Her last position with the firm was audit manager, where she was responsible for the planning and supervision of audits as well as evaluation of internal controls. She left SC Lim, Ng & Co in August 2011 and joined Crowe Horwath as an audit principal, where she was responsible for the review, planning and supervision of audits engagements, financial reporting, financial modelling, as well as certain corporate finance related engagements. Her portfolio of clients covers public listed companies and multi-national corporations across various industries including furniture manufacturing companies. She left Crowe Horwath in May 2016 and joined Techcential Sdn Bhd as its finance manager. She left Techcential Sdn Bhd in July 2016 and joined Wegmans Furniture as its financial controller in August 2016.

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

Keh Hwee Eng, a Malaysian aged 42, is our marketing manager. Presently, she is responsible for our sales and marketing strategies, as well as business development. She graduated from the National University of Singapore in 1998 with a degree of Bachelor of Science in Computer and Information Sciences.

She began her career with Knowledge Engineering Pte Ltd based in Singapore in June 1998 as a software engineer where she was responsible for designing and developing software applications. She left Knowledge Engineering Pte Ltd in January 2000 and joined Netlife Singapore Pte Ltd in the same year as a software engineer. In December 2001, she then left the company and joined NEC Asia Pacific Pte Ltd as a system manager, where she was responsible to propose and develop application for customers. She left the company in November 2005, and took a break of 2 months before joining Wegmans Furniture in January 2006 as a marketing executive. In June 2010, Keh Hwee Eng was promoted to her current position as our marketing manager.

Sia Hwa Ann @ Wee Hwa Ann, a Malaysian aged 42, is our general manager of operations. He is responsible for the management of our factory's day-to-day operations and overseeing the production planning activities. He obtained a Higher Diploma in Hotel Management from Stamford College in 1997.

He started his career with Latitude Tree Furniture Sdn Bhd (which is a subsidiary of Latitude Tree Holdings Berhad, a company currently listed on the Main Market of Bursa Securities) as a production control executive in December 1997 where he was responsible for production scheduling activities. He was later transferred to Latitude Tree Vietnam Joint Stock Company in March 2003 where he served as an assistant manager in the production control department. He was promoted as a production control manager in August 2004, where he was responsible for overseeing production schedules to meet customers' orders. In January 2007, he was appointed as a factory manager, where he was responsible for overseeing the company's overall furniture production activities. In May 2010, he left Latitude Tree Vietnam Joint Stock Company and took a year's break before joining Wegmans Furniture in October 2011 as a factory manager. He was promoted to general manager in July 2016 and redesignated to his current position in January 2017.

Sim Hwee Boon, a Malaysian aged 38, is our D&D manager and is responsible for the design and development of our products, as well as the introduction of new models. She obtained a Diploma in Interior Design from the Malaysian Institute of Art in 2002 while she was working in JEN Design and Displays.

She began her career in June 2001 as an assistant designer with JEN Design and Displays, where she was involved in the producing furniture technical drawings. She then joined Poh Huat Resources Holdings Berhad group of companies, as an executive draughtswoman in June 2002 where she was responsible for producing detailed technical drawings of furniture products. She left the group in July 2007 to join SJI Industries Sdn Bhd, another furniture manufacturer, as a draughtswoman where her role included the development of new product designs. She was tasked to produce prototype samples as well as testing these prototypes. She then left SJI Industries Sdn Bhd in June 2012 and joined Ideal Hope Furniture Sdn Bhd as an assistant research and development manager, responsible for product design and technical drawings. In April 2014, she left the company and joined Wegmans Furniture as senior research and development executive and was promoted to her current position in January 2017.

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

8.5 INVOLVEMENT OF OUR EXECUTIVE DIRECTOR AND/OR KEY MANAGEMENT IN OTHER BUSINESSES/ CORPORATIONS

As at the LPD, save as disclosed in **Section 8.2.3** of this Prospectus (in respect of Keh and Collin), none of our key management is involved in other businesses or corporations in Malaysia, save and except for the operations of our Group.

8.6 DECLARATION FROM OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

As at the LPD, none of our Promoters, substantial shareholders, Directors and key management is or has been involved in any of the following events (whether within or outside Malaysia):

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

8.7 FAMILY RELATIONSHIPS AND/OR ASSOCIATIONS

Save as disclosed below, there is no family relationship and/or association between any of our Promoters, substantial shareholders, Directors and key management as at the LPD:

Name	Relationship/ association
Keh	Brother of Keh Hwee Eng
Keh Hwee Eng	Sister of Keh
Collin	Brother of Law Eng Hwa
Law Eng Hwa	Sister of Collin

8.8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND/OR DIRECTORS BENEFITS

Save for the remuneration and benefits paid to our Directors for services rendered in all capacities to our Group as set out in **Section 8.2.4** of this Prospectus there are no other amounts or benefits paid or intended to be paid or given to our Promoters, substantial shareholders and/or Directors within the 2 years preceding the date of this Prospectus.

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

8.9 SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements entered into between the companies within our Group, with our Directors or key management personnel.

8.10 EMPLOYEES

8.10.1 Employees

A summary of our Group's total workforce by job functions as at 31 December 2014, 2015 and 2016 as well as at the LPD is set out below:

	No. of employees			
	As at 31 December			As at the LPD
	2014	2015	2016	
Executive Directors	2	2	2	2
Operations	434	407	454	486 ⁽¹⁾
D&D	12	13	13	12
Quality assurance	15	12	14	16
Business development	7	11	12	12
Material planning	15	12	20	35
Finance	3	4	5	5
Administration/ Human resources	10	10	15	15
Total workforce	498	471	535	583

Note:

(1) The increase in headcount for operations was to meet higher production requirements in order to cater for the increased sales volume.

As at the LPD, our Group has a total workforce of 583 employees, of which 92 are permanent employees and 491 are contractual foreign workers employed for our manufacturing production. Malaysians account for 92 of total employees while the remaining 491 are foreign nationals. All of our foreign employees have valid working permits and are mainly from Bangladesh, Myanmar, Nepal, Vietnam and Pakistan.

None of our employees belongs to any labour union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue.

Save as disclosed below, as at the LPD, there is no industrial dispute action taken against our Group and our Directors are not aware of any industrial dispute action pending or threatened against our Group, or of any fact that is likely to give rise to any industrial dispute action against our Group.

Wegmans Furniture had, after a domestic inquiry held on 14 April 2016, dismissed one of its employees due to his absence from work for more than 20 days within a 3-month period without informing his supervisor. This employee later filed a complaint to the Labour Office of Muar claiming unlawful termination and requested for salary in lieu of notice and termination benefit. On 21 June 2016, the Labour Office of Muar decided in favour of the employee, and such dispute was duly resolved on 27 June 2016.

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

8.10.2 Training and development programmes

We recognise the importance of human resource as a central element of any successful organisation and aim to build an experienced, capable and dynamic team. Hence, we emphasise the importance of providing training and development programmes for our employees as part of our human resource development. In line with this, we conduct on-the-job training programmes for our employees aimed at improving their skills and technical knowledge.

The key training and development programmes attended by our employees for the past 3 years up to the LPD are set out below:

<u>Month/ year</u>	<u>Training and development programmes undertaken</u>	<u>No of employees attended</u>	<u>Departments</u>
October 2014	National Tax Seminar 2014	1	Administration and human resource
September 2015	Course on employment of foreign workers	2	Administration and human resource
November 2015	Understanding and application of employment law in Malaysia	1	Administration and human resource
January 2016	Solution-based strategic selling skills	10	Business development
March 2016	Foreign labour management issues, challenges, policies, procedures and conditions of employment	1	Administration and human resource
May 2016	<ul style="list-style-type: none"> • Behavioural leadership 	<ul style="list-style-type: none"> • 3 	<ul style="list-style-type: none"> • Administration and human resource
		<ul style="list-style-type: none"> • 1 	<ul style="list-style-type: none"> • Material planning
		<ul style="list-style-type: none"> • 1 	<ul style="list-style-type: none"> • D&D
		<ul style="list-style-type: none"> • 2 	<ul style="list-style-type: none"> • Business development
		<ul style="list-style-type: none"> • 4 	<ul style="list-style-type: none"> • Operation
	<ul style="list-style-type: none"> • Entrepreneurship and supervisory roles 	1	Administration and human resource
June 2016	Leadership and team management	1	Administration and human resource
July 2016	Course of practice, the process of handling domestic investigations and penalties	1	Administration and human resource
August 2016	<ul style="list-style-type: none"> • Briefing workshop on BLESS implementation (electronics licensing business support system) for the purpose of fire certificate 	1	Administration and human resource
	<ul style="list-style-type: none"> • Training for enterprise resource planning system 	2	D&D

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

<u>Month/ year</u>	<u>Training and development programmes undertaken</u>	<u>No of employees attended</u>	<u>Departments</u>
September 2016	GST tax code mapping & accounting treatment	2	Finance
October 2016	<ul style="list-style-type: none"> • Courses/ basic fire safety training for fire security forces (fire squad) • Training for enterprise resource planning system 	<ul style="list-style-type: none"> • 10 • 1 • 1 • 1 • 2 • 1 • 10 • 4 • 1 • 4 	<ul style="list-style-type: none"> • Operation • Administration and human resource • Finance • Material planning • Business development • D&D • Business development • Material planning • D&D • Finance
November 2016	<ul style="list-style-type: none"> • National Tax Seminar 2016/ 2017 on budget, proposals, penalty, mechanism and dispute resolution • Training for enterprise resource planning system 	<ul style="list-style-type: none"> 1 4 	<ul style="list-style-type: none"> Finance Finance
January 2017	Training for auto time management system	<ul style="list-style-type: none"> • 1 • 3 	<ul style="list-style-type: none"> • Finance • Administration and human resource
March 2017	Training for auto pay management system	<ul style="list-style-type: none"> • 3 • 2 	<ul style="list-style-type: none"> • Administration and human resource • Finance
May 2017	Hearing test	49	Operation
September 2017	First aid and cardiopulmonary resuscitation training	<ul style="list-style-type: none"> • 5 • 2 • 2 • 1 • 1 • 9 	<ul style="list-style-type: none"> • Administration and human resource • Finance • Business development • Material planning • D&D • Operation
October 2017	<ul style="list-style-type: none"> • Update of changes that affecting your company • Enterprise Resource Planning • Course on employment of foreign workers 	<ul style="list-style-type: none"> • 2 • 2 • 1 • 4 • 2 	<ul style="list-style-type: none"> • Finance • Finance • D&D • Business development • Administration and human resource

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

<u>Month/ year</u>	<u>Training and development programmes undertaken</u>	<u>No of employees attended</u>	<u>Departments</u>
November 2017	<ul style="list-style-type: none"> • National Tax Seminar 2017 • ISO 9001:2015 awareness transition training and risk assessment workshop 	<ul style="list-style-type: none"> 2 • 4 • 5 • 6 • 2 • 3 • 6 	<ul style="list-style-type: none"> Finance • Business development • Administration and human resource • Material planning • Finance • D&D • Operation
January 2018	National GST Seminar 2018 (Mandarin)	2	Finance

8.10.3 Management succession plan

Our business is organised along functional lines where department managers are responsible for the execution of their duties. Our Group practises management empowerment whereby department managers are relatively autonomous, and have significant decision-making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on our Managing Director/ Executive Director to be involved in all details and aspects of the operational and functional areas. This allows our Managing Director/ Executive Director to focus on strategic matters and business.

Nevertheless, to ensure business continuity, our Group has put in place a management succession plan which includes:

- (i) identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with business goals, strategies and the culture of our Group; and
- (ii) taking a positive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are regularly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision-making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

Our key management carries out a management meeting with all the managers on a quarterly basis to review our business and product strategies as well as annual targets. This gives all the managers an overall view on the business direction and the growth of our Group as a whole.

Our Board will be involved in identifying potential successors' readiness and competencies to fill managerial and key senior positions for succession planning. Appropriate job functions and candidate profiles will be reviewed and matched for management positions, in line with our business goals, strategies and culture. As part of our Group's management succession plan, we have identified middle management personnel across our Group to facilitate knowledge transfer and to build upon their capabilities to fill senior management positions so as to ensure smooth running and continuity of our operations.