

## 9. APPROVALS AND CONDITIONS

### 9.1 APPROVALS AND CONDITIONS

#### 9.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 9 November 2017, approved our admission to the Official List and listing of and quotation for our entire enlarged share capital on the ACE Market of Bursa Securities. The approval from Bursa Securities is subject to compliance with the following conditions:

| <b>Conditions</b>  | <b>Status of compliance</b> |
|--|-----------------------------|
| (i) Submission of the following information in respect to the moratorium on the shareholdings of the Promoters to Bursa Depository: <ul style="list-style-type: none"> <li>(a) Name of shareholders;</li> <li>(b) Number of shares; and</li> <li>(c) Date of expiry of the moratorium for each block of shares.</li> </ul>   | To be complied.             |
| (ii) Approvals from other relevant authorities have been obtained for implementation of our IPO.   | Complied.                   |
| (iii) Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of Listing Requirements.  | To be complied.             |
| (iv) Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued share capital of Wegmans on the first day of our Listing.  | To be complied.             |
| (v) Any director of our Company that has not attended the Mandatory Accreditation Programme must do so prior to our Listing.   | Complied.                   |
| (vi) In relation to our Public Issue, to announce at least 2 market days prior to the listing date, the result of the offering including the following: <ul style="list-style-type: none"> <li>(a) Level of subscription of public balloting and placement;</li> <li>(b) Basis of allotment/ allocation;</li> <li>(c) A table showing the distribution for placement tranche; and</li> <li>(d) Disclosure of placees who become substantial shareholder of Wegmans arising from our Public Issue, if any.</li> </ul> | To be complied.             |
| RHB Investment Bank is to ensure that the overall distribution of Wegmans' securities is properly carried out to mitigate any disorderly secondary market after commencement of trading; and   | Noted.                      |
| (vii) Wegmans/ RHB Investment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once our admission to the Official List on the ACE Market is completed.   | To be complied.             |

**9. APPROVALS AND CONDITIONS (Cont'd)****9.1.2 SC**

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

The SC had, vide its letter dated 21 November 2017, approved the resultant equity structure of Wegmans pursuant to the Listing under the equity requirement for public listed companies, subject to Wegmans allocating shares equivalent to at least 12.5% of its enlarged issued share capital at the point of listing to Bumiputera investors. This includes the shares offered under the Public balloting portion, of which 50% are to be offered to Bumiputera investors. In the event that the MITI is unable to allocate the shares to Bumiputera investors, the unsubscribed shares shall be offered to Bumiputera public investors via balloting.

The effects of the IPO on the equity structure of Wegmans are as follows:

| <b>Category of shareholders</b> | <b>After the Acquisition</b> |               | <b>After our Listing</b>   |               |
|---------------------------------|------------------------------|---------------|----------------------------|---------------|
|                                 | <b>No. of Shares</b>         | <b>%</b>      | <b>No. of Shares</b>       | <b>%</b>      |
| <b>Bumiputera</b>               | -                            | -             | 62,500,000 <sup>(1)</sup>  | 12.50         |
| <b>Non-Bumiputera</b>           | 400,000,000                  | 100.00        | 437,500,000 <sup>(2)</sup> | 87.50         |
| <b>Malaysians</b>               | 400,000,000                  | 100.00        | 500,000,000                | 100.00        |
| <b>Foreigners</b>               | -                            | -             | -                          | -             |
| <b>Total</b>                    | <b>400,000,000</b>           | <b>100.00</b> | <b>500,000,000</b>         | <b>100.00</b> |

Notes:

- (1) Based on the assumption that the shares allocated to Bumiputera investors shall be fully subscribed as follows:

| <b>Category</b>   | <b>No. of Shares</b> |
|---|----------------------|
| Public balloting portion (assumed to be taken by Bumiputera individuals)  | 12,500,000           |
| Shares placed to identified Bumiputera investors approved by the MITI (assumed to be individual) by the placement agent | 50,000,000           |
| <b>Total</b>  | <b>62,500,000</b>    |

- (2) Based on the assumption that all Public Issue Shares save as disclosed above are placed to non-Bumiputera investors.

**9.1.3 MITI**

The MITI had, vide its letter dated 26 September 2017, stated that it has taken note and has no objection to the Acquisition and our IPO. The condition imposed by MITI and status of compliance is set out below:

| <b>Condition</b>   | <b>Status of compliance</b> |
|--|-----------------------------|
| Wegmans to notify MITI if there are any changes to the number of Issue Shares made available for application by way of private placement to identified Bumiputera investors approved by the MITI | Noted.                      |

**9. APPROVALS AND CONDITIONS (Cont'd)****9.2 MORATORIUM ON OUR SHARES**

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

- (i) the moratorium applies to our Promoters' entire shareholdings for a period of 6 months from the date of our admission to the Official List of ACE Market ("**First 6 Months Moratorium**");
- (ii) upon the expiry of the First 6 Months Moratorium, we must ensure that our Promoters' aggregate shareholdings amounting to at least 45.00% of our enlarged total number of shares remain under moratorium for another period of 6 months ("**Second 6 Months Moratorium**"); and
- (iii) thereafter, the Promoters may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of our Shares held under moratorium.

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

| <b>Promoters</b> | <b>Shares under the First 6 Months Moratorium</b> |              | <b>Shares under the Second 6 Months Moratorium</b> |              |
|------------------|---|--------------|--|--------------|
|                  | <b>No. of Shares</b>                              | <b>(%)</b>   | <b>No. of Shares</b>                               | <b>(%)</b>   |
| Keh              | 175,000,000                                       | 35.00        | 112,500,000  | 22.50        |
| Collin           | 175,000,000                                       | 35.00        | 112,500,000  | 22.50        |
| <b>Total</b>     | <b>350,000,000</b>                                | <b>70.00</b> | <b>225,000,000</b>                                 | <b>45.00</b> |

Our Promoters have provided written undertakings that they will not sell, transfer or assign their respective shareholdings in Wegmans in the manner set out above.

The moratorium restrictions, which are fully acknowledged by our Promoters, are specifically endorsed on our share certificates representing their shareholdings which are under moratorium to ensure that our Share Registrar will not register any sale, transfer or assignment that contravenes such restrictions.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS****10.1 RELATED PARTY TRANSACTIONS**

Save as disclosed below, as at the LPD, there are no other related party transactions, existing or proposed, entered into or to be entered into by our Group which involves the interest, direct or indirect, of our Directors and substantial shareholders, and/or persons connected with them for the past 3 FYEs 2014, 2015 and 2016 as well as FPE 2017:

| Transacting parties | Related party                       | Nature of relationship  | Nature of transactions   | Actual Transaction Value |                   |                   |                   |
|---------------------|-------------------------------------|---|--|--------------------------|-------------------|-------------------|-------------------|
|                     |                                     |   |  | FYE 2014 (RM'000)        | FYE 2015 (RM'000) | FYE 2016 (RM'000) | FPE 2017 (RM'000) |
| Wegmans Furniture   | EPRO Automation Engineering Sdn Bhd | Keh is our Promoter, Managing Director and substantial shareholder            | (i) Provision of repair and maintenance services together with related spare parts by EPRO Automation Engineering Sdn Bhd to Wegmans Furniture | -                        | 71                | 148               | - <sup>(1)</sup>  |
|                     |                                     | Keh is also a director and shareholder in EPRO Automation Engineering Sdn Bhd | (ii) Purchase of machineries' spare parts from EPRO Automation Engineering Sdn Bhd by Wegmans Furniture <sup>(2)</sup>                         | -                        | -                 | 120               | - <sup>(1)</sup>  |
|                     |                                     |   | (iii) Purchase of machinery and platform work from EPRO Automation Engineering Sdn Bhd by Wegmans Furniture                                    | -                        | -                 | 51                | - <sup>(1)</sup>  |
| Wegmans Furniture   | Wilson Industries Bhd               | Keh is our Promoter, Managing Director and substantial shareholder            | (i) Rental income received from Wilson Screw Industries Sdn Bhd by Wegmans Furniture in relation to rental of hostel for employees             | 2                        | 2                 | 2                 | - <sup>(3)</sup>  |
|                     |                                     | Keh was also a director and shareholder in Wilson Screw Industries Sdn Bhd    | (ii) Sale of coating materials to Wilson Screw Industries Sdn Bhd by Wegmans Furniture   | 1                        | 1                 | 1                 | - <sup>(3)</sup>  |
|                     |                                     |   | (iii) Purchase of hardware (such as screws, bolts and nuts) from Wilson Screw Industries Sdn Bhd by Wegmans Furniture                          | 182                      | 373               | 1,018             | - <sup>(3)</sup>  |

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

| Transacting parties           | Related party                            | Nature of relationship | Nature of transactions  | Actual Transaction Value |                      |                      |                      |
|-------------------------------|--|------------------------|---|--------------------------|----------------------|----------------------|----------------------|
|                               |  |                        |   | FYE 2014<br>(RM'000)     | FYE 2015<br>(RM'000) | FYE 2016<br>(RM'000) | FPE 2017<br>(RM'000) |
| Wegmans Furniture<br>(Cont'd) | Wilson Screw Industries Sdn Bhd (Cont'd) |                        | (iv) Transport charges paid to Wilson Screw Industries Sdn Bhd by Wegmans Furniture for the delivery of inventories to sub-contractors' premise | -                        | 3                    | 8                    | - <sup>(3)</sup>     |
|                               |  |                        | (v) Plating charges paid to Wilson Screw Industries Sdn Bhd by Wegmans Furniture  | 1                        | -                    | 1                    | - <sup>(3)</sup>     |

## Notes:

- (1) EPRO Automation Engineering Sdn Bhd is in the process of members voluntary winding up which commenced on 26 January 2017.
- (2) Wegmans Furniture made a one-off purchase of machineries' spare parts prior to EPRO Automation Engineering Sdn Bhd's cessation of business, for Wegmans Furniture's spare parts inventory.
- (3) Keh had ceased to be a director and shareholder of Wilson Screw Industries Sdn Bhd on 19 December 2016 and 24 January 2017 respectively.

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

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

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interests situation, our Audit Committee will, amongst others, review the terms of all related party transactions (if any), and report to our Board for further action. When necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by us. In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related party transaction that he is aware or should reasonably be aware of, which is not in our best interest. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transaction.

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

**10.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Board confirms that there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/or Wegmans Furniture was a party for the past 3 FYEs 2014, 2015 and 2016, and up to the LPD.

**10.3 OUTSTANDING LOANS MADE TO OR FOR THE BENEFIT OF RELATED PARTIES**

Our Board confirms that there are no outstanding loans (including guarantees of any kind) that have been granted by our Company and/or Wegmans Furniture to or for the benefits of the related parties for the past 3 FYEs 2014, 2015 and 2016, and up to the LPD.

Our Group does not expect to enter into any future transactions of the above nature after our admission to the Official List of Bursa Securities, and in the event we do so, such transactions would be conducted in accordance with the procedures as may be required by the relevant authorities.

**10.4 INTEREST IN SIMILAR BUSINESSES AND IN BUSINESSES OF OUR CUSTOMERS OR SUPPLIERS**

As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, in other businesses and corporations carrying on a similar trade as our Group and/or any businesses and corporations of our customers and/or suppliers.

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

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**10.5 DECLARATION BY ADVISERS FOR OUR IPO**

**(i) Principal Adviser, Sponsor, Underwriter and Placement Agent**

RHB Investment Bank has given its confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our IPO on the basis that:

- (a) RHB Investment Bank is a licensed investment bank and its appointment as Principal Adviser, Sponsor, Underwriter and Placement Agent for the Listing, is in the ordinary course of its business; and
- (b) the conduct of RHB Banking Group's business is regulated by the Financial Services Act, 2013 and RHB Banking Group's own internal controls and checks.

**(ii) Solicitors**

Wong Beh & Toh has given its confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Solicitors for our IPO.

**(iii) Auditor and Reporting Accountant**

Crowe Horwath has given its confirmation that there is no existing or potential conflict of interests in its capacity as the auditors and the Reporting Accountants for our IPO.

**(iv) Independent Market Researcher**

SMITH ZANDER has given its confirmation that there is no existing or potential conflict of interests in its capacity as the Independent Market Researcher for our IPO.

**11. FINANCIAL INFORMATION****11.1 HISTORICAL COMBINED FINANCIAL INFORMATION**

The historical audited combined financial information of our Group for FYEs 2014, 2015 and 2016, and FPE 2017 have been extracted from the Accountant's Report set out in **Section 12** of this Prospectus, which deals with the audited combined financial statements of our Group for the same financial years/ period under review. 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 historical combined financial information should be read in conjunction with our Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects set out in **Section 11.4** of this Prospectus and with the Accountant's Report in **Section 12** of this Prospectus.

**(i) Historical statements of profit or loss and other comprehensive income of our Group**

|  | Audited              |                      |                      | Unaudited            | Audited              |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | FYE 2014<br>(RM'000) | FYE 2015<br>(RM'000) | FYE 2016<br>(RM'000) | FPE 2016<br>(RM'000) | FPE 2017<br>(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)             |
| <b>GP</b>  | <b>7,355</b>         | <b>20,794</b>        | <b>25,743</b>        | <b>19,111</b>        | <b>18,721</b>        |
| 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)                |
| <b>PBT</b>   | <b>3,328</b>         | <b>14,955</b>        | <b>18,240</b>        | <b>13,762</b>        | <b>13,438</b>        |
| Tax expense  | (346)                | (2,004)              | (2,939)              | (2,275)              | (1,882)              |
| <b>PAT</b>   | <b>2,982</b>         | <b>12,951</b>        | <b>15,301</b>        | <b>11,487</b>        | <b>11,556</b>        |
| Other comprehensive income                           | -                    | -                    | -                    | -                    | -                    |
| <b>Total comprehensive income</b>                    | <b>2,982</b>         | <b>12,951</b>        | <b>15,301</b>        | <b>11,487</b>        | <b>11,556</b>        |
| PAT attributable to:                                 |                      |                      |                      |                      |                      |
| - Owners of the Company                              | 2,982                | 12,951               | 15,301               | 11,487               | 11,556               |
| - Non-controlling interest                           | -                    | -                    | -                    | -                    | -                    |
|  | <b>2,982</b>         | <b>12,951</b>        | <b>15,301</b>        | <b>11,487</b>        | <b>11,556</b>        |
| Assumed no. of Shares in issue ('000) <sup>(1)</sup> | 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 (%) <sup>(2)</sup>                         | 18.66                | 31.40                | 30.06                | 29.81                | 29.54                |
| PBT margin (%) <sup>(3)</sup>                        | 8.44                 | 22.59                | 21.30                | 21.47                | 21.20                |
| PAT margin (%) <sup>(4)</sup>                        | 7.57                 | 19.56                | 17.87                | 17.92                | 18.24                |
| Basic EPS (sen) <sup>(5)</sup>                       | 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 (%) <sup>(6)</sup>                | 10.40                | 13.40                | 16.11                | 16.53                | 14.01                |



**11. FINANCIAL INFORMATION (Cont'd)***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.*

**(ii) Historical combined statements of financial position of our Group**

|                                     | Audited              |                      |                      | Unaudited            | Audited              |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | FYE 2014<br>(RM'000) | FYE 2015<br>(RM'000) | FYE 2016<br>(RM'000) | FPE 2016<br>(RM'000) | FPE 2017<br>(RM'000) |
| Non-current assets                  | 13,504               | 18,444               | 34,722               | 22,218               | 40,619               |
| Current assets                      | 10,262               | 17,568               | 27,716               | 23,432               | 29,805               |
| <b>Total assets</b>                 | <b>23,766</b>        | <b>36,012</b>        | <b>62,438</b>        | <b>45,650</b>        | <b>70,424</b>        |
| Share capital                       | 1,900                | 1,900                | 1,900                | 1,900                | 1,900                |
| Reserves                            | 7,982                | 19,033               | 22,594               | 25,980               | 30,150               |
| <b>Total equity/ NA</b>             | <b>9,882</b>         | <b>20,933</b>        | <b>24,494</b>        | <b>27,880</b>        | <b>32,050</b>        |
| Non-current liabilities             | 1,844                | 4,275                | 13,943               | 3,342                | 15,217               |
| Current liabilities                 | 12,040               | 10,804               | 24,001               | 14,428               | 23,157               |
| <b>Total liabilities</b>            | <b>13,884</b>        | <b>15,079</b>        | <b>37,944</b>        | <b>17,770</b>        | <b>38,374</b>        |
| <b>Total equity and liabilities</b> | <b>23,766</b>        | <b>36,012</b>        | <b>62,438</b>        | <b>45,650</b>        | <b>70,424</b>        |

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**11. FINANCIAL INFORMATION (Cont'd)**

**11.2 REPORTING ACCOUNTANT'S LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(Prepared for inclusion in this Prospectus)*



15 January 2018

**The Board of Directors**  
**Wegmans Holdings Berhad**  
Lot PTD 3504  
Jalan Bakri, Batu 7 1/2  
84200 Muar  
Johor Darul Takzim

**Crowe Horwath** AF 1018  
Chartered Accountants  
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Dear Sirs

**WEGMANS HOLDINGS BERHAD ("WEGMANS" OR "THE COMPANY")  
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION AS AT 30 SEPTEMBER 2017**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of Wegmans and its wholly-owned subsidiary, namely Wegmans Furniture Industries Sdn. Bhd. (collectively known as "the Group") as at 30 September 2017 and related notes as set out in Appendix A, for which we have stamped for the purpose of identification. The pro forma consolidated statements of financial position and related notes have been compiled by the Board of Directors of the Company for inclusion in the Prospectus, in connection with the listing of and quotation for the entire issued share capital of Wegmans on the ACE Market of Bursa Malaysia Securities Berhad ("the IPO").

The applicable criteria on the basis of which the Board of Directors have compiled the pro forma consolidated statements of financial position are set out in Note 2 of Appendix A, and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The pro forma consolidated statements of financial position has been compiled by the Board of Directors, for illustrative purpose only, to illustrate the impact of the event or transaction set out in Appendix A of this letter on the Group's financial position as at 30 September 2017.

As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the interim combined financial statements of Wegmans for the nine-month financial period ended 30 September 2017.

**THE BOARD OF DIRECTORS' RESPONSIBILITIES**

The Board of Directors of the Company is responsible for compiling the pro forma consolidated statements of financial position on the basis as set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

**11. FINANCIAL INFORMATION (Cont'd)****REPORTING ACCOUNTANT'S INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

**REPORTING ACCOUNTANT'S RESPONSIBILITIES**

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis as set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

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

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

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis as set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

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

**11. FINANCIAL INFORMATION (Cont'd)**



**REPORTING ACCOUNTANT'S RESPONSIBILITIES (CONT'D)**

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

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

**OPINION**

In our opinion, pro forma consolidated statements of financial position of the Group has been compiled, in all material respects, on the basis as set out in Note 2 of Appendix A and in accordance with the requirements of the Prospectus Guidelines.

**OTHER MATTER**

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

Yours faithfully

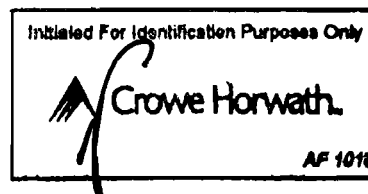
A handwritten signature in black ink that reads "Crowe Horwath".

Crowe Horwath  
Firm No. : AF 1018  
Chartered Accountants

A handwritten signature in black ink that reads "Ng Kim Kiat".

Ng Kim Kiat  
Approval No. : 02074/10/2018 J  
Chartered Accountant

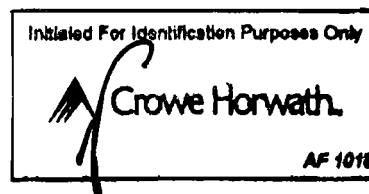
Muar, Johor Darul Takzim

**11. FINANCIAL INFORMATION (Cont'd)****WEGMANS HOLDINGS BERHAD AND ITS SUBSIDIARY****APPENDIX A****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017****1. ABBREVIATION**

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

|                  |   |
|------------------|---|
| Acquisition      | : Acquisition by Wegmans of the entire equity interest in Wegmans Furniture comprising 1,900,000 ordinary shares for a purchase consideration of RM 23,999,999.88, which was fully satisfied by the issuance of 399,999,998 new Shares at an issue price of RM 0.06 per Share |
| Bursa Securities | : Bursa Malaysia Securities Berhad (Company No. 635998-W)   |
| FPE              | : Financial period ended 30 September   |
| IPO              | : Initial public offering comprising the Public Issue and the Offer for Sale, collectively  |
| IPO Price        | : Issue price/offer price of RM 0.29 per Issue Share/Offer Share  |
| Issue Share(s)   | : 100,000,000 new Wegmans Share(s) to be issued at the IPO Price pursuant to the Public Issue   |
| 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 the IPO Price   |
| Offer Share(s)   | : 50,000,000 existing Wegmans Share(s) to be offered at the IPO Price by the Selling Shareholders pursuant to the Offer for Sale  |
| Prospectus       | : The Prospectus dated 13 February 2018 to be issued by the Company in respect of the IPO   |

**11. FINANCIAL INFORMATION (Cont'd)**



**WEGMANS HOLDINGS BERHAD AND ITS SUBSIDIARY**

**APPENDIX A**

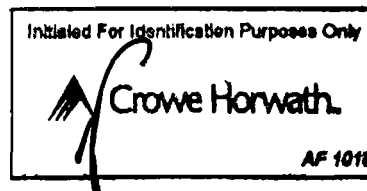
**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017**

**1. ABBREVIATION (CONT'D)**

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

- Public Issue : Public Issue of 100,000,000 Issue Shares at the IPO Price comprising the following:
  - (a) 25,000,000 Issue Shares, representing 5.00% of the enlarged total number of Shares, made available for application by the Malaysian public;
  - (b) 15,000,000 Issue Shares, representing 3.00% of the enlarged total number of Shares, made available for application by the eligible Directors and employees as well as persons who have contributed to the success of the Group;
  - (c) 10,000,000 Issue Shares, representing 2.00% of the 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 the enlarged total number of Shares, made available for application by way of private placement to identified Bumiputera investors approved by the MITI
  
- RM and sen : Ringgit Malaysia and sen
  
- Selling Shareholder(s) : Collectively, Keh Wee Kiet and Law Kok Lim undertaking the Offer for Sale
  
- Wegmans or Company : Wegmans Holdings Berhad (Company No. 1219319-D)
  
- Wegmans Furniture : Wegmans Furniture Industries Sdn Bhd (Company No. 500638-D)
  
- Wegmans Group or Group : Wegmans and its wholly-owned subsidiary, namely Wegmans Furniture
  
- Wegmans Share(s) or Share(s) : Ordinary share(s) in the Company

## 11. FINANCIAL INFORMATION (Cont'd)



## WEGMANS HOLDINGS BERHAD AND ITS SUBSIDIARY

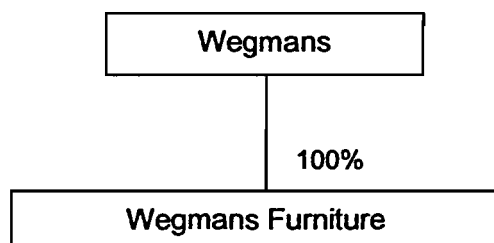
## APPENDIX A

## NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

## 2. PRO FORMA GROUP AND BASIS OF PREPARATION

## 2.1 Pro forma Group

The pro forma corporate structure of Wegmans Group is as follow:



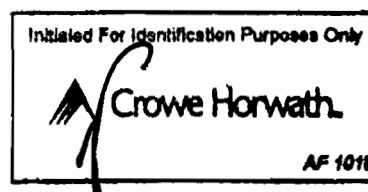
## 2.2 Basis of Preparation

The pro forma consolidated statements of financial position of Wegmans have been prepared using the audited statement of financial position of Wegmans and Wegmans Furniture as at 30 September 2017. The audited financial statements of Wegmans and Wegmans Furniture for the FPE 30 September 2017 are prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and are not subject to any qualification, modification or disclaimer.

The pro forma consolidated statements of financial position has also been compiled on the basis stated in the Note 3 and in a manner consistent with both the format of the audited financial statements and accounting policies of Wegmans and Wegmans Furniture for the FPE 30 September 2017.

The financial statements of Wegmans and Wegmans Furniture are consolidated using the merger method as these companies are under common control by the same parties both before and after the Acquisition of Wegmans Furniture, and control is not transitory. When the merger method is used, the difference between the cost of investment recorded by Wegmans and the share capital of Wegmans Furniture is accounted for as merger deficit in the pro forma consolidated statements of financial position, as follow:

|   | RM'000  |
|---|---------|
| Cost of investment                        | 24,000  |
| Less : Share capital of Wegmans Furniture | (1,900) |
| Merger deficit                            | 22,100  |

**11. FINANCIAL INFORMATION (Cont'd)****WEGMANS HOLDINGS BERHAD AND ITS SUBSIDIARY****APPENDIX A****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017****2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)****2.3 Listing Scheme**

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

**(i) Acquisition**

On 18 August 2017, Wegmans entered into a conditional Share Sale Agreement with the Selling Shareholders of Wegmans Furniture to acquire the entire equity interests in Wegmans Furniture comprising 1,900,000 ordinary shares for a purchase consideration of RM 23,999,999.88 which was fully satisfied by the issuance of 399,999,998 new Shares at an issue price of RM 0.06 per Share.

The purchase consideration of Wegmans Furniture of RM 23,999,999.88 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited NA position of Wegmans Furniture as at 31 March 2017 of RM 24,661,854.

**(ii) Public Issue**

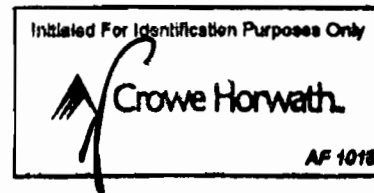
Public issue of 100,000,000 Issue Shares, representing 20.00% of the enlarged total number of Shares, at the IPO Price, to be allocated in the following manner:

- (a) 25,000,000 Issue Shares, representing 5.00% of the enlarged total number of Shares, are made available for application by the Malaysian public;
- (b) 15,000,000 Issue Shares, representing 3.00% of the enlarged total number of Shares, are made available for application by the eligible Directors and employees as well as persons who have contributed to the success of the Group;
- (c) 10,000,000 Issue Shares, representing 2.00% of the enlarged total number of Shares, are 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 the enlarged total number of Shares, are made available for application by way of private placement to identified Bumiputera investors approved by the MITI.

Upon completion of the Public Issue, the share capital will increase from approximately RM 24,000,002 comprising 400,000,000 Shares to approximately RM 53,000,002 comprising 500,000,000 Shares.



11. FINANCIAL INFORMATION (Cont'd)



WEGMANS HOLDINGS BERHAD AND ITS SUBSIDIARY

APPENDIX A

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017

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

2.3 Listing Scheme (Cont'd)

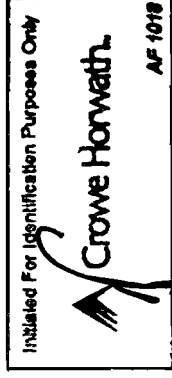
(iii) Offer for Sale

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

(iv) Listing

Upon completion of the Public Issue and Offer for Sale, the Company shall be admitted to the official list and the entire enlarged share capital of approximately RM 53,000,002 comprising 500,000,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

## 11. FINANCIAL INFORMATION (Cont'd)



## WEGMANS HOLDINGS BERHAD AND ITS SUBSIDIARY

## APPENDIX A

## NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

## 3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF WEGMANS GROUP AS AT 30 SEPTEMBER 2017

|   | Audited as at<br>30<br>September<br>2017 | Acquisition of Wegmans<br>Furniture                        |                                      | Pro Forma I<br>After<br>Acquisition of<br>Wegmans<br>Furniture<br>RM'000 | Public Issue<br>RM'000 | Pro Forma II<br>After Pro<br>Forma I and<br>Public Issue<br>RM'000 | Utilisation of<br>Proceeds<br>RM'000 | Pro Forma III<br>After Pro<br>Forma II and<br>Utilisation of<br>Proceeds<br>RM'000 |
|---|--|--|--------------------------------------|--|------------------------|--|--------------------------------------|--|
|   |  | Audited<br>Statement of<br>Financial<br>Position<br>RM'000 | Acquisition<br>Adjustments<br>RM'000 |  |                        |  |                                      |  |
| <b>ASSETS</b>   |  |  |                                      |  |                        |  |                                      |  |
| <b>NON-CURRENT ASSET</b>                              |  |  |                                      |  |                        |  |                                      |  |
| Property, plant and equipment                         | -  | 40,619   |                                      | 40,619   |                        | 40,619   | 22,000                               | 62,619   |
| <b>TOTAL NON-CURRENT ASSET</b>                        | -  |  |                                      | 40,619   |                        | 40,619   |                                      | 62,619   |
| <b>CURRENT ASSETS</b>                                 |  |  |                                      |  |                        |  |                                      |  |
| Inventories   | -  | 13,636   |                                      | 13,636   |                        | 13,636   |                                      | 13,636   |
| Trade and other receivables                           | -  | 8,615  |                                      | 8,615  |                        | 8,615  |                                      | 8,615  |
| Cash and bank balances                                | *  | 7,554  |                                      | 7,554  | 29,000                 | 36,554   | (25,500)                             | 11,054   |
| <b>TOTAL CURRENT ASSETS</b>                           | *  |  |                                      | 29,805   |                        | 58,805   |                                      | 33,305   |
| <b>TOTAL ASSETS</b>                                   | *  |  |                                      | 70,424   |                        | 99,424   |                                      | 95,924   |
| <b>EQUITY AND LIABILITIES</b>                         |  |  |                                      |  |                        |  |                                      |  |
| Equity attributable<br>to owners of the Company       | #  | 1,900  | 22,100<br>(22,100)                   | 24,000<br>(22,100)   | 29,000                 | 53,000<br>(22,100)   | (1,173)                              | 51,827<br>(22,100)   |
| Share capital   | -  |  |                                      | 30,150   |                        | 30,150   | (2,327)                              | 27,823   |
| Merger deficit<br>(Accumulated loss)/Retained profits | (9)                                      | 30,159   |                                      | 32,050   |                        | 61,050   |                                      | 57,550   |
| <b>TOTAL EQUITY</b>                                   | (9)                                      |  |                                      |  |                        |  |                                      |  |

## 11. FINANCIAL INFORMATION (Cont'd)



## WEGMANS HOLDINGS BERHAD AND ITS SUBSIDIARY

## APPENDIX A

## NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

## 3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF WEGMANS GROUP AS AT 30 SEPTEMBER 2017 (CONT'D)

|  | Audited as at<br>30<br>September<br>2017 | Acquisition of Wegmans<br>Furniture              |                            | Pro Forma I<br>After<br>Acquisition of<br>Wegmans<br>Furniture | Public Issue | Pro Forma II<br>After Pro<br>Forma I and<br>Public Issue | Utilisation of<br>Proceeds | Pro Forma III<br>After Pro<br>Forma II and<br>Utilisation of<br>Proceeds |
|--|--|--|----------------------------|--|--------------|--|----------------------------|--|
|  |  | Audited<br>Statement of<br>Financial<br>Position | Acquisition<br>Adjustments |  |              |  |                            |  |
| <b>NON-CURRENT LIABILITIES</b>         |  |  |                            |  |              |  |                            |  |
| Bank borrowings                        | -  | 13,640   |                            | 13,640   |              | 13,640   |                            | 13,640   |
| Hire purchase payables                 | -  | 507  |                            | 507  |              | 507  |                            | 507  |
| Deferred tax liabilities               | -  | 1,070  |                            | 1,070  |              | 1,070  |                            | 1,070  |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   | -  |  |                            | 15,217   |              | 15,217   |                            | 15,217   |
| <b>CURRENT LIABILITIES</b>             |  |  |                            |  |              |  |                            |  |
| Trade and other payables               | 9  | 14,086   |                            | 14,095   |              | 14,095   |                            | 14,095   |
| Bank borrowings                        | -  | 8,825  |                            | 8,825  |              | 8,825  |                            | 8,825  |
| Hire purchase payables                 | -  | 237  |                            | 237  |              | 237  |                            | 237  |
| <b>TOTAL CURRENT LIABILITIES</b>       | 9  |  |                            | 23,157   |              | 23,157   |                            | 23,157   |
| <b>TOTAL LIABILITIES</b>               | 9  |  |                            | 38,374   |              | 38,374   |                            | 38,374   |
| <b>TOTAL EQUITY AND LIABILITIES</b>    | *  |  |                            | 70,424   |              | 99,424   |                            | 95,924   |
| No. of ordinary shares in issue ('000) | ^  |  |                            | 400,000  |              | 500,000  |                            | 500,000  |
| NA (RM'000)                            | (9)                                      |  |                            | 32,050   |              | 61,050   |                            | 57,550   |
| NA per share (RM)                      | Not applicable                           |  |                            | 0.08   |              | 0.12   |                            | 0.12   |

^

(9)

Not applicable

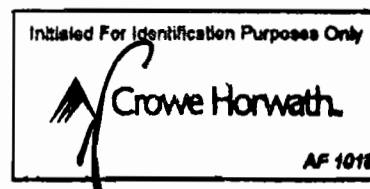
## Notes:

# Represent RM 2.00

^ Represent 2 ordinary shares

\* Amount less than RM 500

## 11. FINANCIAL INFORMATION (Cont'd)



## WEGMANS HOLDINGS BERHAD AND ITS SUBSIDIARY

## APPENDIX A

## NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

## 3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF WEGMANS GROUP AS AT 30 SEPTEMBER 2017 (CONT'D)

The pro forma consolidated statements of financial position as at 30 September 2017 has been prepared solely for illustrative purposes only to show the effects of the following transactions based on the assumptions that they had been effected on 30 September 2017:

**3.1 Pro Forma I**

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

**3.2 Pro Forma II**

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

**3.3 Pro Forma III**

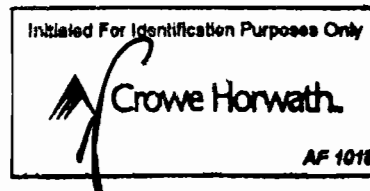
Pro Forma III incorporates the effects of Pro Forma I, II and the utilisation of the proceeds from the Public Issue.

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

|                             | RM'000        | %           | Estimated time frame<br>for utilisation<br>(from the listing date) |
|-----------------------------|---------------|-------------|--|
| Capital expenditure         | 22,000        | 76%         | Within 2.5 years   |
| Working capital             | 3,500         | 12%         | Within 2.5 years   |
| Estimated listing expenses* | 3,500         | 12%         | Within 3 months  |
|                             | <u>29,000</u> | <u>100%</u> |  |

\* The estimated listing expenses totaling RM 3.5 million to be borne by the Company comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. A total of RM 1.17 million is assumed to be directly attributable to the IPO and as such will be set off against the share capital in equity and the remaining expenses of RM 2.33 million are assumed to be attributable to the Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income.

11. FINANCIAL INFORMATION (Cont'd)



WEGMANS HOLDINGS BERHAD AND ITS SUBSIDIARY

APPENDIX A

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **15 JAN 2018**

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to be "Keh Wee Kiet".

Keh Wee Kiet

A handwritten signature in black ink, appearing to be "Law Kok Lim".

Law Kok Lim

**11. FINANCIAL INFORMATION (Cont'd)****11.3 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness as at 31 December 2017 after taking into account the following:

- (i) the Acquisition but before our Public Issue and utilisation of proceeds from our Public Issue; and
- (ii) the Acquisition, our Public Issue and utilisation of proceeds from our Public Issue.

| Unaudited as at 31 December 2017             | <b>Proforma I</b><br><b>After Acquisition of</b><br><b>Wegmans Furniture</b><br><b>(RM'000)</b> | <b>Proforma II</b><br><b>After Proforma I,</b><br><b>Public Issue and</b><br><b>utilisation of proceeds</b><br><b>(RM'000)</b> |
|--|---|--|
| <b>Indebtedness:</b>                         |   |  |
| <b><u>Current</u></b>                        |   |  |
| <i>Secured and guaranteed</i>                |   |  |
| Trade bills                                  | 9,999   | 9,999  |
| Hire purchase payables                       | 231   | 231  |
| Term loans                                   | 2,610   | 2,610  |
|  | <b>12,840</b>   | <b>12,840</b>  |
| <b><u>Non-current</u></b>                    |   |  |
| <i>Secured and guaranteed</i>                |   |  |
| Hire purchase payables                       | 455   | 455  |
| Term loans                                   | 15,933  | 15,933   |
|  | <b>16,388</b>   | <b>16,388</b>  |
| <b>Total indebtedness</b>                    | <b>29,228</b>   | <b>29,228</b>  |
| Shareholders' equity                         | 35,119  | 60,619   |
| <b>Total capitalisation and indebtedness</b> | <b>64,347</b>   | <b>89,847</b>  |
| Gearing ratio (times) <sup>(1)</sup>         | 0.83  | 0.48   |

*Note:*

- (1) Computed based on total indebtedness over our shareholders' equity.

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**11. FINANCIAL INFORMATION (Cont'd)**

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**11.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS**

The following discussion and analysis of our Group's financial performance and results of operations should be read in conjunction with the Accountant's Report as sets out in **Section 12** and the Reporting Accountant's letter on the pro forma consolidated statements of financial position as set out in **Section 11.2** of this Prospectus.

The discussion and analysis contains data derived from our audited combined financial statements as well as forward-looking statements that that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those anticipated in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the Risk Factors as set out in **Section 4** of this Prospectus.

**11.4.1 Analysis of our Group's operating results**

We are a home furniture manufacturer, principally involved in the design, manufacture and sale of home furniture products.

Our Group's revenue is mainly derived from:

- (i) sales of home furniture products which consist of:
  - (a) dining room furniture such as dining chairs and dining tables;
  - (b) living room furniture such as sofas, coffee tables, lamp tables, console tables, sideboards and television cabinets; and
  - (c) bedroom furniture such as bed frames, nightstands, dressing tables and wardrobes;
- (ii) sales of furniture parts which consist of table tops and stool pads; and
- (iii) others which mainly consist of sales of certain raw materials, and income derived from sawdust and scrap disposal.

For export sales, the currency used in invoicing and payment is USD. For domestic sales, the currency used in invoicing and payment is RM.

Please refer to **Section 6** of this Prospectus for our Group's detailed business overview.

**11. FINANCIAL INFORMATION (Cont'd)****(i) Segmental analysis**

The table below set forth the breakdown of our Group's revenue and GP for the respective financial years/ period under review:

**Revenue analysis****(a) Analysis of contribution to revenue by products**

|                                    | FYE 2014      |               | FYE 2015      |               | FYE 2016      |               | FPE 2016      |               | FPE 2017      |               |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                    | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           |
| <b>Home furniture products</b>     |               |               |               |               |               |               |               |               |               |               |
| <u>Dining room furniture</u>       |               |               |               |               |               |               |               |               |               |               |
| - Chairs                           | 20,521        | 52.06         | 32,690        | 49.37         | 42,219        | 49.30         | 30,458        | 47.51         | 36,374        | 57.40         |
| - Tables                           | 15,779        | 40.03         | 27,130        | 40.97         | 38,225        | 44.64         | 29,941        | 46.70         | 22,640        | 35.73         |
|                                    | <b>36,300</b> | <b>92.09</b>  | <b>59,820</b> | <b>90.34</b>  | <b>80,444</b> | <b>93.94</b>  | <b>60,399</b> | <b>94.21</b>  | <b>59,014</b> | <b>93.13</b>  |
| <u>Living room furniture</u>       |               |               |               |               |               |               |               |               |               |               |
| - Tables                           | 1,085         | 2.75          | 947           | 1.43          | 2,335         | 2.73          | 1,755         | 2.74          | 1,654         | 2.61          |
| - Sofa/<br>cabinets/<br>sideboards | 494           | 1.26          | 455           | 0.69          | 362           | 0.42          | 223           | 0.35          | 991           | 1.56          |
|                                    | <b>1,579</b>  | <b>4.01</b>   | <b>1,402</b>  | <b>2.12</b>   | <b>2,697</b>  | <b>3.15</b>   | <b>1,978</b>  | <b>3.09</b>   | <b>2,645</b>  | <b>4.17</b>   |
| <u>Bedroom furniture</u>           |               |               |               |               |               |               |               |               |               |               |
|                                    | 1,436         | 3.64          | 1,626         | 2.46          | 1,829         | 2.14          | 1,316         | 2.05          | 1,060         | 1.67          |
|                                    | <b>39,315</b> | <b>99.74</b>  | <b>62,848</b> | <b>94.92</b>  | <b>84,970</b> | <b>99.23</b>  | <b>63,693</b> | <b>99.35</b>  | <b>62,719</b> | <b>98.97</b>  |
| Furniture parts                    | 29            | 0.07          | 3,192         | 4.82          | 29            | 0.03          | 21            | 0.03          | 37            | 0.06          |
| Others                             | 72            | 0.19          | 176           | 0.26          | 637           | 0.74          | 397           | 0.62          | 616           | 0.97          |
| <b>Total</b>                       | <b>39,416</b> | <b>100.00</b> | <b>66,216</b> | <b>100.00</b> | <b>85,636</b> | <b>100.00</b> | <b>64,111</b> | <b>100.00</b> | <b>63,372</b> | <b>100.00</b> |

**(b) Sales volume**

|                                    | FYE 2014       |               | FYE 2015       |               | FYE 2016       |               | FPE 2016       |               | FPE 2017       |               |
|------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
|                                    | (Units)        | (%)           | (Units)        | (%)           | (Units)        | (%)           | (Units)        | (%)           | (Units)        | (%)           |
| <b>Home furniture products</b>     |                |               |                |               |                |               |                |               |                |               |
| <u>Dining room furniture</u>       |                |               |                |               |                |               |                |               |                |               |
| - Chairs                           | 304,203        | 75.90         | 386,098        | 71.22         | 472,790        | 68.99         | 345,207        | 66.62         | 419,589        | 76.80         |
| - Tables                           | 81,819         | 20.41         | 120,431        | 22.22         | 184,000        | 26.85         | 150,449        | 29.03         | 104,629        | 19.15         |
|                                    | <b>386,022</b> | <b>96.31</b>  | <b>506,529</b> | <b>93.44</b>  | <b>656,790</b> | <b>95.84</b>  | <b>495,656</b> | <b>95.65</b>  | <b>524,218</b> | <b>95.95</b>  |
| <u>Living room furniture</u>       |                |               |                |               |                |               |                |               |                |               |
| - Tables                           | 7,311          | 1.82          | 6,885          | 1.27          | 21,696         | 3.17          | 17,638         | 3.41          | 14,472         | 2.65          |
| - Sofa/<br>cabinets/<br>sideboards | 650            | 0.16          | 551            | 0.10          | 1,096          | 0.16          | 525            | 0.10          | 3,616          | 0.66          |
|                                    | <b>7,961</b>   | <b>1.98</b>   | <b>7,436</b>   | <b>1.37</b>   | <b>22,792</b>  | <b>3.33</b>   | <b>18,163</b>  | <b>3.51</b>   | <b>18,088</b>  | <b>3.31</b>   |
| <u>Bedroom furniture</u>           |                |               |                |               |                |               |                |               |                |               |
|                                    | 5,134          | 1.28          | 4,646          | 0.86          | 4,431          | 0.64          | 3,408          | 0.66          | 2,455          | 0.45          |
|                                    | <b>399,117</b> | <b>99.57</b>  | <b>518,611</b> | <b>95.67</b>  | <b>684,013</b> | <b>99.81</b>  | <b>517,227</b> | <b>99.82</b>  | <b>544,761</b> | <b>99.71</b>  |
| Furniture parts <sup>(1)</sup>     | 1,700          | 0.43          | 23,479         | 4.33          | 1,310          | 0.19          | 949            | 0.18          | 1,590          | 0.29          |
| <b>Total</b>                       | <b>400,817</b> | <b>100.00</b> | <b>542,090</b> | <b>100.00</b> | <b>685,323</b> | <b>100.00</b> | <b>518,176</b> | <b>100.00</b> | <b>546,351</b> | <b>100.00</b> |



**11. FINANCIAL INFORMATION (Cont'd)**

Notes:

Breakdown of the sales volume does not include the quantity of sawdust and scrap disposal.

(1) This represents the sales of furniture parts as an add-on item on non-regular basis.

**(c) Analysis of contribution to revenue by geographical locations**

|                           | FYE 2014      |               | FYE 2015      |               | FYE 2016      |               | FPE 2016      |               | FPE 2017      |               |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           |
| <u>Overseas</u>           |               |               |               |               |               |               |               |               |               |               |
| Asia (excluding Malaysia) | 12,159        | 30.85         | 24,224        | 36.58         | 31,564        | 36.86         | 24,446        | 38.13         | 23,065        | 36.40         |
| Europe                    | 15,921        | 40.39         | 21,177        | 31.98         | 18,974        | 22.15         | 13,150        | 20.51         | 13,416        | 21.17         |
| North America             | 4,900         | 12.43         | 11,568        | 17.47         | 17,185        | 20.07         | 13,943        | 21.75         | 13,018        | 20.54         |
| Australasia               | 3,156         | 8.01          | 6,864         | 10.37         | 14,249        | 16.64         | 9,983         | 15.57         | 10,778        | 17.01         |
| Africa                    | 296           | 0.75          | 199           | 0.30          | 1,274         | 1.49          | 941           | 1.47          | 526           | 0.83          |
| South America             | 286           | 0.73          | 362           | 0.55          | 1,035         | 1.21          | 662           | 1.03          | 1,952         | 3.08          |
|                           | <b>36,718</b> | <b>93.16</b>  | <b>64,394</b> | <b>97.25</b>  | <b>84,281</b> | <b>98.42</b>  | <b>63,125</b> | <b>98.46</b>  | <b>62,755</b> | <b>99.03</b>  |
| Local (Malaysia)          | 2,698         | 6.84          | 1,822         | 2.75          | 1,355         | 1.58          | 986           | 1.54          | 617           | 0.97          |
| <b>Total revenue</b>      | <b>39,416</b> | <b>100.00</b> | <b>66,216</b> | <b>100.00</b> | <b>85,636</b> | <b>100.00</b> | <b>64,111</b> | <b>100.00</b> | <b>63,372</b> | <b>100.00</b> |

**(ii) Financial commentaries****Overall analysis**

For the past financial years/ period under review, sales of home furniture products contributed more than 98% of total revenue except for FYE 2015. The sales of furniture parts for FYE 2015 were significantly higher than those of FYEs 2014 and 2016, as well as FPEs 2016 and 2017 thus increasing its contribution to 4.82% of our Group's revenue. Such increase in sales of furniture parts was attributed to sales orders for table tops from customers in US.

The contribution of our export sales increased from 93.16% for FYE 2014 to 98.42% for FYE 2016 and 99.03% for FPE 2017. On the other hand, the contribution from domestic sales has declined from 6.84% for FYE 2014 to 1.58% and 0.97% for FYE 2016 and FPE 2017 respectively, because we had reduced the sale of home furniture products in domestic market to meet increased sales orders from overseas market. The domestic sales of our home furniture products dropped from RM2.63 million for FYE 2014 to RM0.72 million and RM637 for FYE 2016 and FPE 2017 respectively, whilst the remaining domestic sales comprised sale of materials and income derived from sawdust and scrap disposal.

**11. FINANCIAL INFORMATION (Cont'd)****Revenue****FYE 2014**

For FYE 2014, our Group recorded revenue of RM39.42 million. Our main revenue contributor, i.e. home furniture products contributed RM39.32 million representing 99.74% of total revenue for FYE 2014. The sale of our home furniture products can be further analysed as follows:

- (a) revenue for dining room furniture was the largest revenue contributor of approximately RM36.30 million or approximately 92.09% of our total revenue for FYE 2014. We registered sales volume of 386,022 units for dining room furniture which represented approximately 96.31% of total sales volume for FYE 2014;
- (b) revenue for living room furniture was approximately RM1.58 million or approximately 4.01% of our total revenue for FYE 2014. This was contributed by the sales volume of 7,961 units which represented approximately 1.98% of total sales volume for FYE 2014; and
- (c) revenue for bedroom furniture was approximately RM1.44 million or approximately 3.64% of our total revenue for FYE 2014. This was contributed by the sales volume of 5,134 units which represented approximately 1.28% of total sales volume for FYE 2014.

Overseas market contributed approximately RM36.72 million or 93.16% of our revenue for FYE 2014 whilst the remaining of RM2.70 million or approximately 6.84% was derived from domestic market.

**FYE 2015**

For FYE 2015, our revenue increased by RM26.80 million or 67.99% to RM66.22 million as compared to revenue of RM39.42 million achieved in FYE 2014.

We recorded such revenue growth as a result of higher sales volume as well as favourable foreign exchange rate derived from our export sales. Revenue from the sales of dining chairs and dining tables contributed to 90.34% of our Group's revenue for FYE 2015. The sales volume of dining chairs and dining tables represent 71.22% and 22.22% of total sales volume respectively and the sales volume grew by 26.92% and 47.19% respectively as compared to those of FYE 2014. The increase in sales volume was largely attributed to the repeat sales orders made by existing customers, mainly due to, amongst others, the following:

- (a) the depreciation of RM against USD has made Malaysia furniture products more competitive in global market. With the favourable foreign exchange rate, Wegmans is able to price its products more competitively to secure more sales orders. The WAFEX improved by approximately 17.96% from USD1.00:RM3.23 for FYE 2014 to USD1.00:RM3.81 for FYE 2015; and
- (b) the quality and design of our products are another contributing factors for the increase of sale orders.

**11. FINANCIAL INFORMATION (Cont'd)**

Export sales contributed approximately 97.25% of our total revenue for FYE 2015. The export sales increased by RM27.68 million or 75.37% to approximately RM64.39 million in FYE 2015. We experienced revenue growth across 5 continents of our export destinations, namely Asia (excluding Malaysia), Europe, Australasia, South America and North America. Specifically, the export sales to Japan, UK, Australia and US increased by RM7.95 million, RM4.88 million, RM3.12 million and RM6.08 million respectively. Such increase in export sales is due to customers with repeat sales orders and coupled with new customers procured. Revenue from domestic market decreased by approximately RM0.88 million or 32.47% to approximately RM1.82 million in FYE 2015 as local sale of home furniture products declined by RM0.98 million.

**FYE 2016**

For FYE 2016, we registered total revenue of approximately RM85.64 million which was approximately RM19.42 million or 29.33% higher than that recorded in FYE 2015. It was mainly attributed by the favourable foreign exchange rate derived from our export sales and higher sales volume. The WAFEX increased further by approximately 7.09% from USD1.00:RM3.81 for FYE 2015 to USD1.00:RM4.08 for FYE 2016. The sales of dining chairs and dining tables contributed to 93.94% of our total revenue for FYE 2016. The sales volume of dining chairs and dining tables represent 68.99% and 26.85% of total sales volume respectively and the sales volume grew by 22.45% and 52.78% respectively as compared to those of FYE 2015. In addition, the sales volume of living room tables increased by 215.12% in FYE 2016 due to the repeat sales orders (i.e. sales orders made for the same product models sold in the previous FYEs) and new sales orders (i.e. sales orders made for product models other than those sold in the previous FYEs) from existing customers. The increase in sales volume was mainly due to, amongst others, the following:

- (a) the depreciation of RM against USD has made Malaysia furniture products more competitive in global market. With the favourable foreign exchange rate, Wegmans is able to price its products more competitively to secure more sales orders. The WAFEX improved by approximately 7.09% from USD1.00:RM3.81 for FYE 2015 to USD1.00:RM4.08 for FYE 2016; and
- (b) the quality and design of our products are another contributing factors for the increase of sale orders.

Export sales contributed approximately RM84.28 million or 98.42% of our total revenue for FYE 2016. We experienced revenue growth in all the continents of our export destinations except for Europe as the export sales to UK for FYE 2016 declined by approximately RM5.16 million.

**FPE 2017**

For FPE 2017, we registered a total revenue of approximately RM63.37 million which was lower than the revenue in FPE 2016 by approximately RM0.74 million or 1.15%. Our total revenue for FPE 2017 has decreased despite the increase in overall sales volume from 518,176 units for FPE 2016 to 546,351 units for FPE 2017. The increase in our overall sales volume was attributable to the increase in the sales order of chairs which has a lower unit selling price as compared to tables generally. The sales orders for tables was higher for FPE 2016 as compared to FPE 2017 mainly due to the placing of more sales orders by one of our existing customers from US for the purpose of consumption in their projects.

**11. FINANCIAL INFORMATION (Cont'd)**

The lower revenue for FPE 2017 was also due to lower production outputs between July to September 2017 as a result of temporary shortage in the supply of foreign workers in Malaysia. The disruption in the supply of foreign workers to Malaysia has delayed our effort to hire new foreign workers in time after the expiry of the contracts of the existing foreign workers.

Export sales for FPE 2017 has decreased marginally by approximately RM0.37 million or 0.59% as compared to FPE 2016 which is in line with the decrease in our total revenue for FPE 2017.

**Cost of sales**

A breakdown of the components of our cost of sales for FYEs 2014, 2015 and 2016, and FPEs 2016 and 2017 are as follows:

|                      | FYE 2014      |               | FYE 2015      |               | FYE 2016      |               | FPE 2016      |               | FPE 2017      |               |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                      | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           |
| Direct materials     | 19,643        | 61.27         | 28,021        | 61.69         | 39,207        | 65.46         | 29,546        | 65.66         | 27,458        | 61.49         |
| Direct labour        | 8,561         | 26.70         | 13,163        | 28.98         | 15,859        | 26.48         | 11,696        | 25.99         | 12,841        | 28.76         |
| Production overheads | 3,857         | 12.03         | 4,238         | 9.33          | 4,827         | 8.06          | 3,758         | 8.35          | 4,352         | 9.75          |
| <b>Total</b>         | <b>32,061</b> | <b>100.00</b> | <b>45,422</b> | <b>100.00</b> | <b>59,893</b> | <b>100.00</b> | <b>45,000</b> | <b>100.00</b> | <b>44,651</b> | <b>100.00</b> |

**Analysis of cost of sales by products**

|                                     | FYE 2014      |               | FYE 2015      |               | FYE 2016      |               | FPE 2016      |               | FPE 2017      |               |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                     | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           |
| <b>Home furniture products</b>      |               |               |               |               |               |               |               |               |               |               |
| <u>Dining room furniture</u>        |               |               |               |               |               |               |               |               |               |               |
| - Chairs                            | 16,924        | 52.79         | 22,138        | 48.74         | 28,691        | 47.91         | 20,511        | 45.58         | 25,186        | 56.41         |
| - Tables                            | 12,627        | 39.38         | 18,615        | 40.98         | 27,359        | 45.68         | 21,745        | 48.32         | 16,272        | 36.44         |
|                                     | <b>29,551</b> | <b>92.17</b>  | <b>40,753</b> | <b>89.72</b>  | <b>56,050</b> | <b>93.59</b>  | <b>42,256</b> | <b>93.90</b>  | <b>41,458</b> | <b>92.85</b>  |
| <u>Living room furniture</u>        |               |               |               |               |               |               |               |               |               |               |
| - Tables                            | 868           | 2.71          | 650           | 1.43          | 1,671         | 2.79          | 1,275         | 2.83          | 1,189         | 2.66          |
| - Sofas/<br>cabinets/<br>sideboards | 407           | 1.27          | 304           | 0.67          | 247           | 0.41          | 150           | 0.33          | 709           | 1.59          |
|                                     | <b>1,275</b>  | <b>3.98</b>   | <b>954</b>    | <b>2.10</b>   | <b>1,918</b>  | <b>3.20</b>   | <b>1,425</b>  | <b>3.16</b>   | <b>1,898</b>  | <b>4.25</b>   |
| <u>Bedroom furniture</u>            | 1,210         | 3.77          | 1,233         | 2.71          | 1,400         | 2.34          | 1,036         | 2.30          | 862           | 1.93          |
| <u>Furniture parts</u>              | 25            | 0.08          | 2,463         | 5.42          | 19            | 0.03          | 14            | 0.03          | 23            | 0.05          |
| <u>Others</u>                       | -             | -             | 19            | 0.05          | 506           | 0.84          | 269           | 0.61          | 410           | 0.92          |
| <b>Total</b>                        | <b>32,061</b> | <b>100.00</b> | <b>45,422</b> | <b>100.00</b> | <b>59,893</b> | <b>100.00</b> | <b>45,000</b> | <b>100.00</b> | <b>44,651</b> | <b>100.00</b> |

Our cost of sales of approximately RM32.06 million, RM45.42 million, RM59.89 million, RM45.00 million and RM44.65 million representing 81.34%, 68.60%, 69.94%, 70.19% and 70.46% of our Group's total revenue for FYEs 2014, 2015 and 2016, and FPEs 2016 and 2017 respectively.

**11. FINANCIAL INFORMATION (Cont'd)**

The cost of sales are analysed into 3 major components, namely direct materials, direct labour and production overheads. Generally, the amount of all components shows increase in line with the revenue growth over the past 3 years.

**(i) Direct materials**

The direct materials costs represent the largest component of our cost of sales. They represent 61.27%, 61.69%, 65.46%, 65.66% and 61.49% of our total cost of sales for FYEs 2014, 2015 and 2016, and FPEs 2016 and 2017 respectively.

Direct materials costs consist of wood materials, furniture parts and components and other materials. The trend movement in the direct material costs was in line with the movement of our total revenue for the financial years/ period under review; where an increase in our sales volume resulted in an increase in our direct material requirements.

However, the direct materials costs make up 65.46% of total cost of sales for FYE 2016 as compared to 61.69% for FYE 2015. This is mainly due to higher purchases of furniture parts and components. Such purchases increased by RM3.28 million as compared to that of FYE 2015. To meet the delivery deadlines of our growing sales orders, we sourced more furniture parts and components from third party sub-contractors.

Despite there is an inventory written-off of approximately RM0.57 million or 2.08% of the direct materials costs for FPE 2017 which was due to a fire accident in March 2017, our direct materials costs has decreased from RM29.55 million for FPE 2016 to RM27.46 million for FPE 2017 mainly due to lower sales volume of tables. The lower sales volume of tables has resulted in lower consumption of direct materials as the consumption of direct materials for the production of tables is generally higher than chairs.

**(ii) Direct labour**

The direct labour costs of approximately RM8.56 million, RM13.16 million, RM15.86 million, RM11.69 million and RM12.84 million represent 26.70%, 28.98%, 26.48%, 25.99% and 28.76% of our total cost of sales for FYEs 2014, 2015 and 2016, and FPEs 2016 and 2017 respectively.

Our direct labour costs comprised production staff costs and sub-contractor fees. Our production staff costs include payroll and other production staff related expenses such as foreign worker levy, hostel rental and staff welfare. The trend movement in the direct labour costs was in line with the movement of our total revenue for the past 3 FYEs 2014, 2015 and 2016, and FPEs 2016 and 2017; where an increase in our sales volume required an increase in our production headcount.

**11. FINANCIAL INFORMATION (Cont'd)**

For FYE 2015, our direct labour costs increased mainly due to higher production staff costs to meet production requirement for the increased sales orders. Our average foreign worker headcount increased by 56 for FYE 2015 and this was the main factor contributing to such increase.

For FYE 2016, our direct labour costs increased by approximately RM2.70 million to RM15.86 million mainly due to the increase in sub-contractor fees and higher production staff costs. The sub-contractor fees increased by approximately RM1.99 million to meet higher production requirement whereas the production staff costs increased by RM0.71 million mainly due to the implementation of minimum wages policy by Malaysian government with effect from July 2016.

For FPE 2017, our direct labour costs increased by approximately RM1.15 million to RM12.84 million as compared to FPE 2016 mainly due to the increase in sub-contractor fees and production staff costs. The sub-contractor fees increased by approximately RM0.84 million to meet higher production requirement.

**(iii) Production overheads**

Our production overheads mainly include depreciation of manufacturing-related assets, electricity charges, repair and maintenance of machinery and building. The production overheads of approximately RM3.86 million, RM4.24 million, RM4.83 million, RM3.76 million and RM4.35 million represent 12.03%, 9.33%, 8.06%, 8.35% and 9.75% of our total cost of sales for FYEs 2014, 2015 and 2016, and FPEs 2016 and 2017 respectively.

Although the amount of production overheads increased each year, its contribution to total cost of sales declined since FYE 2014 as a result of economies of scale. With a significant improvement in the production capacity utilisation rate, production overheads per unit sold for FYE 2015 were lower as compared to that of FYE 2014. The increase in production overheads for FYE 2015 was mainly due to higher electricity cost to meet production requirement.

The increase in production overheads for FYE 2016 was due to additional rental expenses and higher electricity charges. During the year, we added some new machines and also production floor space by renting another factory for wood preparation in order to increase the production output. These additions had resulted in higher rental expenses as well as higher usage of electricity.

The increase in production overheads for FPE 2017 was due to higher machinery repair and maintenance expenses as a result of the increased number of machinery. The hike in production overheads in FPE 2017 was also contributed by the higher electricity usage as a result of additional floor space rented since June 2016.

**11. FINANCIAL INFORMATION (Cont'd)****GP analysis****(a) Analysis of contribution to GP by products**

|                                     | FYE 2014     |               | FYE 2015      |               | FYE 2016      |               | FPE 2016      |               | FPE 2017      |               |
|-------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                     | (RM'000)     | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           | (RM'000)      | (%)           |
| <b>Home furniture products</b>      |              |               |               |               |               |               |               |               |               |               |
| <u>Dining room furniture</u>        |              |               |               |               |               |               |               |               |               |               |
| - Chairs                            | 3,597        | 48.91         | 10,552        | 50.74         | 13,528        | 52.55         | 9,947         | 52.05         | 11,188        | 59.76         |
| - Tables                            | 3,152        | 42.86         | 8,515         | 40.95         | 10,866        | 42.20         | 8,196         | 42.89         | 6,368         | 34.02         |
|                                     | <b>6,749</b> | <b>91.77</b>  | <b>19,067</b> | <b>91.69</b>  | <b>24,394</b> | <b>94.75</b>  | <b>18,143</b> | <b>94.94</b>  | <b>17,556</b> | <b>93.78</b>  |
| <u>Living room furniture</u>        |              |               |               |               |               |               |               |               |               |               |
| - Tables                            | 217          | 2.95          | 297           | 1.43          | 664           | 2.58          | 480           | 2.51          | 465           | 2.48          |
| - Sofas/<br>cabinets/<br>sideboards | 87           | 1.18          | 151           | 0.73          | 115           | 0.45          | 73            | 0.38          | 282           | 1.51          |
|                                     | <b>304</b>   | <b>4.13</b>   | <b>448</b>    | <b>2.16</b>   | <b>779</b>    | <b>3.03</b>   | <b>553</b>    | <b>2.89</b>   | <b>747</b>    | <b>3.99</b>   |
| <u>Bedroom furniture</u>            | 226          | 3.07          | 393           | 1.89          | 429           | 1.67          | 280           | 1.47          | 198           | 1.06          |
| <u>Furniture parts</u>              | 4            | 0.05          | 729           | 3.51          | 10            | 0.04          | 7             | 0.04          | 14            | 0.07          |
| <u>Others</u>                       | 72           | 0.98          | 157           | 0.75          | 131           | 0.51          | 128           | 0.66          | 206           | 1.10          |
| <b>Total</b>                        | <b>7,355</b> | <b>100.00</b> | <b>20,794</b> | <b>100.00</b> | <b>25,743</b> | <b>100.00</b> | <b>19,111</b> | <b>100.00</b> | <b>18,721</b> | <b>100.00</b> |

**(b) Analysis of contribution to GP margin by products**

|  | FYE 2014     | FYE 2015     | FYE 2016     | FPE 2016     | FPE 2017     |
|--|--------------|--------------|--------------|--------------|--------------|
|  | (%)          | (%)          | (%)          | (%)          | (%)          |
| <u>GP margin (Dining room furniture)</u>   | 18.59        | 31.87        | 30.32        | 30.04        | 29.75        |
| - Chairs                                   | 17.53        | 32.28        | 32.04        | 32.66        | 30.76        |
| - Tables                                   | 19.98        | 31.39        | 28.43        | 27.37        | 28.13        |
| <u>GP margin (Living room furniture)</u>   | 19.25        | 31.95        | 28.88        | 27.96        | 28.24        |
| - Tables                                   | 20.00        | 31.36        | 28.44        | 27.35        | 28.11        |
| - Sofas/ cabinets/<br>sideboards           | 17.61        | 33.19        | 31.77        | 32.74        | 28.46        |
| <u>GP margin (Bedroom furniture)</u>       | 15.74        | 24.17        | 23.46        | 21.28        | 18.68        |
| <b>GP margin (Home furniture products)</b> | <b>18.51</b> | <b>31.68</b> | <b>30.13</b> | <b>29.79</b> | <b>29.50</b> |
| GP margin (Furniture parts)                | 13.79        | 22.84        | 34.48        | 33.33        | 37.84        |
| <b>Overall GP margin</b>                   | <b>18.66</b> | <b>31.40</b> | <b>30.06</b> | <b>29.81</b> | <b>29.54</b> |

Note:

GP margin for 'others' (which mainly consist of sales of certain raw materials, and income derived from sawdust and scrap disposal) has not been computed as it does not represent home furniture products manufactured by our Group.

**11. FINANCIAL INFORMATION (Cont'd)**

Sales of furniture parts represent sale of stool pads for FYEs 2014, 2016 and FPE 2017 and sale of table tops and stool pads for FYE 2015. The GP margin for furniture parts recorded a high margin of 34.48% for FYE 2016 and 37.84% for FPE 2017 as the stool pads were exported at an average selling price similar to that of FYE 2014, hence we benefited from the higher foreign exchange rate of USD against RM.

**FYE 2014**

For FYE 2014, we registered a GP of approximately RM7.36 million, representing an overall GP margin of approximately 18.66%. Analysed by product category, dining room furniture contributed more than 90% of our total GP.

**FYE 2015**

As a result of the increase in our total revenue for FYE 2015, our GP increased by approximately RM13.44 million or equivalent to 182.72% from approximately RM7.36 million for FYE 2014 to RM20.79 million for FYE 2015. Our overall GP margin improved from approximately 18.66% for FYE 2014 to approximately 31.40% for FYE 2015 due to favourable foreign exchange rate achieved from conversion of our export sales revenue of USD to RM and better economies of scale. The WAFEX rose approximately 17.96% to USD1.00:RM3.81 for FYE 2015 as compared to USD1.00:RM3.23 for the preceding year. We were also able to achieve better economies of scale on the back of higher production output in line with higher sales volume. With a significant improvement in the production capacity utilisation rate, production overheads per unit sold for FYE 2015 were lower as compared to that of FYE 2014.

**FYE 2016**

For FYE 2016, our GP increased by approximately RM4.95 million or 23.80% to RM25.74 million in FYE 2016. However, the overall GP margin decreased slightly to 30.06% as compared to 31.40% for FYE 2015. The overall GP margin reduction was due to the following:

- (i) a lower increase rate of the WAFEX from USD1:RM3.81 for FYE 2015 to USD1:RM4.08 for FYE 2016, representing an increase of 7.09% as compared to an increase in the WAFEX from USD1:RM3.23 for FYE 2014 to USD1:RM3.81 for FYE 2015, representing an increase of 17.96%;
- (ii) lower selling prices given to some of our customers who have made repeat orders; and
- (iii) higher cost of sales arising from outsourcing of production of certain furniture parts and components to third party sub-contractors in order to meet the delivery deadlines of our growing sales orders.

**FPE 2017**

For FPE 2017, our GP decreased by approximately RM0.39 million or 2.04% to RM18.72 million in FPE 2017. The reduction in GP was due to lower sales and higher labour cost arising from higher sub-contract wages incurred to meet the production requirements and delivery deadlines for our sales orders. Our overall GP margin for FPE 2017 decreased slightly to 29.54% as compared to 29.81% for FPE 2016 due to increase in labour cost as mentioned above.



**11. FINANCIAL INFORMATION (Cont'd)****Other income**

Our other income of approximately RM0.62 million, RM0.29 million, RM0.93 million, RM0.31 million and RM1.65 million representing 1.58%, 0.43%, 1.08%, 0.48% and 2.60% of our total revenue for FYEs 2014, 2015 and 2016, and FPEs 2016 and 2017 respectively.

The breakdown of our other income are as follows:

|  | FYE 2014   |               | FYE 2015   |               | FYE 2016   |               | FPE 2016   |               | FPE 2017     |               |
|--|------------|---------------|------------|---------------|------------|---------------|------------|---------------|--------------|---------------|
|  | (RM'000)   | (%)           | (RM'000)   | (%)           | (RM'000)   | (%)           | (RM'000)   | (%)           | (RM'000)     | (%)           |
| Gain on foreign exchange                             | 511        | 82.29         | 229        | 80.35         | 774        | 83.50         | 174        | 56.31         | -            | -             |
| Disposal of sawdust                                  | 57         | 9.18          | 15         | 5.26          | 45         | 4.85          | 42         | 13.59         | 15           | 0.91          |
| Reimbursement claim from import assistance programme | 33         | 5.31          | 25         | 8.77          | 23         | 2.48          | 20         | 6.47          | 17           | 1.03          |
| Gain on disposal of property, plant and equipment    | 5          | 0.81          | 4          | 1.40          | 18         | 1.94          | 18         | 5.83          | -            | -             |
| Interest income                                      | -          | -             | *          | *             | 15         | 1.62          | 12         | 3.88          | 107          | 6.49          |
| Insurance claim on windstorm                         | -          | -             | -          | -             | -          | -             | -          | -             | 231          | 14.02         |
| Insurance claim on fire accident                     | -          | -             | -          | -             | -          | -             | -          | -             | 911          | 55.28         |
| Fair value gain on derivatives                       | -          | -             | -          | -             | -          | -             | -          | -             | 311          | 18.87         |
| Workmanship charges received                         | 4          | 0.64          | *          | *             | 48         | 5.18          | 42         | 13.59         | 28           | 1.70          |
| Others <sup>(1)</sup>                                | 11         | 1.77          | 12         | 4.22          | 4          | 0.43          | 1          | 0.33          | 28           | 1.70          |
| <b>Total</b>   | <b>621</b> | <b>100.00</b> | <b>285</b> | <b>100.00</b> | <b>927</b> | <b>100.00</b> | <b>309</b> | <b>100.00</b> | <b>1,648</b> | <b>100.00</b> |

Notes:

\* Negligible

(1) Others mainly include, amongst others, proceeds from sale of scrap and compensation received from shipping company due to damages to products during the delivery process in FYE 2015.

**FYE 2014**

For FYE 2014, other income comprises mainly gain on foreign exchange as a result of foreign currency exchange translation differences.

**FYE 2015**

For FYE 2015, other income decreased by approximately RM0.34 million or 54.11% to approximately RM0.29 million mainly due to the lower gain on foreign exchange of RM0.28 million.

**11. FINANCIAL INFORMATION (Cont'd)****FYE 2016**

For FYE 2016, other income increased by approximately RM0.64 million or 225.26% to approximately RM0.93 million mainly contributed by the increase in gain on foreign exchange amounting to RM0.55 million.

**FPE 2017**

Other income increased from approximately RM0.31 million in FPE 2016 to approximately RM1.65 million in FPE 2017 mainly contributed by fair value gain on derivatives of approximately RM0.31 million arising from fair value changes of forward currency contracts as at 30 September 2017, insurance claim of approximately RM0.23 million against windstorm which occurred in November 2016 and insurance claim of approximately RM0.91 million against fire accident which occurred in March 2017.

**Selling and distribution expenses**

The selling and distribution expenses of approximately RM1.80 million, RM2.44 million, RM3.31 million, RM2.53 million and RM2.40 million represented 4.57%, 3.68%, 3.86%, 3.95% and 3.79% of our total revenue for FYE 2014, 2015 and 2016, and FPEs 2016 and 2017 respectively.

The breakdown of our selling and distribution expenses is as follows:

|                                | FYE 2014     |               | FYE 2015     |               | FYE 2016     |               | FPE 2016     |               | FPE 2017     |               |
|--------------------------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
|                                | (RM'000)     | (%)           | (RM'000)     | (%)           | (RM'000)     | (%)           | (RM'000)     | (%)           | (RM'000)     | (%)           |
| Forwarding and haulage charges | 812          | 45.11         | 1,201        | 49.28         | 1,556        | 47.08         | 1,153        | 45.56         | 1,127        | 46.88         |
| Exhibition expenses            | 333          | 18.50         | 413          | 16.95         | 748          | 22.63         | 746          | 29.47         | 707          | 29.41         |
| Sales commission               | 129          | 7.17          | 153          | 6.28          | 415          | 12.56         | 259          | 10.23         | 139          | 5.78          |
| Marketing support expenses     | 210          | 11.67         | 357          | 14.65         | 240          | 7.26          | 110          | 4.35          | 105          | 4.37          |
| Customer rebate                | 228          | 12.67         | 177          | 7.26          | 135          | 4.08          | 94           | 3.71          | 130          | 5.41          |
| Others <sup>(1)</sup>          | 88           | 4.88          | 136          | 5.58          | 211          | 6.39          | 169          | 6.68          | 196          | 8.15          |
| <b>Total</b>                   | <b>1,800</b> | <b>100.00</b> | <b>2,437</b> | <b>100.00</b> | <b>3,305</b> | <b>100.00</b> | <b>2,531</b> | <b>100.00</b> | <b>2,404</b> | <b>100.00</b> |

*Note:*

(1) Others include marketing sponsorship, buyer audit fee, products testing fee and fumigation charges.

**11. FINANCIAL INFORMATION (Cont'd)****FYE 2014**

For FYE 2014, selling and distribution expenses accounted for approximately RM1.80 million or 4.57% of our revenue. The major items under the selling and distribution expenses were as follows:

- (i) forwarding and haulage charges of approximately RM0.81 million or 45.11% of total selling and distribution expenses;
- (ii) exhibition expenses of RM0.33 million or 18.50% of our total selling and distribution expenses. The exhibitions participated were Malaysia International Furniture Fair 2014 and Furniture China 2014, Shanghai;
- (iii) sales commission of approximately RM0.13 million or 7.17% of total selling and distribution expenses;
- (iv) marketing support expenses of approximately RM0.21 million or 11.67% of our total selling and distribution expenses. Such expenses were incurred to subsidise the marketing activities of a foreign buyer; and
- (v) customer rebate of approximately RM0.23 million or 12.67% of our total selling and distribution expenses. Rebate was given to customers for defect or damages of goods delivered.

**FYE 2015**

For FYE 2015, selling and distribution expenses of approximately RM2.44 million accounted for 3.68% of our revenue. These expenses increased by approximately RM0.64 million or 35.39% to approximately RM2.44 million as compared to FYE 2014. Such increase was mainly attributable to higher forwarding and haulage charges of approximately RM1.20 million resulting from higher sales volume.

**FYE 2016**

For FYE 2016, selling and distribution expenses of approximately RM3.31 million accounted for 3.86% of our revenue. These expenses increased by approximately RM0.87 million or 35.62% as compared to FYE 2015. Such increase was principally attributed to increase in forwarding and haulage charges of approximately RM0.36 million, trade exhibition expenses of RM0.34 million and sales commission of RM0.26 million. During FYE 2016, we participated in China International Furniture Fair 2016, Guangzhou in addition to another 2 trade exhibitions and events which we had been participating throughout 3 financial years under review, namely Malaysia International Furniture Fair 2015 and Furniture China 2015, Shanghai.

**FPE 2017**

For FPE 2017, selling and distribution expenses of approximately RM2.40 million accounted for 3.79% of our revenue. These expenses decreased by approximately RM0.13 million or 5.02% as compared to FPE 2016 principally due to decrease in sales commission of approximately RM0.12 million. The sales commission was lower mainly attributable to a downward revision of commission for sales to a major customer in Australia.

**11. FINANCIAL INFORMATION (Cont'd)****Administrative expenses**

The administrative expenses of approximately RM2.48 million, RM3.45 million, RM4.17 million, RM2.96 million and RM3.42 million represented 6.29%, 5.21%, 4.87%, 4.61% and 5.39% of our total revenue for FYE 2014, 2015 and 2016, and FPEs 2016 and 2017 respectively.

The breakdown of our administrative expenses is as follows:

|                                 | FYE 2014     |               | FYE 2015     |               | FYE 2016     |               | FPE 2016     |               | FPE 2017     |               |
|---------------------------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
|                                 | (RM'000)     | (%)           | (RM'000)     | (%)           | (RM'000)     | (%)           | (RM'000)     | (%)           | (RM'000)     | (%)           |
| Staff costs                     | 1,340        | 54.08         | 1,598        | 46.31         | 2,112        | 50.64         | 1,499        | 50.69         | 1,844        | 54.00         |
| Directors' remuneration         | 384          | 15.50         | 651          | 18.86         | 642          | 15.39         | 507          | 17.15         | 472          | 13.82         |
| Depreciation                    | 218          | 8.80          | 304          | 8.81          | 344          | 8.25          | 316          | 10.69         | 293          | 8.58          |
| Bank charges                    | 63           | 2.54          | 111          | 3.22          | 132          | 3.16          | 96           | 3.25          | 96           | 2.81          |
| Repair and maintenance expenses | 56           | 2.26          | 92           | 2.67          | 95           | 2.28          | 49           | 1.66          | 118          | 3.45          |
| Printing and stationery         | 40           | 1.61          | 62           | 1.80          | 113          | 2.71          | 88           | 2.98          | 102          | 2.99          |
| Petrol charges                  | 57           | 2.30          | 66           | 1.91          | 82           | 1.97          | 57           | 1.93          | 66           | 1.93          |
| Professional fee                | 2            | 0.08          | 21           | 0.61          | 81           | 1.94          | 59           | 2.00          | 83           | 2.43          |
| Donation and gift               | 121          | 4.88          | 70           | 2.03          | 53           | 1.27          | 37           | 1.25          | 15           | 0.44          |
| Motor vehicle insurance         | 13           | 0.52          | 18           | 0.52          | 52           | 1.25          | 38           | 1.29          | 20           | 0.59          |
| Stamp duty                      | -            | -             | 111          | 3.22          | -            | -             | -            | -             | -            | -             |
| GST expenses                    | -            | -             | 49           | 1.42          | 47           | 1.13          | 11           | 0.37          | 20           | 0.59          |
| Others <sup>(1)</sup>           | 184          | 7.43          | 298          | 8.62          | 418          | 10.01         | 200          | 6.74          | 286          | 8.37          |
| <b>Total</b>                    | <b>2,478</b> | <b>100.00</b> | <b>3,451</b> | <b>100.00</b> | <b>4,171</b> | <b>100.00</b> | <b>2,957</b> | <b>100.00</b> | <b>3,415</b> | <b>100.00</b> |

Note:

(1) Others include postage and stamp, auditor's remuneration, telephone charges, and quit rent and assessment.

**FYE 2014**

The majority of the administrative expenses is contributed by administrative staff costs, directors' remuneration and depreciation expenses of approximately RM1.34 million or 54.08%, RM0.38 million or 15.50%, RM0.22 million or 8.80% respectively.

**FYE 2015**

For FYE 2015, our administrative expenses increased by approximately RM0.97 million or 39.27% as compared to FYE 2014 mainly due to increase in directors' remuneration and administrative staff costs. The administrative staff costs rose by approximately RM0.26 million mainly as a result of increase in average number of administrative employees (employees other than directors and production staff). Our average number of administrative employees increased by 6 for FYE 2015.

During FYE 2015, we also incurred stamp duty of RM0.11 million for acquisition of a parcel of land measuring approximately 254,436 sq. ft. located in Mukim Parit Jawa, Muar, Johor.

**11. FINANCIAL INFORMATION (Cont'd)****FYE 2016**

For FYE 2016, the increase of RM0.72 million or 20.86% in administrative expenses was mainly due to increase in administrative staff costs by approximately RM0.51 million. The increase in other components of administrative expenses was in tandem with the increase of our Group's turnover. Our average number of administrative employees increased by 9 for FYE 2016.

**FPE 2017**

For FPE 2017, the increase of RM0.46 million or 15.49% in administrative expenses as compared to FPE 2016 was mainly due to the increase in staff cost as a result of higher headcount in FPE 2017.

**Other expenses**

Other expenses of approximately RM520, RM0.04 million, RM0.65 million and RM0.43 million, representing 0.00%, 0.05%, 0.76% and 0.67% of our total revenue for FYEs 2014, 2015 and 2016, and FPE 2017 respectively.

The breakdown of our other expenses are as follows:

|                                | FYE 2014 |               | FYE 2015  |               | FYE 2016   |               | FPE 2016 |          | FPE 2017   |               |
|--------------------------------|----------|---------------|-----------|---------------|------------|---------------|----------|----------|------------|---------------|
|                                | (RM'000) | (%)           | (RM'000)  | (%)           | (RM'000)   | (%)           | (RM'000) | (%)      | (RM'000)   | (%)           |
| PPE written-off                | 1        | 100.00        | -         | -             | 138        | 21.33         | -        | -        | -          | -             |
| Bad debts written-off          | -        | -             | 36        | 100.00        | 8          | 1.24          | -        | -        | -          | -             |
| Fair value loss on derivatives | -        | -             | -         | -             | 308        | 47.60         | -        | -        | -          | -             |
| Loss on foreign exchange       | -        | -             | -         | -             | 68         | 10.51         | -        | -        | 248        | 58.22         |
| Damages on PPE                 | -        | -             | -         | -             | 125        | 19.32         | -        | -        | 178        | 41.78         |
| <b>Total</b>                   | <b>1</b> | <b>100.00</b> | <b>36</b> | <b>100.00</b> | <b>647</b> | <b>100.00</b> | <b>-</b> | <b>-</b> | <b>426</b> | <b>100.00</b> |

**FYE 2014**

For FYE 2014, other expenses represented PPE written-off of RM520.

**FYE 2015**

For FYE 2015, other expenses represented bad debt written-off amounting to approximately RM0.04 million in relation to a trade debt no longer recoverable from a foreign customer since 2010.

**FYE 2016**

For FYE 2016, other expenses increased by approximately RM0.61 million as compared to FYE 2015. The increase was mainly due to fair value loss on derivatives of approximately RM0.31 million arising from fair value changes of forward currency contracts as at 31 December 2016, and PPE written-off amounting to approximately RM0.14 million and damages on PPE of approximately RM0.13 million arising from a windstorm occurred in November 2016.

**11. FINANCIAL INFORMATION (Cont'd)****FPE 2017**

For FPE 2017, other expenses represented loss on foreign exchange of RM0.25 million and damages on PPE of approximately RM0.18 million arising from a fire accident in March 2017.

**Finance costs**

Finance costs of approximately RM0.37 million, RM0.20 million, RM0.31 million, RM0.17 million and RM0.69 million representing 0.94%, 0.30%, 0.36%, 0.27% and 1.08% of our total revenue for FYEs 2014, 2015 and 2016, and FPEs 2016 and 2017 respectively.

We use trade bills to finance some of our local purchases of materials. Term loans are used to part-finance land, factory building and machineries whereas hire purchase facilities are used to part-finance machineries and motor vehicles.

The breakdown of our finance costs are as follows:

|                        | FYE 2014   |               | FYE 2015   |               | FYE 2016   |               | FPE 2016   |               | FPE 2017   |               |
|------------------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|------------|---------------|
|                        | (RM'000)   | (%)           | (RM'000)   | (%)           | (RM'000)   | (%)           | (RM'000)   | (%)           | (RM'000)   | (%)           |
| Trade bills interest   | 202        | 54.74         | 94         | 47.00         | 54         | 17.59         | 20         | 11.76         | 158        | 23.03         |
| Term loans interest    | 103        | 27.91         | 52         | 26.00         | 183        | 59.61         | 102        | 60.00         | 471        | 68.66         |
| Hire purchase interest | 37         | 10.03         | 47         | 23.50         | 57         | 18.57         | 43         | 25.29         | 36         | 5.25          |
| Others <sup>(1)</sup>  | 27         | 7.32          | 7          | 3.50          | 13         | 4.23          | 5          | 2.95          | 21         | 3.06          |
| <b>Total</b>           | <b>369</b> | <b>100.00</b> | <b>200</b> | <b>100.00</b> | <b>307</b> | <b>100.00</b> | <b>170</b> | <b>100.00</b> | <b>686</b> | <b>100.00</b> |

*Note:*

(1) *Others include bank overdrafts interest and trade bills charges.*

**FYE 2014**

For FYE 2014, finance costs was approximately RM0.37 million. Trade bills interest of approximately RM0.20 million and term loans interest of approximately RM0.10 million represented 54.74% and 27.91% of total finance costs respectively. Bankers' acceptances and export credit refinancing scheme were used to finance some of our purchases of materials locally whereas the term loans concerned were in respect of certain machineries as well as Block A, Block B and Block C of our factories located in Mukim Parit Bakar, Muar, Johor.

**FYE 2015**

Finance costs decreased by approximately RM0.17 million or 45.80% from approximately RM0.37 million for FYE 2014 to approximately RM0.20 million for FYE 2015. This was mainly due to the decrease in trade bills interest by approximately RM0.11 million as a result of lower utilisation of trade financing facilities.

**11. FINANCIAL INFORMATION (Cont'd)****FYE 2016**

Finance costs increased from approximately RM0.20 million for FYE 2015 to approximately RM0.31 million for FYE 2016, representing a RM0.11 million or 53.50% increase from the previous financial year. This was mainly due to the additional term loan of RM11.59 million secured for the acquisition of 4 parcels of contiguous freehold land measuring a total of approximately 905,397 sq. ft. located in Mukim Parit Jawa, Muar, Johor.

**FPE 2017**

Finance costs increased from approximately RM0.17 million for FPE 2016 to approximately RM0.69 million for FPE 2017, representing an increase of RM0.52 million or 303.53%. This was mainly due to the additional term loan of RM11.59 million drawn down in October 2016 for the acquisition of 4 parcels of contiguous freehold land and another term loan of RM3.16 million drawn down between May and September 2017 for the acquisition of new machineries for wood preparation and processing.

**Tax expense**

The following table sets out the comparison between the statutory tax rates and our effective tax rates for the financial years/ period under review:

|                        | <u>FYE 2014</u>              | <u>FYE 2015</u>              | <u>FYE 2016</u>              | <u>FPE 2016</u>              | <u>FPE 2017</u>              |
|------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Statutory tax rate (%) | 20.00 <sup>(1)</sup> / 25.00 | 20.00 <sup>(1)</sup> / 25.00 | 19.00 <sup>(1)</sup> / 24.00 | 19.00 <sup>(1)</sup> / 24.00 | 18.00 <sup>(1)</sup> / 24.00 |
| Effective tax rate (%) | 10.40                        | 13.40                        | 16.11                        | 16.53                        | 14.01                        |

Note:

(1) *Wegmans Furniture qualifies for the lower statutory tax rates of 20.00%, 20.00%, 19.00%, 19.00% and 18.00% on the first chargeable income of RM500,000 for FYEs 2014, 2015 and 2016, and FPEs 2016 and 2017 respectively.*

**FYE 2014**

Our tax expense was approximately RM0.35 million translating into an effective tax rate of approximately 10.40%, which was much lower than the statutory tax rate of 25.00% principally attributable to the tax incentives in the form of pioneer status which is valid up to FYE 2014 and double deduction of expenses for approved international trade fairs.

**FYE 2015**

Tax expense increased from approximately RM0.35 million for FYE 2014 to approximately RM2.00 million for FYE 2015. Our effective tax rate of 13.40% was much lower than the statutory tax rate of 25.00% as a result of applicable tax incentives in the form of allowance for increased export and double deduction of expenses for approved international trade fairs.

**11. FINANCIAL INFORMATION (Cont'd)****FYE 2016**

Tax expense increased from approximately RM2.00 million for FYE 2015 to approximately RM2.94 million for FYE 2016. The effective tax rate of 16.11% was significantly lower than the statutory tax rate of 24.00% due to the saving of approximately RM0.88 million from tax incentives in the form of allowance for increased export and overprovision for current tax expense in prior years of approximately RM0.55 million.

**FPE 2017**

The effective tax rates of 16.53% and 14.01% for FPEs 2016 and 2017 respectively were relatively lower than the statutory rate of 24% mainly due to tax incentive in the form of reinvestment allowance for FPE 2017 and double deduction of expenses for approved international trade fairs enjoyed during those financial periods for FPEs 2016 and 2017.

**PBT and PAT****FYE 2014**

For FYE 2014, we registered a PBT and PAT of RM3.33 million and RM2.98 million respectively, with PBT margin and PAT margin of 8.44% and 7.57% respectively.

**FYE 2015**

As a result of increase in revenue and GP, our PBT and PBT margin recorded a significant improvement from approximately RM3.33 million and 8.44% for FYE 2014 to approximately RM14.96 million and 22.59% for FYE 2015 respectively. Correspondingly, our PAT increased by approximately RM9.97 million or 334.31% to approximately RM12.95 million in FYE 2015 in line with higher PBT.

**FYE 2016**

As a result of increase in revenue and GP, our PBT increased to approximately RM18.24 million for FYE 2016. Correspondingly, our PAT also increased to approximately RM15.30 million.

**FPE 2017**

Our PBT of approximately RM13.44 million for FPE 2017 was lower as compared to FPE 2016 in tandem with the lower GP registered. However, our PAT of approximately RM11.56 million for FPE 2017 was higher than our PAT of approximately RM11.49 million for FPE 2016 due to lower tax expense for FPE 2017 as a result of higher tax incentives in the form of reinvestment allowance.

**(iii) Significant factors materially affecting our operations and financial performance**

In addition to the factors and trends set out in **Section 11.4.7** of this Prospectus, some of the following factors that may have an impact to our operations and financial results are as follows:



**11. FINANCIAL INFORMATION (Cont'd)****(a) Fluctuation of foreign exchange rate**

Our revenue and purchases are mainly denominated in USD and RM. In this regard, our Group is exposed to potential gains/ losses arising from foreign exchange fluctuations. 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.

In this regard, foreign exchange fluctuations especially the movements of USD against RM have an impact on our Group's financial results. 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 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 15.62% 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.

**(b) Fluctuation in the prices of direct materials for our business operations**

Rubberwood and other wood materials such as laminated board, veneer board, MDF and particle board are the main raw materials used in our manufacturing operations. Presently, although there are various sources of local and foreign supply of these direct materials, and furniture parts and components, their prices may fluctuate and such fluctuation may affect our financial performance. Nonetheless, 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.

**11. FINANCIAL INFORMATION (Cont'd)**

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**(c) Tax consideration**

Our tax expense comprises current income tax and deferred tax. The income tax expenses or credit for the financial year is the tax payable on the current financial year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

**(d) Competition risks**

Our Group faces competition from local manufacturers and foreign manufacturers in countries with lower cost of production and labour cost such as Indonesia, Vietnam and Thailand. 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. In addition, we are committed to the continuous improvement of the quality of our products. As part of our future plans, we plan to focus on product development and process improvement, which we believe will contribute towards our long-term growth and sustainability within the home furniture industry.

**(e) Changes in political, economic and regulatory conditions**

Risks relating to political, economic and regulatory conditions which may materially affect our operations are set out in **Section 4.1.2** of this Prospectus.

Although we will continue to comply with the legal and regulatory frameworks in the countries in which we and our customers operate, there is no assurance that the introduction of new laws or other economic, political and regulatory conditions in future will not have adverse effect on our business, results of operations or financial performance.

**(iv) Significant changes**

Save as disclosed in this Prospectus, there is no significant change that has occurred which may have a material effect on the financial position and results of our Group subsequent to FPE 2017 up to the LPD.

**11. FINANCIAL INFORMATION (Cont'd)****11.4.2 Liquidity and capital resources**

Our operations are funded by a combination of internal and external sources of funds. Our internal sources of funds comprise share capital, cash generated from our operating activities, while our external sources of funds are mainly borrowings from licensed financial institutions.

The interest rate of our borrowings is based on prevailing market rates. Currently, the principal use of our borrowings is for our Group's business growth and operations, for the acquisition of PPE and for working capital purposes.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate of borrowings.

Our Board is of the opinion that after taking into consideration the existing level of cash and cash equivalents and the gross proceeds from our IPO, our Group would have adequate working capital for a period of 12 months from the date of this Prospectus.

The table below sets out the summary of our Group's historical audited combined statements of cash flows for FYEs 2014, 2015 and 2016, and FPE 2017:

|  | <b>Audited</b>               |                              |                              |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | <b>FYE 2014<br/>(RM'000)</b> | <b>FYE 2015<br/>(RM'000)</b> | <b>FYE 2016<br/>(RM'000)</b> | <b>FPE 2017<br/>(RM'000)</b> |
| Net cash generated from operating activities   | 4,519                        | 14,395                       | 14,781                       | 8,227                        |
| Net cash used in investing activities  | (709)                        | (5,505)                      | (17,520)                     | (5,438)                      |
| Net cash (used in)/ generated from financing activities                              | (2,894)                      | (4,538)                      | 7,127                        | (4,615)                      |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>                         | <b>916</b>                   | <b>4,352</b>                 | <b>4,388</b>                 | <b>(1,826)</b>               |
| Effect of foreign exchange translation   | *                            | 14                           | (46)                         | (97)                         |
| Cash and cash equivalents at beginning of the financial year/ period                 | (147)                        | 769                          | 5,135                        | 9,477                        |
| <b>Cash and cash equivalents at end of the financial year/ period <sup>(1)</sup></b> | <b>769</b>                   | <b>5,135</b>                 | <b>9,477</b>                 | <b>7,554</b>                 |

Notes:

\* *Negligible*

(1) *The cash and cash equivalents represent cash and bank balances only.*

There are no legal, financial or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends, loans or advances to meet the obligations of our Company, save for the consent to be obtained from certain banking institutions pursuant to the financing facilities offered to our subsidiary. However, we do not expect such consent to be unreasonably withheld by the banking institutions.

**11. FINANCIAL INFORMATION (Cont'd)****Net cash generated from operating activities**

For FYE 2014, we collected approximately RM40.45 million from our customers. On the other hand, we made payments of RM19.28 million to our suppliers and RM16.31 million for operating expenses including staff costs of RM9.55 million. The operating expenses comprise factory overheads, direct labour, selling and distribution expenses, administrative expenses and other operating expenses. We generated RM0.11 million from other receipts mainly derived from sawdust disposal. We paid RM0.35 million of financing interests in respect of banking facilities utilised. We also made payment for income tax of approximately RM0.10 million to Inland Revenue Board. As a result, we generated net cash from operating activities amounting to approximately RM4.52 million.

For FYE 2015, we collected approximately RM66.65 million from our customers, representing an increase of RM26.20 million as compared to FYE 2014 in tandem with our revenue growth. On the other hand, we made payments of RM28.45 million to our suppliers and RM22.26 million for operating expenses. Payments to suppliers increased by RM9.17 million from RM19.28 million for FYE 2014 mainly due to more materials were required for higher production output. The operating expenses increased by RM5.95 million mainly due to higher staff costs of RM13.32 million. We generated RM0.05 million from other receipts mainly consist of reimbursement claim from import assistance programme of RM0.03 million. We paid RM0.20 million of financing interests for our utilised banking facilities. We also made payment for income tax of approximately RM1.39 million to Inland Revenue Board. As a result, we generated net cash from operating activities amounting to approximately RM14.40 million.

For FYE 2016, we collected approximately RM86.91 million from our customers, representing an increase of RM20.26 million as compared to FYE 2015 in tandem with our revenue growth. On the other hand, we made payments of RM38.38 million to our suppliers and RM29.68 million for operating expenses. Payments to suppliers increased by RM9.93 million from RM28.45 million for FYE 2015 mainly due to more materials were required for higher production output. The operating expenses increased by RM7.42 million mainly due to higher staff costs of RM15.61 million. We generated RM0.12 million from other receipts mainly consist of workmanship charges and sawdust disposal of approximately RM0.05 million respectively. We also received RM0.02 million of interest earned mainly from our short-term deposits but paid RM0.30 million of interests for our utilised banking facilities. We made payment for income tax of approximately RM3.91 million to Inland Revenue Board. As a result, we generated net cash from operating activities amounting to approximately RM14.78 million.

For FPE 2017, we collected approximately RM64.49 million from our customers. On the other hand, we made payments of RM31.52 million to our suppliers and RM23.06 million for operating expenses including staff costs of RM12.33 million. We generated RM1.29 million from other receipts, comprising mainly the insurance claim of approximately RM0.23 million against windstorm which occurred in November 2016 and insurance claim of approximately RM0.91 million against fire accident which occurred in March 2017. We also received RM0.11 million of interest earned mainly from our short-term deposits but paid RM0.67 million of interests for our utilised banking facilities. We made payment for income tax totalling RM2.53 million but also received income tax refund of RM0.12 million from Inland Revenue Board. As a result, we generated net cash from operating activities amounting to approximately RM8.23 million.

**11. FINANCIAL INFORMATION (Cont'd)**

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**Net cash used in investing activities**

During FYE 2014, our Group purchased property, plant and equipment amounting to RM1.29 million, some of which were part-financed by hire purchase facilities amounting to approximately RM0.51 million whilst balance of RM0.04 million remained outstanding as at year end. Included in property, plant and equipment purchased were plant and machineries of approximately RM0.96 million for upgrading our production facilities. On the other hand, we derived approximately RM0.03 million of proceeds from disposal of machinery and a forklift. As a result, we generated net cash outflow for investing activities amounting to approximately of RM0.71 million.

During FYE 2015, our Group purchased property, plant and equipment amounting to RM6.37 million, of which some were partially financed by hire purchase facilities of approximately RM0.90 million. We also made the balance payment of RM0.04 million brought forward from previous financial year. Included in the property, plant and equipment purchased were a parcel of freehold vacant land costing approximately RM3.94 million which was part-financed by a term loan of RM3.00 million to build our own factory for raw material storage and wood preparation. The remaining balance of RM2.43 million were purchases of office equipment, motor vehicles, plant and machineries partially financed by the above hire purchase facilities. As a result, we generated net cash outflow for investing activities amounting to approximately RM5.51 million.

During FYE 2016, we purchased 4 parcels of freehold land and other property, plant and equipment for approximately RM17.90 million and RM2.74 million respectively. The freehold land was purchase to house new production lines, new head/management office, new showroom and workers' hostel. Whilst the purchase of freehold land were part-financed by a term loan of RM11.59 million, some of the other property, plant and equipment were part-financed by hire purchase facilities of approximately RM0.30 million. On the other hand, we derived disposal proceeds of approximately RM2.70 million and RM0.12 million in respect of a parcel of freehold vacant land and motor vehicle respectively. As a result, we generated net cash outflow for investing activities amounting to approximately RM17.52 million.

For FPE 2017, our Group purchased property, plant and equipment amounting to RM7.06 million, out of which approximately RM1.62 million remained outstanding as at 30 September 2017. The property, plant and equipment purchased were mainly plant and machineries of approximately RM3.92 million for upgrading our production facilities and construction cost of factory building on a parcel of freehold vacant land measuring approximately 254,436 sq. ft. located in Mukim Parit Jawa, Muar, Johor. In addition, we have paid approximately RM0.20 million for machinery replacement due to a fire accident in March 2017. As a result, we generated net cash outflow for investing activities amounting to approximately RM5.44 million.

**Net cash used in/ generated from financing activities**

During FYE 2014, we paid dividend of approximately RM1.88 million. Our Group utilised approximately RM12.57 million of trade bills for materials purchased and made repayment of trade bills amounting to RM12.07 million. We also made instalment payments for term loans and hire purchase of approximately RM1.21 million and RM0.30 million respectively. As a result, we generated net cash outflow for financing activities amounting to approximately RM2.89 million.

**11. FINANCIAL INFORMATION (Cont'd)**

During FYE 2015, our Group paid dividend of approximately RM1.90 million. We utilised trade bills of approximately RM4.44 million for purchase of materials and repaid RM8.64 million of such trade facility. We raised approximately RM3.00 million through term loan. The term loan was used to part finance the purchase of a parcel of freehold vacant land measuring approximately 254,436 sq. ft. located in Mukim Parit Jawa, Muar, Johor. On the other hand, we made repayment of the term loans and hire purchase of approximately RM1.00 million and RM0.44 million respectively by instalments. As a result, we generated net cash outflow for financing activities amounting to approximately RM4.54 million.

During FYE 2016, we paid dividend of approximately RM5.34 million. We utilised trade bills of approximately RM3.11 million for purchase of materials and made repayment of approximately RM0.65 million for such banking facilities. Our Group drew down a term loan of approximately RM11.59 million. The term loan was raised to part finance the purchase of 4 parcels of contiguous freehold land measuring a total of approximately 905,397 sq. ft. in Mukim Parit Jawa, Muar, Johor. We also made instalment payments for the term loans and hire purchase amounting to approximately RM1.05 million and RM0.53 million respectively. As a result, we generated net cash from financing activities amounting to approximately RM7.13 million.

For FPE 2017, we made dividend payment amounting to RM10.40 million. Our Group utilised approximately RM12.78 million of trade bills for purchase of materials and repaid approximately RM8.52 million of such trade facility. Our Group has partially drawn down approximately RM3.16 million of a new term loan to part finance the purchase of new machineries for wood preparation and processing. Our Group also made instalments payments for the term loans and hire purchase of approximately RM1.30 million and RM0.34 million respectively. As a result, we generated net cash outflow for financing activities amounting to approximately RM4.62 million.

**11.4.3 Borrowings and financial instruments**

As at 30 September 2017, our Group's total outstanding bank borrowings of approximately RM23.21 million, all of which are interest-bearing and denominated in RM, the details of which are as follows:

|                                       | Audited as at 30 September 2017 |                           |                       |                          |
|---------------------------------------|---------------------------------|---------------------------|-----------------------|--------------------------|
|                                       | Total<br>(RM'000)               | Within 1 year<br>(RM'000) | 1-5 years<br>(RM'000) | Over 5 years<br>(RM'000) |
| Trade bills                           | 6,720                           | 6,720                     | -                     | -                        |
| Term loans <sup>(1)</sup>             | 15,745                          | 2,105                     | 8,162                 | 5,478                    |
| Hire purchase payables <sup>(2)</sup> | 744                             | 237                       | 507                   | -                        |
| <b>Total borrowings</b>               | <b>23,209</b>                   | <b>9,062</b>              | <b>8,669</b>          | <b>5,478</b>             |
| Gearing ratio <sup>(3)</sup> (times)  | 0.72                            |                           |                       |                          |

Notes:

- (1) Term loans were utilised to part finance the purchase of a parcel of freehold vacant land in FYE 2015 and 4 parcels of contiguous freehold land in FYE 2016, all located in Mukim Parit Jawa, Muar, Johor and machineries.
- (2) Hire purchase were utilised to part finance the purchase of motor vehicles.
- (3) Calculated based on pro forma shareholders' funds after the Acquisition.

**11. FINANCIAL INFORMATION (Cont'd)**

As at 30 September 2017, our Group's floating and fixed rate borrowings are set out below:

|            | Floating rate<br>borrowings<br>(RM'000) | Fixed rate<br>borrowings<br>(RM'000) | Total<br>(RM'000) |
|------------|---|--------------------------------------|-------------------|
| Borrowings | 15,745 <sup>(1)</sup>                   | 7,464 <sup>(2)</sup>                 | 23,209            |

Notes:

(1) Includes term loans.

(2) Includes trade bills and hire purchase payables.

As at the LPD, we do not have any foreign currency borrowings. Our Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout FYEs 2014, 2015, 2016, FPE 2017 and up to the LPD.

**11.4.4 Breach of terms and condition or covenants associated with credit arrangement or bank loan**

As at the LPD, we are not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect our financial results, financial position or business operations, or the investment by holders of securities in our Company.

**11.4.5 Material capital commitment**

Save as disclosed below, as at the LPD, our Group does not have any material capital commitment:

|                                  | Audited as at<br>30 September 2017<br>(RM'000) | Unaudited<br>as at the LPD<br>(RM'000) |
|----------------------------------|--|--|
| Contracted but not provided for: |  |  |
| Purchase of PPE                  | 6,490  | 3,071                                  |

As at 30 September 2017, the capital commitments of our Group relate to the construction of factory building, purchase of new machineries and motor vehicles of approximately RM4.50 million, RM1.86 million and RM0.13 million respectively.

As at the LPD, the capital commitments of our Group relate to the construction of factory building on a parcel of freehold vacant land measuring approximately 254,436 sq. ft. located in Mukim Parit Jawa, Muar, Johor, purchase of new machineries and motor vehicle of approximately RM1.83 million, RM1.18 million and RM0.06 million respectively. We expect to fund the above capital commitments through a combination of bank borrowings and internally generated funds. The contracted capital commitments are expected to be incurred over the next 12 months from the LPD.

**11.4.6 Contingent liabilities**

As at the LPD, our Group does not have any material contingent liabilities, which may have a substantial impact on the financial position of our Group.

**11. FINANCIAL INFORMATION (Cont'd)****11.4.7 Trend information**

As at the LPD, our financial performance, position and operations are not affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those disclosed in this Section, **Sections 4 and 5** of this Prospectus;
- (ii) material commitment for capital expenditure, as set out in **Section 11.4.5** of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations, save as disclosed in this Section and in **Section 4** of this Prospectus; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position other than those disclosed in this Section and in **Section 4** of this Prospectus.

**11.4.8 Order book**

Due to the nature of our business, we do not maintain an order book. We generate our revenues as and when we deliver our products based on purchase orders received.

**11.4.9 Other key financial ratios**

The key financial ratios of our Group are as follows:

|   | <b>Audited</b>  |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | <b>FYE 2014</b> | <b>FYE 2015</b> | <b>FYE 2016</b> | <b>FPE 2017</b> |
| Average trade receivables turnover period (days) <sup>(1)</sup> | 28              | 17              | 18              | 18              |
| Average trade payables turnover period (days) <sup>(2)</sup>    | 55              | 58              | 57              | 62              |
| Average inventory turnover period (days) <sup>(3)</sup>         | 59              | 55              | 52              | 70              |
| Current ratio (times) <sup>(4)</sup>                            | 0.85            | 1.63            | 1.15            | 1.29            |
| Gearing ratio (times) <sup>(5)</sup>                            | 0.65            | 0.22            | 0.71            | 0.72            |

Notes:

$$(1) \quad \frac{(\text{Opening trade receivables} + \text{closing trade receivables}) / 2}{\text{Revenue}} \times 365 \text{ days}$$

$$(2) \quad \frac{(\text{Opening trade payables} + \text{closing trade payables}) / 2}{\text{Purchases}} \times 365 \text{ days}$$

$$(3) \quad \frac{(\text{Opening inventory} + \text{closing inventory}) / 2}{\text{Cost of sales}} \times 365 \text{ days}$$

(4) *Current assets over current liabilities.*

(5) *Total borrowings over total shareholders' fund.*



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

The table below sets out a summary of our Group's trade receivables for the financial years/ period indicated below:

|  | <b>FYE 2014</b><br><b>(RM'000)</b> | <b>FYE 2015</b><br><b>(RM'000)</b> | <b>FYE 2016</b><br><b>(RM'000)</b> | <b>FPE 2017</b><br><b>(RM'000)</b> |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Opening trade receivables                        | 3,142                              | 2,926                              | 3,420                              | 4,814                              |
| Closing trade receivables                        | 2,926                              | 3,420                              | 4,814                              | 3,699                              |
| Revenue  | 39,416                             | 66,216                             | 85,636                             | 63,372                             |
| Average trade receivables turnover period (days) | 28                                 | 17                                 | 18                                 | 18                                 |

Our normal trade terms are cash and credit terms of up to 90 days. Our credit terms to customers are assessed and approved on a case-by-case basis taking into consideration various factors such as relationship with customers, customers' payment history, credit worthiness, quantum of amount owing as well as the reason for the customers' inability to pay within the normal credit period.

Our average trade receivable turnover period as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 September 2017 were 28 days, 17 days, 18 days and 18 days respectively, which fell within our normal trade terms of cash term to 90 days credit. Our average trade receivable turnover periods were low for the financial periods under review attributable to the followings:

- (a) some of our overseas customers were required 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. In addition, our Group requires these customers to make the remaining payment upon shipment; and
- (b) More than 80% of our sales were transacted on cash and credit terms of not more than 30 days.

A few of our customers with high credit worthiness are assigned with 90-day credit term.

As at 30 September 2017, the trade receivables of our Group amounted to RM3.70 million, the ageing of which are analysed as follows:

|   | <b>Within normal credit period</b> | <b>Exceeded credit period</b> |                   |                   |                     | <b>Total</b> |
|---|------------------------------------|-------------------------------|-------------------|-------------------|---------------------|--------------|
|   | <b>0-90 days</b>                   | <b>0-30 days</b>              | <b>31-60 days</b> | <b>61-90 days</b> | <b>&gt; 90 days</b> |              |
| Trade receivables (RM'000)  | 3,613                              | 86                            | -                 | -                 | -                   | 3,699        |
| Percentage of total trade receivables (%)                               | 97.68                              | 2.32                          | -                 | -                 | -                   | 100.00       |
| Subsequent collections up to the LPD (RM'000)                           | 3,613                              | 82                            | -                 | -                 | -                   | 3,695        |
| Trade receivables net of subsequent collections (RM'000)                | -                                  | 4                             | -                 | -                 | -                   | 4            |
| Percentage of total trade receivables net of subsequent collections (%) | -                                  | 100.00                        | -                 | -                 | -                   | 100.00       |

**11. FINANCIAL INFORMATION (Cont'd)**

Note:

As at the LPD, we have collected approximately RM3.70 million of our outstanding trade receivables as at 30 September 2017.

**Trade payables**

The table below sets out a summary of our Group's trade payables for the financial years/ period indicated below:

|   | FYE 2014<br>(RM'000) | FYE 2015<br>(RM'000) | FYE 2016<br>(RM'000) | FPE 2017<br>(RM'000) |
|---|----------------------|----------------------|----------------------|----------------------|
| Opening trade payables                        | 2,285                | 4,026                | 5,481                | 6,967                |
| Closing trade payables                        | 4,026                | 5,481                | 6,967                | 7,430                |
| Purchases                                     | 20,927               | 29,833               | 39,805               | 31,942               |
| Average trade payables turnover period (days) | 55                   | 58                   | 57                   | 62                   |

The normal trade terms granted to our Group by our suppliers are cash and credit terms of up to 90 days. To maintain good relationships with our suppliers, we normally make prompt payments.

Our average trade payables turnover period as at 31 December 2014, 31 December 2015, 31 December 2016 and FPE 2017 were 55 days, 58 days, 57 days and 62 days respectively, which fell within our normal trade terms of cash term to 90 days.

As at 30 September 2017, the trade payables of our Group amounted to RM7.43 million, the ageing of which are analysed as follows:

|   | Within normal<br>credit period | Exceeded credit period |               |               |                  | Total  |
|---|--------------------------------|------------------------|---------------|---------------|------------------|--------|
|   | 0-90 days                      | 0-30<br>days           | 31-60<br>days | 61-90<br>days | > 90<br>days     |        |
| Trade payables (RM'000)   | 5,537                          | 1,570                  | 320           | 3             | - <sup>(1)</sup> | 7,430  |
| Percentage of total trade payables (%)                            | 74.52                          | 21.13                  | 4.31          | 0.04          | -                | 100.00 |
| Subsequent payments as at the LPD (RM'000)                        | 5,537                          | 1,570                  | 320           | 3             | - <sup>(1)</sup> | 7,430  |
| Trade payables net of subsequent payments (RM'000)                | -                              | -                      | -             | -             | -                | -      |
| Percentage of total trade payables net of subsequent payments (%) | -                              | -                      | -             | -             | -                | -      |

Note:

(1) Negligible.

As at the LPD, our total outstanding trade payables of approximately RM7.43 million as at 30 September 2017 have been fully paid.

**11. FINANCIAL INFORMATION (Cont'd)****Inventories**

Our inventories consist of raw materials, packing materials, work-in-progress, and finished goods.

The table below sets out a summary of our Group's inventories for the financial years/ period indicated below:

|  | <b>Audited</b>               |                              |                              |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | <b>FYE 2014<br/>(RM'000)</b> | <b>FYE 2015<br/>(RM'000)</b> | <b>FYE 2016<br/>(RM'000)</b> | <b>FPE 2017<br/>(RM'000)</b> |
| Opening inventories                      | 4,368                        | 5,992                        | 7,680                        | 9,355                        |
| Closing inventories                      | 5,992                        | 7,680                        | 9,355                        | 13,636                       |
| Cost of sales                            | 32,061                       | 45,422                       | 59,893                       | 44,651                       |
| Average inventory turnover period (days) | 59                           | 55                           | 52                           | 70                           |

Our average inventory turnover period as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 September 2017 were 59 days, 55 days, 52 days and 70 days respectively. Our average inventory turnover period is approximately 2 months and we keep our inventories low as we manufacture on a 'made-to-order' basis. Our average inventory turnover period for FPE 2017 is slightly higher than 2 months due to the increase in our raw materials and inventory work-in-progress as at 30 September 2017 which was caused by longer production lead time as a result of temporary shortage in the supply of foreign workers.

**Current ratio**

The table below sets out a summary of our Group's current ratio for the financial years/ period indicated below:

|                       | <b>FYE 2014<br/>(RM'000)</b> | <b>FYE 2015<br/>(RM'000)</b> | <b>FYE 2016<br/>(RM'000)</b> | <b>FPE 2017<br/>(RM'000)</b> |
|-----------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Current assets        | 10,262                       | 17,568                       | 27,716                       | 29,805                       |
| Current liabilities   | 12,040                       | 10,804                       | 24,001                       | 23,157                       |
| Current ratio (times) | 0.85                         | 1.63                         | 1.15                         | 1.29                         |

As at 31 December 2015, our Group's current ratio was approximately 1.63 times, which was higher than approximately 0.85 times as at 31 December 2014. This was mainly attributed to an increase in cash and bank balances as a result of higher profit generated for FYE 2015 and a decrease in short-term borrowings i.e. trade bills.

As at 31 December 2016, our Group's current ratio was approximately 1.15 times, which was lower than approximately 1.63 times as at 31 December 2015. There is an increase in cash and bank balances, inventories and trade receivables which is in tandem with our Group's revenue growth. Notwithstanding the above, we registered a lower current ratio mainly due to an interim dividend payable of RM6.40 million and the increase in trade bills of RM2.46 million.

As at 30 September 2017, our Group's current ratio was approximately 1.29 times, which was slightly higher than the current ratio of 1.15 times as at 31 December 2016.

**11. FINANCIAL INFORMATION (Cont'd)****Gearing ratio**

The table below sets out a summary of our Group's gearing ratio for the financial years/ period indicated below:

|                                 | <u>FYE 2014</u><br><u>(RM'000)</u> | <u>FYE 2015</u><br><u>(RM'000)</u> | <u>FYE 2016</u><br><u>(RM'000)</u> | <u>FPE 2017</u><br><u>(RM'000)</u> |
|---------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Short-term</b>               |                                    |                                    |                                    |                                    |
| Trade bills                     | 4,196                              | -                                  | 2,458                              | 6,720                              |
| Term loans                      | 950                                | 856                                | 1,553                              | 2,105                              |
| Hire purchase                   | 355                                | 476                                | 406                                | 237                                |
|                                 | <u>5,501</u>                       | <u>1,332</u>                       | <u>4,417</u>                       | <u>9,062</u>                       |
| <b>Long-term</b>                |                                    |                                    |                                    |                                    |
| Term loans                      | 383                                | 2,477                              | 12,323                             | 13,640                             |
| Hire purchase                   | 511                                | 848                                | 684                                | 507                                |
|                                 | <u>894</u>                         | <u>3,325</u>                       | <u>13,007</u>                      | <u>14,147</u>                      |
| <b>Total borrowings</b>         | <u>6,395</u>                       | <u>4,657</u>                       | <u>17,424</u>                      | <u>23,209</u>                      |
| Shareholders' funds/ net assets | 9,882                              | 20,933                             | 24,494                             | 32,050                             |
| Gearing ratio (times)           | 0.65                               | 0.22                               | 0.71                               | 0.72                               |

Our Group's gearing ratio ranges from 0.22 times to 0.72 times over the financial years/ period under review.

As at 31 December 2015, our total debts decreased by approximately RM1.74 million as compared to previous year mainly due to the decrease in short-term borrowings, i.e. trade bills. Our shareholders' funds as at 31 December 2015 increased by RM11.05 million mainly as a result of net profit made in FYE 2015. The combination of the decrease in total debts and the increase in shareholders' funds resulted in our gearing ratio dropping to 0.22 times from 0.65 times as at 31 December 2014.

As at 31 December 2016, our total debts increased by RM12.77 million mainly due to the drawdown of additional term loan and increase in short-term borrowings. The term loan was obtained to part finance the purchase of 4 parcels of contiguous freehold land measuring a total of approximately 905,397 sq. ft. located in Mukim Parit Jawa, Muar, Johor. Our short-term borrowings also increased as a result of utilisation of trade bills. With the increase in total debts, our gearing ratio increased to 0.71 times.

As at 30 September 2017, our total debts increased by RM5.79 million as compared to 31 December 2016 mainly due to the increase in short-term borrowings, i.e. trade bills.

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**11. FINANCIAL INFORMATION (Cont'd)**

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**11.5 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. Our Directors will take into consideration, amongst others, the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:

- (i) The availability of adequate reserves and cash flows;
- (ii) Our operating cash flow requirements and financing commitments;
- (iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
- (iv) Any material impact of tax laws and other regulatory requirements; and
- (v) The prior consent from our banking institutions, if any.

The level of dividends should also not be treated as an indication of our Group's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value.

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**12. ACCOUNTANT'S REPORT**

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**WEGMANS HOLDINGS BERHAD**

(Incorporated in Malaysia)

Company No. : 1219319-D

**ACCOUNTANT'S REPORT**

**Contents**

|  | Page  |
|--|-------|
| Reporting Accountant's Opinion on the Financial Information Contained in the Accountant's Report | 1-3   |
| Combined Statements of Financial Position  | 4     |
| Combined Statements of Profit or Loss and Other Comprehensive Income                             | 5     |
| Combined Statements of Changes in Equity   | 6-7   |
| Combined Statements of Cash Flows  | 8-9   |
| Notes to the Combined Financial Statements   | 10-69 |
| Statements by Directors  | 70    |

## 12. ACCOUNTANT'S REPORT (Cont'd)



**Crowe Horwath** AF 1018  
Chartered Accountants  
Member Crowe Horwath International

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15 January 2018

**The Board of Directors**  
**Wegmans Holdings Berhad**  
Lot PTD 3504  
Jalan Bakri, Batu 7 1/2  
84200 Muar  
Johor Darul Takzim

Dear Sirs

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

#### **OPINION**

We have audited the accompanying combined financial statements of the Company and its wholly-owned subsidiary (collectively known as "the Group") which comprises the combined statements of financial position as at 31 December 2014, 2015, 2016 and 30 September 2017 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended 31 December 2014, 2015, 2016 and the nine-month financial period ended 30 September 2017, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 69.

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

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 December 2014, 2015, 2016 and 30 September 2017 and of their financial performance and their cash flows for each of the financial years ended 31 December 2014, 2015, 2016 and the nine-month financial period ended 30 September 2017 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountant's Responsibilities for the Audit of the Financial Information* section of our report.

#### **INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES**

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

Page 1

**Crowe Horwath Offices in Malaysia:**

Kuala Lumpur • Klang • Penang • Johor Bahru • Melaka • Muar • Kuching • Sibul • Bintulu • Miri • Kota Kinabalu • Labuan

**12. ACCOUNTANT'S REPORT (Cont'd)****DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION**

The Directors of the Company are responsible for the preparation of the financial information of the Group that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

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

**REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL INFORMATION**

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

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

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



**12. ACCOUNTANT'S REPORT (Cont'd)**



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

- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**OTHER MATTERS**

The significant event subsequent to the end of the financial period ended 30 September 2017 has been disclosed in Note 25 of this Report.

**RESTRICTION ON DISTRIBUTION AND USE**

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

A handwritten signature in black ink, appearing to read "Cee Ham".

**Crowe Horwath**  
Firm No. : AF 1018  
Chartered Accountants

Muar, Johor Darul Takzim

A handwritten signature in black ink, appearing to read "Ng Kim Kiat".

**Ng Kim Kiat**  
Approval No. : 02074/10/2018 J  
Chartered Accountant

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**COMBINED STATEMENTS OF FINANCIAL POSITION**

|   | Note | <-----Audited-----> |               |               | Unaudited     | Audited       |
|---|------|---------------------|---------------|---------------|---------------|---------------|
|   |      | 31.12.2014          | 31.12.2015    | 31.12.2016    | 30.9.2016     | 30.9.2017     |
|   |      | RM'000              | RM'000        | RM'000        | RM'000        | RM'000        |
| <b>ASSETS</b>                                       |      |                     |               |               |               |               |
| <b>NON-CURRENT ASSET</b>                            |      |                     |               |               |               |               |
| Property, plant and equipment                       | 4    | 13,504              | 18,444        | 34,722        | 22,218        | 40,619        |
| <b>CURRENT ASSETS</b>                               |      |                     |               |               |               |               |
| Inventories   | 5    | 5,992               | 7,680         | 9,355         | 9,576         | 13,636        |
| Trade and other receivables                         | 6    | 3,501               | 4,753         | 8,884         | 10,271        | 8,615         |
| Cash and bank balances                              |      | 769                 | 5,135         | 9,477         | 3,585         | 7,554         |
|   |      | 10,262              | 17,568        | 27,716        | 23,432        | 29,805        |
| <b>TOTAL ASSETS</b>                                 |      | <b>23,766</b>       | <b>36,012</b> | <b>62,438</b> | <b>45,650</b> | <b>70,424</b> |
| <b>EQUITY AND LIABILITIES</b>                       |      |                     |               |               |               |               |
| <b>Equity attributable to owners of the Company</b> |      |                     |               |               |               |               |
| Share capital                                       | 7    | 1,900               | 1,900         | 1,900         | 1,900         | 1,900         |
| Retained profits                                    |      | 7,982               | 19,033        | 22,594        | 25,980        | 30,150        |
| <b>TOTAL EQUITY</b>                                 |      | <b>9,882</b>        | <b>20,933</b> | <b>24,494</b> | <b>27,880</b> | <b>32,050</b> |
| <b>NON-CURRENT LIABILITIES</b>                      |      |                     |               |               |               |               |
| Bank borrowings                                     | 8    | 383                 | 2,477         | 12,323        | 1,900         | 13,640        |
| Hire purchase payables                              | 9    | 511                 | 848           | 684           | 492           | 507           |
| Deferred tax liabilities                            | 10   | 950                 | 950           | 936           | 950           | 1,070         |
|   |      | 1,844               | 4,275         | 13,943        | 3,342         | 15,217        |
| <b>CURRENT LIABILITIES</b>                          |      |                     |               |               |               |               |
| Trade and other payables                            | 11   | 6,519               | 8,833         | 12,876        | 12,660        | 14,095        |
| Bank borrowings                                     | 8    | 5,146               | 856           | 4,011         | 600           | 8,825         |
| Hire purchase payables                              | 9    | 355                 | 476           | 406           | 405           | 237           |
| Dividend payables                                   |      | -                   | -             | 6,400         | -             | -             |
| Tax payable   |      | 20                  | 639           | -             | 763           | -             |
| Derivative liabilities                              | 12   | -                   | -             | 308           | -             | -             |
|   |      | 12,040              | 10,804        | 24,001        | 14,428        | 23,157        |
| <b>TOTAL LIABILITIES</b>                            |      | <b>13,884</b>       | <b>15,079</b> | <b>37,944</b> | <b>17,770</b> | <b>38,374</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |      | <b>23,766</b>       | <b>36,012</b> | <b>62,438</b> | <b>45,650</b> | <b>70,424</b> |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|  | Note | <-----Audited----->          |                              |                              | Unaudited                   | Audited                     |
|--|------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|
|  |      | 1.1.2014<br>to<br>31.12.2014 | 1.1.2015<br>to<br>31.12.2015 | 1.1.2016<br>to<br>31.12.2016 | 1.1.2016<br>to<br>30.9.2016 | 1.1.2017<br>to<br>30.9.2017 |
|  |      | RM'000                       | RM'000                       | RM'000                       | RM'000                      | RM'000                      |
| REVENUE  | 13   | 39,416                       | 66,216                       | 85,636                       | 64,111                      | 63,372                      |
| COST OF SALES  |      | (32,061)                     | (45,422)                     | (59,893)                     | (45,000)                    | (44,651)                    |
| GROSS PROFIT   |      | 7,355                        | 20,794                       | 25,743                       | 19,111                      | 18,721                      |
| OTHER INCOME   |      | 621                          | 285                          | 927                          | 309                         | 1,648                       |
| SELLING AND DISTRIBUTION<br>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  | 15   | (369)                        | (200)                        | (307)                        | (170)                       | (686)                       |
| PROFIT BEFORE TAX  | 16   | 3,328                        | 14,955                       | 18,240                       | 13,762                      | 13,438                      |
| INCOME TAX EXPENSE   | 17   | (346)                        | (2,004)                      | (2,939)                      | (2,275)                     | (1,882)                     |
| PROFIT AFTER TAX<br>AND TOTAL<br>COMPREHENSIVE INCOME FOR<br>THE FINANCIAL YEAR/PERIOD<br>ATTRIBUTABLE TO OWNERS<br>OF THE COMPANY |      | 2,982                        | 12,951                       | 15,301                       | 11,487                      | 11,556                      |
| <b>EARNINGS PER SHARE (RM)</b>   |      |                              |                              |                              |                             |                             |
| Basic  | 18   | 1.57                         | 6.82                         | 8.05                         | 6.05                        | 6.08                        |
| Diluted  |      | N.A                          | N.A                          | N.A                          | N.A                         | N.A                         |

Note:

N.A - Not applicable

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**COMBINED STATEMENTS OF CHANGES IN EQUITY**

|  |      | <u>Distributable</u>    |                               |
|--|------|-------------------------|-------------------------------|
|  | Note | Share capital<br>RM'000 | Retained<br>profits<br>RM'000 |
|  |      |                         | Total equity<br>RM'000        |
| <b>Audited</b>   |      |                         |                               |
| Balance at 1 January 2014  |      | 1,900                   | 6,880                         |
| Profit after tax and total comprehensive income for the financial year |      | -                       | 2,982                         |
| Contributions by and distributions to owners of the Company :          |      |                         |                               |
| - Dividends  | 19   | -                       | (1,880)                       |
| Balance at 31 December 2014  |      | 1,900                   | 7,982                         |
| <b>Audited</b>   |      |                         |                               |
| Balance at 1 January 2015  |      | 1,900                   | 7,982                         |
| Profit after tax and total comprehensive income for the financial year |      | -                       | 12,951                        |
| Contributions by and distributions to owners of the Company :          |      |                         |                               |
| - Dividends  | 19   | -                       | (1,900)                       |
| Balance at 31 December 2015  |      | 1,900                   | 19,033                        |
| <b>Audited</b>   |      |                         |                               |
| Balance at 1 January 2016  |      | 1,900                   | 19,033                        |
| Profit after tax and total comprehensive income for the financial year |      | -                       | 15,301                        |
| Contributions by and distributions to owners of the Company :          |      |                         |                               |
| - Dividends  | 19   | -                       | (11,740)                      |
| Balance at 31 December 2016  |      | 1,900                   | 22,594                        |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

|  |      | <u>Distributable</u>    |                               |                        |
|--|------|-------------------------|-------------------------------|------------------------|
|  | Note | Share capital<br>RM'000 | Retained<br>profits<br>RM'000 | Total equity<br>RM'000 |
| <b>Unaudited</b>   |      |                         |                               |                        |
| Balance at 1 January 2016  |      | 1,900                   | 19,033                        | 20,933                 |
| Profit after tax and total comprehensive income for the financial period |      | -                       | 11,487                        | 11,487                 |
| Contributions by and distributions to owners of the Company :            |      |                         |                               |                        |
| - Dividends  | 19   | -                       | (4,540)                       | (4,540)                |
| Balance at 30 September 2016   |      | 1,900                   | 25,980                        | 27,880                 |
| <b>Audited</b>   |      |                         |                               |                        |
| Balance at 1 January 2017  |      | 1,900                   | 22,594                        | 24,494                 |
| Profit after tax and total comprehensive income for the financial period |      | -                       | 11,556                        | 11,556                 |
| Contributions by and distributions to owners of the Company :            |      |                         |                               |                        |
| - Dividends  | 19   | -                       | (4,000)                       | (4,000)                |
| Balance at 30 September 2017   |      | 1,900                   | 30,150                        | 32,050                 |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**COMBINED STATEMENTS OF CASH FLOWS**

|   | Note | <-----Audited----->          |                              |                              | Unaudited                   | Audited                     |
|---|------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|
|   |      | 1.1.2014<br>to<br>31.12.2014 | 1.1.2015<br>to<br>31.12.2015 | 1.1.2016<br>to<br>31.12.2016 | 1.1.2016<br>to<br>30.9.2016 | 1.1.2017<br>to<br>30.9.2017 |
|   |      | RM'000                       | RM'000                       | RM'000                       | RM'000                      | RM'000                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |      |                              |                              |                              |                             |                             |
| Profit before tax                                       |      | 3,328                        | 14,955                       | 18,240                       | 13,762                      | 13,438                      |
| Adjustments for :                                       |      |                              |                              |                              |                             |                             |
| Bad debts written off                                   |      | -                            | 36                           | 9                            | -                           | -                           |
| Depreciation  |      | 1,286                        | 1,426                        | 1,423                        | 1,117                       | 1,161                       |
| Fair value loss/(gain) on derivatives                   |      | -                            | -                            | 308                          | -                           | (311)                       |
| Gain on disposal of property, plant and equipment       |      | (5)                          | (4)                          | (18)                         | (18)                        | -                           |
| Fire loss of inventory work-in-progress                 |      | -                            | -                            | -                            | -                           | 570                         |
| Property, plant and equipment written off               |      | 1                            | -                            | 138                          | -                           | -                           |
| Unrealised (gain)/loss on foreign exchange              |      | (56)                         | (63)                         | 68                           | -                           | 40                          |
| Interest expenses                                       |      | 352                          | 199                          | 300                          | 170                         | 668                         |
| Interest income   |      | -                            | *                            | (15)                         | (12)                        | (107)                       |
| Operating profit before working capital changes         |      | 4,906                        | 16,549                       | 20,453                       | 15,019                      | 15,459                      |
| Inventories   |      | (1,624)                      | (1,688)                      | (1,675)                      | (1,896)                     | (4,851)                     |
| Trade and other receivables                             |      | 202                          | (1,239)                      | (3,628)                      | (5,518)                     | 946                         |
| Trade and other payables                                |      | 1,490                        | 2,357                        | 3,822                        | 3,701                       | (355)                       |
| <b>CASH FROM OPERATIONS</b>                             |      | 4,974                        | 15,979                       | 18,972                       | 11,306                      | 11,199                      |
| Interest paid   |      | (352)                        | (199)                        | (300)                        | (170)                       | (668)                       |
| Interest received                                       |      | -                            | *                            | 15                           | 12                          | 107                         |
| Tax paid  |      | (103)                        | (1,385)                      | (3,906)                      | (2,151)                     | (2,533)                     |
| Tax refund  |      | -                            | -                            | -                            | -                           | 122                         |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>               |      | 4,519                        | 14,395                       | 14,781                       | 8,997                       | 8,227                       |
| <b>CASH FLOWS FOR INVESTING ACTIVITIES</b>              |      |                              |                              |                              |                             |                             |
| Purchase of property, plant and equipment               | 4(c) | (735)                        | (5,509)                      | (20,339)                     | (4,865)                     | (5,438)                     |
| Proceeds from disposal of property, plant and equipment |      | 26                           | 4                            | 2,819                        | 118                         | -                           |
| <b>NET CASH FOR INVESTING ACTIVITIES</b>                |      | (709)                        | (5,505)                      | (17,520)                     | (4,747)                     | (5,438)                     |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**COMBINED STATEMENTS OF CASH FLOWS (CONT'D)**

|  | Note      | <-----Audited----->          |                              |                              | Unaudited                   | Audited                     |
|--|-----------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|
|  |           | 1.1.2014<br>to<br>31.12.2014 | 1.1.2015<br>to<br>31.12.2015 | 1.1.2016<br>to<br>31.12.2016 | 1.1.2016<br>to<br>30.9.2016 | 1.1.2017<br>to<br>30.9.2017 |
|  |           | RM'000                       | RM'000                       | RM'000                       | RM'000                      | RM'000                      |
| <b>CASH FLOWS (FOR)/FROM<br/>FINANCING ACTIVITIES</b>                        |           |                              |                              |                              |                             |                             |
| Dividends paid   |           | (1,880)                      | (1,900)                      | (5,340)                      | (4,540)                     | (10,400)                    |
| Net movements in trade bills   |           | 497                          | (4,196)                      | 2,458                        | -                           | 4,262                       |
| Drawdown of term loans   |           | -                            | 3,000                        | 11,590                       | -                           | 3,165                       |
| Repayment of term loans  |           | (1,212)                      | (1,000)                      | (1,047)                      | (833)                       | (1,296)                     |
| Repayment of hire purchase payables  |           | (299)                        | (442)                        | (534)                        | (427)                       | (346)                       |
| <b>NET CASH (FOR)/FROM FINANCING<br/>ACTIVITIES</b>                          |           | <b>(2,894)</b>               | <b>(4,538)</b>               | <b>7,127</b>                 | <b>(5,800)</b>              | <b>(4,615)</b>              |
| <b>NET INCREASE/(DECREASE) IN<br/>CASH AND CASH EQUIVALENTS</b>              |           | <b>916</b>                   | <b>4,352</b>                 | <b>4,388</b>                 | <b>(1,550)</b>              | <b>(1,826)</b>              |
| <b>EFFECT OF FOREIGN EXCHANGE<br/>TRANSLATION</b>                            |           | <b>*</b>                     | <b>14</b>                    | <b>(46)</b>                  | <b>-</b>                    | <b>(97)</b>                 |
| <b>CASH AND CASH EQUIVALENTS<br/>AT BEGINNING OF THE FINANCIAL<br/>YEAR</b>  |           | <b>(147)</b>                 | <b>769</b>                   | <b>5,135</b>                 | <b>5,135</b>                | <b>9,477</b>                |
| <b>CASH AND CASH EQUIVALENTS<br/>AT END OF THE FINANCIAL<br/>YEAR/PERIOD</b> | <b>20</b> | <b>769</b>                   | <b>5,135</b>                 | <b>9,477</b>                 | <b>3,585</b>                | <b>7,554</b>                |

Note:

\* Amount is less than RM 500

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

- (a) The Company was incorporated in Malaysia on 22 February 2017 under the Companies Act 2016, as a private limited company and is principally engaged in the business of investment holding.
- (b) On 29 May 2017, the Company was converted from a private limited company to a public company limited by shares and assumed its present name of Wegmans Holdings Berhad ("Wegmans").
- (c) For the purpose of listing the Group on the ACE Market on Bursa Malaysia Securities Berhad, the Company entered into a conditional Share Sale Agreement on 18 August 2017 to acquire the entire equity interest in Wegmans Furniture Industries Sdn. Bhd. ("Wegmans Furniture").
- (d) Details of the subsidiary company, which is incorporated in Malaysia, are as follows:

| <b>Name of company</b> | <b>Date of incorporation</b> | <b>Equity interest</b> | <b>Principal activities</b>                              |
|------------------------|------------------------------|------------------------|--|
| Wegmans Furniture      | 7 December 1999              | 100%                   | Design, manufacture and sale of home furniture products. |

- (e) Wegmans and Wegmans Furniture shall collectively be referred to as "the Group" or "Wegmans Group" hereinafter. Both have their registered office and principal place of business as follows:

|                             |   |   |
|-----------------------------|---|---|
| Registered office           | : | No. 7 (1st Floor)<br>Jalan Pesta 1/1<br>Taman Tun Dr. Ismail 1<br>Jalan Bakri<br>84000 Muar<br>Johor Darul Takzim |
| Principal place of business | : | Lot PTD 3504<br>Jalan Bakri, Batu 7 1/2<br>84200 Muar<br>Johor Darul Takzim                                       |

**2. BASIS OF PREPARATION**

- 2.1 As the Wegmans Group has not been in place as at 30 September 2017, there are no consolidated financial statements of Wegmans for financial years ended 31 December 2014, 2015 and 2016, and financial periods ended 30 September 2016 and 2017.

The combined financial statements of Wegmans are the combination or aggregation of all the financial statements of the entities in the Group and have been prepared based on the separate financial statements for the relevant reporting periods as follows:



**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION (CONT'D)**

## 2.1 (Cont'd)

| <b>Company</b>    | <b>Relevant reporting periods</b>   |
|-------------------|---|
| Wegmans           | Financial period ended ("FPE") 30 September 2017  |
| Wegmans Furniture | Financial year ended ("FYE") 31 December 2014<br>FYE 31 December 2015<br>FYE 31 December 2016<br>FPE 30 September 2016<br>FPE 30 September 2017 |

The combined financial statements for the relevant reporting periods are prepared based on the above financial statements of Wegmans and Wegmans Furniture. Except for the financial statements for FPE 30 September 2016 which is unaudited, all the financial statements are audited and not subject to any qualification, modification or disclaimer.

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

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

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. All material intra-group transactions and balances are eliminated upon combination, where applicable.

2.2 The combined financial statements of Wegmans are prepared under the historical cost convention and in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

2.3 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 107 Disclosure Initiative

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 12 Clarification of the Scope of the Standard

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. BASIS OF PREPARATION (CONT'D)**

## 2.3 (Cont'd)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

- 2.4 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the financial period ended 30 September 2017:

| <b>MFRSs and/or IC Interpretations<br/>(Including The Consequential Amendments)</b>                                      | <b>Effective Date</b> |
|--|-----------------------|
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)  | 1 January 2018        |
| MFRS 15 Revenue from Contracts with Customers  | 1 January 2018        |
| MFRS 16 Leases   | 1 January 2019        |
| MFRS 17 Insurance Contracts  | 1 January 2021        |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration   | 1 January 2018        |
| IC Interpretation 23 Uncertainty over Income Tax Treatments  | 1 January 2019        |
| Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions                                  | 1 January 2018        |
| Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts                               | 1 January 2018        |
| Amendments to MFRS 9 Prepayment Features with Negative Compensation  | 1 January 2019        |
| Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred              |
| Amendments to MFRS 15 Effective Date of MFRS 15  | 1 January 2018        |
| Amendments to MFRS 15 Clarifications to MFRS 15 'Revenue from Contracts with Customers'                                  | 1 January 2018        |
| Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures  | 1 January 2019        |
| Amendments to MFRS 140 Transfers of Investment Property  | 1 January 2018        |
| Annual Improvements to MFRS Standards 2014 – 2016 Cycles:  |                       |
| • Amendments to MFRS 1 Deletion of Short-term Exemptions for First-time Adopters   |                       |
| • Amendments to MFRS 128 Measuring an Associate or Joint Venture at Fair Value   | 1 January 2018        |

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

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Critical accounting estimates and judgements**

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

**(a) Depreciation of property, plant and equipment**

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

**(b) Income taxes**

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

**(c) Impairment of non-financial assets**

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

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 Critical accounting estimates and judgements (cont'd)****(d) Write-down of inventories**

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

**(e) Impairment of trade and other receivables**

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

**(f) Classification of leasehold land**

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

**(g) Fair value estimates for certain financial assets and financial liabilities**

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

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 Property, plant and equipment**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

|  |  |
|--|--|
| Leasehold land                               | Respective remaining lease period<br>(92-94 years) |
| Factory buildings                            | 2%   |
| Electrical installation, plant and machinery | 10%  |
| Office equipment, furniture and fittings     | 10%-20%  |
| Motor vehicles                               | 20%  |

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

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

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

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

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.3 Leased assets**

**Finance assets**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the combined statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

**3.4 Impairment**

**(a) Impairment of financial assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

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

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

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Impairment (cont'd)****(b) Impairment of non-financial assets**

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

An impairment loss is recognised in profit or loss.

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

**3.5 Inventories**

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

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

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 Financial instruments**

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

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

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

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

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

**(a) Financial assets**

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

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

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

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

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



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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.6 Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

**(ii) Held-to-maturity investments**

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

**(iii) Loans and receivables financial assets**

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

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

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

**(iv) Available-for-sale financial assets**

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

**(b) Financial liabilities**

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

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

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.6 Financial instruments (cont'd)**

**(b) Financial liabilities (cont'd)**

**(ii) Other financial liabilities**

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

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

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

**(c) Equity instruments**

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

*Ordinary shares*

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

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

**(d) Derecognition**

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

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

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.7 Fair value measurements**

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

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

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

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

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

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

**3.8 Borrowing costs**

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

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.9 Income taxes**

**(a) Current tax**

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

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

**(b) Deferred tax**

Deferred tax are recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.9 Income taxes (cont'd)**

**(c) Goods and services tax ("GST")**

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

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

**3.10 Cash and cash equivalents**

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

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.11 Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

**(a) Sale of goods**

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

**(b) Interest income**

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

**(c) Rental income**

Rental income is recognised on accrual basis unless collectability is in doubt, in which case the recognition of such income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

**3.12 Employee benefits**

**(a) Short-term benefits**

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

**(b) Defined contribution plans**

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

**12. ACCOUNTANT'S REPORT (Cont'd)**

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.13 Related parties**

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

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

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

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

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

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.14 Functional and foreign currencies**

**(a) Functional and presentation currency**

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

The combined financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

**(b) Foreign currency transactions and balances**

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

**3.15 Operating segments**

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



## 12. ACCOUNTANT'S REPORT (Cont'd)

## WEGMANS HOLDINGS BERHAD

Company No. : 1219319-D

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT

|  | Leasehold<br>land<br>RM'000 | Factory<br>buildings<br>RM'000 | Electrical<br>installation,<br>plant and<br>machinery<br>RM'000 | Office<br>equipment,<br>furniture and<br>fittings<br>RM'000 | Motor vehicles<br>RM'000 | Total<br>RM'000 |
|--|-----------------------------|--------------------------------|---|---|--------------------------|-----------------|
| <b>Audited</b>                         |                             |                                |   |   |                          |                 |
| <b>31.12.2014</b>                      |                             |                                |   |   |                          |                 |
| <b>At cost</b>                         |                             |                                |   |   |                          |                 |
| At 1 January 2014                      | 2,498                       | 7,828                          | 8,318   | 685   | 1,044                    | 20,373          |
| Additions                              | -                           | 128                            | 958   | 60  | 144                      | 1,290           |
| Disposals                              | -                           | -                              | (49)  | -   | (26)                     | (75)            |
| Write off                              | -                           | -                              | (2)   | (10)  | -                        | (12)            |
| At 31 December 2014                    | 2,498                       | 7,956                          | 9,225   | 735   | 1,162                    | 21,576          |
| <b>Less : Accumulated depreciation</b> |                             |                                |   |   |                          |                 |
| At 1 January 2014                      | 234                         | 1,206                          | 4,642   | 336   | 433                      | 6,851           |
| Charge for the financial year          | 27                          | 157                            | 838   | 70  | 194                      | 1,286           |
| Disposals                              | -                           | -                              | (28)  | -   | (26)                     | (54)            |
| Write off                              | -                           | -                              | (2)   | (9)   | -                        | (11)            |
| At 31 December 2014                    | 261                         | 1,363                          | 5,450   | 397   | 601                      | 8,072           |
| <b>Carrying amount</b>                 |                             |                                |   |   |                          |                 |
| At 31 December 2014                    | 2,237                       | 6,593                          | 3,775   | 338   | 561                      | 13,504          |

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

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

| <b>Audited</b>                         | <b>Freehold land</b> | <b>Leasehold</b> | <b>Factory</b>   | <b>Electrical</b>    | <b>Office</b>        | <b>Total</b>          |
|--|----------------------|------------------|------------------|----------------------|----------------------|-----------------------|
| <b>31.12.2015</b>                      | <b>RM'000</b>        | <b>land</b>      | <b>buildings</b> | <b>installation,</b> | <b>furniture and</b> | <b>RM'000</b>         |
| <b>At cost</b>                         | <b>RM'000</b>        | <b>RM'000</b>    | <b>RM'000</b>    | <b>plant and</b>     | <b>equipment,</b>    | <b>RM'000</b>         |
| <b>At 1 January 2015</b>               |                      |                  |                  | <b>machinery</b>     | <b>fittings</b>      | <b>Motor vehicles</b> |
| <b>Additions</b>                       |                      |                  |                  |                      |                      |                       |
| <b>Disposals</b>                       |                      |                  |                  |                      |                      |                       |
| <b>Write off</b>                       |                      |                  |                  |                      |                      |                       |
| <b>At 31 December 2015</b>             |                      |                  |                  |                      |                      |                       |
| <b>Less : Accumulated depreciation</b> |                      |                  |                  |                      |                      |                       |
| <b>At 1 January 2015</b>               |                      |                  |                  |                      |                      |                       |
| <b>Charge for the financial year</b>   |                      |                  |                  |                      |                      |                       |
| <b>Disposals</b>                       |                      |                  |                  |                      |                      |                       |
| <b>Write off</b>                       |                      |                  |                  |                      |                      |                       |
| <b>At 31 December 2015</b>             |                      |                  |                  |                      |                      |                       |
| <b>Carrying amount</b>                 |                      |                  |                  |                      |                      |                       |
| <b>At 31 December 2015</b>             |                      |                  |                  |                      |                      |                       |
|  | -                    | 2,498            | 7,956            | 9,225                | 735                  | 1,162                 |
|  | 3,943                | -                | 40               | 797                  | 120                  | 1,466                 |
|  | -                    | -                | -                | -                    | -                    | (40)                  |
|  | -                    | -                | -                | (19)                 | (62)                 | -                     |
|  | 3,943                | 2,498            | 7,996            | 10,003               | 793                  | 2,588                 |
|  | -                    | 261              | 1,363            | 5,450                | 397                  | 601                   |
|  | -                    | 27               | 160              | 895                  | 72                   | 272                   |
|  | -                    | -                | -                | -                    | -                    | (40)                  |
|  | -                    | -                | -                | (19)                 | (62)                 | -                     |
|  | -                    | 288              | 1,523            | 6,326                | 407                  | 833                   |
|  | 3,943                | 2,210            | 6,473            | 3,677                | 386                  | 1,755                 |
|  |                      |                  |                  |                      |                      | 18,444                |

## 12. ACCOUNTANT'S REPORT (Cont'd)

## WEGMANS HOLDINGS BERHAD

Company No. : 1219319-D

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

| Audited<br>31.12.2016<br>At cost       | Freehold land<br>RM'000 | Leasehold<br>land<br>RM'000 | Factory<br>buildings<br>RM'000 | Electrical<br>installation,<br>plant and<br>machinery<br>RM'000 | Office<br>equipment,<br>furniture and<br>fittings<br>RM'000 | Motor vehicles<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|-----------------------------|--------------------------------|---|---|--------------------------|-----------------|
| At 1 January 2016                      | 3,943                   | 2,498                       | 7,996                          | 10,003  | 793   | 2,588                    | 27,821          |
| Additions                              | 17,903                  | -                           | 274                            | 1,532   | 303   | 628                      | 20,640          |
| Disposals                              | (2,701)                 | -                           | -                              | -   | -   | (250)                    | (2,951)         |
| Write off                              | -                       | -                           | (203)                          | -   | -   | -                        | (203)           |
| At 31 December 2016                    | 19,145                  | 2,498                       | 8,067                          | 11,535  | 1,096   | 2,966                    | 45,307          |
| <b>Less : Accumulated depreciation</b> |                         |                             |                                |   |   |                          |                 |
| At 1 January 2016                      | -                       | 288                         | 1,523                          | 6,326   | 407   | 833                      | 9,377           |
| Charge for the financial year          | -                       | 27                          | 164                            | 797   | 80  | 355                      | 1,423           |
| Disposals                              | -                       | -                           | -                              | -   | -   | (150)                    | (150)           |
| Write off                              | -                       | -                           | (65)                           | -   | -   | -                        | (65)            |
| At 31 December 2016                    | -                       | 315                         | 1,622                          | 7,123   | 487   | 1,038                    | 10,585          |
| <b>Carrying amount</b>                 |                         |                             |                                |   |   |                          |                 |
| At 31 December 2016                    | 19,145                  | 2,183                       | 6,445                          | 4,412   | 609   | 1,928                    | 34,722          |

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

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

|  | Freehold land<br>RM'000 | Leasehold<br>land<br>RM'000 | Factory<br>buildings<br>RM'000 | Electrical<br>installation,<br>plant and<br>machinery<br>RM'000 | Office<br>equipment,<br>furniture and<br>fittings<br>RM'000 | Motor vehicles<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|-----------------------------|--------------------------------|---|---|--------------------------|-----------------|
| <b>Unaudited</b>                       |                         |                             |                                |   |   |                          |                 |
| <b>30.9.2016</b>                       |                         |                             |                                |   |   |                          |                 |
| <b>At cost</b>                         |                         |                             |                                |   |   |                          |                 |
| At 1 January 2016                      | 3,943                   | 2,498                       | 7,996                          | 10,003  | 793   | 2,588                    | 27,821          |
| Additions                              | 2,725                   | -                           | 274                            | 1,532   | 254   | 206                      | 4,991           |
| Disposals                              | -                       | -                           | -                              | -   | -   | (250)                    | (250)           |
| At 30 September 2016                   | 6,668                   | 2,498                       | 8,270                          | 11,535  | 1,047   | 2,544                    | 32,562          |
| <b>Less : Accumulated depreciation</b> |                         |                             |                                |   |   |                          |                 |
| At 1 January 2016                      | -                       | 288                         | 1,523                          | 6,326   | 407   | 833                      | 9,377           |
| Charge for the financial period        | -                       | 20                          | 122                            | 592   | 59  | 324                      | 1,117           |
| Disposals                              | -                       | -                           | -                              | -   | -   | (150)                    | (150)           |
| At 30 September 2016                   | -                       | 308                         | 1,645                          | 6,918   | 466   | 1,007                    | 10,344          |
| <b>Carrying amount</b>                 |                         |                             |                                |   |   |                          |                 |
| At 30 September 2016                   | 6,668                   | 2,190                       | 6,625                          | 4,617   | 581   | 1,537                    | 22,218          |

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

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

|  | Freehold land<br>RM'000 | Leasehold<br>land<br>RM'000 | Factory<br>buildings<br>RM'000 | Electrical<br>installation,<br>plant and<br>machinery<br>RM'000 | Office<br>equipment,<br>furniture and<br>fittings<br>RM'000 | Motor vehicles<br>RM'000 | Capital work-<br>in-progress<br>RM'000 | Total<br>RM'000 |
|--|-------------------------|-----------------------------|--------------------------------|---|---|--------------------------|--|-----------------|
| <b>Audited</b>                         |                         |                             |                                |   |   |                          |  |                 |
| <b>30.9.2017</b>                       |                         |                             |                                |   |   |                          |  |                 |
| <b>At cost</b>                         |                         |                             |                                |   |   |                          |  |                 |
| At 1 January 2017                      | 19,145                  | 2,498                       | 8,067                          | 11,535  | 1,096   | 2,966                    | -                                      | 45,307          |
| Additions                              | 262                     | 8                           | -                              | 4,121   | 148   | 196                      | 2,323                                  | 7,058           |
| Write off                              | -                       | -                           | -                              | (238)   | -   | -                        | -                                      | (238)           |
| At 30 September 2017                   | 19,407                  | 2,506                       | 8,067                          | 15,418  | 1,244   | 3,162                    | 2,323                                  | 52,127          |
| <b>Less : Accumulated depreciation</b> |                         |                             |                                |   |   |                          |  |                 |
| At 1 January 2017                      | -                       | 315                         | 1,622                          | 7,123   | 487   | 1,038                    | -                                      | 10,585          |
| Charge for the financial period        | -                       | 21                          | 122                            | 661   | 68  | 289                      | -                                      | 1,161           |
| Write off                              | -                       | -                           | -                              | (238)   | -   | -                        | -                                      | (238)           |
| At 30 September 2017                   | -                       | 336                         | 1,744                          | 7,546   | 555   | 1,327                    | -                                      | 11,508          |
| <b>Carrying amount</b>                 |                         |                             |                                |   |   |                          |  |                 |
| At 30 September 2017                   | 19,407                  | 2,170                       | 6,323                          | 7,872   | 689   | 1,835                    | 2,323                                  | 40,619          |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

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

- (a) The following property, plant and equipment have been pledged to licensed banks as security for banking facilities granted to the Group (Note 8(a)):

|                          | <-----Audited-----> |               |               | Unaudited<br>30.9.2016 | Audited<br>30.9.2017 |
|--------------------------|---------------------|---------------|---------------|------------------------|----------------------|
|                          | 31.12.2014          | 31.12.2015    | 31.12.2016    |                        |                      |
|                          | RM'000              | RM'000        | RM'000        | RM'000                 | RM'000               |
| <b>Carrying amount</b>   |                     |               |               |                        |                      |
| Freehold land            | -                   | 3,943         | 19,145        | 3,967                  | 19,407               |
| Leasehold land           | 2,237               | 2,210         | 1,491         | 1,495                  | 2,170                |
| Factory buildings        | 6,593               | 6,473         | 4,531         | 4,698                  | 6,323                |
| Machineries              | -                   | -             | -             | -                      | 3,345                |
| Capital work-in-progress | -                   | -             | -             | -                      | 2,323                |
|                          | <u>8,830</u>        | <u>12,626</u> | <u>25,167</u> | <u>10,160</u>          | <u>33,568</u>        |

- (b) The following property, plant and equipment are subject to hire purchase plans (Note 9(a)):

|                        | <-----Audited-----> |              |              | Unaudited<br>30.9.2016 | Audited<br>30.9.2017 |
|------------------------|---------------------|--------------|--------------|------------------------|----------------------|
|                        | 31.12.2014          | 31.12.2015   | 31.12.2016   |                        |                      |
|                        | RM'000              | RM'000       | RM'000       | RM'000                 | RM'000               |
| <b>Carrying amount</b> |                     |              |              |                        |                      |
| Motor vehicles         | 503                 | 1,460        | 1,412        | 1,086                  | 1,117                |
| Machineries            | 808                 | 445          | 394          | 407                    | -                    |
|                        | <u>1,311</u>        | <u>1,905</u> | <u>1,806</u> | <u>1,493</u>           | <u>1,117</u>         |

These leased assets have been pledged as security for the related finance lease liabilities of the Group.

- (c) Purchase of property, plant and equipment are as follows:

|  | <-----Audited-----> |              |               | Unaudited<br>30.9.2016 | Audited<br>30.9.2017 |
|--|---------------------|--------------|---------------|------------------------|----------------------|
|  | 31.12.2014          | 31.12.2015   | 31.12.2016    |                        |                      |
|  | RM'000              | RM'000       | RM'000        | RM'000                 | RM'000               |
| Cost of property, plant and equipment purchased                  | 1,290               | 6,366        | 20,640        | 4,991                  | 7,058                |
| Amount financed through hire purchase                            | (512)               | (900)        | (300)         | -                      | -                    |
| Unpaid balance included under sundry payables (Note 11(c))       | (43)                | -            | (1)           | (126)                  | (1,621)              |
| Cash disbursed in respect of purchase in previous financial year | -                   | 43           | -             | -                      | 1                    |
| Cash disbursed for purchase of property, plant and equipment     | <u>735</u>          | <u>5,509</u> | <u>20,339</u> | <u>4,865</u>           | <u>5,438</u>         |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****5. INVENTORIES**

|   | <-----Audited-----> |              |              | Unaudited    | Audited       |
|---|---------------------|--------------|--------------|--------------|---------------|
|   | 31.12.2014          | 31.12.2015   | 31.12.2016   | 30.9.2016    | 30.9.2017     |
|   | RM'000              | RM'000       | RM'000       | RM'000       | RM'000        |
| <b>At cost</b>                          |                     |              |              |              |               |
| Raw materials                           | 1,467               | 2,699        | 2,682        | 2,772        | 3,861         |
| Work-in-progress                        | 3,207               | 3,085        | 5,095        | 4,765        | 7,861         |
| Finished goods                          | 1,239               | 1,693        | 1,427        | 1,950        | 1,725         |
| Packing materials                       | 79                  | 203          | 151          | 89           | 189           |
|   | <u>5,992</u>        | <u>7,680</u> | <u>9,355</u> | <u>9,576</u> | <u>13,636</u> |
| <b>Recognised in profit or loss</b>     |                     |              |              |              |               |
| Inventories recognised as cost of sales | 32,061              | 45,422       | 59,893       | 45,000       | 44,651        |
| Fire loss of inventory work-in-progress | -                   | -            | -            | -            | 570           |
|   | <u>-</u>            | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>570</u>    |

**6. TRADE AND OTHER RECEIVABLES**

|                                    | <-----Audited-----> |              |              | Unaudited     | Audited      |
|------------------------------------|---------------------|--------------|--------------|---------------|--------------|
|                                    | 31.12.2014          | 31.12.2015   | 31.12.2016   | 30.9.2016     | 30.9.2017    |
|                                    | RM'000              | RM'000       | RM'000       | RM'000        | RM'000       |
| <b>Trade receivables</b>           |                     |              |              |               |              |
| Advance to supplier                | -                   | -            | -            | -             | 352          |
| Other trade receivables            | 2,926               | 3,420        | 4,814        | 5,579         | 3,699        |
|                                    | <u>2,926</u>        | <u>3,420</u> | <u>4,814</u> | <u>5,579</u>  | <u>4,051</u> |
| <b>Other receivables</b>           |                     |              |              |               |              |
| Amount due from related party      | -                   | *            | -            | -             | -            |
| Deposits                           | 62                  | 346          | 1,359        | 2,468         | 915          |
| Prepayments                        | 420                 | 518          | 931          | 761           | 1,020        |
| Goods and services tax recoverable | -                   | 378          | 1,046        | 1,052         | 1,364        |
| Tax recoverable                    | -                   | -            | 314          | -             | 977          |
| Sundry receivables                 | 93                  | 91           | 420          | 411           | 288          |
|                                    | <u>575</u>          | <u>1,333</u> | <u>4,070</u> | <u>4,692</u>  | <u>4,564</u> |
|                                    | <u>3,501</u>        | <u>4,753</u> | <u>8,884</u> | <u>10,271</u> | <u>8,615</u> |

Note:

\* Amount is less than RM 500

- (a) The Group's normal trade terms range from cash term to 90 days of credit.
- (b) The non-trade amount due from related party is unsecured, interest free, repayable on demand and to be settled in cash.

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****7. SHARE CAPITAL**

|  | <-----Audited----->     |                         | <-----Unaudited----->   |                         | <-----Audited----->     |        |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------|
|  | 31.12.2014              | 31.12.2015              | 31.12.2016              | 30.9.2016               | 30.9.2017               |        |
|  | Number of shares ('000) | Number of shares ('000) | Number of shares ('000) | Number of shares ('000) | Number of shares ('000) | RM'000 |
| Issued and fully paid-up Ordinary shares | 1,900                   | 1,900                   | 1,900                   | 1,900                   | 1,900                   | 1,900  |



**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****8. BANK BORROWINGS**

|                              | <-----Audited-----> |              |               | Unaudited    | Audited       |
|------------------------------|---------------------|--------------|---------------|--------------|---------------|
|                              | 31.12.2014          | 31.12.2015   | 31.12.2016    | 30.9.2016    | 30.9.2017     |
|                              | RM'000              | RM'000       | RM'000        | RM'000       | RM'000        |
| <b>Current</b>               |                     |              |               |              |               |
| Secured - Trade bills        | 4,196               | -            | 2,458         | -            | 6,720         |
| - Term loans                 | 950                 | 856          | 1,553         | 600          | 2,105         |
|                              | <u>5,146</u>        | <u>856</u>   | <u>4,011</u>  | <u>600</u>   | <u>8,825</u>  |
| <b>Non-current</b>           |                     |              |               |              |               |
| Secured - Term loans         | 383                 | 2,477        | 12,323        | 1,900        | 13,640        |
|                              | <u>5,529</u>        | <u>3,333</u> | <u>16,334</u> | <u>2,500</u> | <u>22,465</u> |
| <b>Total bank borrowings</b> |                     |              |               |              |               |
| Secured - Trade bills        | 4,196               | -            | 2,458         | -            | 6,720         |
| - Term loans                 | 1,333               | 3,333        | 13,876        | 2,500        | 15,745        |
|                              | <u>5,529</u>        | <u>3,333</u> | <u>16,334</u> | <u>2,500</u> | <u>22,465</u> |

- (a) The bank borrowings are secured by the followings:
- (i) Freehold land, leasehold land, factory buildings, certain machineries and capital work-in-progress (Note 4(a)); and
  - (ii) Joint and several guarantee provided by certain directors.
- (b) The effective interest rates (% per annum) at the end of each reporting period for bank borrowings are as follows:

|             | <-----Audited-----> |            |            | Unaudited | Audited   |
|-------------|---------------------|------------|------------|-----------|-----------|
|             | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016 | 30.9.2017 |
|             | %                   | %          | %          | %         | %         |
| Trade bills | 3.6 - 7.4           | N.A        | 3.7 - 3.9  | N.A       | 3.3 - 4.5 |
| Term loans  | 5.1 - 6.3           | 4.5 - 5.2  | 4.2 - 4.3  | 4.2       | 4.3 - 5.4 |

Note:  
N.A - Not applicable

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****8. BANK BORROWINGS (CONT'D)**

(c) At the end of each reporting period, the term loans are repayable as follows:

|   | <-----Audited-----> |            |            | Unaudited | Audited   |
|---|---------------------|------------|------------|-----------|-----------|
|   | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016 | 30.9.2017 |
|   | RM'000              | RM'000     | RM'000     | RM'000    | RM'000    |
| <b>Current</b>  |                     |            |            |           |           |
| Not later than one year                               | 950                 | 856        | 1,553      | 600       | 2,105     |
| <b>Non-current</b>                                    |                     |            |            |           |           |
| Later than one year and<br>not later than two years   | 256                 | 727        | 1,594      | 600       | 2,177     |
| Later than two years and<br>not later than five years | 127                 | 1,750      | 4,400      | 1,300     | 5,985     |
| Later than five years                                 | -                   | -          | 6,329      | -         | 5,478     |
|   | 383                 | 2,477      | 12,323     | 1,900     | 13,640    |
|   | 1,333               | 3,333      | 13,876     | 2,500     | 15,745    |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****9. HIRE PURCHASE PAYABLES**

|  | <-----Audited-----> |              |              | Unaudited<br>30.9.2016 | Audited<br>30.9.2017 |
|--|---------------------|--------------|--------------|------------------------|----------------------|
|  | 31.12.2014          | 31.12.2015   | 31.12.2016   |                        |                      |
|  | RM'000              | RM'000       | RM'000       | RM'000                 | RM'000               |
| <b>Minimum hire purchase payments</b>                |                     |              |              |                        |                      |
| Not later than one year                              | 392                 | 533          | 451          | 442                    | 268                  |
| Later than one year and<br>not later than five years | 538                 | 915          | 741          | 533                    | 541                  |
|  | <u>930</u>          | <u>1,448</u> | <u>1,192</u> | <u>975</u>             | <u>809</u>           |
| Less : Future finance charges                        | (64)                | (124)        | (102)        | (78)                   | (65)                 |
| Present value of hire purchase<br>payables           | <u>866</u>          | <u>1,324</u> | <u>1,090</u> | <u>897</u>             | <u>744</u>           |
| <b>Current</b>                                       |                     |              |              |                        |                      |
| Not later than one year                              | 355                 | 476          | 406          | 405                    | 237                  |
| <b>Non-current</b>                                   |                     |              |              |                        |                      |
| Later than one year and not<br>later than five years | 511                 | 848          | 684          | 492                    | 507                  |
|  | <u>866</u>          | <u>1,324</u> | <u>1,090</u> | <u>897</u>             | <u>744</u>           |

- (a) The hire purchase payables are secured against certain motor vehicles and machineries under hire purchase plans (Note 4(b)).
- (b) The effective interest rates (% per annum) at the end of each reporting period for hire purchase payables are as follows:

|                        | <-----Audited-----> |            |            | Unaudited<br>30.9.2016 | Audited<br>30.9.2017 |
|------------------------|---------------------|------------|------------|------------------------|----------------------|
|                        | 31.12.2014          | 31.12.2015 | 31.12.2016 |                        |                      |
|                        | %                   | %          | %          | %                      | %                    |
| Hire purchase payables | 4.5 - 6.9           | 4.5 - 6.3  | 4.5 - 6.3  | 4.5 - 6.3              | 4.6 - 6.3            |

The interest rates are fixed at the inception of the hire purchase arrangements.

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****10. DEFERRED TAX LIABILITIES**

|   | <-----Audited-----> |            |            | Unaudited  | Audited      |
|---|---------------------|------------|------------|------------|--------------|
|   | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016  | 30.9.2017    |
|   | RM'000              | RM'000     | RM'000     | RM'000     | RM'000       |
| <b>(a) Movements of deferred tax liabilities</b>  |                     |            |            |            |              |
| At 1 January                                      | 802                 | 950        | 950        | 950        | 936          |
| Recognised in profit or loss (Note 17)            | 148                 | -          | (14)       | -          | 134          |
| At 31 December/30 September                       | <u>950</u>          | <u>950</u> | <u>936</u> | <u>950</u> | <u>1,070</u> |
| <b>(b) Components of deferred tax liabilities</b> |                     |            |            |            |              |
| Property, plant and equipment                     | 950                 | 950        | 952        | 950        | 1,070        |
| Other temporary differences                       | -                   | -          | (16)       | -          | -            |
|   | <u>950</u>          | <u>950</u> | <u>936</u> | <u>950</u> | <u>1,070</u> |

**11. TRADE AND OTHER PAYABLES**

|                               | <-----Audited-----> |              |               | Unaudited     | Audited       |
|-------------------------------|---------------------|--------------|---------------|---------------|---------------|
|                               | 31.12.2014          | 31.12.2015   | 31.12.2016    | 30.9.2016     | 30.9.2017     |
|                               | RM'000              | RM'000       | RM'000        | RM'000        | RM'000        |
| <b>Trade payables</b>         |                     |              |               |               |               |
| Amount due to related parties | 51                  | 155          | -             | -             | -             |
| Advance from customers        | 901                 | 1,645        | 3,351         | 2,805         | 3,300         |
| Other trade payables          | 3,975               | 5,326        | 6,967         | 6,803         | 7,430         |
|                               | <u>4,927</u>        | <u>7,126</u> | <u>10,318</u> | <u>9,608</u>  | <u>10,730</u> |
| <b>Other payables</b>         |                     |              |               |               |               |
| Amount due to directors       | -                   | -            | -             | -             | 7             |
| Accruals                      | 1,361               | 1,424        | 2,015         | 1,583         | 1,246         |
| Sundry payables               | 231                 | 283          | 543           | 1,469         | 2,112         |
|                               | <u>1,592</u>        | <u>1,707</u> | <u>2,558</u>  | <u>3,052</u>  | <u>3,365</u>  |
|                               | <u>6,519</u>        | <u>8,833</u> | <u>12,876</u> | <u>12,660</u> | <u>14,095</u> |

- (a) The normal trade terms granted to the Group range from cash term to 90 days of credit.
- (b) The amount due to directors is unsecured, interest free, repayable on demand and to be settled in cash.
- (c) Included in other payables of the Group is the following amount payable for the purchase of property, plant and equipment (Note 4(c)):

|                 | <-----Audited-----> |            |            | Unaudited  | Audited      |
|-----------------|---------------------|------------|------------|------------|--------------|
|                 | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016  | 30.9.2017    |
|                 | RM'000              | RM'000     | RM'000     | RM'000     | RM'000       |
| Sundry payables | <u>43</u>           | <u>-</u>   | <u>1</u>   | <u>126</u> | <u>1,621</u> |

12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**12. DERIVATIVE LIABILITIES**

|                            | Audited                  |            | Unaudited       |            | Audited    |           | Unaudited |           |
|----------------------------|--------------------------|------------|-----------------|------------|------------|-----------|-----------|-----------|
|                            | Contract/Notional Amount |            | Carrying Amount |            | 31.12.2016 |           | 30.9.2017 |           |
|                            | 31.12.2015               | 31.12.2016 | 31.12.2015      | 31.12.2016 | 31.12.2016 | 30.9.2016 | 30.9.2016 | 30.9.2017 |
|                            | RM'000                   | RM'000     | RM'000          | RM'000     | RM'000     | RM'000    | RM'000    | RM'000    |
| Forward currency contracts | -                        | 7,993      | -               | -          | -          | -         | -         | -         |
|                            |                          |            |                 |            | 308        |           |           |           |

|                        | Audited    |        | Unaudited  |        | Audited    |        | Unaudited |        |
|------------------------|------------|--------|------------|--------|------------|--------|-----------|--------|
|                        | 31.12.2015 |        | 31.12.2016 |        | 31.12.2016 |        | 30.9.2017 |        |
|                        | months     | months | months     | months | months     | months | months    | months |
| Settlement dates range | N.A        | N.A    | 2 to 6     | N.A    | N.A        | N.A    | N.A       | N.A    |

(a) The Group uses the forward foreign exchange contracts to manage some of its transaction exposure. These contracts are not designated as cash flows or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

(b) The Group has recognised the following (gain)/loss arising from fair value changes of derivatives for the relevant reporting periods as disclosed in Note 16:

|                                       | Audited    |            | Unaudited  |            | Audited    |           | Unaudited |           |
|---------------------------------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|
|                                       | 1.1.2015   |            | 1.1.2016   |            | 1.1.2016   |           | 1.1.2017  |           |
|                                       | to         | to         | to         | to         | to         | to        | to        | to        |
|                                       | 31.12.2014 | 31.12.2015 | 31.12.2015 | 31.12.2016 | 31.12.2016 | 30.9.2016 | 30.9.2016 | 30.9.2017 |
|                                       | RM'000     | RM'000     | RM'000     | RM'000     | RM'000     | RM'000    | RM'000    | RM'000    |
| Fair value loss/(gain) on derivatives | N.A        | N.A        | 308        | N.A        | N.A        | N.A       | (311)     |           |

The fair value changes were attributed to changes in the foreign exchange spot and forward rates. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 24.4.

Note:  
N.A - Not applicable

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****13. REVENUE**

This represents net invoiced value of goods sold.

**14. DIRECTORS' REMUNERATION**

|   | <-----Audited----->                    |  |  | Unaudited                             | Audited                               |
|---|--|--|--|---------------------------------------|---------------------------------------|
|   | 1.1.2014<br>to<br>31.12.2014<br>RM'000 | 1.1.2015<br>to<br>31.12.2015<br>RM'000 | 1.1.2016<br>to<br>31.12.2016<br>RM'000 | 1.1.2016<br>to<br>30.9.2016<br>RM'000 | 1.1.2017<br>to<br>30.9.2017<br>RM'000 |
| <b>Executive directors</b>                          |  |  |  |                                       |                                       |
| Fee   | -                                      | 240                                    | -                                      | -                                     | -                                     |
| Salaries, bonuses and<br>other benefits             | 343                                    | 367                                    | 572                                    | 451                                   | 422                                   |
| Defined contribution plan                           | 41                                     | 44                                     | 70                                     | 56                                    | 50                                    |
|   | <u>384</u>                             | <u>651</u>                             | <u>642</u>                             | <u>507</u>                            | <u>472</u>                            |
| <br>Estimated monetary value of<br>benefits-in-kind | <br>11                                 | <br>14                                 | <br>41                                 | <br>31                                | <br>31                                |

**15. FINANCE COSTS**

|  | <-----Audited----->                    |  |  | Unaudited                             | Audited                               |
|--|--|--|--|---------------------------------------|---------------------------------------|
|  | 1.1.2014<br>to<br>31.12.2014<br>RM'000 | 1.1.2015<br>to<br>31.12.2015<br>RM'000 | 1.1.2016<br>to<br>31.12.2016<br>RM'000 | 1.1.2016<br>to<br>30.9.2016<br>RM'000 | 1.1.2017<br>to<br>30.9.2017<br>RM'000 |
| <b>Interest expenses on financial<br/>liabilities not at fair value<br/>through profit or loss</b> |  |  |  |                                       |                                       |
| Bank overdrafts  | 10                                     | 6                                      | 6                                      | 5                                     | 3                                     |
| Hire purchase  | 37                                     | 47                                     | 57                                     | 43                                    | 36                                    |
| Trade bills  | 202                                    | 94                                     | 54                                     | 20                                    | 158                                   |
| Term loans   | 103                                    | 52                                     | 183                                    | 102                                   | 471                                   |
|  | <u>352</u>                             | <u>199</u>                             | <u>300</u>                             | <u>170</u>                            | <u>668</u>                            |
| Trade bills charges  | 17                                     | 1                                      | 7                                      | *                                     | 18                                    |
|  | <u>369</u>                             | <u>200</u>                             | <u>307</u>                             | <u>170</u>                            | <u>686</u>                            |

Note:

\* Amount is less than RM 500

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****16. PROFIT BEFORE TAX**

|   | <-----Audited----->                    |  |  | Unaudited                             | Audited                               |
|---|--|--|--|---------------------------------------|---------------------------------------|
|   | 1.1.2014<br>to<br>31.12.2014<br>RM'000 | 1.1.2015<br>to<br>31.12.2015<br>RM'000 | 1.1.2016<br>to<br>31.12.2016<br>RM'000 | 1.1.2016<br>to<br>30.9.2016<br>RM'000 | 1.1.2017<br>to<br>30.9.2017<br>RM'000 |
| <b>This is arrived at after charging</b>                                    |  |  |  |                                       |                                       |
| Audit fee   |  |  |  |                                       |                                       |
| - current   | 13                                     | 26                                     | 38                                     | -                                     | 78                                    |
| - underprovision in previous financial year                                 | -                                      | -                                      | 4                                      | -                                     | -                                     |
| Bad debts written off   | -                                      | 36                                     | 9                                      | -                                     | -                                     |
| Damages on property, plant and equipment                                    |  |  |  |                                       |                                       |
| - fire  | -                                      | -                                      | -                                      | -                                     | 178                                   |
| - windstorm   | -                                      | -                                      | 125                                    | -                                     | -                                     |
| Depreciation  | 1,286                                  | 1,426                                  | 1,423                                  | 1,117                                 | 1,161                                 |
| Fair value loss on derivatives  | -                                      | -                                      | 308                                    | -                                     | -                                     |
| Fire loss of inventory work-in-progress                                     | -                                      | -                                      | -                                      | -                                     | 570                                   |
| Property, plant and equipment written off                                   | 1                                      | -                                      | 138                                    | -                                     | -                                     |
| Rental expenses   | 87                                     | 151                                    | 319                                    | 231                                   | 177                                   |
| Staff costs (including key management personnel as disclosed in Note 21(c)) | 9,933                                  | 13,744                                 | 15,881                                 | 11,506                                | 11,766                                |
| Realised loss on foreign exchange   | -                                      | -                                      | -                                      | -                                     | 208                                   |
| Unrealised loss on foreign exchange   | -                                      | -                                      | 68                                     | -                                     | 40                                    |
| <b>And crediting</b>  |  |  |  |                                       |                                       |
| Gain on disposal of property, plant and equipment                           | (5)                                    | (4)                                    | (18)                                   | (18)                                  | -                                     |
| Insurance claims  |  |  |  |                                       |                                       |
| - fire  | -                                      | -                                      | -                                      | -                                     | (911)                                 |
| - windstorm   | -                                      | -                                      | -                                      | -                                     | (231)                                 |
| Interest income   | -                                      | *                                      | (15)                                   | (12)                                  | (107)                                 |
| Realised gain on foreign exchange   | (455)                                  | (166)                                  | (774)                                  | (174)                                 | -                                     |
| Rental income   | (2)                                    | (2)                                    | (2)                                    | (1)                                   | -                                     |
| Unrealised gain on foreign exchange   | (56)                                   | (63)                                   | -                                      | -                                     | -                                     |
| Fair value gain on derivatives  | -                                      | -                                      | -                                      | -                                     | (311)                                 |

Note:

\* Amount is less than RM 500

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. INCOME TAX EXPENSE**

|   | <-----Audited----->                    |  |  | Unaudited                             | Audited                               |
|---|--|--|--|---------------------------------------|---------------------------------------|
|   | 1.1.2014<br>to<br>31.12.2014<br>RM'000 | 1.1.2015<br>to<br>31.12.2015<br>RM'000 | 1.1.2016<br>to<br>31.12.2016<br>RM'000 | 1.1.2016<br>to<br>30.9.2016<br>RM'000 | 1.1.2017<br>to<br>30.9.2017<br>RM'000 |
| <b>(a) Components of tax expense</b>                  |  |  |  |                                       |                                       |
| Current tax expense                                   |  |  |  |                                       |                                       |
| - for the financial year/period                       | 198                                    | 2,000                                  | 3,500                                  | 2,600                                 | 2,000                                 |
| - under/(over) provision<br>in prior years            | -                                      | 4                                      | (547)                                  | (325)                                 | (252)                                 |
|   | <u>198</u>                             | <u>2,004</u>                           | <u>2,953</u>                           | <u>2,275</u>                          | <u>1,748</u>                          |
| Deferred tax expense                                  |  |  |  |                                       |                                       |
| - relating to origination of<br>temporary differences | 148                                    | -                                      | 24                                     | -                                     | 134                                   |
| - effect of changes in income<br>tax rate             | -                                      | -                                      | (38)                                   | -                                     | -                                     |
|   | <u>148</u>                             | <u>-</u>                               | <u>(14)</u>                            | <u>-</u>                              | <u>134</u>                            |
|   | <u>346</u>                             | <u>2,004</u>                           | <u>2,939</u>                           | <u>2,275</u>                          | <u>1,882</u>                          |

- (b)** A reconciliation of tax expense applicable to the profit before tax at the statutory tax rate to tax expense at the effective tax rate is as follows:

|   | <-----Audited----->                    |  |  | Unaudited                             | Audited                               |
|---|--|--|--|---------------------------------------|---------------------------------------|
|   | 1.1.2014<br>to<br>31.12.2014<br>RM'000 | 1.1.2015<br>to<br>31.12.2015<br>RM'000 | 1.1.2016<br>to<br>31.12.2016<br>RM'000 | 1.1.2016<br>to<br>30.9.2016<br>RM'000 | 1.1.2017<br>to<br>30.9.2017<br>RM'000 |
| Profit before tax   | 3,328                                  | 14,955                                 | 18,240                                 | 13,762                                | 13,438                                |
| Tax at the statutory tax rate                                   | 807                                    | 3,714                                  | 4,352                                  | 3,278                                 | 3,197                                 |
| Effect of changes in corporate<br>income tax rate               | -                                      | -                                      | (38)                                   | -                                     | -                                     |
| Tax effect of<br>non-deductible expenses                        | 138                                    | 194                                    | 59                                     | 68                                    | 119                                   |
| Tax effect of<br>non-taxable income                             | -                                      | -                                      | (4)                                    | -                                     | (393)                                 |
| Tax saving from tax incentive                                   | (599)                                  | (1,908)                                | (883)                                  | (746)                                 | (789)                                 |
| Under/(over) provision of current<br>tax expense in prior years | -                                      | 4                                      | (547)                                  | (325)                                 | (252)                                 |
|   | <u>346</u>                             | <u>2,004</u>                           | <u>2,939</u>                           | <u>2,275</u>                          | <u>1,882</u>                          |



**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. INCOME TAX EXPENSE (CONT'D)****(b)** (cont'd)

The income tax rate on the first RM 500,000 of the chargeable income and on the balance of the chargeable income is 20% and 25% respectively for years of assessment 2014 and 2015.

The income tax rate on the first RM 500,000 of the chargeable income and on the balance of chargeable income was reduced to 19% and 24% respectively for year of assessment 2016.

For year of assessment 2017, the income tax rate on the first RM 500,000 of the chargeable income is 18%. The tax rate applicable to the balance of the chargeable income is 24% and will be reduced by 1% to 4% based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment.

- (c)** Subject to the agreement of the Inland Revenue Board, at the end of each reporting period, the Group has unutilised reinvestment allowances that are available for offsetting against future taxable profits as follows:

|                                    | <-----Audited-----> |            |            | Unaudited | Audited   |
|------------------------------------|---------------------|------------|------------|-----------|-----------|
|                                    | 1.1.2014            | 1.1.2015   | 1.1.2016   | 1.1.2016  | 1.1.2017  |
|                                    | to                  | to         | to         | to        | to        |
|                                    | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016 | 30.9.2017 |
|                                    | RM'000              | RM'000     | RM'000     | RM'000    | RM'000    |
| Unutilised reinvestment allowances | 1,876               | 1,876      | 1,876      | 1,876     | -         |

**18. EARNINGS PER SHARE**

|   | <-----Audited-----> |            |            | Unaudited | Audited   |
|---|---------------------|------------|------------|-----------|-----------|
|   | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016 | 30.9.2017 |
| Profit attributable to owners of the Company (RM'000) | 2,982               | 12,951     | 15,301     | 11,487    | 11,556    |
| Number of ordinary shares in issue ('000)             | 1,900               | 1,900      | 1,900      | 1,900     | 1,900     |
| Basic earnings per ordinary share (RM)                | 1.57                | 6.82       | 8.05       | 6.05      | 6.08      |

The diluted earnings per ordinary share is not applicable as there are no dilutive potential ordinary shares existing throughout the relevant reporting periods.

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****19. DIVIDENDS**

|  | <-----Audited----->                    |  |  | Unaudited                             | Audited                               |
|--|--|--|--|---------------------------------------|---------------------------------------|
|  | 1.1.2014<br>to<br>31.12.2014<br>RM'000 | 1.1.2015<br>to<br>31.12.2015<br>RM'000 | 1.1.2016<br>to<br>31.12.2016<br>RM'000 | 1.1.2016<br>to<br>30.9.2016<br>RM'000 | 1.1.2017<br>to<br>30.9.2017<br>RM'000 |
| <b>In respect of the financial year ended 31 December 2014</b>             |  |  |  |                                       |                                       |
| First interim tax exempt dividend of 18.42% on 1,900,000 ordinary shares   | 350                                    | -                                      | -                                      | -                                     | -                                     |
| Second interim tax exempt dividend of 34.21% on 1,900,000 ordinary shares  | 650                                    | -                                      | -                                      | -                                     | -                                     |
| Third interim tax exempt dividend of 46.32% on 1,900,000 ordinary shares   | 880                                    | -                                      | -                                      | -                                     | -                                     |
| Fourth interim tax exempt dividend of 10.53% on 1,900,000 ordinary shares  | -                                      | 200                                    | -                                      | -                                     | -                                     |
| Fifth interim tax exempt dividend of 36.84% on 1,900,000 ordinary shares   | -                                      | 700                                    | -                                      | -                                     | -                                     |
| <b>In respect of the financial year ended 31 December 2015</b>             |  |  |  |                                       |                                       |
| First interim tax exempt dividend of 52.63% on 1,900,000 ordinary shares   | -                                      | 1,000                                  | -                                      | -                                     | -                                     |
| Second interim single tier dividend of 42.11% on 1,900,000 ordinary shares | -                                      | -                                      | 800                                    | 800                                   | -                                     |
| Final single tier dividend of 60.00% on 1,900,000 ordinary shares          | -                                      | -                                      | 1,140                                  | 1,140                                 | -                                     |
| <b>In respect of the financial year ended 31 December 2016</b>             |  |  |  |                                       |                                       |
| First interim single tier dividend of 136.84% on 1,900,000 ordinary shares | -                                      | -                                      | 2,600                                  | 2,600                                 | -                                     |
| Second interim single tier dividend of 42.11% on 1,900,000 ordinary shares | -                                      | -                                      | 800                                    | -                                     | -                                     |
| Third interim single tier dividend of 336.84% on 1,900,000 ordinary shares | -                                      | -                                      | 6,400                                  | -                                     | -                                     |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****19. DIVIDENDS (CONT'D)**

|  | <-----Audited-----> |              |               | Unaudited    | Audited      |
|--|---------------------|--------------|---------------|--------------|--------------|
|  | 1.1.2014            | 1.1.2015     | 1.1.2016      | 1.1.2016     | 1.1.2017     |
|  | to                  | to           | to            | to           | to           |
|  | 31.12.2014          | 31.12.2015   | 31.12.2016    | 30.9.2016    | 30.9.2017    |
|  | RM'000              | RM'000       | RM'000        | RM'000       | RM'000       |
| <b>In respect of the financial year ending 31 December 2017</b>            |                     |              |               |              |              |
| First interim single tier dividend of 210.53% on 1,900,000 ordinary shares | -                   | -            | -             | -            | 4,000        |
|  | <u>1,880</u>        | <u>1,900</u> | <u>11,740</u> | <u>4,540</u> | <u>4,000</u> |

**20. CASH AND CASH EQUIVALENTS**

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

|                        | <-----Audited-----> |              |              | Unaudited    | Audited      |
|------------------------|---------------------|--------------|--------------|--------------|--------------|
|                        | 31.12.2014          | 31.12.2015   | 31.12.2016   | 30.9.2016    | 30.9.2017    |
|                        | RM'000              | RM'000       | RM'000       | RM'000       | RM'000       |
| Cash and bank balances | <u>769</u>          | <u>5,135</u> | <u>9,477</u> | <u>3,585</u> | <u>7,554</u> |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****21. RELATED PARTY DISCLOSURES****(a) Identities of related parties**

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

In addition to the information detailed elsewhere in the combined financial statements, the Group has related party relationships with its directors.

**(b) Significant related party transactions and balances**

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant transactions with the related parties for the relevant reporting periods:

|   | <-----Audited----->                    |  |  | Unaudited                             | Audited                               |
|---|--|--|--|---------------------------------------|---------------------------------------|
|   | 1.1.2014<br>to<br>31.12.2014<br>RM'000 | 1.1.2015<br>to<br>31.12.2015<br>RM'000 | 1.1.2016<br>to<br>31.12.2016<br>RM'000 | 1.1.2016<br>to<br>30.9.2016<br>RM'000 | 1.1.2017<br>to<br>30.9.2017<br>RM'000 |
| <b>Companies in which a director has substantial financial interest</b> |  |  |  |                                       |                                       |
| - Plating charges   | 1                                      | -                                      | 1                                      | 1                                     | -                                     |
| - Purchase of hardware  | 182                                    | 373                                    | 1,018                                  | 776                                   | -                                     |
| - Purchase of spare parts   | -                                      | -                                      | 120                                    | 120                                   | -                                     |
| - Rental income   | (2)                                    | (2)                                    | (2)                                    | (1)                                   | -                                     |
| - Repair and maintenance expenses                                       | -                                      | 71                                     | 148                                    | 148                                   | -                                     |
| - Sale of coating materials   | (1)                                    | (1)                                    | (1)                                    | (1)                                   | -                                     |
| - Transport charges   | -                                      | 3                                      | 8                                      | 8                                     | -                                     |
| - Purchase of property, plant and equipment                             | -                                      | -                                      | 51                                     | 51                                    | -                                     |

The significant outstanding balances of the related parties, if any, together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

No expense was recognised for the relevant reporting periods for bad or doubtful debts in respect of the amounts owed by the related parties.

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****21. RELATED PARTY DISCLOSURES (CONT'D)****(c) Key management personnel compensation**

The key management personnel include executive directors and certain members of senior management of the Group. The key management personnel compensation for the relevant reporting periods are as follows:

|  | <-----Audited----->                    |  |  | Unaudited                             | Audited                               |
|--|--|--|--|---------------------------------------|---------------------------------------|
|  | 1.1.2014<br>to<br>31.12.2014<br>RM'000 | 1.1.2015<br>to<br>31.12.2015<br>RM'000 | 1.1.2016<br>to<br>31.12.2016<br>RM'000 | 1.1.2016<br>to<br>30.9.2016<br>RM'000 | 1.1.2017<br>to<br>30.9.2017<br>RM'000 |
| Executive directors'<br>remuneration (Note 14) | 384                                    | 651                                    | 642                                    | 507                                   | 472                                   |
| <b>Other key management<br/>personnel</b>      |  |  |  |                                       |                                       |
| Salaries, bonuses and<br>other benefits        | 194                                    | 354                                    | 504                                    | 309                                   | 556                                   |
| Defined contribution plan                      | 22                                     | 45                                     | 60                                     | 38                                    | 67                                    |
|  | 216                                    | 399                                    | 564                                    | 347                                   | 623                                   |
|  | 600                                    | 1,050                                  | 1,206                                  | 854                                   | 1,095                                 |

**22. CAPITAL COMMITMENTS**

|  | <-----Audited----->  |                      |                      | Unaudited           | Audited             |
|--|----------------------|----------------------|----------------------|---------------------|---------------------|
|  | 31.12.2014<br>RM'000 | 31.12.2015<br>RM'000 | 31.12.2016<br>RM'000 | 30.9.2016<br>RM'000 | 30.9.2017<br>RM'000 |
| <b>Contracted but not provided for</b>       |                      |                      |                      |                     |                     |
| Purchase of property, plant<br>and equipment | -                    | 2,431                | 7,871                | 1,283               | 6,490               |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****23. OPERATING SEGMENTS****(a) Business segments**

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely furniture manufacturing.

**(b) Geographical information**

In presenting the information on the basis of geographical segments, segmental information on non-current assets is not presented, as all non-current assets are located in Malaysia. Segmental revenue is presented based on the geographical location of customers.

|                           | <-----Audited-----> |               |               | Unaudited     | Audited       |
|---------------------------|---------------------|---------------|---------------|---------------|---------------|
|                           | 1.1.2014            | 1.1.2015      | 1.1.2016      | 1.1.2016      | 1.1.2017      |
|                           | to                  | to            | to            | to            | to            |
|                           | 31.12.2014          | 31.12.2015    | 31.12.2016    | 30.9.2016     | 30.9.2017     |
|                           | RM'000              | RM'000        | RM'000        | RM'000        | RM'000        |
| Africa                    | 296                 | 199           | 1,274         | 941           | 526           |
| Asia (excluding Malaysia) | 12,159              | 24,224        | 31,564        | 24,446        | 23,065        |
| Australasia               | 3,156               | 6,864         | 14,249        | 9,983         | 10,778        |
| Europe                    | 15,921              | 21,177        | 18,974        | 13,150        | 13,416        |
| North America             | 4,900               | 11,568        | 17,185        | 13,943        | 13,018        |
| South America             | 286                 | 362           | 1,035         | 662           | 1,952         |
| Malaysia                  | 2,698               | 1,822         | 1,355         | 986           | 617           |
|                           | <u>39,416</u>       | <u>66,216</u> | <u>85,636</u> | <u>64,111</u> | <u>63,372</u> |

**(c) Major customers**

The following are major customers with revenue equal to or more than 10% of Group revenue for the relevant reporting periods:

|  | <-----Audited-----> |               |               | Unaudited     | Audited       |
|--|---------------------|---------------|---------------|---------------|---------------|
|  | 1.1.2014            | 1.1.2015      | 1.1.2016      | 1.1.2016      | 1.1.2017      |
|  | to                  | to            | to            | to            | to            |
|  | 31.12.2014          | 31.12.2015    | 31.12.2016    | 30.9.2016     | 30.9.2017     |
|  | RM'000              | RM'000        | RM'000        | RM'000        | RM'000        |
| Nitori Co Ltd                            | 4,377               | 12,614        | 15,373        | 11,585        | 11,239        |
| Home Retail Group<br>(Hong Kong) Limited | 6,694               | 10,898        | 5,842         | 4,915         | 3,577         |
| Super A-Mart Pty Ltd                     | 2,672               | 3,231         | 7,964         | 6,097         | 6,477         |
|  | <u>13,743</u>       | <u>26,743</u> | <u>29,179</u> | <u>22,597</u> | <u>21,293</u> |

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

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**24. FINANCIAL INSTRUMENTS**

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

**24.1 Financial risk management policies**

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

**(a) Market risk**

**(i) Foreign currency risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia ("RM"). The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of each reporting period is summarised below:

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(a) Market risk (cont'd)****(i) Foreign currency risk (cont'd)****Foreign currency exposure****Audited****31.12.2014****Financial assets**# Trade and other receivables  
Cash and bank balances

|  | USD<br>RM'000 | RM<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|--|---------------|--------------|------------------|-----------------|
|  | 2,870         | 149          | -                | 3,019           |
|  | 407           | 362          | *                | 769             |
|  | 3,277         | 511          | *                | 3,788           |

**Financial liabilities**Trade and other payables  
Bank borrowings  
Hire purchase payables

|  |       |          |   |          |
|--|-------|----------|---|----------|
|  | (906) | (5,613)  | - | (6,519)  |
|  | -     | (5,529)  | - | (5,529)  |
|  | -     | (866)    | - | (866)    |
|  | (906) | (12,008) | - | (12,914) |

**Net financial assets/(liabilities)**

Less : Net financial liabilities denominated in the entity's functional currency

|  |       |          |   |         |
|--|-------|----------|---|---------|
|  | 2,371 | (11,497) | * | (9,126) |
|  | -     | 11,497   | - | 11,497  |
|  | 2,371 | -        | * | 2,371   |

**Currency exposure**



## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(a) Market risk (cont'd)****(i) Foreign currency risk (cont'd)****Foreign currency exposure (cont'd)****Audited****31.12.2015****Financial assets**# Trade and other receivables  
Cash and bank balances

|  | USD<br>RM'000 | RM<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|--|---------------|--------------|------------------|-----------------|
|  | 3,170         | 341          | -                | 3,511           |
|  | 4,890         | 245          | *                | 5,135           |
|  | 8,060         | 586          | *                | 8,646           |

**Financial liabilities**Trade and other payables  
Bank borrowings  
Hire purchase payables

|  |         |          |   |          |
|--|---------|----------|---|----------|
|  | (1,602) | (7,231)  | - | (8,833)  |
|  | -       | (3,333)  | - | (3,333)  |
|  | -       | (1,324)  | - | (1,324)  |
|  | (1,602) | (11,888) | - | (13,490) |

**Net financial assets/(liabilities)**

Less : Net financial liabilities denominated in the entity's functional currency

|  |       |          |   |         |
|--|-------|----------|---|---------|
|  | 6,458 | (11,302) | * | (4,844) |
|  | -     | 11,302   | - | 11,302  |

**Currency exposure**

|  |       |   |   |       |
|--|-------|---|---|-------|
|  | 6,458 | - | * | 6,458 |
|--|-------|---|---|-------|

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(a) Market risk (cont'd)****(i) Foreign currency risk (cont'd)****Foreign currency exposure (cont'd)**

| Audited  | USD     | RM       | Others | Total    |
|--|---------|----------|--------|----------|
| 31.12.2016   | RM'000  | RM'000   | RM'000 | RM'000   |
| <b>Financial assets</b>  |         |          |        |          |
| # Trade and other receivables  | 4,734   | 500      | -      | 5,234    |
| Cash and bank balances   | 3,596   | 5,881    | *      | 9,477    |
|  | 8,330   | 6,381    | *      | 14,711   |
| <b>Financial liabilities</b>   |         |          |        |          |
| Trade and other payables   | (3,452) | (9,424)  | -      | (12,876) |
| Bank borrowings  | -       | (16,334) | -      | (16,334) |
| Hire purchase payables   | -       | (1,090)  | -      | (1,090)  |
| Dividend payables  | -       | (6,400)  | -      | (6,400)  |
| Derivative liabilities   | (308)   | -        | -      | (308)    |
|  | (3,760) | (33,248) | -      | (37,008) |
| <b>Net financial assets/(liabilities)</b>  | 4,570   | (26,867) | *      | (22,297) |
| Less : Net financial liabilities denominated in the entity's functional currency | -       | 26,867   | -      | 26,867   |
| Less : Forward foreign currency contracts (contracted notional principal)        | (7,993) | -        | -      | (7,993)  |
| <b>Currency exposure</b>   | (3,423) | -        | *      | (3,423)  |

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(a) Market risk (cont'd)****(i) Foreign currency risk (cont'd)****Foreign currency exposure (cont'd)**

|  | USD<br>RM'000 | RM<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|--|---------------|--------------|------------------|-----------------|
| Unaudited<br>30.9.2016   |               |              |                  |                 |
| <b>Financial assets</b>  |               |              |                  |                 |
| # Trade and other receivables  | 5,481         | 509          | -                | 5,990           |
| Cash and bank balances   | 1,937         | 1,648        | *                | 3,585           |
|  | 7,418         | 2,157        | *                | 9,575           |
| <b>Financial liabilities</b>   |               |              |                  |                 |
| Trade and other payables   | (2,822)       | (9,838)      | -                | (12,660)        |
| Bank borrowings  | -             | (2,500)      | -                | (2,500)         |
| Hire purchase payables   | -             | (897)        | -                | (897)           |
|  | (2,822)       | (13,235)     | -                | (16,057)        |
| Net financial assets/(liabilities)   | 4,596         | (11,078)     | *                | (6,482)         |
| Less : Net financial liabilities denominated in the entity's functional currency | -             | 11,078       | -                | 11,078          |
| <b>Currency exposure</b>   | 4,596         | -            | *                | 4,596           |

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(a) Market risk (cont'd)****(i) Foreign currency risk (cont'd)****Foreign currency exposure (cont'd)**

|  | USD<br>RM'000 | RM<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|--|---------------|--------------|------------------|-----------------|
| <b>Audited</b>   |               |              |                  |                 |
| <b>30.9.2017</b>   |               |              |                  |                 |
| <b>Financial assets</b>  |               |              |                  |                 |
| # Trade and other receivables  | 4,051         | 288          | -                | 4,339           |
| Cash and bank balances   | 5,097         | 2,456        | 1                | 7,554           |
|  | 9,148         | 2,744        | 1                | 11,893          |
| <b>Financial liabilities</b>   |               |              |                  |                 |
| Trade and other payables   | (3,224)       | (10,871)     | -                | (14,095)        |
| Bank borrowings  | -             | (22,465)     | -                | (22,465)        |
| Hire purchase payables   | -             | (744)        | -                | (744)           |
|  | (3,224)       | (34,080)     | -                | (37,304)        |
| Net financial assets/(liabilities)   | 5,924         | (31,336)     | 1                | (25,411)        |
| Less : Net financial liabilities denominated in the entity's functional currency | -             | 31,336       | -                | 31,336          |
| <b>Currency exposure</b>   | 5,924         | -            | 1                | 5,925           |

Note:

\* Amount is less than RM 500

# Excluding deposits, prepayments and certain receivables.

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(a) Market risk (cont'd)****(i) Foreign currency risk (cont'd)*****Foreign currency risk sensitivity analysis***

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

|                                    | <-----Audited-----> |            |            | Unaudited | Audited   |
|------------------------------------|---------------------|------------|------------|-----------|-----------|
|                                    | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016 | 30.9.2017 |
|                                    | RM'000              | RM'000     | RM'000     | RM'000    | RM'000    |
| <b>Effects on profit after tax</b> |                     |            |            |           |           |
| USD/RM                             |                     |            |            |           |           |
| - strengthened by 5%               | 89                  | 242        | (130)      | 175       | 225       |
| - weakened by 5%                   | (89)                | (242)      | 130        | (175)     | (225)     |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(a) Market risk (cont'd)****(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of each reporting period is disclosed in Note 8.

***Interest rate risk sensitivity analysis***

Any reasonably possible change in the interest rates of floating rate term loans at the end of each reporting period does not have material impact on the profit after tax and hence, no sensitivity analysis is presented.

**(b) Credit risk**

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

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

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

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(b) Credit risk (cont'd)****(i) Credit risk concentration profile**

The Group's major concentration of credit risk that accounted for 10% or more of total trade receivables at the end of each reporting period is as follows:

|                                 | <-----Audited-----> |            |            | Unaudited | Audited   |
|---------------------------------|---------------------|------------|------------|-----------|-----------|
|                                 | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016 | 30.9.2017 |
| Number of customers             | 4                   | 3          | 3          | 3         | 3         |
| Percentage of trade receivables | 57%                 | 56%        | 56%        | 61%       | 53%       |

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of each reporting period is as follows:

|                      | <-----Audited-----> |            |            | Unaudited | Audited   |
|----------------------|---------------------|------------|------------|-----------|-----------|
|                      | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016 | 30.9.2017 |
|                      | RM'000              | RM'000     | RM'000     | RM'000    | RM'000    |
| Africa               | -                   | -          | 242        | 218       | -         |
| Asia                 |                     |            |            |           |           |
| (excluding Malaysia) | 1,514               | 1,905      | 2,897      | 2,908     | 2,182     |
| Australasia          | 348                 | 655        | 1,336      | 1,729     | 672       |
| Europe               | 469                 | 335        | 258        | 414       | 416       |
| North America        | 176                 | 275        | -          | 38        | 264       |
| South America        | 100                 | -          | -          | 148       | 165       |
| Malaysia             | 319                 | 250        | 81         | 124       | -         |
|                      | 2,926               | 3,420      | 4,814      | 5,579     | 3,699     |

**(ii) Exposure to credit risk**

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

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(b) Credit risk (cont'd)****(iii) Ageing analysis**

The ageing analysis of trade receivables is as follows:

|                        | <-----Audited-----> |            |            | Unaudited<br>30.9.2016 | Audited<br>30.9.2017 |
|------------------------|---------------------|------------|------------|------------------------|----------------------|
|                        | 31.12.2014          | 31.12.2015 | 31.12.2016 |                        |                      |
|                        | RM'000              | RM'000     | RM'000     | RM'000                 | RM'000               |
| <b>Carrying amount</b> |                     |            |            |                        |                      |
| Not past due           | 2,726               | 2,770      | 4,428      | 3,990                  | 3,613                |
| Past due               |                     |            |            |                        |                      |
| - less than 3 months   | 170                 | 646        | 386        | 1,569                  | 86                   |
| - more than 3 months   | 30                  | 4          | -          | 20                     | -                    |
|                        | 2,926               | 3,420      | 4,814      | 5,579                  | 3,699                |

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



## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(c) Liquidity risk**

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

**Maturity analysis**

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

| <b>Audited</b>                              | <b>Effective interest rate % per annum</b> | <b>Carrying amount RM'000</b> | <b>Contractual undiscounted cash flows RM'000</b> | <b>Within 1 year RM'000</b> | <b>1-5 years RM'000</b> |
|---|--|-------------------------------|---|-----------------------------|-------------------------|
| <b>31.12.2014</b>                           |  |                               |   |                             |                         |
| <b>Non-derivative financial liabilities</b> |  |                               |   |                             |                         |
| Trade and other payables                    |  | 6,519                         | 6,519   | 6,519                       | -                       |
| Bank borrowings                             |  | 4,196                         | 4,196   | 4,196                       | -                       |
| - Trade bills                               | 3.6 - 7.4                                  | 1,333                         | 1,390   | 992                         | 398                     |
| - Term loans                                | 5.1 - 6.3                                  | 866                           | 930   | 392                         | 538                     |
| Hire purchase payables                      | 4.5 - 6.9                                  |                               |   |                             |                         |
|   |  | <b>12,914</b>                 | <b>13,035</b>                                     | <b>12,099</b>               | <b>936</b>              |

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(c) Liquidity risk (cont'd)*****Maturity analysis (cont'd)***

| Audited<br>31.12.2015                       | Effective<br>interest rate<br>% per annum | Carrying<br>amount<br>RM'000 | Contractual<br>undiscounted<br>cash flows<br>RM'000 | Within 1 year<br>RM'000 | 1-5 years<br>RM'000 |
|---|---|------------------------------|---|-------------------------|---------------------|
| <b>Non-derivative financial liabilities</b> |   |                              |   |                         |                     |
| Trade and other payables                    |   | 8,833                        | 8,833   | 8,833                   | -                   |
| Bank borrowings                             |   | 3,333                        | 3,348   | 869                     | 2,479               |
| - Term loans                                | 4.5 - 5.2                                 | 1,324                        | 1,448   | 533                     | 915                 |
| Hire purchase payables                      | 4.5 - 6.3                                 |                              |   |                         |                     |
|   |   | <b>13,490</b>                | <b>13,629</b>                                       | <b>10,235</b>           | <b>3,394</b>        |

## 12. ACCOUNTANT'S REPORT (Cont'd)

## WEGMANS HOLDINGS BERHAD

Company No. : 1219319-D

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 24. FINANCIAL INSTRUMENTS (CONT'D)

## 24.1 Financial risk management policies (cont'd)

## (c) Liquidity risk (cont'd)

*Maturity analysis (cont'd)*

| Audited<br>31.12.2016                       | Effective<br>interest rate<br>% per annum | Carrying<br>amount<br>RM'000 | Contractual<br>undiscounted<br>cash flows<br>RM'000 | Within 1 year<br>RM'000 | 1-5 years<br>RM'000 | Over<br>5 years<br>RM'000 |
|---|---|------------------------------|---|-------------------------|---------------------|---------------------------|
| <b>Non-derivative financial liabilities</b> |   |                              |   |                         |                     |                           |
| Trade and other payables                    |   | 12,876                       | 12,876  | 12,876                  | -                   | -                         |
| Bank borrowings                             |   |                              |   |                         |                     |                           |
| - Trade bills                               | 3.7 - 3.9                                 | 2,458                        | 2,458   | 2,458                   | -                   | -                         |
| - Term loans                                | 4.2 - 4.3                                 | 13,876                       | 16,500  | 2,025                   | 7,449               | 7,026                     |
| Hire purchase payables                      | 4.5 - 6.3                                 | 1,090                        | 1,192   | 451                     | 741                 | -                         |
| Dividend payables                           |   | 6,400                        | 6,400   | 6,400                   | -                   | -                         |
| <b>Derivative financial liabilities</b>     |   |                              |   |                         |                     |                           |
| Forward currency contracts (gross settled)  |   | 308                          | 7,993   | 7,993                   | -                   | -                         |
| - gross payments                            |   |                              |   |                         |                     |                           |
|   |   | 37,008                       | 47,419  | 32,203                  | 8,190               | 7,026                     |

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(c) Liquidity risk (cont'd)****Maturity analysis (cont'd)**

|   | Effective interest rate % per annum | Carrying amount RM'000 | Contractual undiscounted cash flows RM'000 | Within 1 year RM'000 | 1-5 years RM'000 |
|---|-------------------------------------|------------------------|--|----------------------|------------------|
| <b>Unaudited</b>                            |                                     |                        |  |                      |                  |
| <b>30.9.2016</b>                            |                                     |                        |  |                      |                  |
| <b>Non-derivative financial liabilities</b> |                                     |                        |  |                      |                  |
| Trade and other payables                    |                                     |                        |  |                      |                  |
| Bank borrowings                             |                                     |                        |  |                      |                  |
| - Term loans                                | 4.2                                 | 2,500                  | 2,500                                      | 600                  | 1,900            |
| Hire purchase payables                      | 4.5 - 6.3                           | 897                    | 975  | 442                  | 533              |
|   |                                     | 16,057                 | 16,135                                     | 13,702               | 2,433            |

## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.1 Financial risk management policies (cont'd)****(c) Liquidity risk (cont'd)****Maturity analysis (cont'd)**

| Audited<br>30.9.2017                        | Effective<br>interest rate<br>% per annum | Carrying<br>amount<br>RM'000 | Contractual<br>undiscounted<br>cash flows<br>RM'000 | Within 1 year<br>RM'000 | 1-5 years<br>RM'000 | Over<br>5 years<br>RM'000 |
|---|---|------------------------------|---|-------------------------|---------------------|---------------------------|
|   |   |                              |   |                         |                     |                           |
| <b>Non-derivative financial liabilities</b> |   |                              |   |                         |                     |                           |
| Trade and other payables                    |   | 14,095                       | 14,095  | 14,095                  | -                   | -                         |
| Bank borrowings                             |   | 6,720                        | 6,720   | 6,720                   | -                   | -                         |
| - Trade bills                               | 3.3 - 4.5                                 | 15,745                       | 18,492  | 2,701                   | 9,792               | 5,999                     |
| - Term loans                                | 4.3 - 5.4                                 | 744                          | 809   | 268                     | 541                 | -                         |
| Hire purchase payables                      | 4.6 - 6.3                                 |                              |   |                         |                     |                           |
|   |   | <b>37,304</b>                | <b>40,116</b>                                       | <b>23,784</b>           | <b>10,333</b>       | <b>5,999</b>              |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.2 Capital risk management**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

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

|                               | <-----Audited-----> |                  |            | Unaudited        | Audited   |
|-------------------------------|---------------------|------------------|------------|------------------|-----------|
|                               | 31.12.2014          | 31.12.2015       | 31.12.2016 | 30.9.2016        | 30.9.2017 |
|                               | RM'000              | RM'000           | RM'000     | RM'000           | RM'000    |
| Bank borrowings               | 5,529               | 3,333            | 16,334     | 2,500            | 22,465    |
| Hire purchase payables        | 866                 | 1,324            | 1,090      | 897              | 744       |
|                               | 6,395               | 4,657            | 17,424     | 3,397            | 23,209    |
| Less : Cash and bank balances | (769)               | (5,135)          | (9,477)    | (3,585)          | (7,554)   |
| Net debt                      | 5,626               | (478)            | 7,947      | (188)            | 15,655    |
| Total equity                  | 9,882               | 20,933           | 24,494     | 27,880           | 32,050    |
| Debt-to-equity ratio          | 0.57                | ^ Not applicable | 0.32       | ^ Not applicable | 0.49      |

Note:

^ The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceed the total external borrowings.

There is no change in the Group's approach to capital management during the relevant reporting periods.

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.3 Classification of financial instruments**

|   | <-----Audited----->  |                      |                      | Unaudited<br>30.9.2016<br>RM'000 | Audited<br>30.9.2017<br>RM'000 |
|---|----------------------|----------------------|----------------------|----------------------------------|--------------------------------|
|   | 31.12.2014<br>RM'000 | 31.12.2015<br>RM'000 | 31.12.2016<br>RM'000 |                                  |                                |
| <b>Financial assets</b>                       |                      |                      |                      |                                  |                                |
| <u>Loans and receivables financial assets</u> |                      |                      |                      |                                  |                                |
| # Trade and other receivables                 | 3,019                | 3,511                | 5,234                | 5,990                            | 4,339                          |
| Cash and bank balances                        | 769                  | 5,135                | 9,477                | 3,585                            | 7,554                          |
|   | 3,788                | 8,646                | 14,711               | 9,575                            | 11,893                         |
| <b>Financial liabilities</b>                  |                      |                      |                      |                                  |                                |
| <u>Other financial liabilities</u>            |                      |                      |                      |                                  |                                |
| Trade and other payables                      | 6,519                | 8,833                | 12,876               | 12,660                           | 14,095                         |
| Bank borrowings                               | 5,529                | 3,333                | 16,334               | 2,500                            | 22,465                         |
| Hire purchase payables                        | 866                  | 1,324                | 1,090                | 897                              | 744                            |
| Dividend payables                             | -                    | -                    | 6,400                | -                                | -                              |
|   | 12,914               | 13,490               | 36,700               | 16,057                           | 37,304                         |
| <u>Fair value through profit or loss :</u>    |                      |                      |                      |                                  |                                |
| <u>Held-for-trading</u>                       |                      |                      |                      |                                  |                                |
| Derivative liabilities                        | -                    | -                    | 308                  | -                                | -                              |

Note:

# Excluding deposits, prepayments and certain receivables.

## 12. ACCOUNTANT'S REPORT (Cont'd)

## WEGMANS HOLDINGS BERHAD

Company No. : 1219319-D

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 24. FINANCIAL INSTRUMENTS (CONT'D)

## 24.4 Fair value information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximate their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The fair values of term loans approximate their carrying amounts as they are repriced to market interest rates on or near each reporting date.

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

| Audited<br>31.12.2014               | Fair value of financial instruments<br>carried at fair value |                   |                   | Fair value of financial instruments<br>not carried at fair value |                   |                   | Total<br>fair value<br>RM'000 | Carrying<br>amount<br>RM'000 |
|-------------------------------------|--|-------------------|-------------------|--|-------------------|-------------------|-------------------------------|------------------------------|
|                                     | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 |                               |                              |
| Financial liabilities               | -  | -                 | -                 | -  | 865               | -                 | 865                           | 866                          |
| Hire purchase payables              | -  | -                 | -                 | -  | -                 | -                 | -                             | -                            |
| <b>Audited</b><br><b>31.12.2015</b> |  |                   |                   |  |                   |                   |                               |                              |
| Financial liabilities               | -  | -                 | -                 | -  | 1,322             | -                 | 1,322                         | 1,324                        |
| Hire purchase payables              | -  | -                 | -                 | -  | -                 | -                 | -                             | -                            |



## 12. ACCOUNTANT'S REPORT (Cont'd)

**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.4 Fair value information (cont'd)**

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of each reporting period: (cont'd)

| Audited<br>31.12.2016        | Fair value of financial instruments<br>carried at fair value |                   |                   | Fair value of financial instruments<br>not carried at fair value |                   |                   | Total<br>fair value<br>RM'000 | Carrying<br>amount<br>RM'000 |
|------------------------------|--|-------------------|-------------------|--|-------------------|-------------------|-------------------------------|------------------------------|
|                              | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 | Level 1<br>RM'000  | Level 2<br>RM'000 | Level 3<br>RM'000 |                               |                              |
| Financial liabilities        | -  | -                 | -                 | -  | 1,089             | -                 | 1,089                         | 1,090                        |
| Hire purchase payables       | -  | -                 | -                 | -  | -                 | -                 | -                             | -                            |
| Derivative liabilities       | -  | -                 | -                 | -  | -                 | -                 | -                             | -                            |
| - forward currency contracts | -  | 308               | -                 | -  | -                 | -                 | 308                           | 308                          |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.4 Fair value information (cont'd)**

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of each reporting period: (cont'd)

|                              | Fair value of financial instruments carried at fair value |                   |                   | Fair value of financial instruments not carried at fair value |                   |                   | Total fair value<br>RM'000 | Carrying amount<br>RM'000 |
|------------------------------|---|-------------------|-------------------|---|-------------------|-------------------|----------------------------|---------------------------|
|                              | Level 1<br>RM'000   | Level 2<br>RM'000 | Level 3<br>RM'000 | Level 1<br>RM'000   | Level 2<br>RM'000 | Level 3<br>RM'000 |                            |                           |
| <b>Unaudited</b>             |   |                   |                   |   |                   |                   |                            |                           |
| <b>30.9.2016</b>             |   |                   |                   |   |                   |                   |                            |                           |
| <u>Financial liabilities</u> |   |                   |                   |   |                   |                   |                            |                           |
| Hire purchase payables       | -   | -                 | -                 | -   | 897               | -                 | 897                        | 897                       |
| <b>Audited</b>               |   |                   |                   |   |                   |                   |                            |                           |
| <b>30.9.2017</b>             |   |                   |                   |   |                   |                   |                            |                           |
| <u>Financial liabilities</u> |   |                   |                   |   |                   |                   |                            |                           |
| Hire purchase payables       | -   | -                 | -                 | -   | 744               | -                 | 744                        | 744                       |

**12. ACCOUNTANT'S REPORT (Cont'd)****WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****24. FINANCIAL INSTRUMENTS (CONT'D)****24.4 Fair value information (cont'd)****(a) Fair value of financial instruments carried at fair value**

- (i) The fair values of forward currency contracts are determined using forward exchange rates at the end of each reporting period with the resulting value discounted back to present value.
- (ii) There was no transfer between level 1 and level 2 during the relevant reporting periods.

**(b) Fair value of financial instruments not carried at fair value**

- (i) The fair values of hire purchase payables are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of each reporting period. The interest rates (per annum) used to discount the estimated cash flows are as follows:

|                        | <-----Audited-----> |            |            | Unaudited | Audited   |
|------------------------|---------------------|------------|------------|-----------|-----------|
|                        | 31.12.2014          | 31.12.2015 | 31.12.2016 | 30.9.2016 | 30.9.2017 |
|                        | %                   | %          | %          | %         | %         |
| Hire purchase payables | 4.8 - 7.0           | 4.6 - 7.0  | 4.6 - 7.0  | 4.6 - 7.0 | 4.6 - 7.0 |

**25. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL PERIOD**

On 18 August 2017, Wegmans entered into a conditional Share Sale Agreement with the selling shareholders of Wegmans Furniture, namely Keh Wee Kiet and Law Kok Lim, to acquire the entire equity interest in Wegmans Furniture comprising 1,900,000 ordinary shares for a purchase consideration of RM 23,999,999.88 which was fully satisfied by the issuance of 399,999,998 new Wegmans Shares at an issue price of RM 0.06 per Share.

The purchase consideration was arrived at on a willing-buyer-willing-seller basis, after taking into consideration of the audited net assets position of Wegmans Furniture as at 31 March 2017 of RM 24,661,854. The acquisition of Wegmans Furniture was completed on 22 November 2017 and Wegmans Furniture became a wholly-owned subsidiary of the Company thereafter.

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**12. ACCOUNTANT'S REPORT (Cont'd)**

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**WEGMANS HOLDINGS BERHAD**

Company No. : 1219319-D

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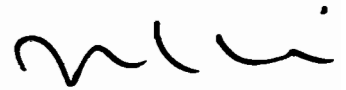
**STATEMENTS BY DIRECTORS**

We, Keh Wee Kiet and Law Kok Lim, being two of the directors of Wegmans Holdings Berhad, state in the opinion of the directors, the combined financial statements set out on page 4 to 69 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 December 2014, 2015, 2016 and 30 September 2017 and of their financial performance and cash flows for the relevant reporting periods ended on those dates.

Signed in accordance with a resolution of the directors dated 15 January 2018



**Keh Wee Kiet**



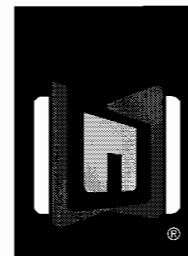
**Law Kok Lim**

**13. DIRECTORS' REPORT**

**Wegmans Holdings Berhad**

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

Telephone :  
+6 06 954 1705  
Facsimile :  
+6 06 954 1707



Company No. 1219319-D

**Registered office:**  
No. 7 (1<sup>st</sup> Floor)  
Jalan Pesta 1/1  
Taman Tun Dr. Ismail 1  
Jalan Bakri  
84000 Muar, Johor

2 February 2018

To: The shareholders of **Wegmans Holdings Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of Wegmans Holdings Berhad ("**Wegmans**"), I report after due enquiry that during the period from 30 September 2017 (being the date to which the last audited financial statements of Wegmans and its subsidiary ("**Wegmans Group**") have been made up) to the date herein (being a date not earlier than 14 days before the issue of this Prospectus):

- (i) the business of Wegmans Group has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of Wegmans Group which have adversely affected the trading or the value of the assets of Wegmans or its subsidiary;
- (iii) the current assets of Wegmans Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no contingent liabilities by reason of any guarantee or indemnity given by Wegmans or its subsidiary;
- (v) there has been, since the last audited financial statements of Wegmans Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in respect of any borrowings; and
- (vi) there has been, since the last audited financial statements of Wegmans Group, no material change in the published reserves or any unusual factor affecting the profits of Wegmans Group.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**WEGMANS HOLDINGS BERHAD**

**KEH WEE KIET**  
Managing Director

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**14. STATUTORY AND OTHER GENERAL INFORMATION**

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**14.1 SHARE CAPITAL**

- (i) No securities will be allotted, issued or offered on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) There is no founder, management or deferred shares in our Company. As at the LPD, our Company has only 1 class of shares, namely ordinary shares in our Company, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in this Prospectus, no shares, stocks or debentures of our Group have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within the 2 years preceding the LPD.
- (iv) None of the share capital of our Company or our subsidiary is under option, or agreed conditionally or unconditionally to be put under option.
- (v) Save for our Issue Shares reserved for our eligible Directors and employees as well as persons who have contributed to the success of our Group as disclosed in **Section 3.3.1(ii)** of this Prospectus, there is currently no other scheme involving our Directors or employees in the capital of our Company or our subsidiary.
- (vi) None of our Company or our subsidiary has any outstanding convertible debt security as at the LPD.
- (vii) Except as disclosed in this Prospectus, and save as provided under our Constitution and the Act, there are no limitations on the right to own securities, including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

**14.2 CONSTITUTION**

The following is extracted from our Constitution and is qualified in its entirety by the remainder of the provisions of our Company's Constitution and by applicable law. The words and expressions appearing in the following provisions shall have the same meaning used in our Constitution unless they are otherwise defined in this **Section 14.2** or if the context otherwise requires.

**(i) Transfer of Securities****Clause 30 – Transfer**

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

**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

Clause 31 – Transferor's right

*Subject to the provisions of the Act, the Central Depositories Act and the Rules, the transfer of all other shares of the Company not so deposited with the Depository (not being Deposited Securities) shall be in the manner provided in the Act (including the applicable provisions of Third Schedule to the Act) to the extent that the same is not inconsistent with this Constitution.*

*The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered into the Register as the case may be in respect thereof.*

Clause 35 – Refusal to register transfer

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

Clause 34 – Restriction on transfer

*There should be no restriction on the transfer of fully paid Shares except where required by law or the relevant regulations or where the Company has a lien and no Share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.*

Clause 36 – Renunciation

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

Clause 37 – Reasonable Diligence

*Subject to the provisions of the Act, the Central Depositories Act and the Rules, where by the exercise of reasonable diligence the Company is unable to discover the whereabouts of a Member for a period of not less than 10 years the Company may cause an advertisement circulating in the place shown in the Register as the address of the Member stating that the Company after expiration of 1 month from the date of the advertisement intends to transfer the shares to the Minister charged with responsibility for finance.*

Clause 38 – Transfer of shares to Minister charged with responsibility for finance

*Subject to the provisions of the Act, the Central Depositories Act and the Rules, if after the expiration of 1 month from the date of the advertisement the whereabouts of the Member remains unknown, the Company may transfer the shares held by the Member to the Minister charged with responsibility for finance and for the purpose may execute for and on behalf of such Member a transfer of those shares to the Minister charged with responsibility for finance.*

Clause 39 – Death of Member

*In the case of the death of a Member, the legal representative(s) of the deceased shall be the only person(s) recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share which had been held by him.*

**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**Clause 41 – Share of deceased or bankrupt Member

Subject to Clause 44, if any person so becoming entitled elects to register himself, he shall deliver or send to the Company, a notice in writing signed by him and stating that he so elects, provided that where the share is a Deposited Security and the person becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him to the Depository together with such other relevant documents as may be required by the Depository. If he elects to have another person registered, he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

Clause 40 – Notice of Election

Subject to the provisions of the Act, the Central Depositories Act and the Rules, any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Directors shall in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy. Provided always that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the shares may be carried out by the person becoming so entitled. Nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share which had been held by him.

Clause 42 – Person entitled may receive dividends

Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee or his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt.

Clause 43 – Transmission of Securities

(1) Where:

- (a) the securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories)(Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,

the Company shall, upon request of a holder of securities, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the Registrar of Companies in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.



**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**(ii) Remuneration of Directors**

Clause 100 – Directors' Remuneration

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

- (a) fee payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.*
- (b) salaries payable to Directors who hold executive office in the Company may not include a commission on or percentage of turnover.*
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.*
- (d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

Clause 101 – Reimbursement of expenses

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

Clause 113 – Director may act in his professional capacity

*Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company and provided further that such shall be at normal commercial terms.*

**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

Clause 126 – Alternate Director

- (i) *Each Director shall have power from time to time to nominate any person (not being a Director) to act as his alternate Director and at his discretion remove such alternate Director, but the appointment of such alternate Director shall not take effect until approved by a majority of the other Directors PROVIDED ALWAYS that any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.*

Clause 128 – Remuneration of Director holding executive office

*The remuneration of a Director holding an executive office pursuant to this Constitution shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.*

Clause 130 – Power of Directors to appoint committees

*The Directors may establish any committees, local boards or agencies comprising 2 or more persons for managing any other affairs of the Company either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any person or persons to be the member or members of any such committee or local board or agency and may fix their remuneration and may delegate to any such committee or local board or agency any of the powers, authorities and discretion vested in the Directors, with power to sub-delegate, and may authorise the member or members of any such committee or local board or agency or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Director may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith and without notice of any such annulment or variation shall be affected thereby. The regulations herein contained for the proceedings of Directors shall so far as not altered by any regulations made by the Directors apply also to the meetings and proceedings of any committee.*

- (iii) **Voting and borrowing powers of directors, including voting powers on proposals, arrangements or contracts in which they are interested**

Clause 105 – Directors' Borrowing Powers

- (1) *The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge the Company's or the subsidiaries' undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries as may be thought fit.*
- (2) *The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.*
- (3) *The Directors may borrow or raise any such money as aforesaid upon or by the issue or sale of any bonds, debentures, debenture stock, or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale; payment of premium or bonus upon redemption or repayment or upon any other terms as they may think proper.*

**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (4) Any debenture or other security may be issued at a discount, premium or otherwise and (with the sanction of the Company in general meeting) with any special privilege as to allotment of shares, attending and voting at general meetings of the Company, appointment of Directors or otherwise.

Clause 110 – Discharge of Duties

A Director shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Company.

Clause 112 – Director may hold other office

Subject always to Sections 221, 228 and 229 of the Act and subject to the requirements of the Exchange, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contracts, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

Clause 125 - Directors may become directors of other corporation

A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for an remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

Clause 121 – Disclosure of interest

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director of the Company.

**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

Clause 111 – Notice of disclosures

*Every Director shall give notice to the Company of such events and matters relating to himself as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Act.*

Clause 122 – Restriction on voting

*A Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract; PROVIDED ALWAYS THAT the nature of the interest of the Director in any such contract be declared at a meeting of the Directors as required by Section 221 of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.*

Clause 123 – Relaxation of restriction of voting

*A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or whereat any decision is taken upon any contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 221 and all other relevant provisions of the Act and of this Construction.*

Clause 124

*A Director may vote in respect of:*

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;*
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.*

**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****(iv) Changes in capital and variation of class rights**Clause 6 – Power to issue shares with special rights

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to Section 75(2) of the Act and to this Constitution, the Directors shall only upon prior approval by way of resolution by the members, exercise any power to:

- (a) allot shares in the Company;
- (b) grant rights to subscribe for shares in the Company;
- (c) convert any security into shares in the Company; or
- (d) allot shares under an agreement or option or offer.

Any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors may determine.

Clause 7 – Allotment of Shares to directors, etc

Subject to the provisions of the Listing Requirements, the Company shall not issue shares or other convertible securities to the Directors or major shareholder or chief executive of the Company and/or its holding company or the person(s) connected to them unless the Members in general meeting have approved the specific allotment to be made to such persons.

Clause 11 – Rights of preference shareholders

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders in relation to receiving notices, reports and audited financial statements and attending general meetings of the Company. Preference shareholders shall also have the rights to vote at any meeting convened:

- (a) when the dividend or part of the dividend on the preference shares is in arrears for more than 6 months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the preference shares;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

The rights attaching to shares of a class other than ordinary shares shall be expressly set out in this Constitution or provided by the terms of issue of such shares.

**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**Clause 12 - Repayment of preference capital

Notwithstanding Clause 13 hereof, the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholder's rights may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing representing not less than 75% of the total voting rights of the preference shareholders concerned obtained within 2 months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Clause 13 – Modification of class rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders representing not less than 75% of the total voting rights of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class pursuant to the provisions of Section 292 of the Act. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, except the necessary quorum shall be 2 persons.

Clause 14 – Ranking of class rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Clause 15 – Commission on subscription of shares

The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, and the rate of the commission shall not exceed the rate of 10% of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 10% of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

Clause 16 – Trusts not to be recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even with notice thereof) any equitable, contingent, future or partial interest in any share or any unit of share or (except only as by this Constitution or by law otherwise provided) any other right in respect of any shares, except an absolute right to the entirety thereof in the registered holder.

Clause 59 – Share buy back

Subject to and in accordance with the provisions of the Act and such other relevant law, regulation or guideline for the time being in force, the Company is allowed and shall have power, to the fullest extent permitted, to purchase any of its own shares and other securities and thereafter, the Directors may resolve and shall have the fullest power to deal with such purchased shares or other securities in accordance with the provisions of the Act and such other relevant law, regulation or guideline.

**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**Clause 17 – Issue of Securities

A company must ensure that all new issues of securities for which listing is sought are made by way of crediting the securities accounts of the allottees with such securities save and except where it is specifically exempted from compliance with section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this Requirement. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the securities accounts of such allottees.

Clause 18 - Allotment of Securities and dispatch notices

Subject to the provisions of the Act, the Central Depositories Act and the Rules, the Company shall allot and/or issue securities, despatch notices of allotment to the successful allottees and make an application for the quotation of such securities:

- (a) within 8 Market Days of the final application closing date for a rights issue or such other period as may be prescribed by the Exchange;
- (b) within 8 Market Days of the Books Closing Date for a bonus issue or such other period as may be prescribed by the Exchange;
- (c) within 8 Market Days of the date of receipt of a notice of the exercise of an employee share option together with the requisite payment or such other period as may be prescribed by the Exchange; and
- (d) within 8 Market Days of the receipt of a subscription form together with the requisite payment in respect of warrant or convertible securities or such other period as may be prescribed by the Exchange.

Clause 8 – Offer of unissued original shares and new shares

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

Clause 9 – General mandate for issue of securities

Notwithstanding the existence of a resolution pursuant to Section 76 of the Act, but subject always to the Listing Requirements, the Company may obtain members' approval for further issues of shares where the aggregate issues during the preceding 12 months do not exceed 10% of the issued capital (excluding the treasury shares) of the Company and where, in accordance with the provisions of Section 75 of the Act, there is still in effect a resolution approving the issue of shares by the Company.

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**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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Clause 10 – New shares to rank with original shares

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

Clause 58 – Power to alter capital

- (a) *The shareholders can pass special resolutions to alter the Company's share capital in accordance with Section 84 of the Act.*
- (b) *If any shares are consolidated or divided, the Directors may deal with any fractions of shares which result or any other problem that arises. If the Directors decide to sell any shares which represent fractions, they must sell for the best price they can reasonably obtain and distribute the net proceeds of sale among shareholders in proportion to their fractional entitlements or shall be disregarded and will be dealt with by the Directors in such a manner as they deem fit at their absolute discretion and in the best interest of the Company. The Directors can sell to a person (including the Company, if the Act and Listing Requirements allow) and can authorise a person to transfer those shares to the buyer or in accordance with the buyer's instructions. The buyer does not need to take any action to check how any money paid is used. The buyer's ownership will not be affected if the sale was irregular or invalid in any way.*

Clause 60 – Power to reduce capital

*The shareholders can pass a special resolution to reduce in any way the Company's share capital in accordance with Subdivision 4 of Division 1 of Part III of Act, whether with the confirmation of the Court or a solvency statement.*

**14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS**

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance, and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.



**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****14.4 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any material contract with parties outside of our Group which is not in the ordinary course of our business during the 2 years preceding the LPD:

- (i) sale and purchase agreement dated 9 November 2015, supplementary sale and purchase agreements dated 9 November 2015 and 11 April 2016 entered into between Wegmans Furniture, Mobilia International Sdn Bhd and PTS Feedmill Sdn Bhd for the joint acquisition of a parcel of land located on Lot 2782, Mukim Parit Jawa, District of Muar, Johor held under Geran 92507 for a purchase consideration of RM9,702,990, of which RM2,700,720 was fully satisfied in cash by Wegmans Furniture and RM7,002,270 was fully satisfied in cash by Mobilia International Sdn Bhd. This transaction was completed on 25 November 2016;
- (ii) sale and purchase agreement dated 24 June 2016 entered into between Wegmans Furniture and Lee Ching Hwa @ Lee Yee Thung for the acquisition of a parcel of land located on Lot 2618, Mukim Parit Jawa, District of Muar, Johor held under Geran Mukim 2416 for a purchase consideration of RM3,898,517, which was fully satisfied in cash. This transaction was completed on 28 October 2016;
- (iii) sale and purchase agreement dated 24 June 2016 entered into between Wegmans Furniture and Lee Ching Hwa @ Lee Yee Thung for the acquisition of a parcel of land located on Lot 2619, Mukim Parit Jawa, District of Muar, Johor held under Geran Mukim 2417 for a purchase consideration of RM3,676,670, which was fully satisfied in cash. This transaction was completed on 28 October 2016;
- (iv) sale and purchase agreement dated 24 June 2016 entered into between Wegmans Furniture, Lee Ching Hwa @ Lee Yee Thung and Lee Suan Choo for the acquisition of a parcel of land located on Lot 2620, Mukim Parit Jawa, District of Muar, Johor held under Geran Mukim 2418 for a purchase consideration of RM3,619,695, which was fully satisfied in cash. This transaction was completed on 28 October 2016;
- (v) sale and purchase agreement dated 24 June 2016 entered into between Wegmans Furniture and Lee Ching Hwa @ Lee Yee Thung for the acquisition of a parcel of land located on Lot 2621, Mukim Parit Jawa, District of Muar, Johor held under Geran Mukim 2419 for a purchase consideration of RM3,297,301, which was fully satisfied in cash. This transaction was completed on 28 October 2016;
- (vi) sale and purchase agreement dated 28 November 2016 entered into between Wegmans Furniture and Mobilia International Sdn Bhd for the disposal of a parcel of land located on Lot 2782, Mukim Parit Jawa, District of Muar, Johor held under Geran 92507 for a disposal consideration of RM2,700,720, which was fully satisfied in cash. This transaction was completed on 28 December 2016;
- (vii) conditional share sale agreement dated 18 August 2017 entered into between our Company, Keh Wee Kiet and Law Kok Lim for the Acquisition of Wegmans Furniture for a purchase consideration of RM23,999,999.88, which was fully satisfied by the issuance of 399,999,998 new Shares. This transaction was completed on 22 November 2017; and

**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (viii) Underwriting Agreement entered into between our Company and RHB Investment Bank 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 Wegmans Group at an underwriting commission of 2.00% of the total value of the underwritten shares. The total value of the underwritten shares means the total number of underwritten shares multiplied by the IPO Price. Further details of the Underwriting Agreement are set out in **Section 3.10** of this Prospectus.

**14.5 MATERIAL LITIGATION**

As at the LPD, neither our Company nor our subsidiary is involved in any material litigation or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or financial position of our Group, and our Directors are not aware of any legal proceeding, pending or threatened, or of any fact likely to give rise to any legal proceeding which may have a material adverse effect on the business or financial position of our Group.

**14.6 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT**

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

**14.7 PUBLIC TAKE-OVERS**

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

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

**14.8 LETTERS OF CONSENT**

The written consents of our Principal Adviser, Sponsor, Underwriter, Placement Agent, Company Secretaries, Solicitors, Principal Bankers, Share Registrar, Issuing House and Independent Internal Control Consultant as set out in the Corporate Directory of this Prospectus to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditor and Reporting Accountant to the inclusion of its name, the Accountant's Report and the pro forma consolidated statements of financial position together with the notes and the Reporting Accountant's letter thereon, in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the IMR to the inclusion of its name and the Independent Market Research Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

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**14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**14.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office at No. 7 (1<sup>st</sup> Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor, Malaysia, during normal working hours for a period of 12 months from the date of this Prospectus:

- (i) Constitution of our Company;
- (ii) Reporting Accountant's report on the pro forma consolidated statements of financial position, as included in **Section 11.2** of this Prospectus;
- (iii) Accountant's Report referred to in **Section 12** of this Prospectus;
- (iv) Directors' Report referred to in **Section 13** of this Prospectus;
- (v) the letters of consent referred to in **Section 14.8** of this Prospectus;
- (vi) material contracts referred to in **Section 14.4** of this Prospectus;
- (vii) audited financial statements of Wegmans Furniture for the FYEs 2014, 2015 and 2016, and FPE 2017 as well as the audited financial statements of Wegmans for the FPE 2017; and
- (viii) IMR report and the executive summary as included in **Section 7** of this Prospectus.

**14.10 RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus. They individually and collectively accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statement or other facts, the omission of which would make any statement in this Prospectus false or misleading.

RHB Investment Bank as our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE

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### 15.1 OPENING AND CLOSING OF APPLICATIONS

Application for our IPO Shares will be accepted from 10.00 a.m. on 13 February 2018 and will remain open until 5.00 p.m. on 22 February 2018 or for such further period or periods as our Board, Promoters and Selling Shareholders together with our Underwriter in their absolute discretion may mutually decide.

In the event the closing date for the Application is extended, you will be notified of the change in widely circulated daily English and Bahasa Malaysia newspapers in Malaysia prior to the original closing date of the Application. Following this, the dates for the balloting of the Applications for our IPO Shares, allotment of our IPO Shares and Listing would be extended accordingly. **Late Applications will not be accepted.**

### 15.2 METHODS OF APPLICATION

Applications for our IPO Shares may be made using any of the following:

- (i) Application Form; or
- (ii) Electronic Share Application; or
- (iii) Internet Share Application.

You must have a CDS Account before you can submit your Application by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application.

### 15.3 PROCEDURES FOR APPLICATION

Applications shall be made in connection with and subject to the terms of this Prospectus and our Constitution.

**FULL INSTRUCTIONS FOR THE APPLICATIONS OF OUR IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE RELEVANT APPLICATION FORM AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

#### 15.3.1 Application by the Malaysian Public

Application for the 25,000,000 IPO Shares made available for subscription by the Malaysian Public, must be made on the **White Application Form** provided OR by way of Electronic Share Application OR Internet Share Application. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full on Application is RM0.29 per IPO Share.

The 25,000,000 IPO 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.

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**15.3.2 Application by eligible Directors and employees as well as persons who have contributed to the success of our Group**

Application for the 15,000,000 IPO Shares made available for subscription by eligible Directors and employees as well as persons who have contributed to the success of our Group, must be made on the **Pink Application Form** provided ONLY and not by way of other Application Forms or Electronic Share Application or Internet Share Application. Applicants using the **Pink Application Form** may still further apply only once for our IPO Shares offered to the Malaysian Public using the **White Application Form** or Electronic Share Application or Internet Share Application. The amount payable in full on Application is RM0.29 per IPO Share.

**15.3.3 Application by places under the private placement**

Selected investors being allocated our Issue Shares and/or Offer Shares pursuant to the private placement will be contacted directly by our Placement Agent. Selected investors may still apply for our Issue Shares offered to the Malaysian Public using the **White Application Form** or Electronic Share Application or Internet Share Application.

**15.4 APPLICATIONS USING APPLICATION FORMS****15.4.1 Types of Application Forms**

The following Application Forms issued with their notes, and instructions enclosed with this Prospectus are deemed to form an integral part hereof:

- (i) **White Application Form** for Application by the Malaysian Public and selected investors pursuant to a private placement; and
- (ii) **Pink Application Form** for Applications by our eligible Directors and employees as well as persons who have contributed to the success of our Group.

**White Application Forms** together with copies of this Prospectus may be obtained, subject to availability, from RHB Investment Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and the Issuing House.

**Pink Application Forms** together with copies of this Prospectus will be sent out to eligible Directors and employees as well as persons who have contributed to the success of our Group.

The submission of a **White Application Form** does not necessarily mean that your Application will be successful.

You may submit only 1 **White Application Form** and your Application must be for 100 Shares or multiples thereof. Multiple **White Application Forms** will not be accepted. We wish to caution you that if you submit multiple Applications via **White Application Forms** in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 182 of the CMSA.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Your Application for our IPO Shares must be made on the respective Application Forms accompanying this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and on this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Our Directors may at their absolute discretion reserve the right not to accept Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.

Persons submitting applications by way of **White Application Form** may not submit applications by way of Electronic Share Applications or Internet Share Applications and *vice versa*. A corporation or institution cannot apply for our Issue Shares by way of Electronic Share Applications or Internet Share Applications.

IF YOU ARE AN INDIVIDUAL OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, YOUR NAME AND NATIONAL REGISTRATION IDENTITY CARD ("**NRIC**") NUMBER MUST BE EXACTLY THE SAME AS STATED IN:

- (i) (a) YOUR NRIC; OR
  - (b) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
  - (c) YOUR RESIT PENGENALAN SEMENTARA ("**KPPK 09**") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (ii) THE RECORDS OF BURSA DEPOSITORY.

IF YOU ARE A MEMBER OF THE ARMED FORCES OR POLICE, YOUR NAME AND YOUR ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, MUST BE EXACTLY THE SAME AS THAT STATED IN YOUR AUTHORITY CARD AND IN THE RECORDS OF BURSA DEPOSITORY. YOUR ADDRESS MUST BE THE ADDRESS OF YOUR RESPECTIVE CAMP, BASE OR STATION.

IF YOU ARE A CORPORATION OR INSTITUTION, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER MUST BE EXACTLY THE SAME AS THAT STATED IN THE CORPORATION'S OR INSTITUTION'S CERTIFICATE OF INCORPORATION AND IN THE RECORDS OF BURSA DEPOSITORY. THE ADDRESS MUST BE THE REGISTERED ADDRESS.

We, together with the Issuing House will not issue any acknowledgement of the receipt of your Application Form or Application monies.

**15.4.2 Terms and conditions for Application using Application Forms**

Your Application by way of Application Form shall be made on, and subject to, the following terms and conditions:-

- (i) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS Account and a Malaysian address (**White Application Forms** only).

If you are an individual, you must have a CDS Account and a correspondence address in Malaysia (**Pink Application Forms** only).

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ii) If you are a corporation or institution incorporated in Malaysia, you must have a CDS Account and be subject to the following:
- (a) if you have a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
  - (b) there is a majority of Malaysian citizens on the board of directors.

If you are a corporation or institution incorporated outside Malaysia, you must have a CDS Account and provide a correspondence address in Malaysia (**Pink Application Forms** only).

- (iii) If you are a superannuation, co-operative, foundation, provident or pension fund, you must be established or operating in Malaysia and must have a CDS Account.
- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations or institutions referred to in **Sections 15.4.2(ii) and 15.4.2(iii)** above or the trustees thereof.
- (v) Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for our Issue Shares/ Offer Shares in this exercise.
- (vi) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:
- (a) BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR; OR
  - (b) MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
  - (c) GUARANTEED GIRO ORDER ("**GGO**") FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD; OR
  - (d) ATM STATEMENT OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:-
    - HONG LEONG BANK BERHAD;
    - MALAYAN BANKING BERHAD; OR
    - RHB BANK BERHAD;

AND MUST BE MADE OUT IN FAVOUR OF "**TIH SHARE ISSUE ACCOUNT NO. 676**" AND CROSSED "**A/C PAYEE ONLY**" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS, CASHIER'S ORDERS, MONEY ORDERS OR POSTAL ORDERS, ATM STATEMENTS OR GGOS WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED IN THE APPLICATION FORMS.

- (vii) YOU MUST STATE YOUR CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND YOU SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO YOUR CDS ACCOUNT TO THE ISSUING HOUSE AND/OR OUR COMPANY. IF YOU DO NOT PRESENTLY HAVE A CDS ACCOUNT, YOU MAY OPEN ONE BY CONTACTING ANY ONE OF THE ADAs LISTED IN **SECTION 15.12** OF THIS PROSPECTUS.
- (viii) YOUR NAME AND ADDRESS MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER OR POSTAL ORDER, OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (ix) Our Board reserves the right to require you, if your Application is successful, to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (x) The Issuing House, acting on the authority of our Directors reserves the right to reject your Application if it does not conform to these instructions or if it is illegible or if it is accompanied by remittances improperly drawn.
- (xi) The Issuing House, acting on the authority of our Directors reserves the right not to accept your Application or to accept it in whole or in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for the Shares.
- (xii) Where your Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, will be returned or refunded without interest in the following manner:
  - (a) the application monies or the balance of it, as will be returned or refunded to you via a banker's draft sent in a self-addressed and stamped Official "A" envelope you provided by ordinary post (*for fully unsuccessful applications*) or by crediting into your bank account (*the same bank account you have provided to Bursa Depository for purposes of cash dividend/ distribution*) or if you have not provided such bank account information to Bursa Depository, then the balance of application monies will be refunded via a banker's draft sent by ordinary/ registered post to your address maintained with Bursa Depository (*for partially successful applications*) within 10 Market Days from the date of the final ballot at your own risk;



**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (b) if your Application was rejected because you did not provide a CDS Account number, your application monies will be refunded via a banker's draft sent to the address stated in the NRIC or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document issued by the National Registration Department from time to time or the Authority Card in the case of armed forces or police personnel at your own risk;
  - (c) a number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which subsequently rejected or unsuccessful or only partly successful will be refunded without interest as per items (a) and (b) above (*as the case may be*); and
  - (d) the Issuing House, acting on the authority of our Board, reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants. These monies will be refunded by crediting into your bank account (the same bank account you have provided to Bursa Depository for purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository or as per item (b) above (*as the case may be*), then the application monies will be refunded via a banker's draft sent by ordinary/ registered post to your address maintained with Bursa Depository within 10 Market Days from the date of the final ballot at your own risk.
- (xiii) You shall ensure that your personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered or correspondence address registered with Bursa Depository.
  - (xiv) Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC/ valid temporary identity document issued by the National Registration Department/ "Resit Pengenalan Sementara (KPPK 09)"/ authority card for armed forces or police personnel/ certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable) into the Official "A" envelope and seal it.
  - (xv) You must write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC/ valid temporary identity document issued by the National Registration Department/ "Resit Pengenalan Sementara (KPPK 09)"/ authority card for armed forces or police personnel/ certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable).
  - (xvi) Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (xvii) Your completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents, must be despatched by ORDINARY POST in the official envelopes provided, to the following address:

**Tricor Investor & Issuing House Services Sdn Bhd (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur**

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5.00 p.m. on 22 February 2018 or such further period or periods as our Board, Promoters and Selling Shareholders together with our Underwriter in their absolute discretion may mutually decide.

**PLEASE DIRECT ALL YOUR ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO THE ISSUING HOUSE.**

**15.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION**

**15.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (i) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account.
- (ii) You must have a CDS Account.
- (iii) You are to apply for our IPO Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the Application are set out in **Section 15.5.3** of this Prospectus under the Terms and Conditions for Electronic Share Application. You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:
- Personal Identification Number ("**PIN**");
  - **TIIH Share Issue Account No. 676**;
  - CDS Account number;
  - Number of the shares applied for and/or the RM amount to be debited from the account; and
  - Confirmation of several mandatory statements.

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**15.5.2 Participating Financial Institutions**

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches with the respective processing fees:

- Affin Bank Berhad – No fee will be charged for Application by their account holders;
- Alliance Bank Malaysia Berhad – RM1.00;
- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50;
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (as selected branches only) – RM2.50.

**15.5.3 Terms and conditions for Electronic Share Application**

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in **Section 15.5.1** of this Prospectus. The Steps set out the actions that you must take at the ATM to complete an Electronic Share Application. You are advised to read and understand the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

**You must be an individual with a CDS Account to make an Electronic Share Application. The CDS Account must be in your own name. Invalid, nominee or third party CDS Accounts will not be accepted.**

You must have an existing bank account with, and be an ATM cardholder of, 1 of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by 1 of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record that you have completed a transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by us or the Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for our IPO Shares, on 22 February 2018 at 5.00 p.m. ("**Closing Date**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' Applications for our IPO Shares to Issuing House as soon as practicable but not later than 12.00 p.m. of the 2<sup>nd</sup> business day after the Closing Date.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

You will be allowed to make an Electronic Share Application for our IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only 1 Application. If you have a bank account with a Participating Financial Institution and have been issued an ATM card, you will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only 1 Application.

**YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING CONDITIONS.**

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below:

- (i) Your Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Constitution.
- (ii) You are required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
  - you have attained 18 years of age as at the Closing Date of the Share Application;
  - you are a Malaysian citizen residing in Malaysia;
  - you have read the relevant Prospectus and understood and agreed with the terms and conditions of the Application;
  - this is the only Application that you are submitting, save for **Pink Application Form**; and
  - you give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

Your Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to Issuing House or any other relevant regulatory bodies.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (iii) YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OUR IPO SHARES AS A NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT YOU MAKE IS MADE BY YOU AS THE BENEFICIAL OWNER. YOU SHALL ONLY MAKE 1 ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR IPO SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED **WHITE APPLICATION FORMS** OR VIA INTERNET SHARE APPLICATION.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of our IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or button on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Constitution.
- (vi) The Issuing House acting on the authority of our Board reserves the right to reject or accept any Electronic Share Application in whole or in part only on a non-discriminatory basis without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (vii) The Issuing House shall inform the relevant Participating Financial Institution of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. Where your Electronic Share Application is unsuccessful, the relevant Participating Financial Institution will credit the full amount of the Application monies, in Ringgit Malaysia (without interest or any share of revenue or benefit arising therefrom) into your account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from the Issuing House. You may check your accounts on the 5<sup>th</sup> Market Day after the final balloting day.

For any successfully balloted Applications which are subsequently rejected, the application monies relating to these Applications will be refunded (*without interest or any share of revenue or other benefit arising therefrom*) by the Participating Financial Institution by crediting into your account within 10 Market Days from the date of the final ballot.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. For Applications that are held in reserve and are subsequently unsuccessful (*or only partly successful*), the Issuing House shall inform the relevant Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will then credit the application monies (*or any part thereof but without interest or any share of revenue or other benefit arising therefrom*) into your account within 2 Market Days after the receipt of written confirmation from the Issuing House.

- (viii) You request and authorise us:
- to credit our IPO Shares allotted or allocated to you into your CDS Account; and
  - to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (ix) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of the Issuing House or the Participating Financial Institutions or Bursa Depository, and irrevocably agree that if:
- we or the Issuing House do/does not receive your Electronic Share Application; or
  - data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or the Issuing House,
- you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against us, the Issuing House, the Participating Financial Institutions or Bursa Depository for our IPO Shares applied for or for any compensation, loss or damage.
- (x) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and we, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to your registered address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:
- in consideration of us agreeing to allow and accept the making of any Application for IPO Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/their control;
  - notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase our IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of our IPO Shares;
  - you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of our IPO Shares allotted or allocated to you; and
  - you agree that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (xiii) Our Board reserves the right to require you, if your Application is successful, to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) The Issuing House, acting on the authority of our Board reserves the right to reject your Application, if it does not conform to these instructions.

**15.6 APPLICATIONS USING INTERNET SHARE APPLICATION****15.6.1 Steps for Internet Share Application**

The exact procedure to apply for our IPO Shares via Internet Share Application is as set out on the internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps needed to be carried out at the internet financial services website of the Internet Participating Financial Institution for Internet Share Application.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

**PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION MAY DIFFER FROM THE STEPS OUTLINED BELOW.**

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (ii) Log in to the internet financial services facility by entering your user identification and PIN/password.
- (iii) Navigate to the section of the website on Applications in respect of initial public offerings.
- (iv) Select the counter in respect of our IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) On the following screen, complete the online Application form.
- (vii) Check that the information contained in the online Application form such as the share counter, NRIC number, CDS Account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online Application form.
- (viii) By confirming such information, you undertake that the following mandatory statements are true and correct:
  - you have attained 18 years of age as at the Closing Date of the share Application;
  - you are a Malaysian citizen residing in Malaysia;
  - you have, prior to making the Internet Share Application, received and/or had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
  - you agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our IPO Shares;
  - the Internet Share Application is the only Application that you are submitting for our IPO Shares, save for **Pink Application Form**;
  - you authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;



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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- you give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
  - YOU ARE NOT APPLYING FOR OUR IPO SHARES AS A NOMINEE OF ANY OTHER PERSON AND THE APPLICATION IS MADE IN YOUR OWN NAME AS THE BENEFICIAL OWNER AND ARE SUBJECT TO THE RISKS REFERRED TO IN THIS PROSPECTUS; AND
  - you authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO; all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (ix) Upon submission of the online Application form, you will be linked to the website of the Authorised Financial Institution to effect online payment of the Application monies for our IPO.
- (x) As soon as the transaction is complete, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the Application of our IPO is being made.
- (xi) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and retention.

**15.6.2 Terms and Conditions for Internet Share Application**

Your Application for our IPO Shares may be made through the internet financial services website of the Internet Participating Financial Institutions.

YOU ARE ADVISED NOT TO APPLY FOR OUR IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****15.6.3 Internet Participating Financial Institutions**

Internet Share Applications may be made through the respective websites of the following Participating Financial Institutions subject to payment of their respective processing fees:

- Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) – No fee is charged for Applications by their account holders;
- Alliance Bank Malaysia Berhad ([www.allianceonline.com.my](http://www.allianceonline.com.my)) – RM1.00;
- CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) – RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;
- CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;
- Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00;
- Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) – RM2.00; and
- RHB Bank Berhad ([www.rhbgroup.com](http://www.rhbgroup.com)) – RM2.50.

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATION SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATION IN RESPECT OF OUR IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out below:

- (i) In order to make an Internet Share Application, you must:
  - be an individual with a CDS Account; and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the Application instead of a CDS Account registered in the joint account holders' names;
  - have an existing account with access to internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification and PIN/ password for the relevant internet financial services facilities; and
  - be a Malaysian citizen and have a Malaysian address.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Do note that a user identification and PIN/ password issued by 1 Internet Participating Financial Institution cannot be used to apply for our IPO Shares at internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Constitution.
- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:
- you have attained 18 years of age as at the date of the Application for our IPO Shares;
  - you are a Malaysian citizen residing in Malaysia;
  - you have, prior to making the Internet Share Application, received and/or have had access to a printed/ electronic copy of this Prospectus, the contents of which you have read and understood;
  - you agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our IPO Shares;
  - the Internet Share Application is the only Application that you are submitting for our IPO Shares, save for **Pink Application Form**;
  - you authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
  - you give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
  - you are not applying for our IPO Shares as a nominee of any other person and the Application is made in your own name as the beneficial owner and subject to the risks referred to in this Prospectus; and

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- you authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our IPO; all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
  
- (iv) Your Application will not be successfully completed and cannot be recorded as a completed Application unless you have completed all relevant Application Steps and procedures for the Internet Share Application which would result in the internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "**Confirmation Screen**" shall mean the screen which appears or is displayed on the internet financial services website which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for, which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in **Section 15.6.3(iii)** of this Prospectus.

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to pay for our IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the internet financial services website through which the Internet Share Application is made shall be rejected.
  
- (vi) You irrevocably agree and undertake to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of the Internet Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
  - your agreement to be bound by our Constitution.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our IPO Shares will be rejected. The Issuing House, acting on the authority of our Board, reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (viii) If your Internet Share Application is unsuccessful or successful in part only, the Issuing House shall inform the relevant Internet Participating Financial Institution of the unsuccessful or partially successful Internet Share Application within 2 Market Days after the balloting date. Where your Internet Share Application is unsuccessful, the relevant Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the Application monies, in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 Market Days after receipt of written confirmation from the Issuing House. You may check your account on the 5<sup>th</sup> Market Day after the balloting date.

For any successfully balloted Applications which are subsequently rejected, the application monies relating to these Applications will be refunded (*without interest or any share of revenue or other benefit arising therefrom*) by the Participating Financial Institution by crediting into your account within 10 Market Days from the date of the final ballot.

A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. For Applications that are held in reserve and are subsequently unsuccessful (*or only partly successful*), the Issuing House shall inform the relevant Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will then credit the application monies (*or any part thereof but without interest or any share of revenue or other benefit arising therefrom*) into your account within 2 Market Days after the receipt of written confirmation from the Issuing House.

Except where the Issuing House is required to refund Application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of Application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which the Application was made in respect of the mode or procedure of enquiring on the status of the Internet Share Application in order to determine the status or exact number of IPO Shares allotted or allocated, if any, before the trading of our IPO Shares on Bursa Securities.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 22 February 2018 or such other date(s) as our Board, Promoters and Selling Shareholders together with our Underwriter may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion i.e. when the Confirmation Screen is displayed on the internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (x) You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution. If, in any such event, we, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to our IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (xi) All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the relevant Internet Participating Financial Institutions and all other persons who are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allotment or allocation will be sent to your registered address last maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (xii) By making and completing an Internet Share Application, you are deemed to have agreed that:
- in consideration of us making available the Internet Share Application facility to you through the Internet Participating Financial Institutions acting as our agents, the Internet Share Application is irrevocable;
  - you have irrevocably requested and authorised us to register our IPO Shares allotted or allocated to you for deposit into your CDS Account;

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities, or due to any risk referred to in **Section 15.6.3(x)** of this Prospectus or to any cause beyond their control;
- you shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by the Issuing House, us and/or the Internet Participating Financial Institution for reasons of multiple Applications, suspected multiple Applications, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
- the acceptance of your offer to subscribe for our IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
- you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
- in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, our Principal Adviser and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which you may have relied on in making the Internet Share Application; and
- the acceptance of your Internet Share Application and the contract resulting therefrom under our IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.

**15.7 OVER/ UNDER-SUBSCRIPTION**

In the event of an over-subscription, the Issuing House will conduct a ballot in a manner approved by our Directors to determine acceptance of Applications. In determining the manner of balloting, our Directors will consider the desirability of distributing our IPO Shares in a fair and equitable manner to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up share capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our Listing and completion of this IPO. We expect to achieve this at the point of our Listing. However, in the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the occurrence of such event, monies paid in respect of all Applications will be returned without interest.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

In the event of an under-subscription for our IPO Shares reserved for Application by the Malaysian Public, all such IPO Shares not applied for will be made available for subscription by 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. Any remaining IPO Shares will subsequently be made available for subscription by our institutional and identified investors as described in **Sections 3.3.1(iii), 3.3.1(iv) and 3.3.2** of this Prospectus and, if our IPO Shares continue to be under-subscribed, such IPO Shares will be subscribed by our Underwriter pursuant to the Underwriting Agreement.

Our IPO Shares reserved for subscription by our eligible Directors and employees as well as persons who have contributed to the success of our Group will be underwritten based on the terms of the Underwriting Agreement.

Our IPO Shares reserved for subscription by institutional and identified investors will not be underwritten.

Where your successfully balloted Application under **White Application Form** is subsequently rejected, the full amount of your Application monies will be refunded without interest to you within 10 Market Days from the date the final ballot of the Application lists to your address registered with Bursa Depository.

Where your successfully balloted Application under the Electronic Share Application or Internet Share Application is subsequently rejected, the full amount of your Application monies will be refunded without interest to you by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution respectively.

**15.8 APPLICATIONS AND ACCEPTANCES**

The Issuing House, acting on the authority of our Board reserves the right not to accept your Application, if it does not strictly comply with the instructions, or to accept your Application in part only without assigning any reason therefor.

The submission of an Application Form does not necessarily mean that the Application will be successful.

**YOUR APPLICATION MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.**

**IF YOUR APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR BY CREDITING INTO YOUR BANK ACCOUNT WHICH HAS BEEN REGISTERED WITH BURSA DEPOSITORY FOR THE PURPOSES OF CASH DIVIDEND/ DISTRIBUTION TO YOU WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT YOUR ADDRESS LAST MAINTAINED WITH BURSA DEPOSITORY AT YOUR OWN RISK.**

**NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.**



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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**15.9 CDS ACCOUNTS**

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. In consequence thereof, our IPO Shares issued/ offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS Accounts. Thus, we will not issue any share certificates to you.

Only if you have a CDS Account can you make an Application by way of an Application Form. If you apply using an Application Form, you should state your CDS Account number in the allocated field in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to the Issuing House or us and any relevant regulatory bodies, as the case may be. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an Application for our Shares.

Only if you have a CDS Account can you make an Application by way of an Electronic Share Application. If you apply by way of an Electronic Share Application, you shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

Only if you have a CDS Account can you make an Application by way of an Internet Share Application. In certain cases, you can only make an Internet Share Application if you have a CDS Account opened with the Internet Participating Financial Institution. Arising therewith, your CDS Account number will automatically appear in the e-IPO online Application form.

If you fail to comply with these specific instructions or there are inaccuracies in the CDS Account number arising from use of invalid, third party or nominee accounts, your Application may be rejected. If you are successful in your Application but fail to state your CDS Account number, the Issuing House, acting on the authority of our Board, reserves the right to reject your Application. The Issuing House, acting on the authority of our Board, also reserves the right to reject any incomplete and inaccurate Applications. We may also reject your Application if your particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application, differ from those in Bursa Depository's records, such as your NRIC number, name and nationality.

**15.10 NOTICE OF ALLOTMENT**

If your Application is successful or partially successful, we will credit our Shares allotted to your CDS Accounts. We will despatch a notice of allotment to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your Application as we will not be issuing any share certificate to you.

You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which we shall send the notification letter on your allotment to your address last maintained with Bursa Depository.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****15.11 ENQUIRIES**

You may also check the status of your Application by calling your respective ADAs at the telephone numbers stated in **Section 15.12** hereof or at the telephone numbers stated below between 5 to 10 market days (during office hours only) of making your Application; or by checking the website stated below after the date of allotment of the Shares:

Issuing House Enquiry Services : +603 2783 9299  
 Issuing House Website : [www.myetricor.com](http://www.myetricor.com)

**15.12 LIST OF ADAS**

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

| <b>Name</b>                        | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|------------------------------------|---|--------------------|
| <b><u>KUALA LUMPUR</u></b>         |   |                    |
| AFFIN HWANG INVESTMENT BANK BERHAD | Ground, Mezzanine & 3rd Floor<br>Chulan Tower<br>No. 3, Jalan Conlay<br>50450 Kuala Lumpur<br>Tel No.: +603 2143 8668               | 068-018            |
| AFFIN HWANG INVESTMENT BANK BERHAD | No. 38A & 40A<br>Jalan Midah 1<br>Taman Midah<br>Cheras<br>56000 Kuala Lumpur<br>Tel No.: +603 9130 8803                            | 068-021            |
| ALLIANCE INVESTMENT BANK BERHAD    | 17th Floor, Menara Multi-Purpose<br>Capital Square<br>No. 8, Jalan Munshi Abdullah<br>50100 Kuala Lumpur<br>Tel No.: +603 2604 3333 | 076-001            |
| AMINVESTMENT BANK BERHAD           | 8-9, 11-18, 21-25 Floor<br>Bangunan AmBank Group<br>55, Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel No.: +603 2036 2633          | 086 001            |
| BIMB SECURITIES SDN BHD            | 32nd Floor, Menara Multi-Purpose<br>Capital Square<br>No. 8, Jalan Munshi Abdullah<br>50100 Kuala Lumpur<br>Tel No.: +603 2691 8887 | 024-001            |
| CIMB INVESTMENT BANK BERHAD        | Principal Office Level 17<br>Menara CIMB<br>Jalan Stesen Sentral 2<br>50470 Kuala Lumpur<br>Tel No.: +603 2261 8888                 | 065-001            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                    | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|--|---|--------------------|
| <b><u>KUALA LUMPUR (Cont'd)</u></b>            |   |                    |
| CITIGROUP GLOBAL MARKETS<br>MALAYSIA SDN BHD   | Level 43, Menara Citibank<br>165 Jalan Ampang<br>50450 Kuala Lumpur<br>Tel No.: +603 2383 3890                                    | 038-001            |
| CLSA SECURITIES MALAYSIA SDN<br>BHD            | Bilik 20-01, Aras 20<br>Menara Dion2<br>7 Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel No.: +603 2056 7888                    | 033-001            |
| CREDIT SUISSE SECURITIES<br>(MALAYSIA) SDN BHD | Suite 7.6, Level 7<br>Menara IMC8<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel No.: +603 2723 2020                         | 036-001            |
| FA SECURITIES SDN BHD                          | A-10-17 & A-10-1<br>Level 10, Menara UOA Bangsar<br>No. 5, Jalan Bangsar Utama 1<br>59000 Kuala Lumpur<br>Tel No.: +603 2288 1676 | 021-002            |
| HONG LEONG INVESTMENT BANK<br>BERHAD           | Level 6, 7, 17, 19, 22 & 23<br>Menara HLA<br>No. 3, Jalan Kia Peng<br>50450 Kuala Lumpur<br>Tel No.: +603 2168 1168               | 066-001            |
| AFFIN HWANG INVESTMENT BANK<br>BERHAD          | Tingkat 2, Bangunan AHP<br>No. 2, Jalan Tun Mohd Fuad 3<br>Taman Tun Dr. Ismail<br>60000 Kuala Lumpur<br>Tel No.: +603 7710 6688  | 068-009            |
| INTER-PACIFIC SECURITIES SDN<br>BHD            | West Wing, Level 13<br>Berjaya Times Square<br>No. 1, Jalan Imbi<br>55100 Kuala Lumpur<br>Tel No.: +603 2117 1888                 | 054-001            |
| INTER-PACIFIC SECURITIES SDN<br>BHD            | Tingkat Bawah, 7-0-8<br>Jalan 3/109F<br>Danau Business Centre<br>Danau Desa<br>58100 Kuala Lumpur<br>Tel No.: +603 7984 7796      | 054-003            |
| INTER-PACIFIC SECURITIES SDN<br>BHD            | No.33 (First Floor)<br>Jalan Radin Bagus<br>57000 Bandar Baru Seri Petaling<br>Tel No.: +603 9056 2922                            | 054-007            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                    | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|--|--|--------------------|
| <b><u>KUALA LUMPUR (Cont'd)</u></b>            |  |                    |
| J.P.MORGAN SECURITIES<br>(MALAYSIA) SDN BHD    | Level 18, Integra Tower<br>The Intermark<br>348 Jalan Tun Razak<br>50250 Kuala Lumpur<br>Tel No.: +603 2718 0500   | 035-001            |
| JUPITER SECURITIES SDN BHD                     | Level 8 & 9, Menara Olympia<br>8, Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel No.: +603 2034 1888   | 055-001            |
| KAF-SEAGROATT & CAMPBELL<br>SECURITIES SDN BHD | 11th - 14th Floor<br>Chulan Tower<br>No. 3, Jalan Conlay<br>50450 Kuala Lumpur<br>Tel No.: +603 2171 0228  | 053-001            |
| KENANGA INVESTMENT BANK<br>BERHAD              | Level 10, 11 & 12<br>Kenanga Tower<br>237 Jalan Tun Razak<br>50400 Kuala Lumpur<br>Tel No.: +603 2164 9080   | 073-001            |
| KENANGA INVESTMENT BANK<br>BERHAD              | M3-A-7 & M3-A-8<br>Jalan Pandan Indah 4/3A<br>Pandan Indah<br>55100 Kuala Lumpur<br>Tel No.: +603 4297 8806  | 073-020            |
| KENANGA INVESTMENT BANK<br>BERHAD              | Ground, Mezzanine, 1st & 2nd<br>Floors (West & Center Wing) & 1st<br>Floor East Wing<br>Bangunan ECM Libra<br>8, Jalan Damansara Endah<br>Damansara Heights<br>50490 Kuala Lumpur<br>Tel No.: +603 2089 2888 | 073-021            |
| KENANGA INVESTMENT BANK<br>BERHAD              | 1st Floor, Wisma Genting<br>Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel No.: +603 2178 1133   | 073-029            |
| M & A SECURITIES SDN BHD                       | Aras 1-3, No. 45 & 47 and No. 43-6<br>The Boulevard, Bandar Mid Valley<br>Lingkaran Syed Putra<br>59200 Kuala Lumpur<br>Tel No.: +603 2282 1820  | 057-002            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                       | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|---|---|--------------------|
| <b><u>KUALA LUMPUR (Cont'd)</u></b>               |   |                    |
| M & A SECURITIES SDN BHD                          | 22A & 22A-1<br>Jalan Kuchai Maju 1<br>Kuchai Entrepreneurs' Park<br>Off Jalan Kuchai Lama<br>58200, Kuala Lumpur<br>Tel No.: +603 7983 9890 | 057-004            |
| MACQUARIE CAPITAL<br>SECURITIES(MALAYSIA) SDN BHD | Aras 10, Menara Dion<br>27 Jalan Sultan Ismail<br>50250, Kuala Lumpur<br>Tel. No.: +603 2059 8833   | 032-001            |
| MALACCA SECURITIES SDN BHD                        | No 76, Jalan Wangsa Maju<br>Delima 6<br>Pusat Bandar Wangsa Maju (KLSC)<br>53300 Setapak<br>Kuala Lumpur<br>Tel No.: +603 4144 2565         | 012-012            |
| MAYBANK INVESTMENT BANK<br>BERHAD                 | Tingkat 5-13, MaybanLife Tower<br>Dataran Maybank<br>No. 1, Jalan Maarof<br>59000 Kuala Lumpur<br>Tel No.: +603 2297 8888                   | 098-001            |
| MAYBANK INVESTMENT BANK<br>BERHAD                 | Tingkat 27, 31 to 33<br>Menara Maybank<br>100 Jalan Tun Perak<br>50050 Kuala Lumpur<br>Tel No.: +603 2059 1888                              | 098-007            |
| MERCURY SECURITIES SDN BHD                        | L-7-2, No.2 Jalan Solaris<br>Solaris Mont Kiara<br>50480 Kuala Lumpur<br>Tel No.: +603 6203 7227  | 093-002            |
| MIDF AMANAH INVESTMENT BANK<br>BHD                | 8th, 9th, 10th, 11th & 12th Floor<br>Menara MIDF<br>82, Jalan Raja Chulan<br>50200 Kuala Lumpur<br>Tel No.: +603 2173 8888                  | 026-001            |
| NOMURA SECURITIES MALAYSIA<br>SDN BHD             | Suite 16.5, Level 16<br>Menara IMC, Letter Box 47<br>8 Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Tel No.: +603 2027 6811                 | 037-001            |
| PM SECURITIES SDN BHD                             | Ground Floor<br>Menara PMI<br>No. 2, Jalan Changkat Ceylon<br>50200 Kuala Lumpur<br>Tel No.: +603 2146 3000                                 | 064-001            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                         | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|-------------------------------------|---|--------------------|
| <b><u>KUALA LUMPUR (Cont'd)</u></b> |   |                    |
| PUBLIC INVESTMENT BANK BERHAD       | 27th Floor, Bangunan Public Bank<br>No. 6, Jalan Sultan Sulaiman<br>50000 Kuala Lumpur<br>Tel No.: +603 2031 3011   | 051-001            |
| RHB INVESTMENT BANK BERHAD          | Tingkat 10, Tower One<br>RHB Centre<br>Jalan Tun Razak<br>50400 Kuala Lumpur<br>Tel No.: +603 9287 3888   | 087-001            |
| RHB INVESTMENT BANK BERHAD          | Tingkat 12, 15 (Sebahagian),<br>20 (Sebahagian) & 21, Plaza OSK<br>Jalan Ampang<br>50450 Kuala Lumpur<br>Tel No.: +603 2333 8333                              | 087-018            |
| RHB INVESTMENT BANK BERHAD          | No. 62, 62-1, 64 & 64-1<br>Vista Magna<br>Jalan Prima, Metro Prima<br>52100 Kepong<br>Kuala Lumpur<br>Tel No.: +603 6257 5869                                 | 087-028            |
| RHB INVESTMENT BANK BERHAD          | No. 5 & 7<br>Jalan Pandan Indah 4/33<br>Pandan Indah<br>55100 Kuala Lumpur<br>Tel No.: +603 4280 4798   | 087-054            |
| RHB INVESTMENT BANK BERHAD          | Ground, First, Second and Third<br>Floor<br>No. 55, Zone J4<br>Jalan Radin Anum<br>Bandar Baru Seri Petaling<br>57000 Kuala Lumpur<br>Tel No.: +603 9058 7222 | 087-058            |
| TA SECURITIES HOLDINGS BHD          | Tingkat 13-15, 23, 28-30, 32, 34 & 35<br>No. 22, Jalan P. Ramlee<br>50250 Kuala Lumpur<br>Tel No.: +603 2072 1277   | 058-003            |
| UBS SECURITIES MALAYSIA SDN BHD     | Level 7<br>Wisma Hong Leong<br>18, Jalan Perak<br>50450, Kuala Lumpur<br>Tel No.: +603 2781 1100  | 031-001            |
| UOB KAY HIAN SECURITIES (M) SDN BHD | N3, Plaza Damas<br>60, Jalan Sri Hartamas 1<br>Sri Hartamas<br>50480 Kuala Lumpur<br>Tel No.: +603 6205 6000  | 078-004            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                         | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|-------------------------------------|---|--------------------|
| <b><u>KUALA LUMPUR (Cont'd)</u></b> |   |                    |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Ground & 19th Floor<br>Menara Keck Seng<br>203 Jalan Bukit Bintang<br>55100 Kuala Lumpur<br>Tel No.: +603 2147 1888   | 078-010            |
| <b><u>SELANGOR DARUL EHSAN</u></b>  |   |                    |
| AFFIN HWANG INVESTMENT BANK BERHAD  | 3rd & 4th floors, Wisma Meru<br>No. 1, Lintang Pekan Baru<br>Off Jalan Meru<br>41050 Klang<br>Selangor Darul Ehsan<br>Tel No.: +603 3343 9999                           | 068-019            |
| AFFIN HWANG INVESTMENT BANK BERHAD  | Lot 229, Tingkat 2, The Curve<br>No. 6, Jalan PJU 7/3<br>Mutiara Damansara<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 7729 8016                    | 068-020            |
| AMINVESTMENT BANK BERHAD            | Aras 4, Plaza Damansara Utama<br>No 2, Jalan SS 21/60<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 7710 6613   | 086 003            |
| CIMB INVESTMENT BANK BERHAD         | Level G & Level 1<br>Tropicana City Office Tower<br>No.3 Jalan SS 20/27<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 7717 3388                       | 065-009            |
| HONG LEONG INVESTMENT BANK BERHAD   | Level 25 & 26<br>Menara LGB<br>No.1 Jalan Wan Kadir<br>60000 Kuala Lumpur<br>Selangor Darul Ehsan<br>Tel No.: +603 7723 6300  | 066-002            |
| AFFIN HWANG INVESTMENT BANK BERHAD  | 16th, 18th-20th Floor<br>Plaza Masalam<br>No. 2, Jalan Tengku Ampuan<br>Zabedah<br>E9/E Section 9<br>40100 Shah Alam<br>Selangor Darul Ehsan<br>Tel No.: +603 5513 3288 | 068-002            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                 | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|---|--|--------------------|
| <b><u>SELANGOR DARUL EHSAN (Cont'd)</u></b> |  |                    |
| AFFIN HWANG INVESTMENT BANK BERHAD          | East Wing & Centre Link<br>Tingkat 3A, Wisma Consplant 2<br>No. 7, Jalan SS 16/1<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 5635 6688   | 068-010            |
| JF APEX SECURITIES BHD                      | 3rd, 5th, 6th and 10th Floor<br>Menara Apex<br>Off Jalan Semenyih<br>Bukit Mewah<br>43000 Kajang<br>Selangor Darul Ehsan<br>Tel No.: +603 8736 1118        | 079-001            |
| JF APEX SECURITIES BHD                      | Level 16<br>Menara Choy Fook On<br>No. 1B, Jalan Yong Shook Lin<br>46050 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 7620 1118                  | 079-002            |
| JF APEX SECURITIES BHD                      | Block J-6-3A, Setia Walk<br>PSN Wawasan<br>Pusat Bandar Puchong<br>47160 Puchong<br>Selangor Darul Ehsan<br>Tel No.: +603 5879 0163                        | 079-004            |
| JUPITER SECURITIES SDN BHD                  | No. 42 – 46, 3rd Floor<br>Jalan SS19/1D<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 5632 4838  | 055-004            |
| KENANGA INVESTMENT BANK BERHAD              | Ground – Fifth Floor<br>East Wing, Quattro West<br>No. 4, Lorong Persiaran Barat<br>46200 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 7862 6200 | 073-005            |
| KENANGA INVESTMENT BANK BERHAD              | 55C (2nd Floor)<br>Jalan USJ 10/1F<br>47610 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 8024 1773   | 073-006            |



**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                 | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|---|--|--------------------|
| <b><u>SELANGOR DARUL EHSAN (Cont'd)</u></b> |  |                    |
| KENANGA INVESTMENT BANK<br>BERHAD           | Lot 240, Second Floor<br>The Curve<br>No. 6, Jalan PJU 7/3<br>Mutiara Damansara<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 7725 9095                          | 073-016            |
| KENANGA INVESTMENT BANK<br>BERHAD           | Level 1 East Wing<br>Wisma Consplant 2<br>No. 7, Jalan SS16/1<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 5621 2118  | 073-030            |
| KENANGA INVESTMENT BANK<br>BERHAD           | No. 35, Ground, 1st and 2nd Floor<br>Jalan Tiara 3<br>Bandar Baru Klang<br>41150 Klang<br>Selangor Darul Ehsan<br>Tel No.: +603 3348 8080  | 073-035            |
| MALACCA SECURITIES SDN BHD                  | No. 16, Jalan SS15/4B<br>47500 Subang Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 5636 1533  | 012-002            |
| MALACCA SECURITIES SDN BHD                  | No. 58A & 60A<br>Jalan SS2/67<br>47300 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: 1300 221 223  | 012-003            |
| MALACCA SECURITIES SDN BHD                  | No. 39-2,<br>Jalan Temenggung<br>21/9 Seksyen 9<br>43200 Mahkota Cheras<br>Selangor Darul Ehsan<br>Tel No.: +603 9011 5913   | 012-011            |
| MAYBANK INVESTMENT BANK<br>BERHAD           | Suite 8.02, Level 8<br>Menara Trend,<br>Intan Millenium Square<br>68 Jalan Batai Laut 4<br>Taman Bukit Cemerlang<br>41300 Klang<br>Selangor Darul Ehsan<br>Tel No.: +603 3050 8888 | 098-003            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                 | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|---|--|--------------------|
| <b><u>SELANGOR DARUL EHSAN (Cont'd)</u></b> |  |                    |
| MAYBANK INVESTMENT BANK BERHAD              | Wisma Bently Music<br>Level 1, No. 3, Jalan PJU 7/2<br>Mutiara Damansara<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 7718 8888                     | 098-004            |
| PM SECURITIES SDN BHD                       | 1st Floor, 157-A<br>Jalan Kenari 2A<br>Bandar Puchong Jaya<br>47100 Puchong<br>Selangor Darul Ehsan<br>Tel No.: +603 8070 0773   | 064-003            |
| PM SECURITIES SDN BHD                       | No. 18 & 20, Jalan Tiara 2<br>Bandar Baru Klang<br>41150 Klang<br>Selangor Darul Ehsan<br>Tel No.: +603 3341 5300  | 064-007            |
| RHB INVESTMENT BANK BERHAD                  | 24, 24M, 24A, 26M, 28M, 28A, 30,<br>30M & 30A<br>Jalan SS2/63<br>47300 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 7873 6366                                | 087-011            |
| RHB INVESTMENT BANK BERHAD                  | No. 37, Jalan Semenyih<br>43000 Kajang<br>Selangor Darul Ehsan<br>Tel No.: +603 8736 3378  | 087-045            |
| RHB INVESTMENT BANK BERHAD                  | Tingkat Satu<br>10 & 11, Jalan Maxwell<br>48000 Rawang<br>Selangor Darul Ehsan<br>Tel No.: +603 6092 8916  | 087-047            |
| RHB INVESTMENT BANK BERHAD                  | Tingkat Bawah & Mezanin<br>No. 87 & 89, Jalan Susur<br>Pusat perniagaan NBC<br>Batu 1 ½ Jalan Meru<br>41050 Klang<br>Selangor Darul Ehsan<br>Tel No.: +603 3343 - 9180 | 087-048            |
| RHB INVESTMENT BANK BERHAD                  | Unit 1B, 2B & 3B<br>USJ 10/1J<br>47610 UEP Subang Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 8023 6518  | 087-059            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                 | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|---|--|--------------------|
| <b><u>SELANGOR DARUL EHSAN (Cont'd)</u></b> |  |                    |
| SJ SECURITIES SDN BHD                       | Ground Floor, Podium Block<br>Wisma Synergy<br>Lot 72, Persiaran Jubli Perak<br>Section 22<br>40000 Shah Alam<br>Selangor Darul Ehsan<br>Tel No.: +603 5192 0202     | 096-001            |
| SJ SECURITIES SDN BHD                       | No.A-3-11<br>Block Alamanda 3rd Floor,<br>10 Boulevard Lebuhraya Sprint<br>PJU 6A<br>47400, Damansara<br>Selangor Darul Ehsan<br>Tel No.: +603 7732 3862             | 096-005            |
| TA SECURITIES HOLDINGS BERHAD               | No. 2-1, 2-2, 2-3 & 4-2<br>Jalan USJ 9/5T<br>Subang Business Centre<br>47620 UEP Subang Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 8025 1880                      | 058-005            |
| TA SECURITIES HOLDINGS BERHAD               | Damansara Utama Branch<br>2nd Floor, Wisma TA<br>No. 1A, Jalan SS 20/1<br>Damansara Utama<br>47400 Petaling Jaya<br>Selangor Darul Ehsan<br>Tel No.: +603 7795 5713  | 058-007            |
| <b><u>PERAK DARUL RIDZUAN</u></b>           |  |                    |
| CIMB INVESTMENT BANK BERHAD                 | Ground, 1st, 2nd and 3rd Floor<br>No. 8, 8A-8C<br>Persiaran Greentown 4C<br>Greentown Business Centre<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 2088 688 | 065-010            |
| HONG LEONG INVESTMENT BANK<br>BERHAD        | 51-53, Persiaran Greenhill<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 2530 888  | 066-003            |
| AFFIN HWANG INVESTMENT BANK<br>BERHAD       | Tingkat Bawah, Aras 1, 2 & 3<br>21 Jalan Stesen<br>30400 Taiping<br>Perak Darul Ridzuan<br>Tel No.: +605 8066 688  | 068-003            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|--|---|--------------------|
| <b><u>PERAK DARUL RIDZUAN (Cont'd)</u></b> |   |                    |
| AFFIN HWANG INVESTMENT BANK BERHAD         | Tingkat Bawah, 1 & 2<br>No. 22, Persiaran Greentown 1<br>Greentown Business Centre<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 2559 988           | 068-015            |
| KENANGA INVESTMENT BANK BERHAD             | Ground, 1st, 2nd & 4th Floor<br>No. 63, Persiaran Greenhill<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 2422 828                                  | 073-022            |
| KENANGA INVESTMENT BANK BERHAD             | Ground Floor<br>No. 25 & 25A Jalan Jaya 2<br>Medan Jaya<br>32000 Sitiawan<br>Perak Darul Ridzuan<br>Tel No.: +605 6939 828                                  | 073-031            |
| M & A SECURITIES SDN BHD                   | 5th, 6th, & Unit 8A<br>M & A Building<br>52A, Jalan Sultan Idris Shah<br>30000 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 2419 800                        | 057-001            |
| MALACCA SECURITIES SDN BHD                 | 1st Floor Persiaran Greenhill<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 254 1533  | 012-013            |
| MAYBANK INVESTMENT BANK BERHAD             | B-G-04 (Aras Bawah), Aras 1 & 2<br>No. 42, Persiaran Greentown 1<br>Pusat Dagangan Greentown<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 2453 400 | 098-002            |
| RHB INVESTMENT BANK BERHAD                 | No. 17, Jalan Intan 2<br>Bandar Baru<br>36000 Teluk Intan<br>Perak Darul Ridzuan<br>Tel No.: +605 6236 498  | 087-014            |
| RHB INVESTMENT BANK BERHAD                 | Tingkat Bawah dan Tingkat Satu<br>No. 23 & 25<br>Jalan Lumut<br>32000 Sitiawan<br>Perak Darul Ridzuan<br>Tel No.: +605 6921 228                             | 087-016            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|--|---|--------------------|
| <b><u>PERAK DARUL RIDZUAN (Cont'd)</u></b> |   |                    |
| RHB INVESTMENT BANK BERHAD                 | 21-25, Jalan Seenivasagam<br>Greentown<br>30450 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 2415 100   | 087-023            |
| RHB INVESTMENT BANK BERHAD                 | Tingkat Bawah<br>No. 40, 42 & 44 Jalan Berek<br>34000 Taiping<br>Perak Darul Ridzuan<br>Tel No.: +605 8088 229  | 087-034            |
| RHB INVESTMENT BANK BERHAD                 | Tingkat Bawah dan Tingkat Satu<br>No.72, Jalan Idris<br>31900 Kampar<br>Perak Darul Ridzuan<br>Tel No.: +605 4651 261   | 087-044            |
| RHB INVESTMENT BANK BERHAD                 | No. 1 & 3, First Floor<br>Jalan Wawasan Satu<br>Taman Wawasan Jaya<br>34200 Parit Buntar<br>Perak Darul Ridzuan<br>Tel No.: +605 7170 888                                       | 087-052            |
| TA SECURITIES HOLDINGS BHD                 | Bahagian Kanan Tingkat Bawah<br>Tingkat 1 & 2<br>Plaza Teh Teng Seng<br>No. 227, Jalan Raja Permaisuri<br>Bainun<br>30250 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 2531 313 | 058-001            |
| UOB KAY HIAN SECURITIES (M) SDN BHD        | 153A Jalan Raja Musa Aziz<br>30300 Ipoh<br>Perak Darul Ridzuan<br>Tel No.: +605 2411 290  | 078-013            |
| <b><u>PENANG</u></b>                       |   |                    |
| ALLIANCE INVESTMENT BANK BERHAD            | Ground & Mezzanine Floor<br>Bangunan Berkath<br>21 Beach Street<br>10300, Georgetown<br>Penang<br>Tel No : +604 2611 688  | 076-015            |
| AMINVESTMENT BANK BERHAD                   | Mezzanine Floor & Level 3<br>No. 37, Jalan Sultan Ahmad Shah<br>10050 Penang<br>Tel No.: +604 2261 818  | 086 001            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                        | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|------------------------------------|---|--------------------|
| <b><u>PENANG (Cont'd)</u></b>      |   |                    |
| CIMB INVESTMENT BANK BERHAD        | Level 2, Menara BHL<br>51, Jalan Sultan Ahmad Shah<br>10050 Penang<br>Tel No.: +604 2385 900  | 065-003            |
| AFFIN HWANG INVESTMENT BANK BERHAD | Level 2, 3, 4, 5 & 7<br>Wisma Sri Pinang<br>60, Green Hall; and<br>Levels 2, 3, 4, 5, 6, 7 & 8<br>Wisma Sri Pinang II<br>42, Green Hall<br>10200 Penang<br>Tel No.: +604 2636 996 | 068-001            |
| AFFIN HWANG INVESTMENT BANK BERHAD | No. 2 & 4<br>Jalan Perda Barat<br>Bandar Perda<br>14000 Penang<br>Tel No.: +604 5372 882  | 068-006            |
| INTER-PACIFIC SECURITIES SDN BHD   | Canton Square<br>Level 2 & Level 3<br>No. 56 Cantonment Road<br>10250 Penang<br>Tel No.: +604 2268 288  | 054-002            |
| JF APEX SECURITIES BHD             | 368-2-5 Jalan Burmah<br>Belissa Row<br>10350 Pulau Tikus<br>Penang<br>Tel No.: +604 2289 118  | 079-005            |
| JUPITER SECURITIES SDN BHD         | 20-1 Persiaran Bayan Indah<br>Bayan Bay, Sungai Nibong<br>11900 Bayan Lepas<br>Penang<br>Tel No.: +604 641 2881   | 055-003            |
| KENANGA INVESTMENT BANK BERHAD     | 7th, 8th & 16th Floor<br>Menara Boustead<br>39, Jalan Sultan Ahmad Shah<br>10050 Penang<br>Tel No.: +604 2283 355   | 073-023            |
| M & A SECURITIES SDN BHD           | 332H-1 & 332G-2 Jalan Perak<br>11600 Georgetown<br>Penang<br>Tel No.: +604 2817 611   | 057-005            |
| M & A SECURITIES SDN BHD           | 9-1-33 Taman Kheng Kian<br>Jalan Van Praagh<br>11600 Georgetown<br>Penang<br>Tel No.: +604 2888 788   | 057-008            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                       | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|-----------------------------------|--|--------------------|
| <b><u>PENANG (Cont'd)</u></b>     |  |                    |
| MALACCA SECURITIES SDN BHD        | 48 Jalan Todak 2<br>13700 Seberang Jaya<br>Penang<br>Tel No.: +604 3905 669  | 012-006            |
| MALACCA SECURITIES SDN BHD        | No. 17, 1st Floor<br>Persiaran Bayan Indah<br>Taman Bayan Indah<br>11900 Bayan Lepas<br>Penang<br>Tel No.: +604 6421 533                       | 012-007            |
| MALACCA SECURITIES SDN BHD        | No.9-1-37, Taman Kheng Tian<br>Jalan Van Praagh<br>11600 Jelutong<br>Penang<br>Tel No.: +604 2816 822  | 012-014            |
| MAYBANK INVESTMENT BANK<br>BERHAD | Lot 1.02, Tingkat 1<br>Bangunan KWSP<br>Jalan Sultan Ahmad Shah<br>10050 Georgetown<br>Penang<br>Tel No.: 04 2196 888                          | 098-006            |
| MERCURY SECURITIES SDN BHD        | Ground, 1st, 2nd & 3rd Floor<br>Wisma UMNO<br>Lorong Bagan Luar Dua<br>Seberang Perai<br>12000 Butterworth<br>Penang<br>Tel No.: +604 3322 123 | 093-001            |
| MERCURY SECURITIES SDN BHD        | 2nd Floor<br>Standard Chartered Bank Chambers<br>2 Lebuhr Pantai<br>10300 Penang<br>Tel No.: +604 2639 118                                     | 093-004            |
| MERCURY SECURITIES SDN BHD        | 70-1-22 Jalan Mahsuri<br>11900 Bandar Bayan Baru<br>Penang<br>Tel No.: +604 6400 822   | 093-006            |
| PM SECURITIES SDN BHD             | 3rd, Wisma Wang<br>251-A Jalan Burmah<br>10350 Penang<br>Tel No.: +604 2273 000  | 064-004            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                            | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|--|--|--------------------|
| <b><u>PENANG (Cont'd)</u></b>          |  |                    |
| RHB INVESTMENT BANK BERHAD             | Aras Bawah, 1 dan 2<br>No. 2677, Jalan Chain Ferry<br>Taman Inderawasih<br>13600 Seberang Prai<br>Penang<br>Tel No.: +604 3900 022                               | 087-005            |
| RHB INVESTMENT BANK BERHAD             | Tingkat Bawah, Tingkat Satu dan<br>Tingkat Dua<br>No. 11A, Jalan Keranji<br>Off Jalan Padang Lallang<br>14000 Bukit Mertajam<br>Penang<br>Tel No.: +604 5402 888 | 087-015            |
| RHB INVESTMENT BANK BERHAD             | Tingkat Bawah – Tingkat 3 &<br>Tingkat 5 – Tingkat 8<br>64 & 64-D Lebuah Bishop<br>10200 Penang<br>Tel No.: +604 2634 222  | 087-033            |
| RHB INVESTMENT BANK BERHAD             | No. 15-G-5, 15-G-6, 15-1-5, 15-1-6,<br>15-2-5 dan 15-2-6 dan 15-2-24<br>Medan Kampung Relau (Bayan<br>Point)<br>11950 Penang<br>Tel No.: +604 6404 888           | 087-042            |
| TA SECURITIES HOLDINGS BHD             | 3rd Floor, Bangunan Heng Guan<br>No.171 Jalan Burmah<br>10050 Penang<br>Tel No.: +604 2272 339   | 058-010            |
| UOB KAY HIAN SECURITIES (M) SDN<br>BHD | 1st and 2nd Floor<br>Bangunan Heng Guan<br>No. 171 Jalan Burmah<br>10050 Penang<br>Tel No.: +604 2299 318  | 078-002            |
| UOB KAY HIAN SECURITIES (M) SDN<br>BHD | Ground & 1st Floor<br>No. 2, Jalan Perniagaan 2<br>Pusat Perniagaan Alma<br>14000 Bukit Mertajam<br>Penang<br>Tel No.: +604 5541 388                             | 078-003            |



**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                         | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|-------------------------------------|---|--------------------|
| <b><u>KEDAH DARUL AMAN</u></b>      |   |                    |
| ALLIANCE INVESTMENT BANK BERHAD     | 2nd Floor, Wisma PKNK<br>Jalan Sultan Badlishah<br>05000 Alor Setar<br>Kedah Darul Aman<br>Tel No.: +604 7317 088   | 076-004            |
| AFFIN HWANG INVESTMENT BANK BERHAD  | No. 70A, B & C, Jalan Mawar 1<br>Taman Pekan Baru<br>8000 Sungai Petani<br>Kedah Darul Aman<br>Tel No.: +604 4256 666   | 068-011            |
| MALACCA SECURITIES SDN BHD          | No.9 Tingkat Satu<br>Kompleks Perniagaan LITC<br>Jalan Putra Mergong<br>05150 Alor Setar<br>Kedah Darul Aman<br>Tel No.: +604 7300 299  | 012-017            |
| RHB INVESTMENT BANK BERHAD          | No. 112, Jalan Pengkalan<br>Taman Pekan Baru<br>8000 Sungai Petani<br>Kedah Darul Aman<br>Tel No.: +604 4204 888  | 087-017            |
| RHB INVESTMENT BANK BERHAD          | 35, Tingkat Bawah<br>Jalan Suria 1, Jalan Bayu<br>9000 Kulim<br>Kedah Darul Aman<br>Tel No.: +604 4964 888  | 087-019            |
| RHB INVESTMENT BANK BERHAD          | 214-A, 214-B, 215-A & 215-B<br>Medan Putra<br>Jalan Putra<br>05150 Alor Setar<br>Kedah Darul Aman<br>Tel No.: +604 7209 888   | 087-021            |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Lot 4, 5 & 5A<br>1st Floor EMUM 55<br>No. 55, Jalan Gangsa<br>Kawasan Perusahaan Mergong 2<br>Seberang Jalan Putra<br>5150 Alor Setar<br>Kedah Darul Aman<br>Tel No.: +604 7322 111 | 078-007            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|--|---|--------------------|
| <b><u>NEGERI SEMBILAN DARUL KHUSUS</u></b> |   |                    |
| AFFIN HWANG INVESTMENT BANK BERHAD         | 1st Floor 105, 107 & 109<br>Jalan Yam Tuan<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No.: +606 7612 288  | 068-007            |
| AFFIN HWANG INVESTMENT BANK BERHAD         | No. 6, Tingkat Atas<br>Jalan Mahligai<br>72100 Bahau<br>Negeri Sembilan Darul Khusus<br>Tel No.: +606 4553 188  | 068-013            |
| KENANGA INVESTMENT BANK BERHAD             | 1C & 1D, Ground & 1st Floor<br>Jalan Tunku Munawir<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No.: +606 7655 998                                      | 073-033            |
| MAYBANK INVESTMENT BANK BERHAD             | Wisma HM, Ground Floor<br>No. 43 Jalan Dr. Krishnan<br>70000, Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No.: +606 7669 555                                    | 098-005            |
| PM SECURITIES SDN BHD                      | 1st, 2nd & 3rd Floor<br>19-21, Jalan Kong Sang<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No.: +606 7623 131  | 064-002            |
| RHB INVESTMENT BANK BERHAD                 | Tingkat Bawah, Tingkat Satu & Tingkat Dua<br>No. 32 & 33,<br>Jalan Dato' Bandar Tunggal<br>70000 Seremban<br>Negeri Sembilan Darul Khusus<br>Tel No.: +606 7641 641 | 087-024            |
| RHB INVESTMENT BANK BERHAD                 | Tingkat Satu<br>No. 3601, Jalan Besar<br>73000 Tampin<br>Negeri Sembilan Darul Khusus<br>Tel No.: +606 4421 000   | 087-037            |
| RHB INVESTMENT BANK BERHAD                 | Tingkat Bawah & Tingkat Mezanin<br>No. 346 & 347, Batu 1/2<br>Jalan Pantai<br>71000 Port Dickson<br>Negeri Sembilan Darul Khusus<br>Tel No.: +606 6461 234          | 087-046            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <u>Name</u>                    | <u>Address and telephone number</u>   | <u>Broker Code</u> |
|--------------------------------|---|--------------------|
| <b><u>MELAKA</u></b>           |   |                    |
| CIMB INVESTMENT BANK BERHAD    | Ground, 1st & 2nd Floor<br>No. 191, Taman Melaka Raya<br>Off Jalan Parameswara<br>75000 Melaka<br>Tel No.: +606 2898 800    | 065-006            |
| KENANGA INVESTMENT BANK BERHAD | 71 (Ground, A&B) & 73 (Ground, A&B) Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No.: +606 2881 720            | 073-028            |
| KENANGA INVESTMENT BANK BERHAD | 22A & 22A-1 and 26 & 26-1<br>Jalan MP 10<br>Taman Merdeka Permai<br>75350 Batu Berendam<br>Melaka<br>Tel No.: +606 3372 550 | 073-034            |
| MALACCA SECURITIES SDN BHD     | No. 1, 3 & 5, Jalan PPM 9<br>Plaza Pandan Malim (Business Park)<br>Balai Panjang<br>75250 Melaka<br>Tel No.: +606 3371 533  | 012-001            |
| MERCURY SECURITIES SDN BHD     | No. 81-B & 83-B<br>Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No.: +606 2921 898                             | 093-003            |
| PM SECURITIES SDN BHD          | No. 6-1<br>Jalan Lagenda 2<br>Taman 1 Lagenda<br>75400 Melaka<br>Tel No.: +606 2866 008                                     | 064-006            |
| RHB INVESTMENT BANK BERHAD     | No. 19, 21 & 23<br>Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No.: +606 2849 885                             | 087-002            |
| RHB INVESTMENT BANK BERHAD     | 579, 580 & 581<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No.: +606 2825 211   | 087-026            |
| TA SECURITIES HOLDINGS BHD     | No. 59, 59A & 59B<br>Jalan Merdeka<br>Taman Melaka Raya<br>75000 Melaka<br>Tel No.: +606 2862 618                           | 058-008            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                         | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|-------------------------------------|--|--------------------|
| <b><u>MELAKA (Cont'd)</u></b>       |  |                    |
| UOB KAY HIAN SECURITIES (M) SDN BHD | 7-2 Jalan PPM8<br>Malim Business Park<br>75250 Melaka<br>Tel No.: +606 3352 511  | 078-014            |
| <b><u>JOHOR DARUL TAKZIM</u></b>    |  |                    |
| ALLIANCE INVESTMENT BANK BERHAD     | No. 73, Ground & 1st Floor<br>Jalan Rambutan<br>86000 Kluang<br>Johor Darul Takzim<br>Tel No.: +607 7717 922   | 076-006            |
| AMINVESTMENT BANK BERHAD            | 2nd, 3rd, 4th Floor<br>Penggaram Complex<br>1, Jalan Abdul Rahman<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No.: +607 4342 282                    | 086 002            |
| AMINVESTMENT BANK BERHAD            | 18th & 31st Floor<br>Selesa Tower<br>Jalan Dato' Abdullah Tahir<br>80300 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3343 855                     | 086 001            |
| CIMB INVESTMENT BANK BERHAD         | No. 73 Ground Floor,<br>No. 73A & No.79A First Floor<br>Jalan Kuning Dua<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3405 888            | 065-011            |
| AFFIN HWANG INVESTMENT BANK BERHAD  | Level 7, Johor Bahru City Square<br>(Office Tower)<br>1+606 108, Jalan Wong Ah Fook<br>80000 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 2222 692 | 068-004            |
| INTER-PACIFIC SECURITIES SDN BHD    | 95, Jalan Tun Abdul Razak<br>80000 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 2231 211   | 054-004            |
| JUPITER SECURITIES SDN BHD          | 30-1, Jalan Molek 1/10<br>Taman Molek<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3538 878   | 055-002            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                               | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|---|--|--------------------|
| <b><u>JOHOR DARUL TAKZIM (Cont'd)</u></b> |  |                    |
| KENANGA INVESTMENT BANK<br>BERHAD         | Level 2, Menara Pelangi<br>Jalan Kuning, Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3333 600                                      | 073-004            |
| KENANGA INVESTMENT BANK<br>BERHAD         | Tingkat Bawah dan Tingkat<br>Mezzanine<br>No. 34, Jalan Genuang<br>85000 Segamat<br>Johor Darul Takzim<br>Tel No.: +607 9333 500                                 | 073-009            |
| KENANGA INVESTMENT BANK<br>BERHAD         | No. 33 & 35, (Tingkat Bawah dan<br>Tingkat Satu A&B)<br>Jalan Syed Abdul Hamid Sagaff<br>86000 Kluang<br>Johor Darul Takzim<br>Tel No.: +607 7771 161            | 073-010            |
| KENANGA INVESTMENT BANK<br>BERHAD         | Tingkat Bawah<br>No. 4 Jalan Dataran 1<br>Taman Bandar Tangkak<br>84900 Tangkak<br>Johor Darul Takzim<br>Tel No.: +606 9782 292                                  | 073-011            |
| KENANGA INVESTMENT BANK<br>BERHAD         | No. 24, 24A & 24B<br>Jalan Penjaja 3<br>Kim Park Centre<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No.: +607 4326 963                                      | 073-017            |
| KENANGA INVESTMENT BANK<br>BERHAD         | Suite 16-02, 16-03 & 16-03A<br>Level 16, Manara MSC Cyberport<br>No. 5, Jalan Bukit Meldrum<br>80300 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 2237 423 | 073-019            |
| KENANGA INVESTMENT BANK<br>BERHAD         | No. 57, 59 & 61<br>Jalan Ali<br>84000 Muar<br>Johor Darul Takzim<br>Tel No.: +606 9531 222   | 073-024            |
| KENANGA INVESTMENT BANK<br>BERHAD         | Ground Floor<br>No. 234, Jalan Besar<br>Taman Semberong Baru<br>83700 Yong Peng<br>Johor Darul Takzim<br>Tel No.: +607 4678 885                                  | 073-025            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                               | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|---|--|--------------------|
| <b><u>JOHOR DARUL TAKZIM (Cont'd)</u></b> |  |                    |
| KENANGA INVESTMENT BANK<br>BERHAD         | 916 Ground Floor<br>Jalan Bakek<br>82000 Pontian<br>Johor Darul Takzim<br>Tel No.: +607 6861 121   | 073-037            |
| M & A SECURITIES SDN BHD                  | Suite 5.3A, Level 5<br>Menara Pelangi<br>Jalan Kuning, Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3381 233  | 057-003            |
| M & A SECURITIES SDN BHD                  | No. 27, 27A & 27 B<br>Jalan Molek 3/10<br>Taman Molek<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3551 988                 | 057-007            |
| MALACCA SECURITIES SDN BHD                | 74 Jalan Serampang<br>Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No: +607 3351 533                                    | 012-005            |
| MALACCA SECURITIES SDN BHD                | 1735-B Jalan Sri Putri 4<br>Taman Putri Kulai<br>81000 Kulai Jaya<br>Johor Darul Takzim<br>Tel No: +607 6638 877                           | 012-010            |
| MALACCA SECURITIES SDN BHD                | Lot 880, Batu 3½<br>Jalan Salleh<br>84000 Muar<br>Johor Darul Takzim<br>Tel No: +606 9536 948  | 012-015            |
| MALACCA SECURITIES SDN BHD                | 31B Jalan Rahmat<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No: +607 4381 533  | 012-016            |
| MERCURY SECURITIES SDN BHD                | Suite 17.1, Level 17<br>Menara Pelangi<br>Jalan Kuning, Taman Pelangi<br>80400 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3316 992 | 093-005            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                               | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|---|---|--------------------|
| <b><u>JOHOR DARUL TAKZIM (Cont'd)</u></b> |   |                    |
| PM SECURITIES SDN BHD                     | Ground & 1st Floor<br>No. 43 & 43A, Jalan Penjaja 3<br>Taman Kim's Park Business Centre<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No.: +607 4333608        | 064-008            |
| RHB INVESTMENT BANK BERHAD                | 6th Floor, Wisma Tiong-Hua<br>8, Jalan Keris, Taman Sri Tebrau<br>80050 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 2788 821                               | 087-006            |
| RHB INVESTMENT BANK BERHAD                | 53, 53-A & 53-B<br>Jalan Sultanah<br>83000 Batu Pahat<br>Johor Darul Takzim<br>Tel No.: +607 4380 288   | 087-009            |
| RHB INVESTMENT BANK BERHAD                | No. 33-1 Tingkat 1 & 2 (Unit Penjuru)<br>Jalan Ali<br>84000 Muar<br>Johor Darul Takzim<br>Tel No.: +606 9538 262  | 087-025            |
| RHB INVESTMENT BANK BERHAD                | Tingkat Bawah dan Tingkat Satu<br>No. 119 & 121<br>Jalan Sutera Tanjung 8/2<br>Taman Sutera Utama<br>81300 Skudai<br>Johor Darul Takzim<br>Tel No.: +607 5577 628 | 087-029            |
| RHB INVESTMENT BANK BERHAD                | Tingkat Bawah, Tingkat Satu &<br>Tingkat Dua<br>No. 3, Jalan Susur Utama 2/1<br>Taman Utama<br>85000 Segamat<br>Johor Darul Takzim<br>Tel No.: +607 9321 543      | 087-030            |
| RHB INVESTMENT BANK BERHAD                | Tingkat Bawah & Tingkat Satu<br>No. 40 Jalan Haji Mana<br>86000 Kluang<br>Johor Darul Takzim<br>Tel No.: +607 7769 655  | 087-031            |
| RHB INVESTMENT BANK BERHAD                | Tingkat Bawah, Tingkat Satu &<br>Tingkat Dua<br>No. 10, Jalan Anggerik 1<br>Taman Kulai Utama<br>81000 Kulai<br>Johor Darul Takzim<br>Tel No.: +607 6626 288      | 087-035            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                               | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|---|--|--------------------|
| <b><u>JOHOR DARUL TAKZIM (Cont'd)</u></b> |  |                    |
| RHB INVESTMENT BANK BERHAD                | Tingkat Satu No 2 & 4<br>Jalan Makmur<br>Taman Sri Aman<br>85300 Labis<br>Johor Darul Takzim<br>Tel No.: +607 9256 881   | 087-039            |
| RHB INVESTMENT BANK BERHAD                | Tingkat Bawah, Tingkat 1 &<br>Tingkat 2<br>No. 21 & 23<br>Jalan Molek 1/30<br>Taman Molek<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3522 293 | 087-043            |
| TA SECURITIES HOLDINGS BHD                | 7A, Jalan Genuang Perdana<br>Taman Genuang Perdana<br>85000 Segamat<br>Johor Darul Takzim<br>Tel No.: +607 9435 278  | 058-009            |
| TA SECURITIES HOLDINGS BHD                | 15 Jalan Molek 1/5A<br>Taman Molek<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3647 388  | 058-011            |
| UOB KAY HIAN SECURITIES (M) SDN<br>BHD    | Level 6 & 7, Menara MSC Cyberport<br>No. 5, Jalan Bukit Meldrum<br>80300 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3332 000                           | 078-001            |
| UOB KAY HIAN SECURITIES (M) SDN<br>BHD    | No. 42-8, Main Road<br>Kulai Besar<br>81000 Kulai<br>Johor Darul Takzim<br>Tel No.: +607 6637 398  | 078-005            |
| UOB KAY HIAN SECURITIES (M) SDN<br>BHD    | No. 70, 70-01, 70-02<br>Jalan Rosmerah 2/17<br>Taman Johor Jaya<br>81100 Johor Bahru<br>Johor Darul Takzim<br>Tel No.: +607 3513 218                           | 078-006            |
| UOB KAY HIAN SECURITIES (M) SDN<br>BHD    | No. 171 (Ground Floor)<br>Jalan Bestari 1/5<br>Taman Nusa Bestari<br>81300 Skudai<br>Johor Darul Takzim<br>Tel No.: +607 5121 633                              | 078-008            |



**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                         | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|-------------------------------------|---|--------------------|
| <b><u>KELANTAN DARUL NAIM</u></b>   |   |                    |
| RHB INVESTMENT BANK BERHAD          | Tingkat Bawah & Tingkat Satu<br>No. 3953-H, PT225, 1st Floor<br>Jalan Kebun Sultan<br>15350 Kota Bharu<br>Kelantan Darul Naim<br>Tel No.: +609 7430 077 | 087-020            |
| TA SECURITIES HOLDINGS BHD          | 298, Jalan Tok Hakim<br>15000 Kota Bharu<br>Kelantan Darul Naim<br>Tel No.: +609 7433 388   | 058-004            |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Ground & 1st Floor<br>Lot 712, Sek 9, PT 62<br>Jalan Tok Hakim<br>Bandar Kota Bharu<br>15000 Bharu<br>Kelantan Darul Naim<br>Tel No.: +609 7473 906     | 078-015            |
| <b><u>PAHANG DARUL MAKMUR</u></b>   |   |                    |
| ALLIANCE INVESTMENT BANK BERHAD     | Ground, Mezzanine & 1st Floor<br>B-400 Jalan Berserah<br>25300 Kuantan<br>Pahang Darul Makmur<br>Tel No.: +609 5660 800                                 | 076-002            |
| CIMB INVESTMENT BANK BERHAD         | Ground 1st & 2nd Floor<br>No. A-27, Jalan Dato' Lim Hoe Lek<br>25200 Kuantan<br>Pahang Darul Makmur<br>Tel No.: +609 2057 800                           | 065-007            |
| JUPITER SECURITIES SDN BHD          | 2nd Floor, Lot No. 25<br>Jalan Chui Yin<br>28700 Bentong<br>Pahang Darul Makmur<br>Tel No.: +609 2234 136   | 055-005            |
| KENANGA INVESTMENT BANK BERHAD      | A15, A17 & A19, Ground Floor<br>Jalan Tun Ismail 2<br>Sri Dagangan 2<br>25000 Kuantan<br>Pahang Darul Makmur<br>Tel No.: +609 5171 698                  | 073-027            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|--|---|--------------------|
| <b><u>PAHANG DARUL MAKMUR (Cont'd)</u></b> |   |                    |
| MALACCA SECURITIES SDN BHD                 | P11-3, Jalan Chui Yin<br>28700 Bentong<br>Pahang Darul Makmur<br>Tel No.: 011-2577 7489   | 012-008            |
| RHB INVESTMENT BANK BERHAD                 | B32 & B34, Lorong Tun Ismail 8<br>Seri Dagangan II<br>25000 Kuantan<br>Pahang Darul Makmur<br>Tel No.: +609 5173 811                                      | 087-007            |
| RHB INVESTMENT BANK BERHAD                 | Tingkat Bawah dan Tingkat Satu<br>98, Jalan Pasdec<br>28700 Bentong<br>Pahang Darul Makmur<br>Tel No.: +609 2234 943                                      | 087-022            |
| RHB INVESTMENT BANK BERHAD                 | Tingkat Bawah dan Tingkat Satu<br>No. 76-A, Persiaran Camelia 4<br>Tanah Rata<br>39000 Cameron Highlands<br>Pahang Darul Makmur<br>Tel No.: +605 4914 913 | 087-041            |
| <b><u>TERENGGANU DARUL IMAN</u></b>        |   |                    |
| ALLIANCE INVESTMENT BANK<br>BERHAD         | Ground & Mezzanine Floor<br>Wisma Kam Choon<br>101, Jalan Kampung Tiong<br>20100 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No.: +609 6317 922      | 076-009            |
| FA SECURITIES SDN BHD                      | No. 51 & 51A<br>Ground, Mezzanine & 1st Floor<br>Jalan Tok Lam<br>20100 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No.: +609 6238 128               | 021-001            |
| RHB INVESTMENT BANK BERHAD                 | Tingkat Bawah dan Tingkat Satu<br>9651, Cukai Utama<br>Jalan Kubang Kurus<br>24000 Kemaman<br>Terengganu Darul Iman<br>Tel No.: +609 8583 109             | 087-027            |
| RHB INVESTMENT BANK BERHAD                 | 1st Floor<br>No. 59, Jalan Sultan Ismail<br>20200 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No.: +609 6261 816                                     | 087-055            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                                  | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|--|---|--------------------|
| <b><u>TERENGGANU DARUL IMAN (Cont'd)</u></b> |   |                    |
| UOB KAY HIAN SECURITIES (M) SDN BHD          | No. 37-B, 1st Floor<br>Jalan Sultan Ismail<br>20200 Kuala Terengganu<br>Terengganu Darul Iman<br>Tel No.: +609 6224 766                         | 078-016            |
| <b><u>SABAH</u></b>                          |   |                    |
| CIMB INVESTMENT BANK BERHAD                  | 1st – 3rd Floor, Central Building<br>No. 28, Jalan Sagunting<br>88000 Kota Kinabalu<br>Sabah<br>Tel No.: +6088 328 878                          | 065-005            |
| AFFIN HWANG INVESTMENT BANK BERHAD           | Suite 1-9-E1, 9th Floor, CPS Tower<br>Centre Point Sabah<br>No. 1, Jalan Centre Point<br>88000 Kota Kinabalu<br>Sabah<br>Tel No.: +6088 311 688 | 068-008            |
| KENANGA INVESTMENT BANK BERHAD               | Level 8, Wisma Great Eastern<br>68, Jalan Gaya<br>88000 Kota Kinabalu<br>Sabah<br>Tel No.: +6088 236 188  | 073-032            |
| RHB INVESTMENT BANK BERHAD                   | 2nd Floor<br>No. 81 & 83 Jalan Gaya<br>88000 Kota Kinabalu<br>Sabah<br>Tel No.: +6088 269 788   | 087-010            |
| UOB KAY HIAN SECURITIES (M) SDN BHD          | 11, Equity House, Block K<br>Sadong Jaya, Karamuning<br>88100 Kota Kinabalu<br>Sabah<br>Tel No.: +6088 234 090                                  | 078-011            |
| UOB KAY HIAN SECURITIES (M) SDN BHD          | Lot 177 & 178<br>Ground Floor, Block 17<br>Phase 2, Prima Square<br>Mile 4, North Road<br>90000 Sandakan<br>Sabah<br>Tel No.: +6089 218 681     | 078-012            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                        | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|------------------------------------|--|--------------------|
| <b><u>SARAWAK</u></b>              |  |                    |
| AMINVESTMENT BANK BERHAD           | 1st, 2nd & 3rd Floor<br>No. 162, 164, 166 & 168<br>1st, 2nd & 3rd Floor<br>Jalan Abell<br>93100 Kuching<br>Sarawak<br>Tel No.: +6082 244 791 | 086 001            |
| CIMB INVESTMENT BANK BERHAD        | Aras 1 (Utara) Wisma STA<br>26 Jalan Datuk Abang Abdul Rahim<br>93450 Kuching<br>Sarawak<br>Tel No.: +6082 358 688                           | 065-004            |
| CIMB INVESTMENT BANK BERHAD        | No. 6A, Ground Floor<br>Jalan Bako, Off Brooke Drive<br>96000 Sibul<br>Sarawak<br>Tel No.: +6084 367 700                                     | 065-008            |
| AFFIN HWANG INVESTMENT BANK BERHAD | Ground Floor & 1st Floor<br>No. 1, Jalan Pending<br>1st Floor, No. 3, Jalan Pending<br>93450 Kuching<br>Sarawak<br>Tel No.: +6082 341 999    | 068-005            |
| AFFIN HWANG INVESTMENT BANK BERHAD | No. 282, 1st Floor<br>Park City Commercial Centre Phase 4,<br>Jalan Tun Ahmad Zaidi<br>97000 Bintulu<br>Sarawak<br>Tel No.: +6086 330 008    | 068-016            |
| KENANGA INVESTMENT BANK BERHAD     | Lot 2465, Jalan Boulevard Utama<br>Boulevard Commercial Centre<br>98000 Miri<br>Sarawak<br>Tel No.: +6085 435 577                            | 073-002            |
| KENANGA INVESTMENT BANK BERHAD     | Level 1-5, Wisma Mahmud<br>Jalan Sungai Sarawak<br>93100 Kuching<br>Sarawak<br>Tel No.: +6082 338 000  | 073-003            |
| KENANGA INVESTMENT BANK BERHAD     | No. 11-12, (Ground & 1st Floor)<br>Lorong Kampung Datu 3<br>96000 Sibul<br>Sarawak<br>Tel No.: +6084 313 855                                 | 073-012            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                    | <b>Address and telephone number</b>  | <b>Broker Code</b> |
|--------------------------------|--|--------------------|
| <b><u>SARAWAK (Cont'd)</u></b> |  |                    |
| KENANGA INVESTMENT BANK BERHAD | Ground Floor of Survey<br>Lot No. 4203<br>Parkcity Commerce Square<br>Phase 6, Jalan Diwarta<br>97000, Bintulu<br>Sarawak<br>Tel No.: +6086 337 588        | 073-018            |
| KENANGA INVESTMENT BANK BERHAD | Suite 9 & 10, 3rd Floor<br>Yung Kong Abell<br>Lot 365, Section 50<br>Jalan Abell<br>93100 Kuching<br>Sarawak<br>Tel No.: +6082 248 877                     | 073-036            |
| MERCURY SECURITIES SDN BHD     | 1st Floor<br>No.16 Jalan Getah<br>96100 Sarikei<br>Sarawak<br>Tel No.: +6084 659 019   | 093-007            |
| RHB INVESTMENT BANK BERHAD     | Yung Kong Abell<br>Units No. 1-10, 2nd Floor<br>Lot 365, Section 50<br>Jalan Abell<br>93100 Kuching<br>Sarawak<br>Tel No.: +6082 250 888                   | 087-008            |
| RHB INVESTMENT BANK BERHAD     | Lot 1268, 1st & 2nd Floor<br>Lot 1269, 2nd Floor<br>Centre Point Commercial Centre<br>Jalan Melayu<br>98000 Miri<br>Sarawak<br>Tel No.: +6085 422 788      | 087-012            |
| RHB INVESTMENT BANK BERHAD     | 102, Pusat Pedada<br>Jalan Pedada<br>96000 Sibul<br>Sarawak<br>Tel No.: +6084 329 100  | 087-013            |
| RHB INVESTMENT BANK BERHAD     | Tingkat Bawah dan Tingkat 1<br>No. 221, Parkcity Commerce Square<br>Phase III, Jalan Tun Ahmad Zaidi<br>97000 Bintulu<br>Sarawak<br>Tel No.: +6086 311 770 | 087-053            |

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

| <b>Name</b>                         | <b>Address and telephone number</b>   | <b>Broker Code</b> |
|-------------------------------------|---|--------------------|
| <b><u>SARAWAK (Cont'd)</u></b>      |   |                    |
| TA SECURITIES HOLDINGS BHD          | 12G, Jalan Kampong Datu<br>96000 Sibu<br>Sarawak<br>Tel No.: +6084 319 998  | 058-002            |
| TA SECURITIES HOLDINGS BHD          | Tingkat 2, (Bahagian Hadapan)<br>Bangunan Binamas<br>Lot 138, Section 54<br>Jalan Pandung<br>93100 Kuching<br>Sarawak<br>Tel No.: +6082 236 333 | 058-006            |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Lot 1265, 1st Floor<br>Centre Point Commercial Centre<br>Jalan Melayu<br>98000 Miri<br>Sarawak<br>Tel No.: +6085 324 128                        | 078-017            |
| UOB KAY HIAN SECURITIES (M) SDN BHD | Ground & First Floor<br>No.16 Lorong Intan 6<br>96000 Sibu<br>Sarawak<br>Tel No.: +6084 252 737   | 078-018            |

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