

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

- (a) The Company was incorporated in Malaysia as a private limited liability company on 11 November 2020 under the Companies Act 2016. It is principally engaged in investment holding and provision of management services. The principal activities of its subsidiary are set out in (d) below.
- (b) On 15 December 2020, the Company was converted from a private company to a public company limited by shares and assumed its present name of Ecomate Holdings Berhad ("Ecomate Holdings").
- (c) For the purpose of listing the Company on the ACE Market of Bursa Securities, the Company entered into a conditional Share Sale Agreement on 9 December 2020 to acquire by way of shares swap the entire equity interest in Ecomate Sdn. Bhd.. The acquisition was completed on 9 June 2021.
- (d) Details of the subsidiary company, which is incorporated in Malaysia, are as follow:-

Name of Company	Date of Incorporation	Equity Interest	Principal Activities
Ecomate Sdn. Bhd.	25 February 2016	100%	Manufacturing of furniture and ready-to-assemble furniture products

- (e) Ecomate Holdings and its wholly owned subsidiary company shall be collectively referred to as "the Group" hereinafter. The registered office and principal place of business are as follows:-

Registered office : 7 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar
Johor Darul Takzim

Principal place of business : Lot PTD 7274
Kawasan Perindustrian Bakri Batu 7 ½
Jalan Bakri
84200 Muar
Johor Darul Takzim

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

- 2.1 As the acquisition of Ecomate Sdn. Bhd. was completed on 9 June 2021, there are no consolidated financial statements of the Company for financial years ended 28 February 2019, 29 February 2020, 28 February 2021 and financial period ended 31 May 2021.
- 2.2 For the purpose of inclusion in the prospectus of Ecomate Holdings in connection with the listing of and quotation for its entire enlarged number of issued ordinary shares on the ACE Market of Bursa Malaysia Securities Berhad in accordance with the Chapter 10 of Prospectus Guidelines issued by Securities Commission Malaysia, the combined financial statements of the Company, which are the combination or aggregation of the financial statements of the following combining entities, have been prepared based on the separate financial statements for the relevant reporting periods as follows:-

Combining Entity	Relevant Reporting Periods
Ecomate Holdings	Financial period ended 28 February 2021 Financial period ended 31 May 2021
Ecomate Sdn. Bhd.	Financial year ended 28 February 2019 Financial year ended 29 February 2020 Financial year ended 28 February 2021 Financial period ended 31 May 2021

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.

- 2.3 The combined financial statements comprising the combined statements of financial position, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the relevant reporting periods, are prepared under the historical cost convention and in compliance with Malaysian Financial Reporting Standards including related interpretations which are effective for accounting periods on or before 1 March 2021.

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

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

- 2.4 For the purpose of preparing the combined financial statements, the following standard is early adopted with the initial application date of 1 March 2018 to enhance comparability:-

MFRSs	Effective date
MFRS 16 : Leases	1 January 2019

- 2.5 For the purpose of preparing the combined financial statements, 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 relevant reporting periods:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
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 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Critical Accounting Estimates and Judgements***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed 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) 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.

(c) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(d) Impairment of Non-trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information incorporating the impact of Covid-19 pandemic.

(e) Income Taxes

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

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases, the Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

3.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiary is consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

3.2.1 Business Combination under MFRS 3

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

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

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

(a) Goodwill

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill. Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(b) Non-controlling Interests

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of Consolidation (Cont'd)

3.2.1 Business Combination under MFRS 3 (Cont'd)

(d) Loss of Control

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

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

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.2.2 Business Combination under Common Control

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

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(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.

3.4 Financial Instruments

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

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

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). 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.

12. ACCOUNTANTS' REPORT *(Cont'd)*

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial Instruments (Cont'd)

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

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (Cont'd)****(a) Financial Assets (Cont'd)***Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(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. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are 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 (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 liability or a shorter period (where appropriate).

(c) Equity Instruments

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

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial Instruments (Cont'd)

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(e) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

3.5 Investment in Subsidiary

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

On the disposal of the investments in a subsidiary, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

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

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:-

Motor vehicles	20%
Office equipment, furniture and fittings, electrical installation	10%
Plant and machinery, tools and equipment	8% - 20%
Computing hardware and software	20%

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

For the financial year ended 28 February 2021, the Group changed the annual depreciation rates for the following assets:-

Plant and machinery, tools and equipment	From 10%-20% to 8%-20%
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The change in the depreciation rate arose from a review of the useful lives of the assets concerned. This change in accounting estimates increased the profit before tax of the Group by RM0.127 million for the financial year ended 28 February 2021.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Prepaid Lease Payments

Prepayments for the acquisition of leasehold land prior to the issuance of title i.e the commencement of lease are capitalized as prepaid lease upon payments, such amount shall be reclassified as right-of-use assets upon the commencement of lease.

3.8 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of production facilities.

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

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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.11 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment (Cont'd)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 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 determine the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

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.

3.12 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. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 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 is 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.

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.

3.14 Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

3.15 Borrowing Costs

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

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Fair Value Measurements

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical 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.

3.17 Revenue from Contracts with Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.17 Revenue from Contracts with Customers (Cont'd)****Sale of Furniture and Furniture Parts**

Revenue from sale of furniture and furniture parts are recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.18 Revenue from Other Sources and Other Operating Income**Interest Income**

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

3.19 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. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

Audited 28 February 2019	Office equipment, renovation, furniture and fittings RM'000	Plant and machinery, tools and equipment RM'000	Computing hardware and software RM'000	Total RM'000
At cost				
At 1 March 2018	128	1,451	61	1,640
Additions	168	1,125	25	1,318
At 28 February 2019	296	2,576	86	2,958
Less: Accumulated depreciation				
At 1 March 2018	14	262	18	294
Charge for the financial year	20	183	14	217
At 28 February 2019	34	445	32	511
Carrying amount At 28 February 2019	262	2,131	54	2,447

Audited 29 February 2020	Motor vehicles RM'000	Office equipment, renovation, furniture and fittings RM'000	Plant and machinery, tools and equipment RM'000	Computing hardware and software RM'000	Total RM'000
At cost					
At 1 March 2019	-	296	2,576	86	2,958
Additions	10	151	1,769	80	2,010
Write off	-	-	-	(1)	(1)
At 29 February 2020	10	447	4,345	165	4,967
Less: Accumulated depreciation					
At 1 March 2019	-	34	445	32	511
Charge for the financial year	2	39	359	25	425
At 29 February 2020	2	73	804	57	936
Carrying amount At 29 February 2020	8	374	3,541	108	4,031

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

Audited	Motor vehicles RM'000	Office equipment, renovation, furniture and fittings RM'000	Plant and machinery, tools and equipment RM'000	Computing hardware and software RM'000	Total RM'000
28 February 2021					
At cost					
At 1 March 2020	10	447	4,345	165	4,967
Additions	12	34	1,692	112	1,850
Disposals	-	-	(658)	-	(658)
Write off	-	(48)	-	-	(48)
At 28 February 2021	22	433	5,379	277	6,111
Less: Accumulated depreciation					
At 1 March 2020	2	73	804	57	936
Charge for the financial year	3	45	404	42	494
Disposals	-	-	(163)	-	(163)
Write off	-	(12)	-	-	(12)
At 28 February 2021	5	106	1,045	99	1,255
Carrying amount					
At 28 February 2021	17	327	4,334	178	4,856

Audited	Motor vehicles RM'000	Office equipment, renovation, furniture and fittings RM'000	Plant and machinery, tools and equipment RM'000	Computing hardware and software RM'000	Total RM'000
31 May 2021					
At cost					
At 1 March 2021	22	433	5,379	277	6,111
Additions	14	43	63	1	121
At 31 May 2021	36	476	5,442	278	6,232
Less: Accumulated depreciation					
At 1 March 2021	5	106	1,045	99	1,255
Charge for the financial year	1	11	113	15	140
At 31 May 2021	6	117	1,158	114	1,395
Carrying amount					
At 31 May 2021	30	359	4,284	164	4,837

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**5. PREPAID LEASE PAYMENTS**

These represent cumulative progress claims for 4 pieces of leasehold industrial land. The leasehold land of the Group are pledged as security for bank borrowings granted to the Group as disclosed in Note 13 to the combined financial statements.

6. RIGHT-OF-USE ASSETS

	Motor vehicles RM'000	Plant and machinery RM'000	Hostels RM'000	Factory buildings RM'000	Office RM'000	Total RM'000
Audited						
Carrying amount						
At 1 March 2018	115	240	64	44	20	483
Additions	1,192	586	-	825	-	2,603
Depreciation	(91)	(63)	(20)	(187)	(11)	(372)
Reassessments/ modifications	-	-	-	-	(9)	(9)
At 28 February 2019 / 1 March 2019	1,216	763	44	682	-	2,705
Additions	526	1,392	-	93	-	2,011
Depreciation	(102)	(173)	(20)	(412)	-	(707)
At 29 February 2020 / 1 March 2020	1,640	1,982	24	363	-	4,009
Additions	250	-	443	966	-	1,659
Depreciation	(248)	(174)	(56)	(424)	-	(902)
Disposal	(47)	-	-	-	-	(47)
Reassessments/ modifications	-	-	(288)	(25)	-	(313)
At 28 February 2021 / 1 March 2021	1,595	1,808	123	880	-	4,406
Depreciation	(98)	(44)	(17)	(105)	-	(264)
At 31 May 2021	1,497	1,764	106	775	-	4,142

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**6. RIGHT-OF-USE ASSETS (CONT'D)**

The Group leases various motor vehicles, plant and machinery, hostels, factory buildings and office of which the leasing activities are summarised below:-

- | | |
|-------------------------|--|
| (a) Motor vehicles | The Group has leased certain motor vehicles under hire purchase instalment plans with 5 to 7 (28.02.2021: 5 to 7; 29.02.2020: 5 to 9; 28.02.2019: 5 to 9) years lease terms. At the end of the lease terms, the Group has the option to purchase the assets at an insignificant amount. The leases bear effective annual interest rates at 4.2% - 5.5% (28.02.2021: 4.2% - 5.5%; 29.02.2020: 4.4% - 5.5%; 28.02.2019: 4.6% - 5.5%) and are secured by the leased assets. |
| (b) Plant and machinery | The Group has leased certain plant and machinery under hire purchase instalment plans with 3 to 5 (28.02.2021: 3 to 5; 29.02.2020: 3 to 5; 28.02.2019: 5) years lease terms. At the end of the lease terms, the Group has an option to purchase the assets at an insignificant amount. The leases bear effective annual interest rates at 6.1% - 7.3% (28.02.2021: 6.1% - 7.3%; 29.02.2020: 6.1% - 7.3%; 28.02.2019: 7.3%) and are secured by the leased assets. |
| (c) Hostels | The Group has leased 4 (28.02.2021: 4; 29.02.2020: 1; 28.02.2019: 1) hostels that run for 2 (28.02.2021: 2; 29.02.2020: 5; 28.02.2019: 5) years from the commencement date of the tenancy agreement with NIL to 1 (28.02.2021: NIL to 1; 29.02.2020: NIL; 28.02.2019: NIL) year option to renew the lease after the date. |
| (d) Factory buildings | The Group has leased 2 factory buildings that run for 2 to 4 (28.02.2021: 2 to 4; 29.02.2020: 2 to 3; 28.02.2019: 2 to 3) years, with 1 to 2 (28.02.2021: 1 to 2; 29.02.2020: 1 to 2; 28.02.2019: 1 to 2) years option to renew the lease after the date. |
| (e) Office | The Group has leased an office that run for 3 years and expired in financial year 2019. |

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**7. INVENTORIES**

	----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Raw materials	2,037	1,924	4,836	5,325
Work-in-progress	558	791	1,359	1,513
Finished goods	1,134	1,461	3,966	5,712
	<u>3,729</u>	<u>4,176</u>	<u>10,161</u>	<u>12,550</u>
Recognised in profit or loss				
Inventories recognised as cost of sales	<u>17,379</u>	<u>29,544</u>	<u>38,665</u>	<u>13,787</u>

8. TRADE RECEIVABLES

	----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Third parties	1,888	1,376	2,584	2,771
Related parties	52	16	-	-
	<u>1,940</u>	<u>1,392</u>	<u>2,584</u>	<u>2,771</u>

(a) The Group's normal trade term granted to customers are as follow:-

	----- Audited ----->			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
Trade terms	cash term - 60 days	cash term - 90 days	cash term - 90 days	cash term - 90 days

(b) Amount owing by related parties are subject to normal credit terms as follow:-

	----- Audited ----->			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
Credit terms	30 days	30 days	Not applicable	Not applicable

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Deposits	87	114	126	154
Prepayments	240	766	859	843
Goods and services tax recoverable	62	-	-	-
Sundry receivables	22	1	534	1,911
	<u>411</u>	<u>881</u>	<u>1,519</u>	<u>2,908</u>

Included in sundry receivables as at 31 May 2021 is an amount of RM1 million being deposit paid for the purchase of property, plant and equipment.

10. FIXED DEPOSITS WITH LICENSED BANKS

- (a) Included in fixed deposits with licensed banks of the Group at the end of each reporting period is the following amount which has been pledged to licensed bank as security for banking facilities (Note 13) as follows:-

	<----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Fixed deposit with a licensed bank	<u>1,300</u>	<u>1,035</u>	<u>1,091</u>	<u>1,091</u>

- (b) The effective annual interest rate and maturity period of fixed deposits with a licensed bank of the Group at the end of each reporting period are as follows:-

	<----- Audited ----->			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
Effective annual interest rates (%)	3.4 - 3.5	3.0 - 3.7	1.8	1.8
Maturity period (month)	<u>12</u>	<u>6 - 12</u>	<u>12</u>	<u>12</u>

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

11. SHARE CAPITAL

	----- Audited ----->							
	28.02.2019		29.02.2020		28.02.2021		31.05.2021	
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
Issued and fully paid-up								
<u>Ordinary shares</u>								
At beginning of financial year	400	400	700	700	1,500	1,500	2,000	3,926
Bonus issue	-	-	-	-	238	238	-	-
Issuance of new shares	300	300	800	800	262	2,188	-	-
At end of financial year	700	700	1,500	1,500	2,000	3,926	2,000	3,926

For the purpose of preparing the combined financial statements, the share capital throughout the relevant reporting periods is the aggregate of the share capital of combining entities constituting the Group.

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Group, and are entitled to vote one vote per ordinary share at meetings of the Group. The ordinary shares have no par value.

12. SHARE APPLICATION MONEY

This represents money received pending allotment of shares which is subject to prior special dividend payment and bonus issue of shares. The special dividend payment is subject to certain bank consents.

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**13. BANK BORROWINGS**

	←----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Current				
Secured - Bankers' acceptances	1,012	2,200	4,039	2,409
- Term loans	262	304	444	450
	<u>1,274</u>	<u>2,504</u>	<u>4,483</u>	<u>2,859</u>
Non-current				
Secured - Term loans	1,165	4,023	7,517	7,402
	<u>2,439</u>	<u>6,527</u>	<u>12,000</u>	<u>10,261</u>
Total bank borrowings				
Secured - Bankers' acceptances	1,012	2,200	4,039	2,409
- Term loans	1,427	4,327	7,961	7,852
	<u>2,439</u>	<u>6,527</u>	<u>12,000</u>	<u>10,261</u>

(a) The bank borrowings are secured by the followings:-

- (i) Legal charges over 4 pieces of leasehold industrial land of the Group (Note 5);
- (ii) Fixed deposit with a licensed bank (Note 10);
- (iii) Credit Guarantee Corporation; and
- (iv) Joint and several guarantee by the directors of subsidiary.

(b) The bank borrowings of the Group at the end each of reporting period bear effective annual interest rates as follows:-

	←----- Audited ----->			
	28.02.2019 %	29.02.2020 %	28.02.2021 %	31.05.2021 %
Bankers' acceptances	4.9 - 5.3	3.2 - 5.1	2.1 - 3.5	2.0 - 3.5
Term loans	6.0 - 8.0	6.0 - 7.5	3.5 - 6.5	3.2 - 6.5

(c) Details of the term loans are as follows:-

	Number of monthly instalments	Monthly instalments (RM)	Commencement date
Term loan 1	36	16,389	November 2018
Term loan 2	84	15,562	December 2018
Term loan 3	120	1,750	January 2020
Term loan 4	180	26,326	Yet to commence
Term loan 5	84	42,309	Yet to commence
Term loan 6	60	18,484	January 2021
Term loan 7	96	11,677	January 2021

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

14. LEASE LIABILITIES

	←----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Balance at the beginning of financial year	489	2,552	3,353	3,496
Acquisition of new leases (Note 27(b))	2,476	1,784	1,609	-
Changes due to lease modification/ reassessment	(10)	-	(317)	-
Interest expense recognised in profit or loss (Note 22)	82	179	153	39
Repayment of principal	(403)	(983)	(1,149)	(307)
Repayment of interest expenses	(82)	(179)	(153)	(39)
Balance at the end of financial year	2,552	3,353	3,496	3,189
Analysed by:-				
Current liabilities	753	1,027	1,254	1,271
Non-current liabilities	1,799	2,326	2,242	1,918
	2,552	3,353	3,496	3,189

- (a) Certain lease liabilities of the Group are secured by the Group's motor vehicles, plant and machinery under the hire purchase arrangements as disclosed in Note 6(a) and 6(b) to the combined financial statements.
- (b) The lease liabilities of the Group at the end of each reporting period bear effective annual interest rates as follows:-

	←----- Audited ----->			
	28.02.2019 %	29.02.2020 %	28.02.2021 %	31.05.2021 %
Effective annual interest rates	3.0 - 7.3	3.0 - 7.3	3.0 - 7.3	3.0 - 7.3

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**15. DEFERRED TAX LIABILITIES**

	←----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Movement of deferred tax liabilities				
Balance at beginning of financial year	-	166	503	517
Deferred tax expense relating to origination of temporary differences	166	253	86	67
Under/(Over)provision in previous financial year	-	84	(72)	126
Balance at the end of financial year	166	503	517	710
Components of deferred tax liabilities				
Excess of capital allowances over corresponding book depreciation	166	503	517	710

The component and movement of deferred tax liabilities of the Group during the reporting periods are as follows:-

	Excess of capital allowance over depreciation RM'000	Other temporary differences RM'000	Total RM'000
At 01.03.2018	-	-	-
Recognised in profit or loss (Note 24)	175	(9)	166
At 28.02.2019/ 01.03.2019	175	(9)	166
Recognised in profit or loss (Note 24)	269	(16)	253
Underprovision on deferred tax expense in prior year	84	-	84
At 29.02.2020/ 01.03.2020	528	(25)	503
Recognised in profit or loss (Note 24)	91	(5)	86
(Over)provision on deferred tax expense in prior year	(72)	-	(72)
At 28.02.2021/ 01.03.2021	547	(30)	517
Recognised in profit or loss (Note 24)	67	-	67
Underprovision on deferred tax expense in prior year	126	-	126
At 31.05.2021	740	(30)	710

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

16. TRADE PAYABLES

	←----- Audited -----→			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Trade payables:-				
Third parties	3,048	4,031	5,548	7,984
Related parties	86	12	104	59
	<u>3,134</u>	<u>4,043</u>	<u>5,652</u>	<u>8,043</u>

(a) The Group's normal trade terms granted by suppliers are as follows:-

	←----- Audited -----→			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
Trade terms	cash term - 30 days	cash term - 60 days	cash term - 60 days	cash term - 60 days

(b) The normal credit terms granted by related parties are as follows:-

	←----- Audited -----→			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
Credit terms	30 days	30 days	30 days	30 days

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

17. OTHER PAYABLES AND ACCRUALS

	←----- Audited ----->			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Other payables:-				
Third parties	176	745	493	511
Related parties	66	87	-	-
Customer deposits	744	1,032	3,420	5,509
Goods and services tax payable	59	23	136	93
	1,045	1,887	4,049	6,113
Accruals	456	764	838	350
	<u>1,501</u>	<u>2,651</u>	<u>4,887</u>	<u>6,463</u>

(a) The amount owing to related parties are subject to trade terms as follow:-

	←----- Audited ----->			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
Trade terms	cash term - 30 days	cash term - 30 days	30 days	30 days

(b) Included in sundry payables is an amount payable for progress claims of leasehold industrial land and property, plant and equipment as follow:-

	←----- Audited ----->			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Leasehold industrial land	-	352	-	-
Property, plant and equipment	-	-	-	18

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

18. AMOUNT OWING TO DIRECTORS

The amount owing to directors are unsecured, interest free and repayable on demand.

19. DERIVATIVE LIABILITIES

	----- Audited ----->			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Derivative Liabilities				
Forward currency contracts	-	134	11	18

The Group uses forward foreign exchange contracts to manage some of its transaction exposure. These contracts are not designated as cash flow 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. The settlement dates on forward foreign exchange contracts are range after the end of the reporting period as follows:-

	----- Audited ----->			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
Settlement dates (Months)	-	1 to 6	2 to 4	1 to 5

The fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate (government bonds).

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**20. REVENUE**

Revenue of the Group comprises the followings:-

	←----- Audited -----→				Unaudited
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	01.03.2020 to 31.05.2020 RM'000
Revenue from contracts with customers					
<u>Recognised at a point in time</u>					
Sale of furniture and furniture parts	24,141	42,398	56,342	18,794	5,899

The information on the disaggregation of revenue by geographical market is disclosed in Note 30(b) to the financial statements.

21. KEY MANAGEMENT PERSONNEL COMPENSATION

	←----- Audited -----→				Unaudited
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	01.03.2020 to 31.05.2020 RM'000
<u>Directors of the Group</u>					
Salaries, bonuses and other benefits	526	1,322	1,061	399	180
Defined contribution benefits	68	140	164	47	31
	<u>594</u>	<u>1,462</u>	<u>1,225</u>	<u>446</u>	<u>211</u>
Estimated monetary value of benefits-in-kind	21	56	54	14	14
<u>Other key management personnel</u>					
Salaries, bonuses and other benefits	-	-	475	91	57
Defined contribution benefits	-	-	49	11	7
	<u>-</u>	<u>-</u>	<u>524</u>	<u>102</u>	<u>64</u>
Estimated monetary value of benefits-in-kind	-	-	26	7	7

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**22. FINANCE COSTS**

	<----- Audited ----->				Unaudited
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	01.03.2020 to 31.05.2020 RM'000
Interest on:-					
Bankers' acceptances	7	87	76	19	23
Lease liabilities	82	179	153	39	40
Term loans	40	169	237	81	32
	129	435	466	139	95

23. PROFIT BEFORE TAX

	<----- Audited ----->				Unaudited
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	01.03.2020 to 31.05.2020 RM'000
This is arrived at after charging:-					
Auditors' remuneration	12	20	52	27	6
Bad debts written off	-	24	-	-	-
Depreciation:-					
- property, plant and equipment	217	425	494	140	109
- right-of-use assets	372	707	902	264	213
Fair value loss on derivative	-	134	-	7	128
Unrealised loss on foreign exchange	53	68	91	-	71
Property, plant and equipment written off	-	1	36	-	-
Short-term leases	87	15	77	48	-
Staff costs (excluding key management personnel):-					
- salaries, bonuses and other benefits	3,658	5,225	5,544	1,254	752
- defined contribution benefits	114	219	256	72	49
And crediting:-					
Gain on disposal of property, plant and equipment	-	-	(56)	-	-
Gain on disposal of right-of-use assets	-	-	(42)	-	-
Gain on reassessment and modification of leases	(1)	-	(4)	-	(1)
Fair value gain on derivative	-	-	(123)	-	-
Realised gain on foreign exchange	(200)	(370)	(453)	(179)	(52)
Unrealised gain on foreign exchange	-	-	-	(29)	-
Interest income	(7)	(92)	(81)	(14)	(25)

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**24. INCOME TAX EXPENSE**

	←----- Audited -----→				Unaudited
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	01.03.2020 to 31.05.2020 RM'000
Current tax expense	27	467	1,607	772	51
Under/(Over)provision in previous financial year	-	11	(21)	(215)	(21)
	<u>27</u>	<u>478</u>	<u>1,586</u>	<u>557</u>	<u>30</u>
Deferred tax (Note 15):-					
- Origination of temporary differences	166	253	86	67	8
- Under/(Over)provision in previous financial year	-	84	(72)	126	(72)
	<u>166</u>	<u>337</u>	<u>14</u>	<u>193</u>	<u>(64)</u>
	<u>193</u>	<u>815</u>	<u>1,600</u>	<u>750</u>	<u>(34)</u>

A reconciliation of income 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
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	01.03.2020 to 31.05.2020 RM'000
Profit before tax	3,534	6,642	10,119	3,148	638
Tax at the statutory tax rate	601	1,594	2,429	756	153
Tax effect of non-deductible expense	57	185	479	83	59
Utilisation of tax incentive	(465)	(1,059)	(1,215)	-	(153)
Under/(Over)provision in previous financial year:-					
- current tax expense	-	11	(21)	(215)	(21)
- deferred tax expense	-	84	(72)	126	(72)
	<u>193</u>	<u>815</u>	<u>1,600</u>	<u>750</u>	<u>(34)</u>

The income tax rate on the first RM 500,000 and RM 600,000 of the chargeable income and on the balance of the chargeable income is 17% and 24% respectively for years of assessment 2019 and 2020.

For year of assessment 2021 and 2022, income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the reporting period.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

25. EARNINGS PER SHARE

	←----- Audited ----->				Unaudited
	01.03.2018 to 28.02.2019	01.03.2019 to 29.02.2020	01.03.2020 to 28.02.2021	01.03.2021 to 31.05.2021	01.03.2020 to 31.05.2020
Profit attributable to owners of the Company (RM'000)	3,341	5,827	8,519	2,398	672
Number of ordinary shares in issue (unit'000)	700	1,500	2,000	2,000	1,500
Basic earnings per ordinary share (RM)	4.77	3.88	4.26	1.20	0.45

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

26. DIVIDENDS

	←----- Audited ----->				Unaudited
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	01.03.2020 to 31.05.2020 RM'000
In respect of financial year ended 28 February 2019 Interim dividend	1,400	-	-	-	-
In respect of financial year ended 29 February 2020 Interim dividend	-	2,600	-	-	-
Special dividend	-	-	3,000	-	3,000
In respect of financial year ended 28 February 2021 Interim dividend	-	-	2,000	-	-
	1,400	2,600	5,000	-	3,000

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	←----- Audited ----->				Unaudited
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	01.03.2020 to 31.05.2020 RM'000
Property, plant and equipment					
Cost of property, plant and equipment acquired (Note 4)	1,318	2,010	1,850	121	25
Less: Unpaid balances included in sundry payables (Note 17(b))	-	-	-	(18)	-
	<u>1,318</u>	<u>2,010</u>	<u>1,850</u>	<u>103</u>	<u>25</u>
Right-of-use assets					
Cost of right-of-use assets acquired (Note 6)	2,603	2,011	1,659	-	194
Less: Addition of new lease liabilities (Note 14)	(2,476)	(1,784)	(1,609)	-	(194)
	<u>127</u>	<u>227</u>	<u>50</u>	<u>-</u>	<u>-</u>

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

<u>Audited</u>	Term loans RM'000	Bankers' acceptances RM'000	Lease liabilities RM'000	Total RM'000
28 February 2019				
At 1 March 2018	-	-	489	489
<u>Changes in Financing Cash Flows</u>				
Proceed from drawdown	1,500	1,012	-	2,512
Repayment of borrowing principal	(73)	-	(403)	(476)
Repayment of borrowing interest	(40)	(7)	(82)	(129)
	1,387	1,005	(485)	1,907
<u>Non-cash Changes</u>				
Acquisition of new lease	-	-	2,476	2,476
Reassessments and modifications of leases	-	-	(10)	(10)
Interest expense recognised in profit or loss	40	7	82	129
	40	7	2,548	2,595
At 28 February 2019	1,427	1,012	2,552	4,991
29 February 2020				
At 1 March 2019	1,427	1,012	2,552	4,991
<u>Changes in Financing Cash Flows</u>				
Proceed from drawdown	3,163	11,717	-	14,880
Repayment of borrowing principal	(263)	(10,529)	(983)	(11,775)
Repayment of borrowing interest	(169)	(87)	(179)	(435)
	2,731	1,101	(1,162)	2,670
<u>Non-cash Changes</u>				
Acquisition of new lease	-	-	1,784	1,784
Interest expense recognised in profit or loss	169	87	179	435
	169	87	1,963	2,219
At 29 February 2020	4,327	2,200	3,353	9,880

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

<u>Audited</u>	Term loans RM'000	Bankers' acceptances RM'000	Lease liabilities RM'000	Total RM'000
28 February 2021				
At 1 March 2020	4,327	2,200	3,353	9,880
<u>Changes in Financing Cash Flows</u>				
Proceed from drawdown	4,114	20,034	-	24,148
Repayment of borrowing principal	(480)	(18,195)	(1,149)	(19,824)
Repayment of borrowing interest	(237)	(76)	(153)	(466)
	3,397	1,763	(1,302)	3,858
<u>Non-cash Changes</u>				
Acquisition of new lease	-	-	1,609	1,609
Reassessments and modifications of leases	-	-	(317)	(317)
Interest expense recognised in profit or loss	237	76	153	466
	237	76	1,445	1,758
At 28 February 2021	7,961	4,039	3,496	15,496
<u>Audited</u>	Term loans RM'000	Bankers' acceptances RM'000	Lease liabilities RM'000	Total RM'000
31 May 2021				
At 1 March 2021	7,961	4,039	3,496	15,496
<u>Changes in Financing Cash Flows</u>				
Proceed from drawdown	-	5,314	-	5,314
Repayment of borrowing principal	(109)	(6,944)	(307)	(7,360)
Repayment of borrowing interest	(81)	(19)	(39)	(139)
	(190)	(1,649)	(346)	(2,185)
<u>Non-cash Changes</u>				
Interest expense recognised in profit or loss	81	19	39	139
	81	19	39	139
At 31 May 2021	7,852	2,409	3,189	13,450

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**27. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

<u>Unaudited</u>	Term loans RM'000	Bankers' acceptances RM'000	Lease liabilities RM'000	Total RM'000
31 May 2020				
At 1 March 2020	4,327	2,200	3,353	9,880
<u>Changes in Financing Cash Flows</u>				
Proceed from drawdown	1,353	3,617	-	4,970
Repayment of borrowing principal	(42)	(3,715)	(236)	(3,993)
Repayment of borrowing interest	(32)	(23)	(40)	(95)
	1,279	(121)	(276)	882
<u>Non-cash Changes</u>				
Acquisition of new lease	-	-	194	194
Reassessments and modifications of leases	-	-	(21)	(21)
Interest expense recognised in profit or loss	32	23	40	95
	32	23	213	268
At 31 May 2020	5,638	2,102	3,290	11,030

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**27. CASH FLOW INFORMATION (CONT'D)**

(c) The total cash outflow for leases as a lessee are as follows:-

	←----- Audited -----→				Unaudited
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	
Payment of short-term leases	87	15	77	48	-
Payment of lease liabilities	403	983	1,149	307	236
Interest paid on lease liabilities	82	179	153	39	40
	<u>572</u>	<u>1,177</u>	<u>1,379</u>	<u>394</u>	<u>276</u>

(d) The cash and cash equivalents comprise the following:-

	←----- Audited -----→				Unaudited
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	
Cash and bank balances	2,540	5,795	7,322	8,321	7,361
Fixed deposits with licensed banks	1,300	2,335	1,091	1,091	1,335
	<u>3,840</u>	<u>8,130</u>	<u>8,413</u>	<u>9,412</u>	<u>8,696</u>
Less: Fixed deposit pledged to a licensed bank (Note 10(a))	(1,300)	(1,035)	(1,091)	(1,091)	(1,035)
Fixed deposit with tenure of more than 3 months	-	(1,300)	-	-	(300)
	<u>2,540</u>	<u>5,795</u>	<u>7,322</u>	<u>8,321</u>	<u>7,361</u>

28. 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 and entities with the same group of companies.

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**28. RELATED PARTY DISCLOSURES (CONT'D)****(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
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	
Companies in which director(s) has substantial financial interest					
Fire protection maintenance expense	4	17	16	3	-
Purchases	598	-	-	-	-
Purchase of property, plant and equipment	48	-	-	-	-
Companies in which person(s) connected to a director has substantial financial interests					
Purchases	45	156	405	88	46
Sales	(65)	(652)	(13)	-	(3)
Companies in which a person connected to a director is an executive director					
Expenses paid on behalf	17	-	-	-	-
Foreign worker expenses	65	-	-	-	-
Payment of:-					
- lease liabilities	151	325	124	-	56
- short-term leases	83	15	-	-	-
Purchases	24	-	-	-	-
Sales	-	(76)	-	-	-
Utilities	309	512	205	-	69

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.

(c) Compensation of Key Management Personnel

Key management personnel include the Group's and the Company's directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly and indirectly. Details of the compensation for these key management personnel are disclosed in Note 21 to the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**29. CAPITAL COMMITMENTS**

	←----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Progress claim for purchase of leasehold industrial land	-	3,528	1,725	1,725
Purchase of property, plant and equipment	-	-	-	3,194
	-	3,528	1,725	4,919

30. 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 industry.

(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
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2021 to 31.05.2021 RM'000	01.03.2020 to 31.05.2020 RM'000
Asia (excluding Malaysia)	5,650	19,178	20,512	3,616	3,064
Australasia	285	1,126	6,142	1,777	204
Europe	10,233	10,302	7,743	2,110	486
North America	1,681	4,692	9,692	2,793	599
South Africa	401	475	1,054	-	122
South America	271	219	-	-	-
Malaysia	5,620	6,406	11,199	8,498	1,424
	24,141	42,398	56,342	18,794	5,899

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**30. OPERATING SEGMENTS (CONT'D)****(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
	01.03.2018 to 28.02.2019 RM'000	01.03.2019 to 29.02.2020 RM'000	01.03.2020 to 28.02.2021 RM'000	01.03.2020 to 31.05.2021 RM'000	
Customer A	4,996	*	*	*	*
Customer B	*	8,965	13,466	*	2,596
Customer C	*	4,387	8,373	2,314	*
Customer D	*	*	6,001	*	*
Customer E	-	*	*	3,845	*
	4,996	13,352	27,840	6,159	2,596

* Not being a major customer by definition herein for the respective reporting period

31. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. 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.

31.1 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.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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:-

Foreign Currency Exposure

	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<u>Audited</u>			
28 February 2019			
<u>Financial Assets</u>			
Trade receivables	1,585	355	1,940
Cash and bank balances	1	2,539	2,540
Net financial assets	1,586	2,894	4,480
Less : Net financial assets denominated in the entity's functional currency	-	(2,894)	(2,894)
Currency Exposure	1,586	-	1,586
<u>Audited</u>			
29 February 2020			
<u>Financial Assets</u>			
Trade receivables	923	469	1,392
Net financial assets	923	469	1,392
Less : Net financial assets denominated in the entity's functional currency	-	(469)	(469)
Currency Exposure	923	-	923

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**31. FINANCIAL INSTRUMENTS (CONT'D)****31.1 Financial Risk Management Policies (Cont'd)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)***Foreign Currency Exposure (Cont'd)*

<u>Audited</u>	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
28 February 2021			
<u>Financial Assets</u>			
Trade receivables	1,982	602	2,584
Cash and bank balances	911	6,411	7,322
Net financial assets	2,893	7,013	9,906
Less : Net financial assets denominated in the entity's functional currency	-	(7,013)	(7,013)
Currency Exposure	2,893	-	2,893

<u>Audited</u>	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
31 May 2021			
<u>Financial Assets</u>			
Trade receivables	696	2,075	2,771
Cash and bank balances	1,103	7,218	8,321
Net financial assets	1,799	9,293	11,092
Less : Net financial assets denominated in the entity's functional currency	-	(9,293)	(9,293)
Currency Exposure	1,799	-	1,799

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 ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Effects on profit after tax USD/RM				
- strengthened by 5%	66	35	110	68
- weakened by 5%	(66)	(35)	(110)	(68)

12. ACCOUNTANTS' REPORT *(Cont'd)*

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 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 fixed deposits with a licensed bank are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts 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 the reporting period is disclosed in Note 13 to the combined financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group 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 quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD
 Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 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 -----			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
Number of customers	1	4	3	2
Percentage of trade receivables	<u>72%</u>	<u>63%</u>	<u>51%</u>	<u>43%</u>

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 -----			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Asia (excluding Malaysia)	23	382	602	690
Europe	1,534	437	736	-
North America	-	103	269	5
South America	28	-	-	-
Malaysia	355	470	977	2,076
	<u>1,940</u>	<u>1,392</u>	<u>2,584</u>	<u>2,771</u>

(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. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 90 days are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 2 years from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The trade receivables are generally collected within the credit terms and therefore, there is minimal exposure to credit risk. Furthermore, outstanding trade receivables are largely collected within credit terms.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
28 February 2019			
Current (Not past due)	1,551	-	1,551
1 to 30 days past due	364	-	364
31 to 60 days past due	-	-	-
More than 60 days past due	25	-	25
	1,940	-	1,940
29 February 2020			
Current (Not past due)	800	-	800
1 to 30 days past due	587	-	587
31 to 60 days past due	5	-	5
More than 60 days past due	-	-	-
	1,392	-	1,392
28 February 2021			
Current (Not past due)	2,096	-	2,096
1 to 30 days past due	371	-	371
31 to 60 days past due	117	-	117
More than 60 days past due	-	-	-
	2,584	-	2,584

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**31. FINANCIAL INSTRUMENTS (CONT'D)****31.1 Financial Risk Management Policies (Cont'd)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)***Trade Receivables (Cont'd)*

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
31 May 2021			
Current (Not past due)	1,777	-	1,777
1 to 30 days past due	719	-	719
31 to 60 days past due	222	-	222
61 to 90 days past due	48	-	48
More than 90 days past due	5	-	5
	<u>2,771</u>	<u>-</u>	<u>2,771</u>

Other Receivables and Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices 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):-

Audited	Effective Annual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
28 February 2019						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	3,134	3,134	3,134	-	-
Other payables and accruals	-	698	698	698	-	-
Amount owing to directors	-	1,683	1,683	1,683	-	-
Bank borrowings:-						
- Bankers' acceptances	4.9 - 5.3	1,012	1,012	1,012	-	-
- Term loans	6.0 - 8.0	1,427	1,784	383	1,074	327
Lease liabilities	3.0 - 7.3	2,552	2,841	866	1,829	146
Dividend payable	-	1,400	1,400	1,400	-	-
		11,906	12,552	9,176	2,903	473

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

Audited	Effective Annual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
29 February 2020						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	4,043	4,043	4,043	-	-
Other payables and accruals	-	1,596	1,596	1,596	-	-
Amount owing to directors	-	2,024	2,024	2,024	-	-
Bank borrowings:-						
- Bankers' acceptances	3.2 - 5.1	2,200	2,200	2,200	-	-
- Term loans	6.0 - 7.5	4,327	4,621	404	3,975	242
Lease liabilities	3.0 - 7.3	3,353	3,718	1,187	2,460	71
<u>Derivative Financial Liabilities</u>						
Forward currency contract	-	134	134	134	-	-
		17,677	18,336	11,588	6,435	313

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

Audited	Effective Annual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
28 February 2021						
Non-derivative Financial Liabilities						
Trade payables	-	5,652	5,652	5,652	-	-
Other payables and accruals	-	1,331	1,331	1,331	-	-
Amount owing to directors	-	48	48	48	-	-
Bank borrowings:-						
- Bankers' acceptances	2.1 - 3.5	4,039	4,039	4,039	-	-
- Term loans	3.5 - 6.5	7,961	8,355	562	7,341	452
Lease liabilities	3.0 - 7.3	3,496	3,768	1,391	2,304	73
Derivative Financial Liabilities						
Forward currency contract	-	11	11	11	-	-
		22,538	23,204	13,034	9,645	525

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

<u>Audited</u>	Effective Annual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000
31 May 2021						
Non-derivative Financial Liabilities						
Trade payables	-	8,043	8,043	8,043	-	-
Other payables and accruals	-	861	861	861	-	-
Amount owing to directors	-	101	101	101	-	-
Bank borrowings:-						
- Bankers' acceptances	2.0 - 3.5	2,409	2,409	2,409	-	-
- Term loans	3.2 - 6.5	7,852	8,908	563	4,542	3,803
Lease liabilities	3.0 - 7.3	3,189	3,423	1,395	1,968	60
Derivative Financial Liabilities						
Forward currency contract	-	18	18	18	-	-
		22,473	23,763	13,390	6,510	3,863

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**31. FINANCIAL INSTRUMENTS (CONT'D)****31.2 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 its businesses and maximise shareholder(s) 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 net debt-to-equity ratio that complies with debt covenants. The net debt-to-equity ratio is calculated as total net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less deposits, cash and bank balances. The net debt-to-equity ratio of the Group at the end of each reporting period is as follows:-

	←----- Audited ----->			
	28.02.2019	29.02.2020	28.02.2021	31.05.2021
	RM'000	RM'000	RM'000	RM'000
Bank borrowings	2,439	6,527	12,000	10,261
Lease liabilities	2,552	3,353	3,496	3,189
	<u>4,991</u>	<u>9,880</u>	<u>15,496</u>	<u>13,450</u>
Less: Fixed deposits with licensed banks	(1,300)	(2,335)	(1,091)	(1,091)
Less: Cash and bank balances	(2,540)	(5,795)	(7,322)	(8,321)
Net debt	<u>1,151</u>	<u>1,750</u>	<u>7,083</u>	<u>4,038</u>
 Total equity	 <u>2,255</u>	 <u>8,470</u>	 <u>11,989</u>	 <u>14,387</u>
 Net debt-to-equity ratio	 <u>0.51</u>	 <u>0.21</u>	 <u>0.59</u>	 <u>0.28</u>

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

12. ACCOUNTANTS' REPORT (Cont'd)**ECOMATE HOLDINGS BERHAD**

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**31. FINANCIAL INSTRUMENTS (CONT'D)****31.3 Classification of Financial Instruments**

	←----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Financial Assets				
<u>Amortised Costs</u>				
Trade receivables	1,940	1,392	2,584	2,771
Other receivables	22	1	534	1,911
Fixed deposits with licensed banks	1,300	2,335	1,091	1,091
Cash and bank balances	2,540	5,795	7,322	8,321
	<u>5,802</u>	<u>9,523</u>	<u>11,531</u>	<u>14,094</u>
Financial Liabilities				
<u>Amortised Costs</u>				
Trade payables	3,134	4,043	5,652	8,043
Other payables and accruals	698	1,596	1,331	861
Amount owing to directors	1,683	2,024	48	101
Bank borrowings	2,439	6,527	12,000	10,261
Lease liabilities	2,552	3,353	3,496	3,189
Dividend payable	1,400	-	-	-
	<u>11,906</u>	<u>17,543</u>	<u>22,527</u>	<u>22,455</u>
<u>Fair Value through Profit or Loss</u>				
Derivative liabilities	-	134	11	18

31.4 Gain or Loss Arising from Financial Instruments

	←----- Audited ----->			
	28.02.2019 RM'000	29.02.2020 RM'000	28.02.2021 RM'000	31.05.2021 RM'000
Financial Assets				
<u>Amortised Costs</u>				
Net (losses)/gains recognised in profit or loss	(46)	-	(10)	43
<u>Fair Value through Profit or Loss</u>				
Net (losses)/gains recognised in profit or loss	-	(134)	123	(7)
Financial Liabilities				
<u>Amortised Costs</u>				
Net losses recognised in profit or loss	(128)	(435)	(462)	(139)

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 Fair Value Information

The management of the Company has determined that the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, amount owing to directors and dividend payable approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The carrying amounts of the Company's bank term loans approximate its fair value as they are mostly at floating interest rates.

The fair values of other financial assets and financial liabilities are determined as follows:-

- the fair value of forward foreign exchange contracts is determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contract using a risk-free interest rate (government bonds).

32. SIGNIFICANT EVENTS DURING THE RELEVANT REPORTING PERIODS

- (a) On 11 March 2020, the World Health Organisation declared the Coronavirus Disease ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the movement control order ("MCO") starting from 18 March 2020 to curb the spread of the Covid-19 outbreak in Malaysia. The Covid-19 outbreak also resulted in travel restriction, lockdown, and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

Under the MCO, the Group ceased its business operations from 18 March 2020 to 31 March 2020. Nevertheless, the Company resumed operation at its full workforce capacity on 30 April 2020 after obtaining approval from the Ministry of International Trade and Industry Malaysia.

However, the Covid-19 global pandemic has not resulted in any material impairment to the Group's assets (including inventories and receivables) as of 28 February 2021 and 31 May 2021 or affected the Group's ability to continue its business as a going-concern. The Covid-19 global pandemic did not have any material impact on the Group's operations and financial performance for financial year ended 28 February 2021 and the 3-month financial period ended 31 May 2021.

- (b) On 9 December 2020, the Company entered into a conditional Share Sale Agreement to acquire the entire equity interests in Ecomate Sdn. Bhd. comprising 2,000,000 ordinary shares for a purchase consideration of RM 7,374,500 which was fully satisfied by the issuance of 300,999,998 new shares at an issue price of approximately RM0.0245 per share. The acquisition was completed on 9 June 2021.

The purchase consideration of Ecomate Sdn. Bhd. of RM 7,374,500 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited net assets position of Ecomate Sdn. Bhd. as at 31 August 2020 of RM 9,321,019 and interim dividend of RM 2,000,000 in respect of financial year ended 28 February 2021 paid on 12 October 2020.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

33. SIGNIFICANT EVENT OCCURRING AFTER THE RELEVANT REPORTING PERIODS

Since the end of the relevant reporting periods, the Malaysian Government has implemented various types and phases of movement control order throughout the country where restrictions were either relaxed and/or tightened for certain states, districts and/or location based on the number of daily and active Covid-19 cases in the respective areas.

Following the imposition of full movement control order ("FMCO") since 1 June 2021, all economic sectors were not allowed to operate except the essential services and economic sectors identified by the National Security Council. In compliance with the FMCO, the Group ceased factory production activities since 1 June 2021. Nonetheless, the Group obtained approval from the authority to carry out loading operations for furniture products from 16 June 2021 to 12 July 2021, which was further extended on 14 July 2021 for the remaining period of FMCO.

On 15 August 2021, the Malaysian Government announced the inclusion of the furniture sector as essential services under the National Recovery Plan ("NRP") Phase 1. On 16 August 2021, Johor state transitioned into Phase 1 of the NRP. Under the NRP Phase 1, the manufacturing sectors which are categorised as essential services that have achieved Covid-19 vaccination rates of 40% are allowed to have employees' attendance capacity of 60% for 24 hours operation while the remaining 40% employees have to work from home. Therefore, the Group managed to obtain approval from the authority on 27 August 2021 to resume its factory production operations upon achieving vaccination rates of 40% among its employees. On 10 September 2021, the Group has resumed factory production operations at 60% workforce capacity. Subsequently, the Group has resumed full workforce capacity on 20 September 2021.

The Group expects that the suspended operations throughout the FMCO will have a significant effect to their financial performance for the financial year ending 28 February 2022 as it could only undertake minimal loading operations for exports, as well as remote marketing, management and administrative activities. As it continued to incur fixed costs during the FMCO, the inactive production operations would adversely affect the Group's profitability.

The Group will continuously monitor the development of Covid-19 pandemic, and the disruption to its business activities caused by the prolonged effect of such pandemic and/or any subsequent MCO or similar measure imposed by the Malaysian Government and evaluate their impact on the financial position, cash flows and operating results of the Group.

12. ACCOUNTANTS' REPORT (Cont'd)

ECOMATE HOLDINGS BERHAD

Registration No.: 202001036445 (1392766-X)

STATEMENTS BY DIRECTORS

We, Koh Cheng Huat and Jason Koh Jian Hui, being the two directors of Ecomate Holdings Berhad., state in the opinion of the directors, the combined financial statements set out on pages 4 to 67 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 28 February 2019, 29 February 2020, 28 February 2021 and 31 May 2021 and of the financial performance and cash flows for the relevant reporting periods ended on those dates.

Signed in accordance with a resolution of the directors dated **22 SEP 2021**



Koh Cheng Huat



Jason Koh Jian Hui

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION



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Date: 22 September 2021

The Board of Directors
Ecomate Holdings Bhd.
Lot PTD 7274
Kawasan Perindustrian Bakri Batu 7 ½
Jalan Bakri
84200 Muar
Johor Darul Takzim

Dear Sirs

**ECOMATE HOLDINGS BHD. ("ECOMATE HOLDINGS" OR "THE COMPANY")
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL
POSITION AS AT 31 MAY 2021**

We have completed our assurance engagement to report on the compilation of pro forma combined statements of financial position of Ecomate Holdings and its wholly owned subsidiary, namely Ecomate Sdn. Bhd. (collectively known as "Ecomate Group" or "the Group") as at 31 May 2021 and related notes as set out in Appendix A, for which we have stamped for the purpose of identification. The pro forma combined statements of financial position and related notes have been compiled by the Board of Directors of the Company ("Board of Directors") for inclusion in the Prospectus of Ecomate Holdings in connection with its listing of and quotation for the entire enlarged issued share capital on the ACE Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

The applicable criteria on the basis of which the Board of Directors have compiled the pro forma combined statements of financial position are set out in Note 3 of Appendix A, and in accordance with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia ("Prospectus Guidelines") ("Applicable Criteria").

The pro forma combined statements of financial position have been compiled by the Board of Directors for illustrative purpose only, to illustrate the impact of the events or transactions as set out in Note 3 of Appendix A of this letter on the Group's financial position as at 31 May 2021 as if the Group has been in existence throughout the financial year.

As part of this process, information about the Group's financial position have been extracted from the financial statements of the Company and its wholly owned subsidiary, Ecomate Sdn. Bhd. for the financial period ended 31 May 2021, on which an audit report has been issued.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is responsible for compiling the pro forma combined statements of financial position based on the Applicable Criteria.

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



REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants 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.

Our 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* issued by The International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants, 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 ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma combined statements of financial position has been compiled, in all material respects, by the Board of Directors on the basis of the Applicable Criteria.

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 International Auditing and Assurance Standards Board and adopted 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 combined statements of financial position on the basis of the Applicable Criteria.

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 combined 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 combined statements of financial position.

The purpose of pro forma combined 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 combined statements of financial position has been compiled, in all material respects, on the basis as set out in Note 3 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 combined 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 combined statements of financial position reflect 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 combined statements of financial position have been compiled, and other relevant engagement circumstances.

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

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

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



OPINION

In our opinion, pro forma combined statements of financial position of the Group have been compiled, in all material respects, on the basis of the Applicable Criteria.

OTHER MATTER

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

Yours faithfully

A handwritten signature in black ink that reads "Crowe Malaysia PLT".

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

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

Ng Kim Hian
02506/04/2023 J
Chartered Accountant

Muar, Johor Darul Takzim

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

Initiated For Identification Purposes Only

 Crowe 

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants **APPENDIX A**

ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021

1. ABBREVIATION

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

Acquisition	:	Acquisition by Ecomate Holdings of the entire equity interest in Ecomate Sdn. Bhd. comprising 2,000,000 ordinary shares for a purchase consideration of RM7,374,499.95 which was fully satisfied by the issuance of 300,999,998 new Shares at an issue price of approximately RM0.0245 per Share
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
Ecomate Holdings or The Company	:	Ecomate Holdings Berhad (Registration No. 202001036445 (1392766-X))
Ecomate	:	Ecomate Sdn. Bhd. (Registration No. 201601006039 (1176965-X))
Ecomate Group or Group	:	Collectively, the Company and its subsidiary
Ecomate Share(s) or Share(s)	:	Ordinary share(s) in the Company
IPO	:	Initial public offering comprising the Public Issue and the Offer for Sale, collectively
IPO Price	:	Issue price/offer price of RM0.33 per Issue Share/Offer Share
Issue Share(s)	:	49,000,000 new Ecomate 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 Share(s)	:	30,000,000 existing Ecomate Share(s) to be offered at the IPO Price by the Selling Shareholders pursuant to the Offer for Sale
Proposed listing	:	Listing of and quotation for the entire enlarged issued share capital of Ecomate on the ACE Market of Bursa Malaysia Securities Berhad
Prospectus	:	The Prospectus dated 15 October 2021 to be issued by the Company in respect of the IPO

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

Initiated For Identification Purposes Only

 Crowe 

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 101B
Chartered Accountants **APPENDIX A**

ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

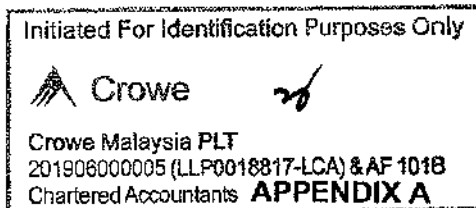
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2021

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 49,000,000 Issue Shares at the IPO Price comprising the following:
- (a) 17,500,000 Issue Shares, representing 5.00% of the enlarged total number of Shares, are made available for application by the Malaysian public;
 - (b) 8,750,000 Issue Shares, representing 2.50% of the enlarged total number of Shares, are made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;
 - (c) 22,750,000 Issue Shares, representing 6.50% of the enlarged total number of Shares, are made available for application by way of private placement to selected investors.
- RM and sen : Ringgit Malaysia and sen
- Selling Shareholder(s) : Jason Koh Jian Hui and Koh Cheng Huat, who are undertaking the Proposed Offer for Sale

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

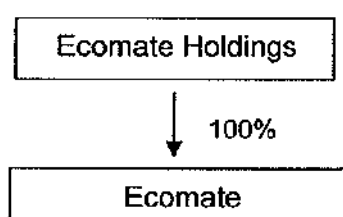


ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

2. PRO FORMA GROUP AND BASIS OF PREPARATION

2.1 Pro forma Group

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



2.2 Basis of Preparation

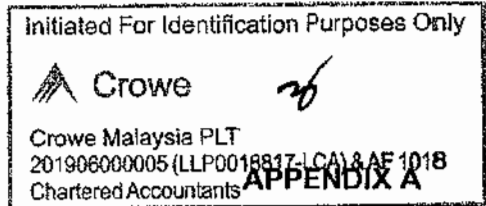
The pro forma combined statements of financial position of Ecomate Holdings have been prepared for illustration purposes using the audited financial statements of the Ecomate Group as at 31 May 2021 which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and are not subject to any qualification, modification or disclaimer.

The pro forma combined statements of financial position have also been compiled in a manner consistent with both the format of the audited financial statements and accounting policies of Ecomate Group for the financial period ended 31 May 2021.

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

	RM'000
New share issued by the Company as consideration for the acquisition of Ecomate	7,375
Less : Reversal of issued and paid up share capital of Ecomate as at 31 May 2021	<u>(3,926)</u>
Business combination reserve	<u>3,449</u>

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



ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

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

2.3 Listing Scheme

As part of the Proposed Listing, Ecomate Holdings undertook the followings:

(i) Acquisition

On 9 December 2020, Ecomate Holdings entered into a conditional Share Sale Agreement to acquire the entire equity interests in Ecomate comprising 2,000,000 ordinary shares for a purchase consideration of RM7,374,499.95 which was fully satisfied by the issuance of 300,999,998 new Shares at an issue price of approximately RM0.0245 per Share.

The purchase consideration of Ecomate of RM7,374,499.95 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited NA position of Ecomate as at 31 August 2020 of RM9,321,019 and interim dividend of RM2,000,000 in respect of financial year ended 28 February 2021 paid on 12 October 2020. The acquisition was completed on 9 June 2021.

(ii) Public Issue

Public issue of 49,000,000 Issue Shares, representing 14.00% of the total enlarged number of Shares, at the IPO Price, to be allocated in the following manner:

- (a) 17,500,000 Issue Shares, representing 5.00% of the enlarged total number of Shares, are made available for application by the Malaysian public;
- (b) 8,750,000 Issue Shares, representing 2.50% of the enlarged total number of Shares, are made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and
- (c) 22,750,000 Issue Shares, representing 6.50% of the enlarged total number of Shares, are made available for application by way of private placement to selected investors.

Upon completion of the Public Issue, the share capital will increase from approximately RM7,374,502 comprising 301,000,000 Shares to approximately RM23,544,502 comprising 350,000,000 Shares.

(iii) Offer for Sale

The Selling Shareholders are offering an aggregate of 30,000,000 Offer Shares at the IPO Price, representing 8.60% of the total enlarged number of Shares, by way of private placement to selected investors.

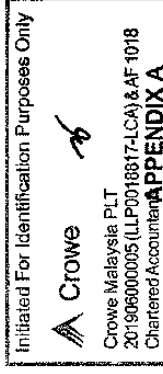
(iv) Listing

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 RM23,544,502 comprising 350,000,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

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

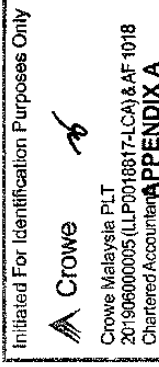
ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF ECOMATE HOLDINGS AS AT 31 MAY 2021



	Note	Audited as at 31 May 2021 RM'000	Acquisition of Ecomate		Pro Forma I After Acquisition of Ecomate RM'000	Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
			Acquisition Adjustments RM'000	Public Issue RM'000					
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment		4,837		4,837			4,837	4,837	
Prepaid lease payments		6,900		6,900			6,900	6,900	
Right-of use assets		4,142		4,142			4,142	4,142	
TOTAL NON-CURRENT ASSETS		15,879		15,879			15,879	15,879	
CURRENT ASSETS									
Inventories		12,550		12,550			12,550	12,550	
Trade receivables		2,771		2,771			2,771	2,771	
Other receivables, deposits and prepayments		2,908		2,908			2,908	2,908	
Fixed deposits with a licensed bank		1,091		1,091			1,091	1,091	
Cash and bank balances	4.1	8,321		8,321		16,170	24,491	22,728	(1,763)
TOTAL CURRENT ASSETS		27,641		27,641		16,170	43,811	42,048	
TOTAL ASSETS		43,520		43,520			59,690	57,927	
EQUITY AND LIABILITIES									
Equity attributable to owners of the Company	4.2	3,926	3,449 (3,449)	7,375 (3,449)		16,170	23,545 (3,449)	22,731 (3,449)	
Share capital	4.3	-		10,461			10,461	9,512	
Merger reserve	4.4	10,461		14,387			30,557	28,794	
Retained profits									
TOTAL EQUITY		14,387		14,387			30,557	28,794	

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



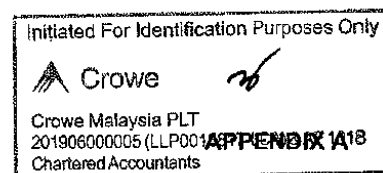
ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF ECOMATE HOLDINGS AS AT 31 MAY 2021 (CONT'D)

	Audited as at 31 May 2021 RM'000	Acquisition of Ecomate		Pro Forma I		Pro Forma II		Pro Forma III	
		RM'000	Acquisition Adjustments RM'000	After Acquisition of Ecomate RM'000	Public Issue RM'000	After Pro Forma I and Public Issue RM'000	Utilisation of Proceeds RM'000	After Pro Forma II and Utilisation of Proceeds RM'000	
NON-CURRENT LIABILITIES									
Bank borrowings	7,402			7,402		7,402		7,402	
Lease liabilities	1,918			1,918		1,918		1,918	
Deferred tax liabilities	710			710		710		710	
TOTAL NON-CURRENT LIABILITIES	10,030			10,030		10,030		10,030	
CURRENT LIABILITIES									
Trade payables	8,043			8,043		8,043		8,043	
Other payables and accruals	6,463			6,463		6,463		6,463	
Amount owing to directors	101			101		101		101	
Bank borrowings	2,859			2,859		2,859		2,859	
Derivatives liabilities	18			18		18		18	
Lease liabilities	1,271			1,271		1,271		1,271	
Current tax liabilities	348			348		348		348	
TOTAL CURRENT LIABILITIES	19,103			19,103		19,103		19,103	
TOTAL LIABILITIES	29,133			29,133		29,133		29,133	
TOTAL EQUITY AND LIABILITIES	43,520			43,520		43,520		43,520	
No. of ordinary shares in issue ('000)	2,000			301,000		350,000		350,000	
NA (RM'000)	14,387			14,387		30,557		28,794	
NA per share (RM)	7.19			0.05		0.09		0.08	

Notes: * Extracted from Ecomate Holdings' audited combined financial statements for the financial year ended 31 May 2021.

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



ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

3. PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION OF ECOMATE HOLDINGS AS AT 31 MAY 2021 (CONT'D)

The pro forma combined statements of financial position as at 31 May 2021 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 31 May 2021:

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, the utilisation of the proceeds from the Public Issue.

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

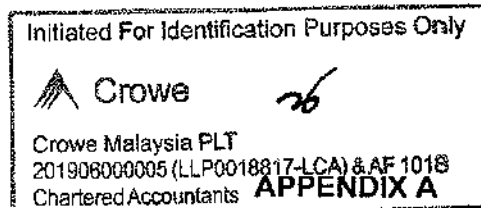
Utilisation of proceeds	Amount of proceeds		Estimated timeframe for utilisation from the date of our Listing
	(RM'000)	%	
Machinery and equipment #	6,000	37.11	Within 12 months
Factory and hostel Construction #	2,000	12.37	Within 24 months
Purchase of raw material #	5,270	32.59	Within 6 months
Estimated listing expenses*	2,900	17.93	Immediate
Total	16,170	100.00	

As at the latest practicable date of the prospectus, the utilisation of proceeds for each of these purposes is not factually or fully supported by any purchase order or contractual binding agreements. Hence, the Group has not illustrated the utilization of proceeds for these purposes in the pro forma statements of financial position.

* The estimated listing expenses totaling RM2.90 million to be borne by the Company comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses. A total of RM 0.814 million is assumed to be directly attributable to the issuance of new shares and therefore will be set off against the share capital. The remaining expenses of RM 2.086 million are assumed to be attributable to the Proposed Listing and therefore will be charged to the statements of profit or loss and other comprehensive income.

As at 31 May 2021, the retained profits have captured an amount of RM1.137 million out of RM2.086 million of listing expenses estimated to be chargeable to the statements of profit or loss and other comprehensive income.

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



ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

4. NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

4.1 Cash and bank balances

	RM'000
At 31 May 2021/ As per Pro Forma I	8,321
Pursuant to Proposed Public Issue	16,170
As per Pro Forma II	24,491
Pursuant to Utilisation of Proceeds from IPO	(1,763)
As per Pro Forma III	22,728

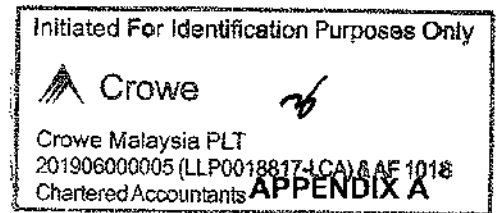
4.2 Share Capital

	Number of Ordinary Shares ('000)	Amount of Share Capital RM'000
At 31 May 2021	2,000	3,926
Pursuant to Acquisition	299,000	3,449
As per Pro Forma I	301,000	7,375
Pursuant to Proposed Public Issue	49,000	16,170
As per Pro Forma II	350,000	23,545
Estimated listing expenses	-	(814)
As per Pro Forma III	350,000	22,731

4.3 Merger reserve

	RM'000
At 31 May 2021	-
Pursuant to Acquisition	(3,449)
As per Pro Forma I to III	(3,449)

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



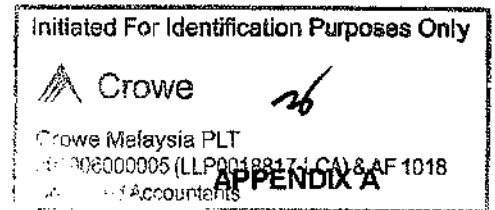
ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

4. NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

4.4 Retained Profit

	RM'000
At 31 May 2021/As per Pro Forma I to II	10,461
Estimated listing expenses	(949)
	<hr/>
As per Pro Forma III	9,512
	<hr/>

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



ECOMATE HOLDINGS BERHAD AND ITS SUBSIDIARY

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of the Company in accordance with a resolution dated 22 September 2021.

On behalf of the Board of Directors,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Koh Cheng Huat

A handwritten signature in black ink, featuring a large, prominent loop at the top and a long, sweeping horizontal stroke at the bottom.

Jason Koh Jian Hui

14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

- (a) As at the date of this Prospectus, we only have 1 class of shares, namely, ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (b) Save for 8,750,000 Shares under the Pink Form Allocations as disclosed in Section 4.3.3,
 - (i) no Director, employee or business associate of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiary; and
 - (ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiary.
- (c) Save for the issuance of ordinary shares in Ecomate pursuant to the pre-IPO investment as set out in Section 6.2.1, new Shares issued and to be issued pursuant to the Acquisition of Ecomate and Public Issue as disclosed in Sections 6.2.2 and 4.3.1 respectively and the 2 Shares subscribed by our Promoters on our incorporation, no shares of our Company or our subsidiary have been issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.
- (d) Other than our Public Issue as disclosed in Section 4.3.1, there is no intention on the part of our Directors to further issue any Shares pursuant to this Prospectus.
- (e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

14.2 CONSTITUTION

The following provisions are extracted from our Company's Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Company's Constitution are based on the current Listing Requirements and the Act.

(1) Remuneration, voting and borrowing power of Directors

The provisions in our Constitution dealing with remuneration, voting and borrowing power of Directors are as follows:

Clause 105 - 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.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

- (b) salaries payable to Directors who hold executive office in the Company may not include a commission on or percentage of turnover.
- (c) fees and any benefits payable to Directors shall be subject to annual shareholder approval at a general 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 106 - Reimbursement of expenses

- (1) The Directors shall be entitled to be reimbursed for all their travelling and other reasonable expenses as may be incurred in attending meetings of the Directors or any committee of the Directors of the Company, in or about the business of the Company in the course of the performance of their duties as Directors.
- (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 118 - 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.

Clause 131 – Alternate Director

- (1) 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:
 - (a) such person is not a director of the Company;
 - (b) such person does not act as an alternate for more than one director of the Company;
 - (c) the appointment is approved by a majority of the other members of the Board; and

14. STATUTORY AND OTHER INFORMATION (Cont'd)

- (d) any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.
- (2) An alternate Director shall (except as regards the power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors, and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointer is not present.
- (3) Any appointment or removal of an alternate Director may be made by way of electronic or in any other manner approved by the Directors. Any way of electronic shall be confirmed as soon as possible by letter, but may be acted upon by the Company in the meanwhile.
- (4) If a Director making any such appointment as aforesaid shall cease to be a Director (otherwise than by reason of vacating his office at a meeting of the Company at which he is re-elected), the person appointed by him shall thereupon cease to have any power or authority to act as an alternate Director.
- (5) A Director shall not be liable for the acts and defaults of any alternate Director appointed by him.
- (6) An alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

Clause 133 – 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 135 – Power of Directors to appoint committees

The Directors may establish any committees, local boards or agencies comprising two (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.

14. STATUTORY AND OTHER INFORMATION (Cont'd)**Clause 111 – Power to maintain pension fund**

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

Clause 110– 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.
- (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.
- (5) Subject to the Act, if the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors, or persons so becoming liable as aforesaid, from any loss in respect of such liability.

Clause 126 – 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 INFORMATION (Cont'd)**Clause 127 – 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 128 – 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 Constitution.

Clause 129

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.

Clause 130 – 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 a 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.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

(2) Changes to Share Capital

The provisions in our Constitution dealing with changes to share capital and variation of class rights are as follows:

Clause 6 - Power to issue shares with special rights

- (1) 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.

PROVIDED ALWAYS that:

the pricing, issuance and/or placement of shares of convertible securities shall be in compliance with and not in contravention of the provisions of the Listing Requirements; and

- (2) 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. Where the Company has different classes of shares, this Constitution will state:
- (a) that the Company's share capital is divided into different classes of shares;
 - (b) the voting rights attached to shares in each class;
 - (c) any other rights attached to those shares; and
 - (d) any other things which Section 90 of the Act requires.

Clause 7 - Allotment of Shares to directors, etc

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 the general meeting have approved the specific allotment to be made to such persons.

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.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

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 twelve (12) months do not exceed ten percent (10%) of the total number of issued capital (excluding the treasury shares) of the Company or such other quantum and/or percentage as allowed under the Act and Listing Requirements, 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.

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 seventy-five percent (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 seventy-five percent (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 that the necessary quorum hereof shall be two (2) persons at least holding or representing by proxy one third (1/3) of the issued shares of the class and for an adjourned meeting one (1) person holding shares of such class.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

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 ten percent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten percent (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 recognized 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 recognize (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 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. The Company shall, if required by the Listing Requirements to obtain an auditors' certificate to the effect that the issue of the new Securities is in accordance with the Listing Requirements and this Constitution.

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 within the relevant periods prescribed by the Exchange.

Clause 61 - Power to alter capital

- (a) The shareholders may pass special resolutions to alter the Company's share capital in accordance with Section 84 of the Act as follows:

14. STATUTORY AND OTHER INFORMATION (Cont'd)

- (i) to consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share, shall be the same as it was in the case of the share from which the subdivided share is derived;
 - (ii) to convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares;
 - (iii) to subdivide its shares or any of the shares, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or
 - (iv) cancel any shares, which at the date of the passing of the resolution, which have been forfeited, and diminish the amount of its share capital by the amount of the shares so cancelled.
- (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 62 - 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.

Clause 63 - 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.

(3) Transfer of securities**Clause 33 – Transfers**

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 INFORMATION (Cont'd)

Clause 34 - 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 the 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. Subject to the relevant law and regulations, an instrument of transfer must be in respect of only one (1) class of Shares.

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of any shares which is legally inoperative or insufficient to pass the property of such shares to be transferred by reason of any fraud or other cause unknown to the Company or its Directors or officers.

Clause 37 - 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 38 - Refusal to register transfer

- (1) Subject to Section 106 and any other relevant provisions of the Act, the Directors may refuse or delay to register the transfer of a share, not being a deposited security, to a person of whom they shall not approve.
- (2) The Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.

Clause 40 - 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 41 – 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 ten (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 one (1) month from the date of the advertisement intends to transfer the shares to the Minister charged with responsibility for finance.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 42 - 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 one (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 43 - Death of Member

In the case of the death of a Member, the person(s) recognised by the Company as having any title to his interest in the shares shall be, where the deceased was a sole holder, the legal representative(s) of the deceased, and where the deceased was a joint holder, the survivor; 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.

Clause 44 - 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 45 - Share of deceased or bankrupt Member

Subject to Clause 48

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.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 47 - Transmission of Securities

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.

(4) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

The provisions in our Constitution dealing with rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights are as follows:

Clause 10 - New shares to rank with original shares

Except so far as otherwise provided by the conditions of issue, or by this Constitution, 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 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.

Clause 46 - 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 which he would be entitled if he were the registered holder of the Security (whether in relation to meetings of the Company or to voting or otherwise), except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to meetings of the Company. Provided further always that the Directors may at any time give notice requiring any such person to elect, either to be registered himself or to transfer the Security, and if the notice is not complied with within ninety (90) days, the Directors may, thereafter, withhold payment of all dividends, bonuses or other moneys payable in respect of the Security until the requirements of the notice have been complied with.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 59 - Rights of stock holders

The holders of stock shall, according to the amount of the stock held by them have the same rights, privileges and advantages as regards dividends, participation in assets on a winding up, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such right, privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock as would not, if existing in shares, have conferred that right, privilege or advantage.

Clause 69 - Record of Depositors eligible to be present and vote

Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision in the Act, a Depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

Clause 81 - How a vote is to be taken

- (1) At any general meeting a resolution put to the vote of the meeting shall be decided by a show of hands, unless a poll is demanded as soon as, or before, the result of the show of hands is declared by the chairman. A poll can be demanded by:
 - (a) the Chairman of the meeting;
 - (b) at least three (3) members;
 - (c) any Member or Members present in person or by proxy and representing at least 10% of the total voting rights of all Members having the right to vote at the meeting; or
 - (d) a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to at least 10% of the total sum paid on all the shares conferring that right.

The Chairman of the meeting can also demand a poll before all, some or any of the resolutions are put to the vote on a show of hands. If Listing Requirements or Bursa Securities or any part of regulations requires that a poll be taken in relation to any resolution or that all resolutions at a meeting be by way of poll, that resolution or those resolutions will be decided by a poll. The Chairman shall demand a poll when this happens.

- (2) A demand for a poll can be withdrawn if the Chairman agrees to this. However, this does not apply to a resolution which Listing Requirements or Bursa Securities requires to be decided by a poll. If a poll is demanded, and this demand is then withdrawn, a declaration by the Chairman of the result of a vote by a show of hands on that resolution, which was made before the poll was demanded, will stand.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 83 - Voting

Subject to any rights or restrictions for the time being attached to any class of shares at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney or duly authorized representative, and on a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present or by proxy or attorney or representative appointed under this Constitution and entitled to vote shall be entitled to one (1) vote, and on a poll, every Member present in person or by proxy or attorney or representative shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.

Clause 84 - Shares of different monetary denominations

Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

Clause 85 - Vote of Member of unsound mind and person entitled to transfer

A Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether in a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney and subject to the provisions of the Act, the Central Depositories Act and the Rules, any person entitled, under the Clause relating to transmission of shares in this Constitution to transfer any shares, may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that at least forty-eight (48) hours before the time of holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Clause 86 - Member barred from voting while call unpaid

Subject to this Constitution, a Member shall be entitled to be present and vote at any general meeting in respect of any share or shares of which he is the registered holder and upon which all calls due to the Company have been paid. No person shall be entitled to be present or to vote on any resolution either as a Member or otherwise as a proxy or attorney or representative at any general meeting or demand a poll or be reckoned in the quorum in respect of any shares upon which calls are due and unpaid.

Clause 87 - Time for objection

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

14. STATUTORY AND OTHER INFORMATION (Cont'd)

Clause 91 - Power of attorney

Every power, right or privilege herein given in these presents to any Member of the Company to convene, attend, vote and in any way take part in any meeting of the Company, may be exercised in the event of such Member being out of Malaysia by any attorney, whether a Member of the Company or not, duly appointed by such Member for the purpose, by a power of attorney produced at the Office of the Company during business hours not less than two (2) clear days before the same is acted on and any vote given or thing done by such attorney shall be valid notwithstanding the previous death of the Member giving such power of attorney or revocation of such power of attorney by other means provided no intimation in writing of such death or revocation shall have been received at the Office of the Company before such vote is given or thing done.

Clause 92 - Validity of vote given under proxy

A vote given in accordance with the terms of an instrument of proxy or attorney or authority shall be valid, notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument or proxy or of the authority under which the instrument of proxy was executed, or the transfer of the share in respect of which the instrument of proxy is given, if no intimation in writing of such death, unsoundness of mind, revocation or transfer as aforesaid has been received by the Company at the Office before the commencement of the meeting or adjourned meeting or in the case of a poll before the time appointed for the taking of the poll, at which the instrument of proxy is used.

Clause 93 – Corporate Representative

A corporation may by resolution of its Directors or other governing body, if it is a Member of the Company, authorise such person as it thinks fit to act as its representative either at a particular meeting or at all meetings of the Company or of any class of Members and a person so authorised shall in accordance with his authority and until his authority is revoked by the corporation, be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company.

14.3 GENERAL INFORMATION

- (a) Save for the purchase consideration paid to the shareholders of our subsidiary pursuant to the Acquisition of Ecomate as disclosed in Section 6.2, Directors' remuneration as disclosed in Section 5.2.4, dividends paid to the shareholders of our subsidiary as disclosed in Section 11.14, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoter, Director or substantial shareholder.
- (b) Save as disclosed in Section 9.1, none of our Directors or substantial shareholders has any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

- (c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the procedures for application of our Shares are set out in Section 15.
- (d) There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14.4 CHANGES IN SHARE CAPITAL

Details of our share capital are set out in Section 6.1.2. Details of the share capital of our subsidiary is set out below.

As at LPD, Ecomate's share capital is RM3,925,070 comprising 2,000,000 ordinary shares.

The changes in the share capital of Ecomate since its incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration/ Type of issue	Cumulative share capital
		RM	RM
25 February 2016	2	2/ Subscribers' shares	2
8 March 2016	399,998	399,998/ Cash	400,000
9 October 2018	300,000	300,000/ Cash	700,000
13 June 2019	800,000	800,000/ Cash	1,500,000
8 June 2020	237,500	237,500/ Cash	1,737,500
30 June 2020	262,500	2,187,570/ Cash	3,925,070

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Ecomate. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

14.5 CONSENTS

- (a) The written consents of the Adviser, Sponsor, Underwriter, Placement Agent, Solicitors, Share Registrar, Company Secretary and Issuing House 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;
- (b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the pro forma combined statements of financial position in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and
- (c) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report titled "Outlook of Malaysia's Furniture Industry and the Global Furniture Market", in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not been subsequently withdrawn.

14. STATUTORY AND OTHER INFORMATION (Cont'd)

14.6 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

- (a) Constitution of our Company;
- (b) The audited financial statements of Ecomate Holdings from the date of incorporation up to 28 February 2021 and the audited financial statements of Ecomate for FYE 2019, 2020 and 2021 and FPE 2022;
- (c) The Accountants' Report as set out in Section 12;
- (d) The Reporting Accountants' reports relating to our pro forma combined statements of financial information as set out in Section 13;
- (e) The IMR Report as set out in Section 7;
- (f) The material contracts as set out in Section 6.16; and
- (g) The letters of consent as set out in Section 14.5.

14.7 RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein, and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD: 10.00 A.M. ON 15 OCTOBER 2021

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M. ON 25 OCTOBER 2021

In the event there is any change to the timetable, we will advertise the notice of the changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application Method
Applications by our eligible Directors and employees as well as persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

15.2.2 Placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Selected investors may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts will not be accepted for the Applications.**

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (a) You must be one of the following:
 - (i) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (ii) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (c) You must submit Applications by using only one of the following methods:
 - (i) White Application Form;
 - (ii) Electronic Share Application; or
 - (iii) Internet Share Application.

15.3.3 Application by our eligible Directors, employees as well as persons who have contributed to the success of our Group

Our eligible Directors and employees as well as persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

15.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.33 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO. 707**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) **DELIVER BY HAND AND DEPOSITED** in the Issuing House drop-in box provided at the following address:

Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 25 October 2021 or by such other time and date specified in any change to the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (a) reject Applications which:
- (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) are illegible, incomplete or inaccurate; or
- (iii) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 8 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.8.1 For applications by way of Application Forms

- (a) The application monies or the balance of it, as the case may be, will be returned to you through the 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 the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (b) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (d) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

15.8.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.
- (b) You may check your account on the 5th Market Day from the balloting date.
- (c) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.9 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.10 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.

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